

# **MONTGOMERY COUNTY MARYLAND**

## *Comprehensive Annual Financial Report*



*Fiscal Year 2019*

**July 1, 2018 - June 30, 2019**  
**Rockville, Maryland**



Government Finance Officers Association

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For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

# MONTGOMERY COUNTY MARYLAND

## *Comprehensive Annual Financial Report*



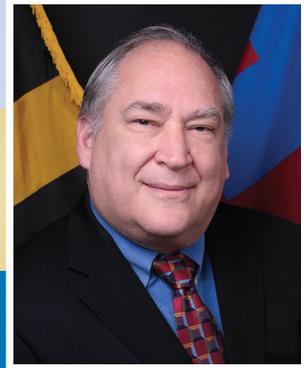
Prepared by the  
DEPARTMENT OF FINANCE

Michael J. Coveyou, Acting Director  
101 Monroe Street  
Rockville, Maryland 20850  
240-777-8860

Fiscal Year 2019  
July 1, 2018 - June 30, 2019

# Vision

## A More Equitable and Inclusive Montgomery County



*Marc Elrich*  
MARC ELRICH

### Thriving Youth and Families

Children need great schools, supportive families, and caring communities to help them succeed in life. We can give them the start they need by providing adequate funding for public schools, access to affordable early childhood education and expanded high school options, and support for programs that relieve stress on families through increased access to affordable housing and better-paying jobs.

### A Growing Economy

A healthy business community is essential to our success. We will reinvigorate the county's direct involvement in economic activities by re-examining our regulations to make sure they are sensible, fair, and efficient; opening support centers that help both new and existing businesses; and developing an incubator and innovation climate to help local entrepreneurs bring their ideas into the world.

### A Greener County

We recognize the urgency of global warming and will take concrete steps to address climate change. County government has committed to zero Greenhouse Gas emissions by 2035, an ambitious – but achievable – target. We will reduce our footprint by pursuing clean energy, energy efficiency, enhanced building design, reduction of waste, and developing a better transit system for our residents.

### Easier Commutes

Moving people and goods more efficiently is an economic imperative and is essential to our quality of life. We will reduce traffic congestion by improving transit options, supporting Metro, encouraging telecommuting and implementing common-sense road improvements.

### A More Affordable and Welcoming County

We will focus on initiatives that make Montgomery County a place where all residents can pursue their dreams regardless of race, ethnicity, age or economic circumstances.

### Safe Neighborhoods

We will address crime and pedestrian safety issues and seek input from communities across the county on ways to address these issues. We plan to enhance opportunities for walking, biking, and creating neighborhood gathering places.

### Effective, Sustainable Government

We will partner with county employees to make County Government more cost-effective and to deliver services more efficiently and responsively.

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

Montgomery County, Maryland  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 Fiscal Year Ended June 30, 2019  
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**INTRODUCTORY SECTION**

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DEPARTMENT OF FINANCE

Marc Elrich  
County Executive

Michael Coveyou  
Acting Director

December 20, 2019

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, 2019.

## 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, 2019. 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, 15<sup>th</sup> Floor · Rockville, Maryland 20850 · (240) 777-8860  
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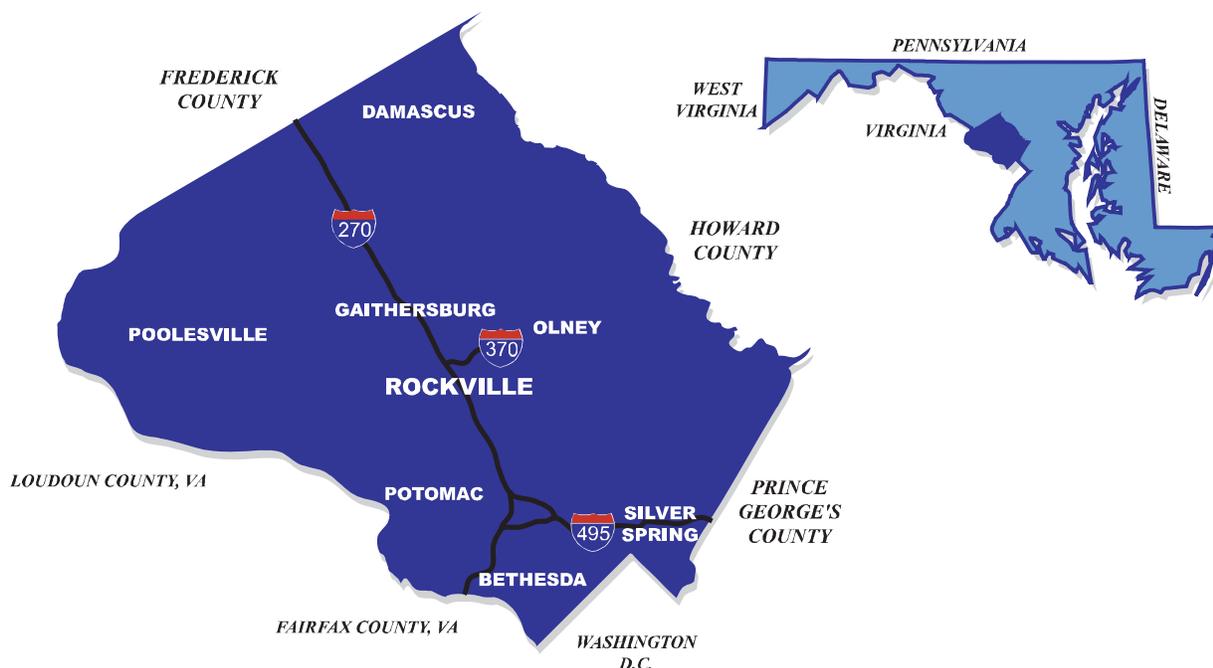
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240-773-3556 TTY

## 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 one of the most affluent jurisdictions in Maryland and enjoys the distinction of being named an All-American community.



### Budgetary Overview

The annual budget provides the basis for coordinating and controlling the County government programs and expenditures. These include public safety, 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 (MC). For County government services, the County Executive annually develops and recommends operating budget proposals. The County Council then authorizes expenditures and sets property tax rates. Expenditure authority is provided at the fund and department level in two major categories (personnel and operating costs). Budgets are annually adopted by the County Council for the General Fund, Debt Service Fund, substantially all Special Revenue Funds, Enterprise Funds (except Liquor), and two Internal Service Funds (Liability and Property Coverage Self-Insurance and Employee Health Benefits Self-Insurance). The County Executive has authority to transfer appropriations within departments up to ten percent of the original appropriation. Transfers between departments are also limited to ten percent of original appropriation and require County Council action. Additional spending authority, in the form of supplemental or special appropriations, may also be approved by the County Council during the year.

Per State law, the budget of the Liquor Enterprise Fund is approved by the County Executive. The County Executive also determines the amount of working capital required by the Department of 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 (Note: Effective July 1, 2019, DLC's name changed to Alcohol Beverage Services (ABS)). The Capital Projects Fund budget is appropriated at the project level on an annual basis with an annual unencumbered re-appropriation. The County Council approves the six-year Capital Improvements Program (CIP) on a biennial basis with opportunities for limited amendments in the intervening years.

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

## **The Reporting Entity**

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

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

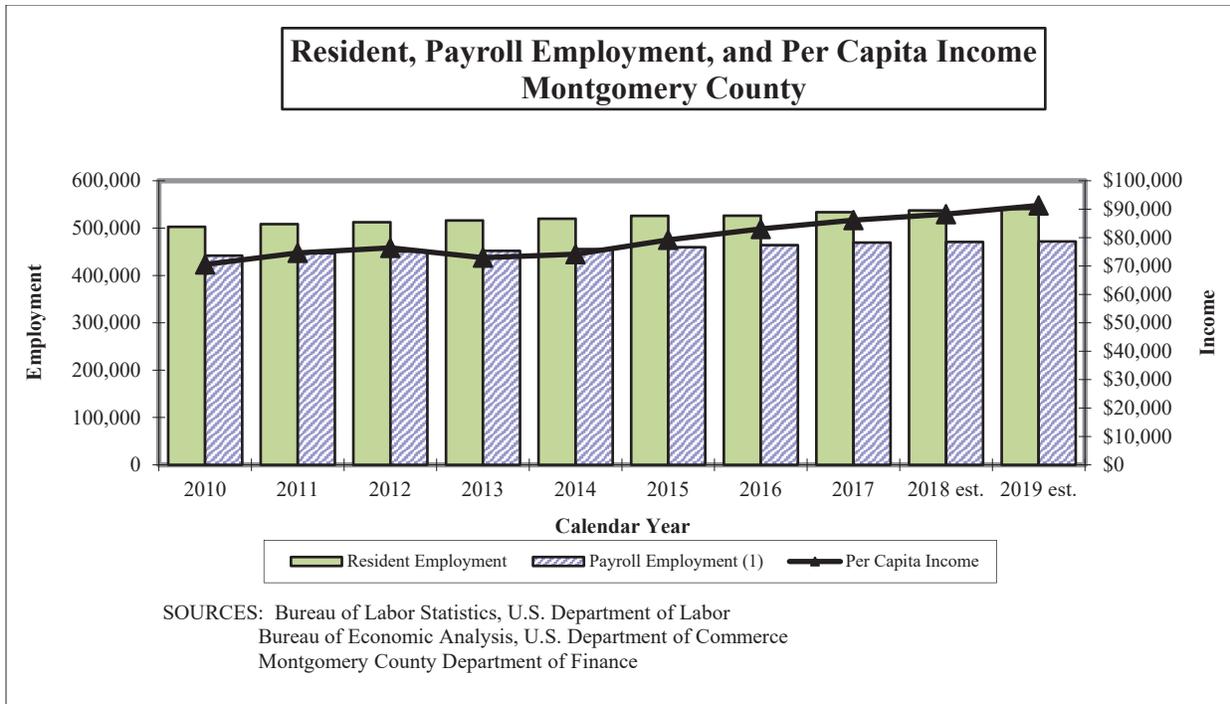
The information presented in the financial statements is best understood in conjunction with the broader perspective of Montgomery County's economic environment.

### **The Local Economy**

Montgomery County's economy experienced a mixed economic performance during fiscal year 2019. The reasons for a mixed performance include an increase in resident employment and a decrease in the unemployment rate. Employment measured by the survey of households increased 0.6 percent, and the unemployment rate at 3.1 percent was a decrease from fiscal year 2018. Sales of existing homes decreased by 7.1 percent, but average prices were up 2.3 percent during the fiscal year compared to last fiscal year. Residential construction experienced a decrease in single-family homes but an increase in multi-family units. Construction in the number of non-residential projects decreased but the value of added non-residential projects increased.

### **Personal Income and Employment**

Income tax revenues for the County represented 45.0 percent of total tax revenues for the General Fund in FY19. Three economic indicators, personal income, capital gains, and employment, are the major contributors that drive income tax receipts. On a calendar year basis, per capita personal income increased from \$70,531 in 2010 to an estimated \$91,312 in 2019 – an average annual rate of 2.9 percent.



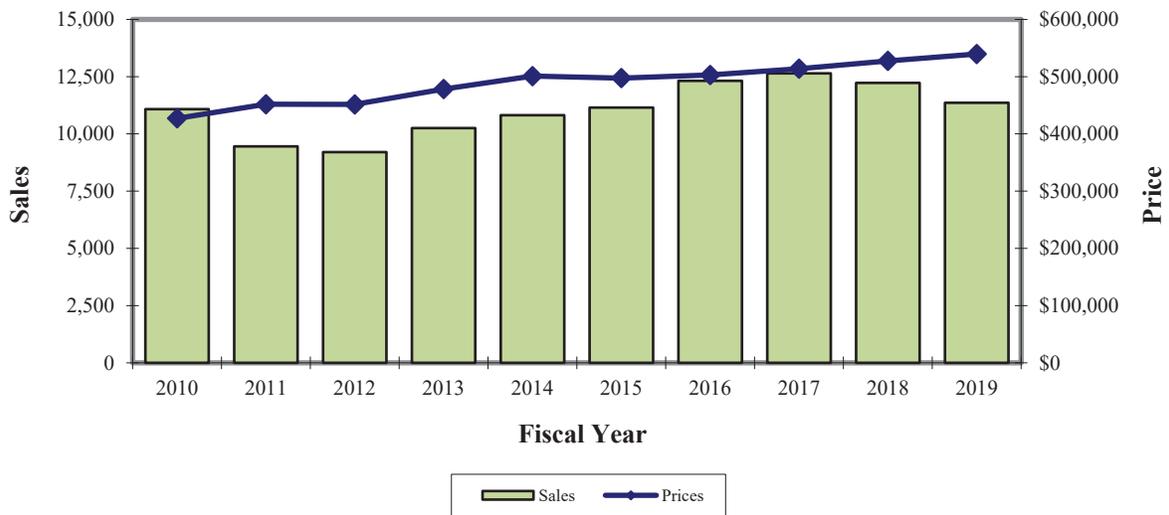
In 2010, resident employment in Montgomery County stood at 502,733. By calendar year 2019, employment is expected to reach approximately 540,200 — an average annual increase of 0.8 percent.

Payroll employment in the County was approximately 441,890 in 2010 and is expected to experience an increase in 2019 to approximately 471,740 — an average annual increase of 0.7 percent.

### Construction and Real Estate

The property tax (General Fund) and the transfer and recordation taxes consisted of 37.9 percent share and 5.0 percent share, respectively, of total tax revenues for the General Fund in FY19. 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. The average price for existing home sales was up 2.3 percent, but the number of sales decreased 7.1 percent in FY19. That decrease in home sales followed an increase of 11.4 percent in FY13, an increase of 5.5 percent in FY14, an increase of 3.1 percent in FY15, an increase of 10.4 percent in FY16, an increase of 2.7 percent in FY17, but a decrease of 3.3 percent in FY18. The increase in average sales price resulted in an increase of 4.0 percent from residential transfer taxes. Receipts from non-residential transfer taxes (including farm and rezoned rates) increased 0.7 percent in FY19. Overall, transfer taxes collected for the General Fund were up 3.7 percent and recordation taxes were up 11.2 percent in FY19.

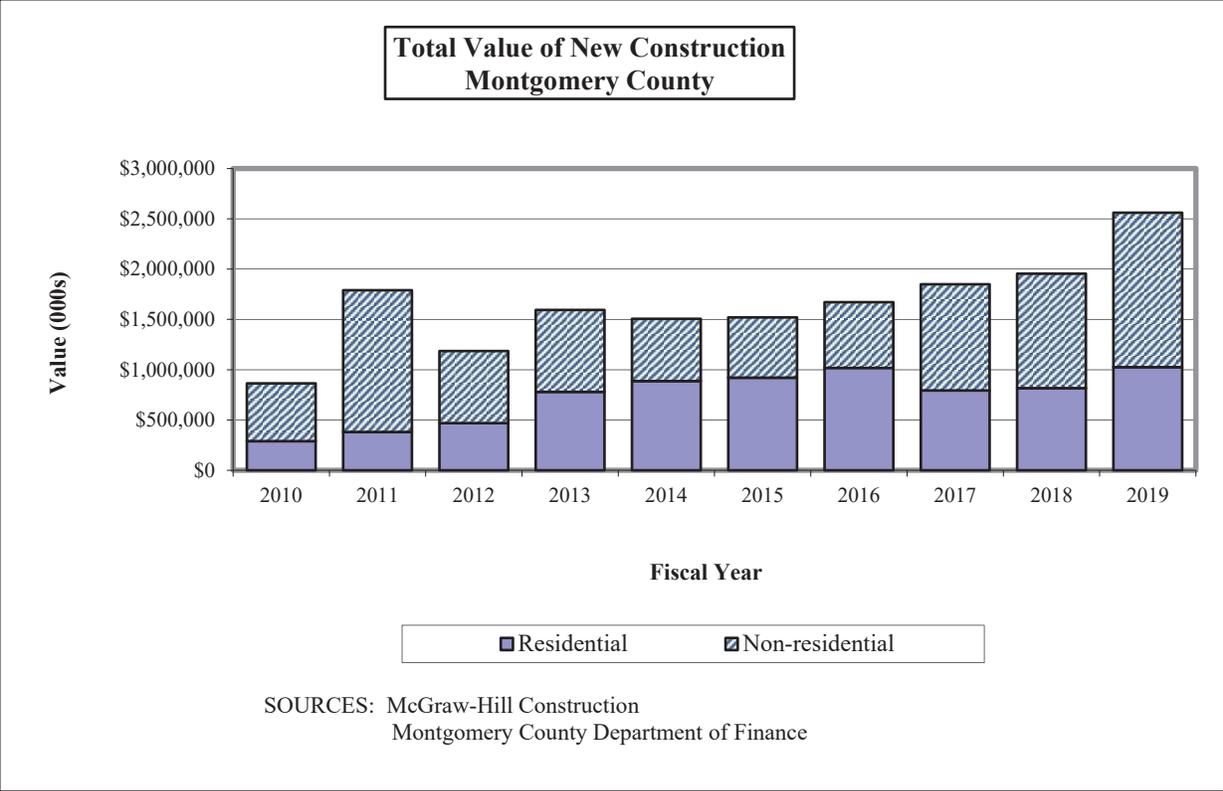
### Home Sales and Average Home Prices Montgomery County



SOURCES: Metropolitan Regional Information System, Inc.  
Montgomery County Department of Finance

The value of residential construction increased 25.5 percent in FY19, and total value of new residential construction at \$1,025.3 million was up \$319.1 million compared to the nine-year average between FY10-FY18. The number of new detached single-family units decreased 50.5 percent from 1,974 units in FY18 to 977 units in FY19. However, construction of multi-family units increased 77.5 percent in FY19 from 2,501 to 4,440. Compared to the increase in value of residential sector construction in FY19, the total value of non-residential construction at \$1,535.7 million was up 35.0 percent in FY19 compared to FY18.

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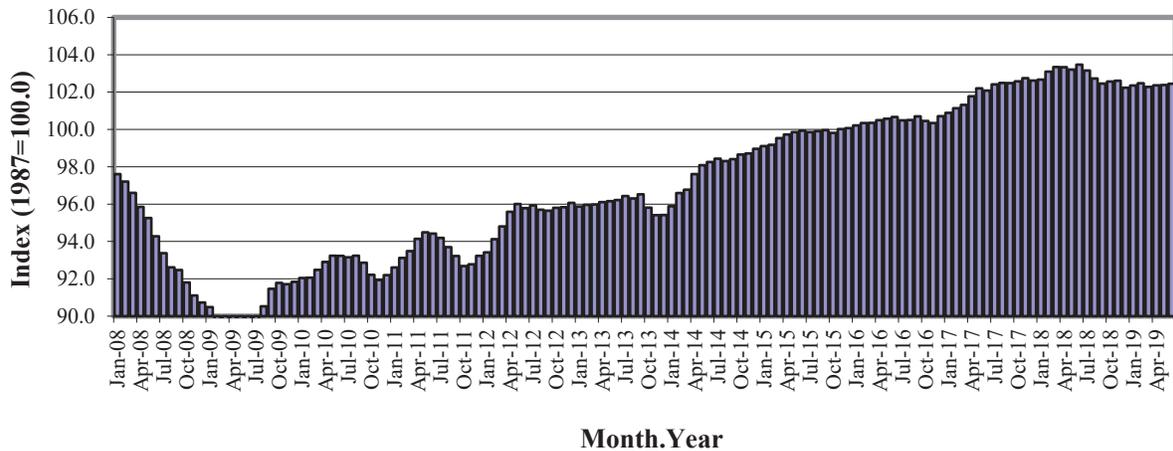


**Future Economic Outlook**

Following fiscal year 2019 in which the County’s economy experienced an increase in resident employment (0.6% in fiscal year 2019), the average monthly unemployment rate at 3.1 percent, an estimated increase in per capita income (3.5% in *calendar* year 2019), and an increase in the average sales prices of existing homes, the outlook for FY20 is expected to see a modest continuation of economic growth with uncertainty regarding interest rates. Because of the uncertainty of further declines in the federal funds interest rates – both the rate and the number of decreases - attributed to the actions by the Federal Reserve in FY20, such decreases could have a positive impact on mortgage interest rates and thereby affect the number of sales and sales prices of homes in the County and affect both residential transfer and recordation tax revenues.

According to the Stephen S. Fuller Institute, the Washington Area Leading Index, which forecasts the performance of the region’s economy six to eight months in advance, decreased 0.7 percent in FY19 from FY18. The Leading Index has registered losses in four of the last six months in calendar year 2019 (from March through August). The recent negative performance of the Leading Index during this six-month period suggests “the Washington region’s economy will have difficulty growing faster than 2.3 percent if the federal government is forced to operate under a continuing resolution for much or all of FY20.”

**Six-Month Moving Average of the  
Washington MSA Leading Economic Indicator**



SOURCE: Center for Regional Analysis(CRA), George Mason University  
 NOTE: Leading indicator is designed to forecast economic performance six to eight months in advance and includes residential building permits, consumer expectations, help wanted index, initial claims for unemployment insurance, and purchases of durable goods.

**Collective Bargaining**

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

Full funding was appropriated for the following contract provisions in FY20 for the Local 1664, Montgomery County Career Fire Fighters Association of the International Association of Fire Fighters, AFL-CIO:

- 2.4% general wage adjustment for all bargaining unit members on the first full pay period after November 10, 2019.
- 3.5% longevity increments for eligible bargaining unit members with either 20 or 24 years of service.
- 3.5% service increments for all eligible bargaining unit members on their anniversary date.

**Fraternal Order of Police (FOP)**

Full funding was appropriated for the following contract provisions in FY20 for the Fraternal Order of the Police, Lodge 35:

- 3.5% service increments for all eligible members on their anniversary date.
- 3.5% longevity increments for eligible employees.

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

Full funding was appropriated for the following contract provisions in FY20 for Local 1994, Municipal and County Government Employees Organization of the United Food and Commercial Workers, AFL-CIO (MCGEO):

- 2.25% general wage adjustment payable on the first pay period after December 1, 2019.
- 3.5% service increments for all eligible bargaining unit members on their anniversary date.

## **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 five percent of General Fund revenues in the preceding fiscal year (maximum permitted under §310 of the County Charter). In addition, the County is required to maintain the sum of Unrestricted General Fund Balance and the Revenue Stabilization Fund Balance to 10% 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 FY20 – FY25 period. The County 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 FY19 that are expected to affect future financial position include the following:

### **Housing**

The County invested over \$63 million in affordable housing, including an additional \$4.8 million in loan repayments reallocated in FY19 and \$17 million planned in FY20 for the Affordable Housing Acquisition and Preservation CIP project. This increases dedicated funding and provides for renovation of distressed housing, the acquisition and preservation of affordable housing units, 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.

The County closed 22 multifamily loans providing \$103.7 million in County support which would preserve or produce 3,254 total units of which 1,982 units would be affordable. Investments included ten senior housing developments, nine multi-family housing developments for families, two special needs projects and one distressed community project.

### **Transportation**

The County built and activated HAWK (High-intensity Activated cross Walk) signals at Muddy Branch Road and Harmony Hall Road, MacArthur Blvd. and Dunrobbin Drive, Randolph Road and Livingston Street, Aspen Hill Road and Northgate Shopping Center, Democracy Blvd. and Walter Johnson High School, and Willard Avenue and The Hills Plaza, which were among the first of their kind in Montgomery County.

The County secured annual funding of \$167 million for Maryland's share of the Washington Metropolitan Area Transit Authority (WMATA) subsidy to support maintenance and system improvement.

### **Public Safety**

The County completed a twelve-year effort to staff all 35 engines with four personnel, allowing for a more rapid fire attack as well as reduced response times to medical calls. Each engine includes a paramedic which expands the availability of paramedics throughout the County and results in quick response to medical calls compared to previous staffing methods.

### **Culture and Recreation**

The County provided \$9.1 million in funding for individual organizations through community grants. Among other things, services offered by these organizations help address poverty, provide emergency services, serve disconnected youth in our community, bolster services for seniors and those with disabilities, and help ensure that our immigrant neighbors can access services to become thriving members of our community and defend themselves against deportation.

Grand re-opening of the Good Hope Neighborhood Recreation Center was completed in October 2018. This new 14,000 square foot center includes a new gymnasium/theater, an exercise/weight room, game room, and larger activity/social gathering space. In addition to the sports and fitness programs and social activities, the center partnered with Strathmore to enhance recreational offerings by adding innovative art, music, and educational activities, as well as live performances.

### **Education**

The County increased the contribution to MCPS by \$84.1 million or 3.24%. The County's total contribution is \$8.6 million over the State required MOE level of funding.

The County's funding for Montgomery College is \$3.1 million over MOE for the eighth year in a row. The County contribution increased by 46.7% in total and 85% on a per student full-time enrollment basis since 2013.

### **General Government**

The County provided matching funds to support Montgomery County companies who were awarded a Federal Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Phase I or Phase II grant from the National Institutes of Health (NIH) and conduct at least 51 percent of its research and development operations in the County.

The County provided more than \$537,000 in financial assistance through the Small Business Assistance Program to 17 small businesses in downtown Wheaton that have been adversely impacted by the Wheaton Redevelopment project.

The County's Commercial Property Assessed Clean Energy (C-PACE) Financing program accepted an additional ten projects, resulting in the implementation of more than \$6 million in privately funded renewable energy and energy efficiency improvements to commercial buildings.

## **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, 2018. Montgomery County has received the Certificate of Achievement more than any other county in the nation; 49 times since 1951, and consecutively for 47 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.

### **Popular Annual Financial Report**

The GFOA awarded the Outstanding Achievement Award in Financial Reporting for the County's Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2018. This is the second year Montgomery County has submitted a PAFR to GFOA for review and consideration for the Outstanding Achievement Award.

In order to be eligible for the PAFR award, a government must also submit its comprehensive annual financial report (CAFR) to GFOA's Certificate of Achievement for Excellence in Financial Reporting and receive the award for the fiscal year. The PAFR is evaluated on a variety of categories, including reader appeal, understandability, distribution methods, creativity, and other elements. The Outstanding Achievement Award is valid for a period of one year only.

### **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, 2019. 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; Kim Williams, Acting Controller; and the staff of the General Accounting, Accounts 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 "Michael J. Coveyou". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Michael J. Coveyou  
Acting 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

Yihui Brown	Chong Lee	Jay Narang	Iraj Soroori
Douglas Campbell	Michael Lee	Lenny Moore	Sarita Swar
Mei Chen	Dongmei Li	Frances Oviedo	Michael Toney
Mauricio Delgado	Xuerong Liu	Lal Sangliani	Almon Turner
Jiaojiao Gu	Jing Luo	Lisa Sesny	Jeanie Yu
Jayanthi Hariprasadh	Tejal Mendpara	Laleh Shabani	Rami Zackaria
Jason Hsu	Marcia Mikulski	Chihyu Shen	
Rachel Hsu	Ah-Young Moon	Almon Turner	
Tim Hughes	Befekadu Mulaw	Karen Smith	

### Department of General Services

Quinton McHenry	Michelle West
Rick Taylor	The Print Shop

### Department of Liquor Control

Bill Davis
Courtney Orsini

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

Jacqueline Carter	Kimberly Gay-Armour	Lih Jiang	David Platt
Michael Coveyou	Robert Hagedoorn	Lydia Lan	Uday Ravipati
Sean D'Costa	Amanda Hardy-Konkus	Chandra Maddela	Matthew Rosenstock
Victoria Dizelos	Karen Hawkins	Andrew Marschhauser	Pamela Vaughn
	Molly Hayward-Koert	Karen Michalak	Erin Von Nessen

### Department of Environmental Protection

Richard Hands	Dan Rogers
Don Birnesser	Anthony Skinner
Scott McClure	

### Office of Management and Budget

Mary Beck	Chris Mullin
-----------	--------------

### Office of Public Information

Sean Clark

### Department of Transportation

Annette Cheng	Alex Kinyenje
Giuliana Custode	Flor Reichers
Hye Kim	

### Office of Human Resources

Karen Bass	Jennifer Showlin
Kay Russell Deerin	

### Montgomery County Employee Retirement Plans

Linda Herman	Yan Yan
Priti Mehta	

### Component Units

#### Bethesda Urban Partnership, Inc.

Jeff Oyer

#### Montgomery County Public Schools

Nicola Diamond	Robert Riley
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#### Housing Opportunities Commission

Cornelia Kent	Francisco Vega
Eugenia Pascual	

#### Montgomery College

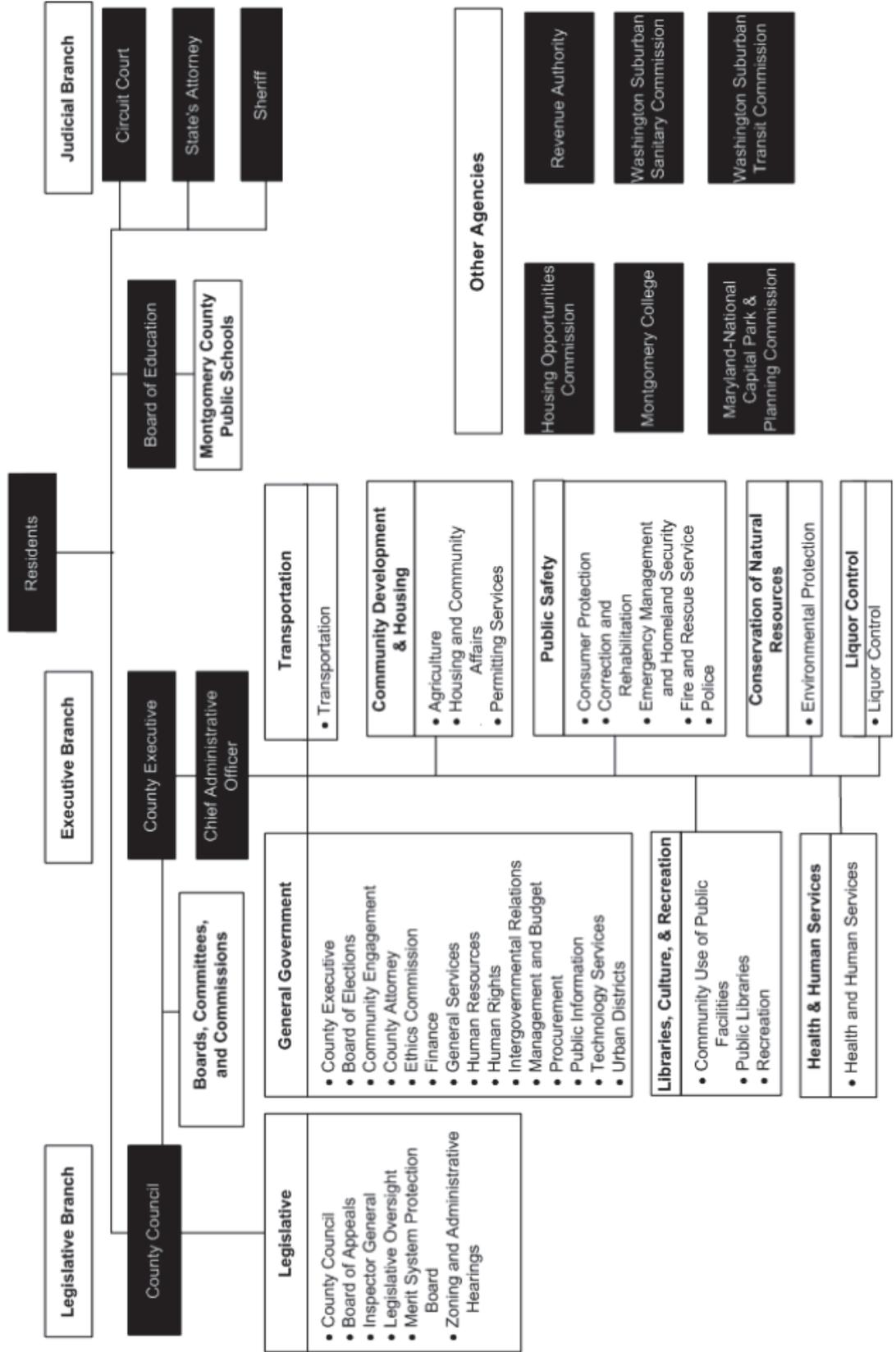
Elizabeth Greaney
Phillip Howard
Monica Wong

#### 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, 2019**

**COUNTY EXECUTIVE  
Marc Elrich**

**COUNTY COUNCIL**

President	Nancy Navarro
Vice President	Sidney Katz
Gabe Albornoz	Will Jawando
Andrew Friedson	Craig Rice
Evan Glass	Hans Riemer
Tom Hucker	

**Other Elected Officials**

Administrative Judge Circuit Court	Robert A. Greenberg
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	Andrew Kleine
Agriculture Services	Jeremy V. Criss
Board of Appeals	Barbara Jay
Consumer Protection	Eric Friedman
Correction and Rehabilitation	Angela Talley
County Attorney	Marc Hansen
County Council	Nancy Navarro
Environmental Protection	Adam Ortiz
Ethics Commission	Robert W. Cobb
Finance	Michael Coveyou
Fire and Rescue Service	Scott Goldstein
General Services	David E. Dise
Health and Human Services	Raymond Crowl
Housing and Community Affairs	Aseem Nigam
Human Resources	Berke Attila
Inspector General	Edward L. Blansitt, III
Intergovernmental Relations	Melanie Wenger
Legislative Oversight	Chris Cihlar
Liquor Control	Robert Dorfman
Management and Budget	Richard Madaleno
Merit System Protection Board	Bruce P. Martin
Permitting Services	Hadi Mansouri
Police	Marcus Jones
Procurement	Avinash G. Shetty
Public Information	Barry Hudson
Public Libraries	Anita Vassallo
Recreation	Robin Riley
Technology Services	Sonny Segal
Transportation	Al Roshdiah
Zoning and Administrative Hearings	Martin Grossman

## COMPONENT UNIT OFFICIALS

### Montgomery County Public Schools

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

Shebra L. Evans, President  
Patricia B. O'Neill, Vice President

Jeanette E. Dixon      Karla Silvestre  
Dr. Judith R. Docca      Brenda Wolff  
Rebecca Smondrowski  
Nathaniel Ninbite, Student Board Member

Dr. Jack Smith, Superintendent of Schools

### Montgomery County Revenue Authority

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

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

David D. Freishtat  
Jonathan Powell  
Andrew Kleine, non-voting member

Keith Miller, Chief Executive Officer

### Bethesda Urban Partnership, Inc.

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

Deborah Michaels, Chair  
Gregory Rooney, Vice Chair  
Sarah Wolek, Treasurer  
Jane Fairweather, Secretary

Jack Alexander      Robert Donohoe, Jr.  
Andrew Jones      Marian Block  
Heather Dhlopolsky

Kenneth B. Hartman, Ex-Officio: County Executive Rep  
Jeff Burton, Executive Director

### Montgomery College

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

Michael J. Knapp, Chair  
Gloria A. Blackwell, First Vice Chair  
Leslie S. Levine, Second Vice Chair

Robert J. Hydon      Robert F. Levey  
Kenneth J. Hoffman      Michael A. Brintnall  
Marsha Suggs Smith      Frieda K. Lacey  
Sasini Wickramatunga, Student

DeRionne Pollard, PhD., President and Secretary-Treasurer

### Housing Opportunities Commission of Montgomery County

#### **Commissioners:**

Jackie Simon, Chair  
Richard Y. Nelson, Jr. Vice Chair  
Roy Priest, Chair Pro Tem

Pamela Byrd  
Linda Croom  
Frances Kelleher

Stacy L. Spann, Executive Director

## INDEPENDENT AUDITORS

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

# Elected Officials

Montgomery County, Maryland



Marc Elrich  
County Executive



Nancy Navarro  
Council President



Sidney Katz  
Council Vice President



Gabe Albornoz  
Council Member



Andrew Friedson  
Council Member



Evan Glass  
Council Member



Tom Hucker  
Council Member



Will Jawando  
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  
Rockville, 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, 2019, 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 1.9 percent, 3.9 percent, and 0.2 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 the County as of June 30, 2019, 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.

**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 156 through 158 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures described above, and the reports of the other auditors, the combining and individual fund financial statements and supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, 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 20, 2019

# 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.

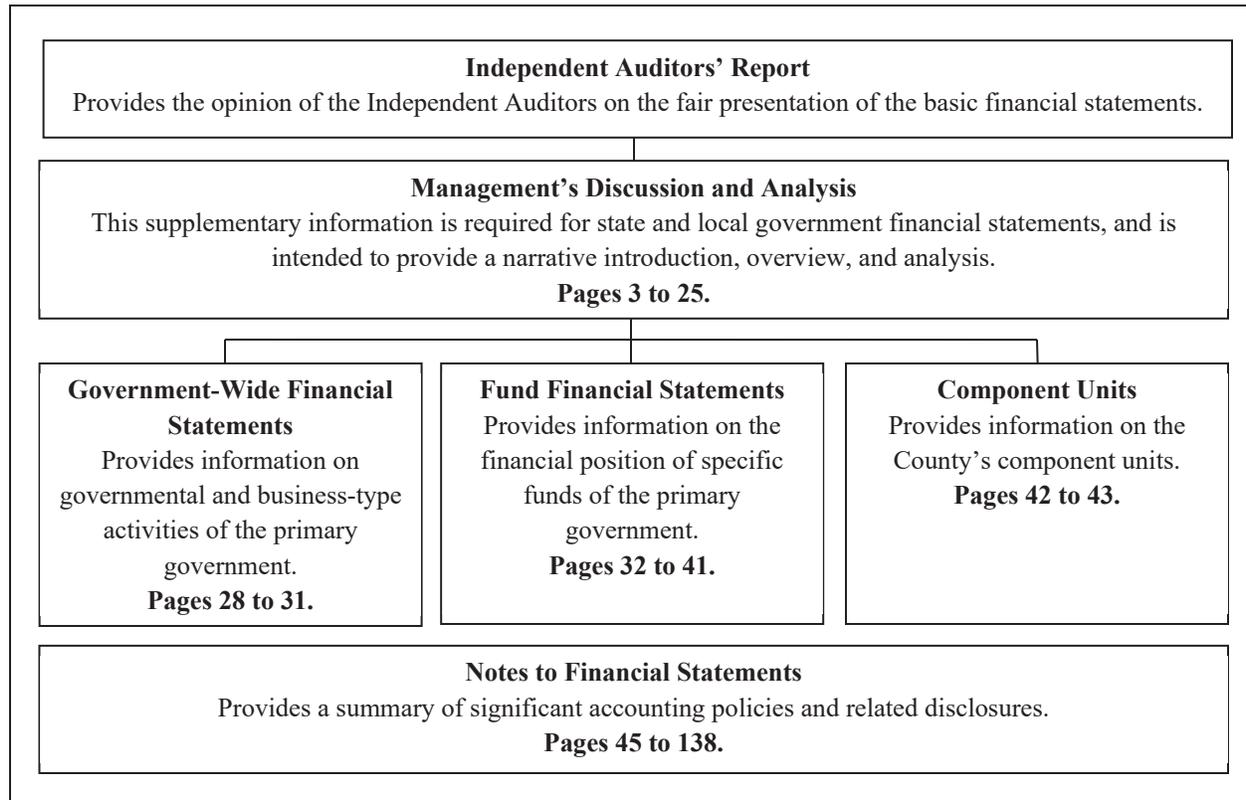
## Financial Highlights

- The government-wide assets and deferred outflows of the County exceeded its liabilities and deferred inflows of resources at the close of FY19 by \$472.8 million. That amount is net of a \$3,089.6 million unrestricted deficit. The deficit occurs mainly because the County issues debt to fund construction costs for Montgomery County Public Schools (MCPS) and Montgomery College (MC), two of its component units, and for Maryland-National Capital Park and Planning Commission (M-NCPPC), a joint venture. Debt outstanding for these entities amounted to \$1,853.8 million at June 30, 2019. Absent the effect of this relationship, the County would have reported a deficit government-wide unrestricted net position of \$1,235.7 million.
- The County's total government-wide net position increased by \$305.8 million.
- As of the close of FY19, the County's governmental funds reported combined ending fund balances of \$1,119.1 million; a decrease of \$47.2 million over the prior year's ending fund balances. Of the total ending fund balances, \$99.1 million is available for spending at the County's discretion.
- At the end of FY19, unassigned fund balance for the General Fund was \$103.3 million, or 3.4 percent of total General Fund expenditures.
- The County's government-wide long-term debt and obligations decreased by \$245.1 million during FY19. See page 6 for the details. The key factor in this decrease is a decrease in the net Other Postemployment Benefits (OPEB) liability of \$194.0 million from the FY18 liability.

## Overview of the Financial Statements

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

## Organization and Flow of Financial Section Information



### Government-Wide Financial Statements

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

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

The second statement – the statement of activities – presents information showing how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid. The information on governmental activities included in the statement reflects the County's basic services, including general government, public safety, 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, three parking lot districts, permitting services, and community use of public facilities, where fees for services or products are required or designed to recover the cost of operation, including depreciation.

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

## **Fund Financial Statements**

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

### **Governmental Funds**

Most of the County's basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash and how they flow in and out, and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, a reconciliation of the fund financial statements to the government-wide financial statements is presented immediately after the fund financial statements. For example, the fund financial statements reflect bond proceeds and interfund transfers as other financing sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation reflects the elimination of these transactions and incorporates the capital assets and long-term obligations (bonds and others) that are presented in the governmental activities column (in the government-wide statements). The County has five major governmental funds – General, Debt Service, Housing Initiative, Grants and Capital Projects – and nine 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 non-major funds. The internal service funds, which are presented in a single, aggregated column in the proprietary fund financial statements, are used to account for the provision of liability and property insurance coverage, employee health benefits, motor pool services, and central duplicating services, to County departments on a cost reimbursement basis. Although both the fund and government-wide financial statements provide a long-term and short-term focus, reconciliations between these two sets of statements are still required. This is due to the fact that the excess income/loss for the internal service funds has been redistributed to the customers, including business-type activities; such reconciliations are reflected on the bottom of the proprietary fund financial statements.

## Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County's fiduciary funds consist of pension and other employee benefit trusts, an investment trust, 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, 2019 and 2018:

Summary of Net Position *						
June 30, 2019 and 2018						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	\$ 2,068,638,550	\$ 2,020,359,892	\$ 234,127,577	\$ 237,622,734	\$ 2,302,766,127	\$ 2,257,982,626
Capital assets, net	5,193,454,214	4,851,899,173	256,106,159	263,086,650	5,449,560,373	5,114,985,823
Total Assets	<u>7,262,092,764</u>	<u>6,872,259,065</u>	<u>490,233,736</u>	<u>500,709,384</u>	<u>7,752,326,500</u>	<u>7,372,968,449</u>
<b>Deferred outflows of resources</b>	<u>185,600,627</u>	<u>216,115,762</u>	<u>5,804,125</u>	<u>8,187,449</u>	<u>191,404,752</u>	<u>224,303,211</u>
<b>Liabilities</b>						
Long-term liabilities outstanding	6,147,227,376	6,375,648,561	132,963,409	149,620,965	6,280,190,785	6,525,269,526
Other liabilities	545,040,130	538,477,301	47,368,217	45,260,635	592,408,347	583,737,936
Total Liabilities	<u>6,692,267,506</u>	<u>6,914,125,862</u>	<u>180,331,626</u>	<u>194,881,600</u>	<u>6,872,599,132</u>	<u>7,109,007,462</u>
<b>Deferred inflows of resources</b>	<u>592,075,482</u>	<u>318,028,021</u>	<u>6,295,388</u>	<u>3,888,326</u>	<u>598,370,870</u>	<u>321,916,347</u>
<b>Net position:</b>						
Net investment in capital assets	2,734,892,546	2,169,845,557	186,027,386	185,894,133	2,920,919,932	2,355,739,690
Restricted	564,498,034	650,720,854	76,894,899	80,545,655	641,392,933	731,266,509
Unrestricted (deficit)	<u>(3,136,040,177)</u>	<u>(2,964,345,467)</u>	<u>46,488,562</u>	<u>43,687,119</u>	<u>(3,089,551,615)</u>	<u>(2,920,658,348)</u>
Total Net Position	<u>\$ 163,350,403</u>	<u>\$ (143,779,056)</u>	<u>\$ 309,410,847</u>	<u>\$ 310,126,907</u>	<u>\$ 472,761,250</u>	<u>\$ 166,347,851</u>
* Primary Government						

The County's current and other assets increased by \$44.8 million or 2.0 percent from FY18. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of FY19 by \$472.8 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 MC and M-NCPPC. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. Debt outstanding for these entities amounted to \$1,853.8 million at June 30, 2019. Absent the effect of this relationship, the County would have reported a deficit government-wide unrestricted net position of \$1,235.7 million. An additional portion of the County's net position of \$641.4 million represents resources that are subject to restrictions on how they may be used.

The County's total net position increased by \$306.4 million for FY19.

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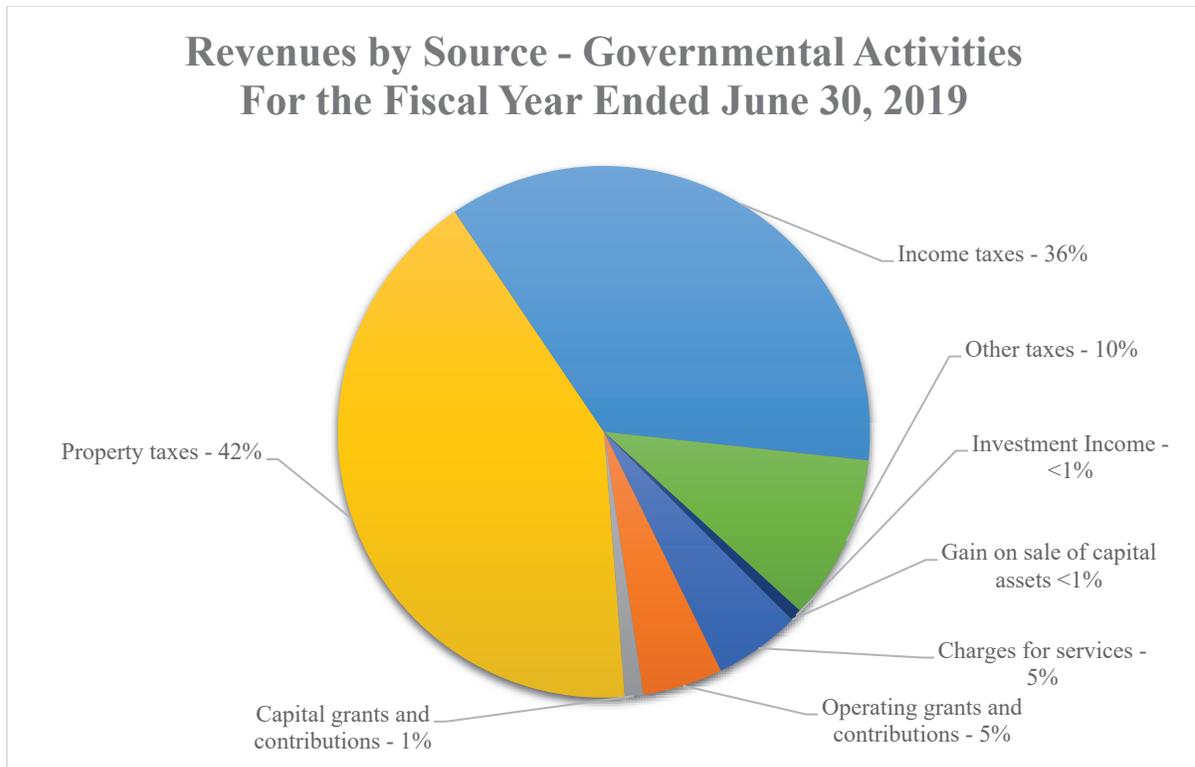
## Statement of Activities

The following table summarizes the County's change in net position for the years ended June 30, 2019 and 2018:

Summary of Changes in Net Position *						
For the Fiscal Years Ended June 30, 2019 and 2018						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 231,554,172	\$ 240,192,109	\$ 505,564,342	\$ 505,076,615	\$ 737,118,514	\$ 745,268,724
Operating grants and contributions	214,444,752	200,691,060	-	-	214,444,752	200,691,060
Capital grants and contributions	49,620,809	123,848,995	-	-	49,620,809	123,848,995
General revenues:						
Property taxes	1,839,468,334	1,789,105,013	-	-	1,839,468,334	1,789,105,013
Income taxes	1,593,550,972	1,448,372,065	-	-	1,593,550,972	1,448,372,065
Other taxes	443,119,824	432,905,584	-	-	443,119,824	432,905,584
Investment income	31,894,139	18,175,824	4,379,460	2,073,306	36,273,599	20,249,130
Grants, contributions, and other revenues						
not restricted to specific programs	(7,262,152)	-	-	-	(7,262,152)	-
Gain/(loss) on sale of capital assets	-	2,106,453	25,543	197,700	25,543	2,304,153
Total Revenues	<u>4,396,390,850</u>	<u>4,255,397,103</u>	<u>509,969,345</u>	<u>507,347,621</u>	<u>4,906,360,195</u>	<u>4,762,744,724</u>
<b>EXPENSES</b>						
Governmental Activities:						
General government	438,014,357	424,387,485	-	-	438,014,357	424,387,485
Public safety	622,873,906	673,208,779	-	-	622,873,906	673,208,779
Public works and transportation	238,384,714	270,104,981	-	-	238,384,714	270,104,981
Health and human services	329,736,686	340,401,563	-	-	329,736,686	340,401,563
Culture and recreation	111,901,877	124,775,369	-	-	111,901,877	124,775,369
Community development and housing	62,494,208	73,658,830	-	-	62,494,208	73,658,830
Environment	35,059,399	32,168,215	-	-	35,059,399	32,168,215
Education	2,191,087,238	2,094,083,289	-	-	2,191,087,238	2,094,083,289
Interest on long-term debt	115,507,787	118,778,942	-	-	115,507,787	118,778,942
Business-type Activities:						
Liquor control	-	-	263,120,732	268,344,647	263,120,732	268,344,647
Solid waste activities	-	-	110,018,670	100,674,500	110,018,670	100,674,500
Parking lot districts	-	-	34,104,944	33,941,506	34,104,944	33,941,506
Permitting services	-	-	36,608,286	39,017,094	36,608,286	39,017,094
Community use of public facilities	-	-	11,033,992	11,857,115	11,033,992	11,857,115
Total Expenses	<u>4,145,060,172</u>	<u>4,151,567,453</u>	<u>454,886,624</u>	<u>453,834,862</u>	<u>4,599,946,796</u>	<u>4,605,402,315</u>
Net Position Before Transfers	251,330,678	103,829,650	55,082,721	53,512,759	306,413,399	157,342,409
Transfers	<u>55,798,781</u>	<u>65,155,838</u>	<u>(55,798,781)</u>	<u>(65,155,838)</u>	<u>-</u>	<u>-</u>
Change in Net Position	307,129,459	168,985,488	(716,060)	(11,643,079)	306,413,399	157,342,409
Net Position, beginning of year, as restated	<u>(143,779,056)</u>	<u>(312,764,544)</u>	<u>310,126,907</u>	<u>321,769,986</u>	<u>166,347,851</u>	<u>9,005,442</u>
Net Position, end of year	<u>\$ 163,350,403</u>	<u>\$ (143,779,056)</u>	<u>\$ 309,410,847</u>	<u>\$ 310,126,907</u>	<u>\$ 472,761,250</u>	<u>\$ 166,347,851</u>
* Primary Government						

### Governmental Activities

Revenues for the County's governmental activities were \$4,396.4 million for FY19. Sources of revenue are comprised of the following items:

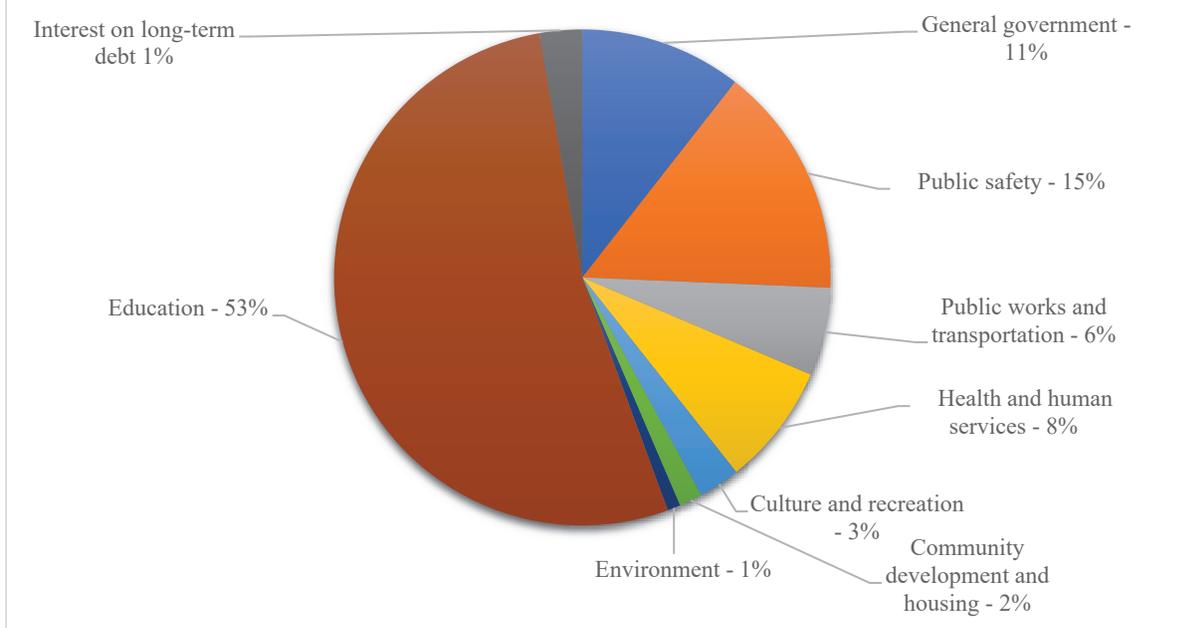


- Taxes constitute the largest source of County revenues, amounting to \$3,876.1 million for FY19.
- Property and local income taxes combined comprise 88.2 percent of all County revenues. Each County in Maryland sets its income tax rate within parameters established by the State. The local income tax rate was 3.2 percent of the State taxable income for calendar years 2019 and 2018. 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 (\$117.4 million or 54.8 percent), public works and transportation (\$49.7 million or 23.2 percent) and public safety (\$31.8 million or 14.8 percent).

A more detailed discussion of the County's revenue results for FY19 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 FY19 was \$4,145.1 million. As the chart on the next page indicates, education constitutes the County's largest program and highest priority; education expenses totaled \$2,191.1 million. Public safety expenses totaled \$622.9 million, general government services totaled \$438.0 million, and health and human services, the fourth largest expense for the County, totaled \$329.7 million.

## Expenses by Function - Governmental Activities For the Fiscal Year Ended June 30, 2019



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).

Net Cost of County's Governmental Activities For the Fiscal Years Ended June 30, 2019 and 2018						
	Expenses		Revenues		Net Cost of Services	
	2019	2018	2019	2018	2019	2018
Education	\$ 2,191,087,238	\$ 2,094,083,289	\$ 58,834	\$ -	\$ 2,191,028,404	\$ 2,094,083,289
Public safety	624,187,876	673,208,779	82,982,313	92,550,618	541,205,563	580,658,161
General government	438,014,357	424,387,485	110,296,879	134,854,403	327,717,478	289,533,082
Public works and transportation	238,384,714	270,104,981	116,798,418	152,256,983	121,586,296	117,847,998
Health and human services	329,736,686	340,401,563	121,472,103	113,511,506	208,264,583	226,890,057
Culture and recreation	111,901,877	124,775,369	42,937,985	47,844,799	68,963,892	76,930,570
Other	213,061,394	224,605,987	21,073,201	23,713,855	191,988,193	200,892,132
<b>Total</b>	<b>\$ 4,146,374,142</b>	<b>\$ 4,151,567,453</b>	<b>\$ 495,619,733</b>	<b>\$ 564,732,164</b>	<b>\$ 3,650,754,4097</b>	<b>\$ 3,586,835,289</b>

Of the total cost of governmental activities of \$4,145.1 million, \$495.6 million was paid by those who directly benefited from the programs (\$231.6 million) and other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$264.0 million). Of the \$3,649.4 million net cost of services, our taxpayers paid for these activities through County taxes which totaled \$3,876.1 million; also available to contribute towards such net costs were investment income and other contributions not restricted to a specific program.

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

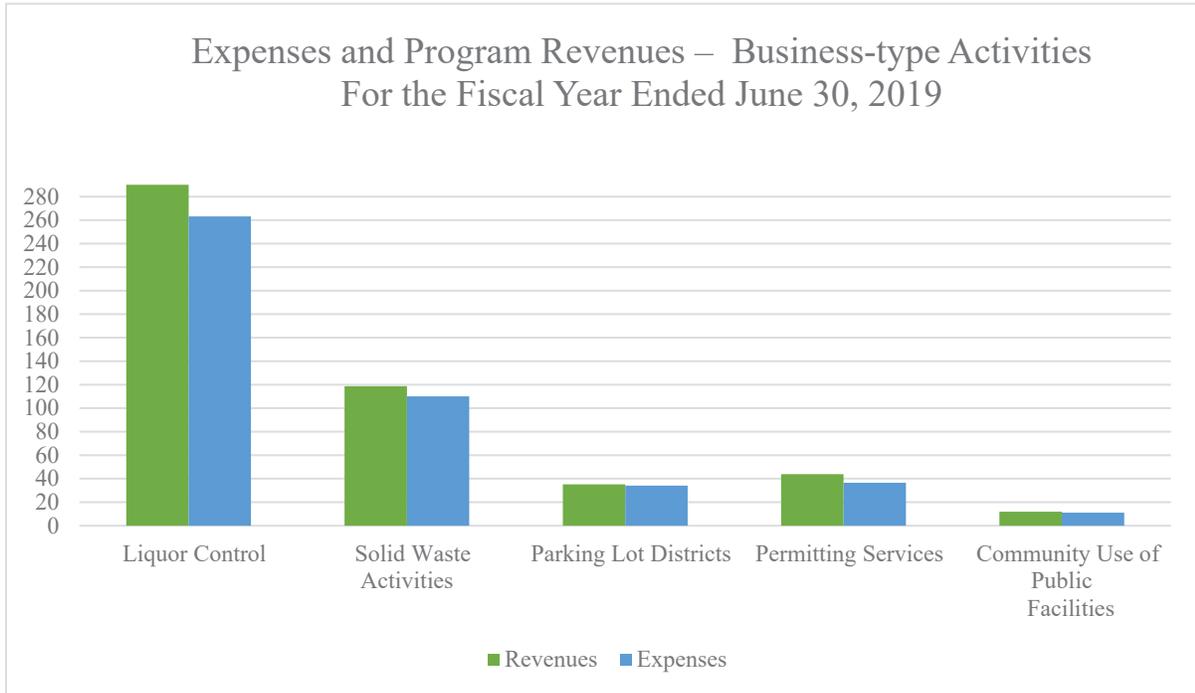
- **Education:**  
\$97.0 million increase in resources spent on education. The County contribution was \$18.6 million over Maintenance of Effort (MOE) and 4.6 percent higher than FY18 for Montgomery County Public Schools (MCPS) funding. The County's local contribution is \$2.0 million over MOE for Montgomery College.
- **General Government:**  
\$13.6 million increase in expenses primarily due to a reclassification of Cable TV's Culture and Recreation expense to General Government.
- **Public Safety:**  
\$50.3 million decrease in expenses primarily due to the adjustment of pension expense, net pension liability and pension related inflows and outflows of \$33.7 million.
- **Public Works and Transportation:**  
\$31.7 million decrease in expenses primarily driven by the decrease in capital projects of \$42.0 million covering several projects that were expensed and capitalized in the prior year.
- **Culture and Recreation:**  
\$12.9 million decrease in expenses due to a reclassification of Cable TV's Culture and Recreation expense to General Government.

### **Business-type Activities**

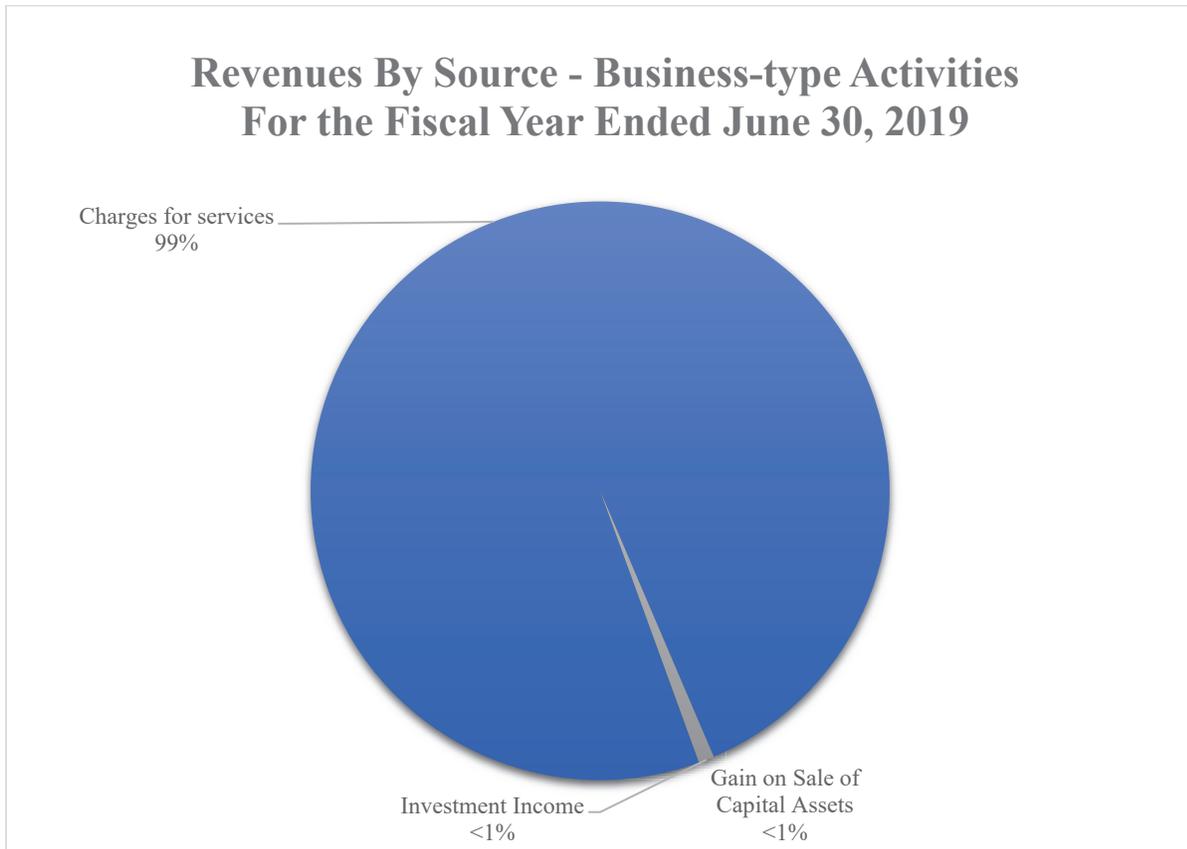
Highlights of the County's business-type activities for FY19 are as follows:

- Business-type activities experienced a decrease in net position of \$0.7 million for FY19. This amount is reported after total net transfers out of \$55.9 million. The most significant components of the change include:
  - \$0.8 million increase in net position related to liquor control;
  - \$0.4 million decrease in net position related to Solid Waste Activity;
  - \$3.4 million decrease in net position related to parking lot districts; and
  - \$2.7 million increase in net position mainly related to permitting services (net of \$8.2 million revenues and \$5.6 million transfers out).
- Charges for services to users comprise 89.7 percent of revenues, with \$295.8 million (58.5 percent of charges for services revenue) attributable to liquor control operations and \$118.7 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.
- Investment income of \$4.4 million reflects an increase of \$2.3 million or 109.5 percent from FY18, primarily because of the increase in pooled cash and investments during the year.

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 FY19, the County's governmental funds reported combined ending fund balances of \$1,119.1 million, an decrease of \$47.2 million from the end of FY18. Of the total ending fund balances, \$99.1 million constitutes the unassigned fund balance, which is available for spending at the County's discretion. The remainder of the fund balances of \$1,020.0 million is unavailable for new spending because it has been set aside for prior period commitments and legal restrictions.

### **General Fund**

The General Fund is the primary operating fund of the County. At the end of FY19, the General Fund had \$103.3 million of unassigned fund balance and total fund balance was \$558.8 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 18.3 percent of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$37.8 million during FY19, primarily due to decreases in expenditures for general government and other financing uses that were partially offset by increased expenditures for public safety and education. There were also decreases in tax, intergovernmental, charges from services, and miscellaneous revenues.

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

### **Housing Initiative Fund**

The Housing Initiative Fund is used to account for the fiscal activity of financing, supplementing, and constructing affordable residential facilities for eligible participants. At the end of FY19, HI had a fund balance of \$293.5 million, which is entirely restricted for legal reasons. The fund balance represents an increase of \$54.8 million over FY18. Mortgage receivables for this fund, which is a measure of its financing activities, increased \$23.7 million or 14.2 percent over FY18.

### **Grants Fund**

The Grants Fund is used to account for Federal and State grant-funded activities of the tax-supported General and special revenue funds. The Grants Fund normally does not have fund balance at the end of each fiscal year as revenues equal expenditures - that is, expenditures of this fund are either billable to one or more federal or state agencies or paid via a transfer from another fund. However, the Grants Fund has a fund balance of \$216,034 which represents restricted assets held by the County pursuant to a grant agreement. The Grants Fund received \$108.6 million in revenues for FY19. This is a \$1.7 million decrease from FY18.

## **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 \$181.9 million represents an accounting debt service reserve account.

## **Capital Projects Fund**

The Capital Projects Fund (CIP) has a total fund balance of \$5.1 million, a decrease of \$121.5 million from the end of FY18. The fund balance of this fund can increase or decrease significantly depending on the timing of source of funds for larger capital projects. In FY18, the fund received \$81.6 million in intergovernmental revenues and \$46.4 million in intergovernmental revenues in FY19, a decrease of \$35.2 million. The expenditures in FY19 increased dramatically from \$629.7 million in FY18 to \$722.9 million in FY19.

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 FY19 amounted to \$19.3 million, and operating income was \$34.5 million. After a subsidy transfer to the General Fund of \$26.5 million, the fund ended FY19 with an increase in net position of \$793,485.

The Solid Waste Activities Fund total net position amounted to \$86.1 million. Of this amount, \$41.7 million (48.5 percent) represents the net investment of capital assets and \$44.4 million is restricted for environment.

The Parking Lot Districts Fund decrease in net position amounted to \$3.4 million in FY19, resulting in a total ending net position of \$165.9 million. Of this amount, \$135.3 million (81.5 percent) represents the net investment in capital assets; \$6.6 million (4.0 percent) is restricted for debt service on revenue bonds; and \$24.0 million (14.5 percent) is restricted for public works and transportation.

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

## **General Fund Budgetary Highlights**

Revisions to the General Fund expenditure original budget (excluding transfers) to arrive at the final budget amounted to \$40.8 million, which included County Council approved supplemental and special appropriations and the year-end County Council transfer and County Executive supplemental appropriations. Major components of the appropriation increases include the following:

- \$15.1 million for snowstorm removal and storm clean up. During the winter of 2018-2019, the County experienced 13 snow and/or ice events with total accumulation of approximately 28.4 inches.
- \$425 thousand increase for Economic Development Fund Small Business Innovation Research and Assistance programs.

The remaining variance is due to encumbrance carry forwards from prior years, which are included in the final budget amounts.

Actual revenues were less than budget amounts by \$75.9 million, while actual expenditures and net transfers out were less than final budget by \$104.6 million and \$35.3 million, respectively. Highlights of the comparison of final budget to actual figures for expenditures and net transfers for the fiscal year-ended June 30, 2019, include the following:

- Actual expenditures of \$1,155.3 million were \$104.6 million less than the final budget, which represents 10.0 percent of the final budget, and is attributable to savings achieved across numerous departments via the FY19 savings plan.
- Actual transfers to the Capital Projects Fund and component units for capital purposes were less than budgeted by \$32.1 million and \$23.0 million, respectively. This is due both to the multi-year nature of capital projects, and to time delays that can be encountered for certain projects.

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

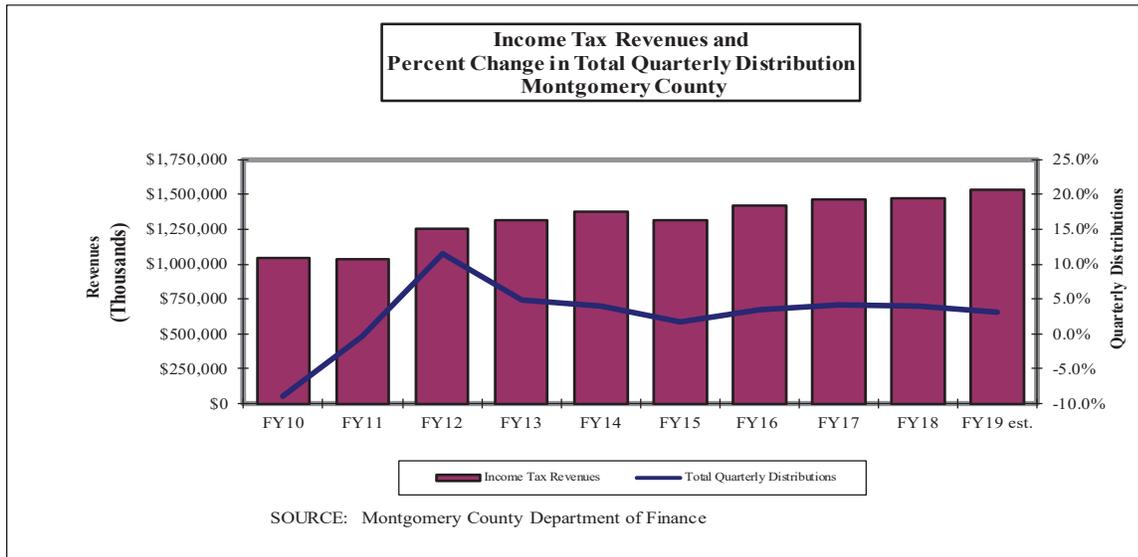
## **Overview**

Actual revenues for the General Fund totaled \$3,404.4 million and were \$75.9 million or 2.2 percent below the budget estimate for the fiscal year but \$110.9 million or 3.4 percent above actual tax revenues for FY18. The two largest contributors to the decline between the budget estimate and actual revenues were the income tax, \$53.9 million or 3.4 percent, below the budget estimate and the property tax, \$32.6 million or 2.5 percent, below the budget estimate. Revenues from the transfer and recordation taxes (General Fund portion) amounted to \$168.2 million, \$5.2 million, or 3.2 percent, above the budget estimate and 6.1 percent above actual tax revenues for FY18. Revenues from consumption/excise taxes which include fuel/energy, telephone, hotel/motel, and other taxes, were \$273.4 million in FY19. That amount was \$347,590, or 0.2 percent, below the budget estimate and that decrease was driven primarily by the hotel-motel and telephone taxes for a combined \$1.8 million, or 2.4%, below the budget estimate. The remaining excise taxes, fuel and energy tax and other taxes were \$1.5 million, or 0.7 percent, above the budget estimate. Investment income was \$1.1 million above the budget estimate. Licenses and Permits came in below the budget estimate (7.4%), while Charges for Services came in above the budget estimate (6.9%). Intergovernmental revenues were \$2.4 million, or 3.6%, below the budget estimate. This decrease was largely attributed to state reimbursements, which came in 10.7 percent below budget estimate.

## **Income Taxes**

One of the largest revenue sources for the General Fund is the County income tax. Revenues from the income tax were \$1,531.2 million and represented 46.9 percent of actual tax revenues in FY19 and 45.0 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 (2009 - 2018) - ranging from a decrease of 6.3 percent in 2018 to an increase of 29.6 percent in 2013. In addition, resident employment experienced volatility during this period - an average annual rate of increase of over 1.0 percent in the County's resident employment during the 2009-2018 period. The average annual growth during the 2009-2011 period increased less than 1.0 percent while the average annual growth rate accelerated to 1.1 percent between 2011 and 2018. As the chart below illustrates, total quarterly distributions for withholding and estimated payments increased 3.1 percent in FY19, which followed the increase of 4.0 in FY18,

an increase of 4.1 percent in FY17, an increase of 3.5 percent in FY16, an increase of 1.7 percent in FY15, and an increase of 4.1 percent in FY15.



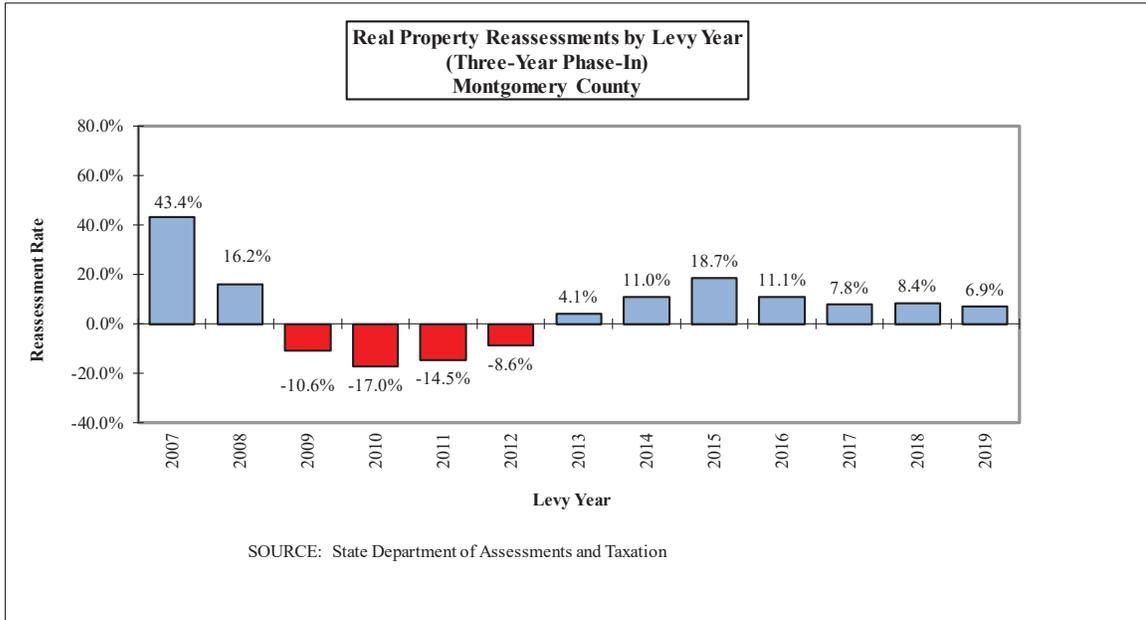
On May 18, 2015, the U.S. Supreme Court made a final ruling in the long-standing court case of *Comptroller of the Treasury of Maryland v. Wynne et ux*. The case involved a dispute over the credit a state taxpayer should get for taxes paid to other states for income earned in those states. The U.S. Supreme Court ruled in favor of the litigants. As a result, the State of Maryland owes refunds to all taxpayers who filed amended returns requesting the additional credit. Based on data provided by the Revenue Administration Division, Comptroller of Maryland (Comptroller), as of September 2019, the total amount of income tax refunds for tax years 2007 through 2014, including interest, attributable to the Wynne case is \$145.6 million. As the Comptroller issues refunds to eligible taxpayers, the refunds are 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. In 2018, the Maryland General Assembly amended the previous legislation that will allow counties and municipalities to replenish the fund by reducing quarterly income tax distributions to the counties and municipalities starting with the third distribution (May) in FY21 with a total of twenty installments ending in FY26. Also, starting with tax year 2015 taxpayers have been reducing their tax payments to reflect the new credit.

## Property Taxes

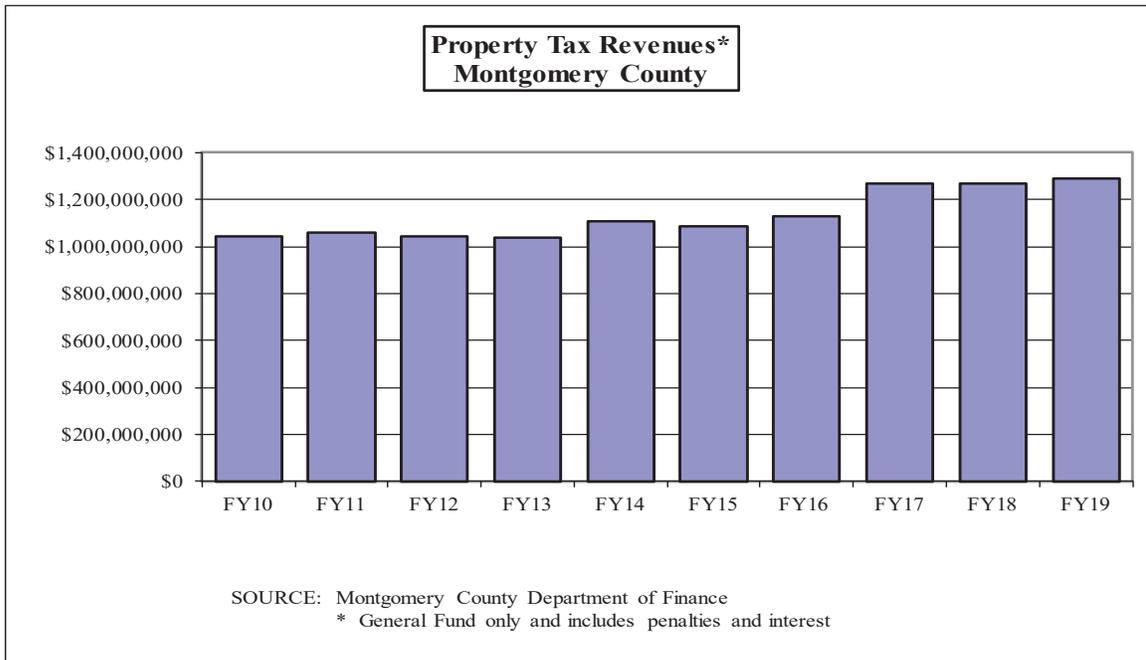
Property tax collections, which represent another major contributor of actual tax revenues to the General Fund and the second largest in FY19, amounted to \$1,290.4 million in FY19, which were \$32.6 million, or 2.5%, below the budget estimate and only 1.8 percent above actual revenues in FY18. Actual property taxes, excluding penalties and interest and other items, were \$1,288.1 million in FY19 – an increase of 1.8 percent from the previous fiscal year. Collections from penalties and interest and other items were \$2.3 million – a 49.2 percent increase from FY18.

The taxable assessments for real property increased 2.7 percent from FY18 to FY19. This was the sixth consecutive increase starting in FY14. New construction, which added an estimated \$1.3 billion to the base in FY19, but was 20.5 percent lower than in FY18. 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 2009-2012), reassessments increased 4.1 percent (levy year 2013 or FY2014), 11.0 percent in levy year 2014, 18.7 percent in levy year 2015, 11.1

percent in levy year 2016, 7.8 percent in levy year 2017, and 8.4 percent in levy year 2018, and 6.9 percent in levy year 2019.



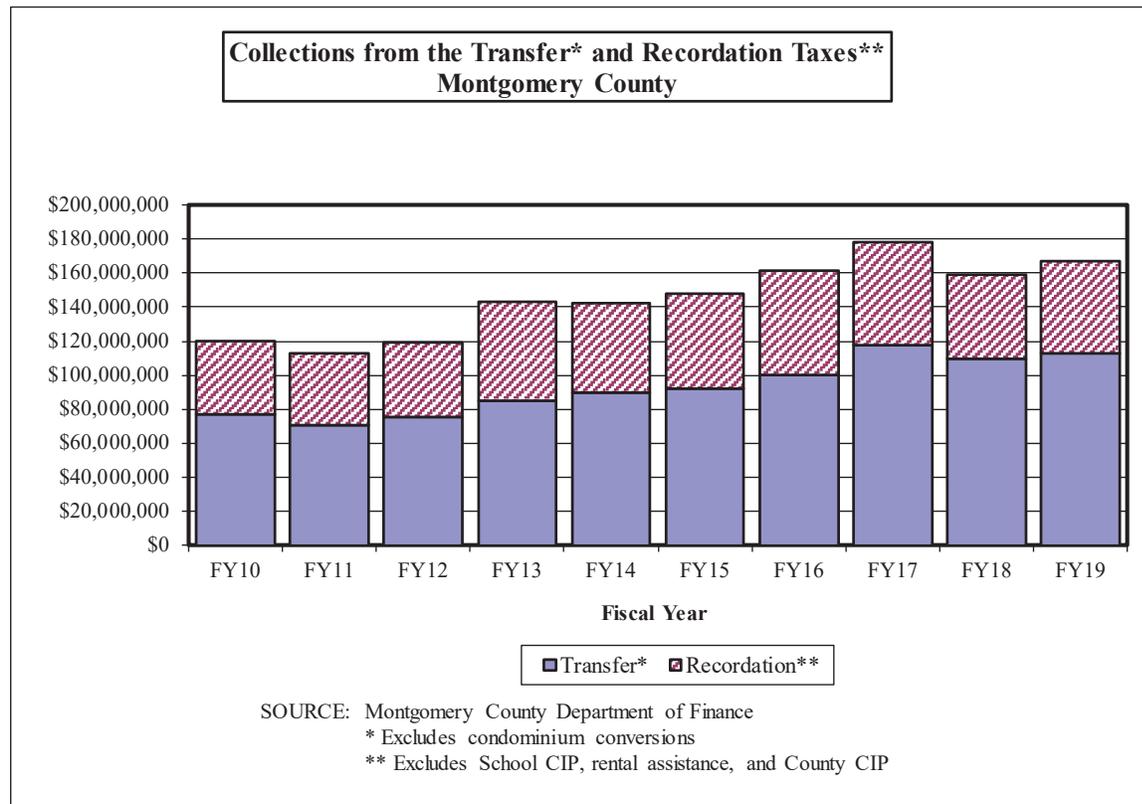
The homestead tax credit limits annual increases in homeowners' taxable assessments to 10 percent per year although other taxable assessments such as for commercial and investment residential properties are not limited by this credit. The homestead credit is the amount of annual assessment growth above the 10 percent limit. Following 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. However, the amount decreased from \$88.1 million in FY18 to \$76.2 million in FY19.



Because of declines in individual and corporate personal property and public utility tax assessments, total personal property assessments declined 1.3 percent in FY09 rebounding in FY10, increased 5.2 percent, attributed to increases in corporate and public utility assessments, declined 6.5 percent in FY11 to \$3.9 billion, declined again in FY12 to \$3.7 billion, and declined further in FY13 to \$3.6 billion attributed to declines in corporate and utility personal property, but increased 2.9 percent in FY14 to \$3.7 billion, decreased 1.5 percent in FY15 to \$3.7 million, increased 6.3 percent in FY16, increased 4.3 percent in FY17, increased 3.4 percent in FY18, but decreased 3.2 percent in FY19 from \$4.190 billion to \$4.055 billion. For the previous five fiscal years (FY14 – FY18), taxable assessments for personal property averaged \$3.900 billion ranging from a low of \$3.655 billion in FY15 to a high of \$4.190 billion in FY18.

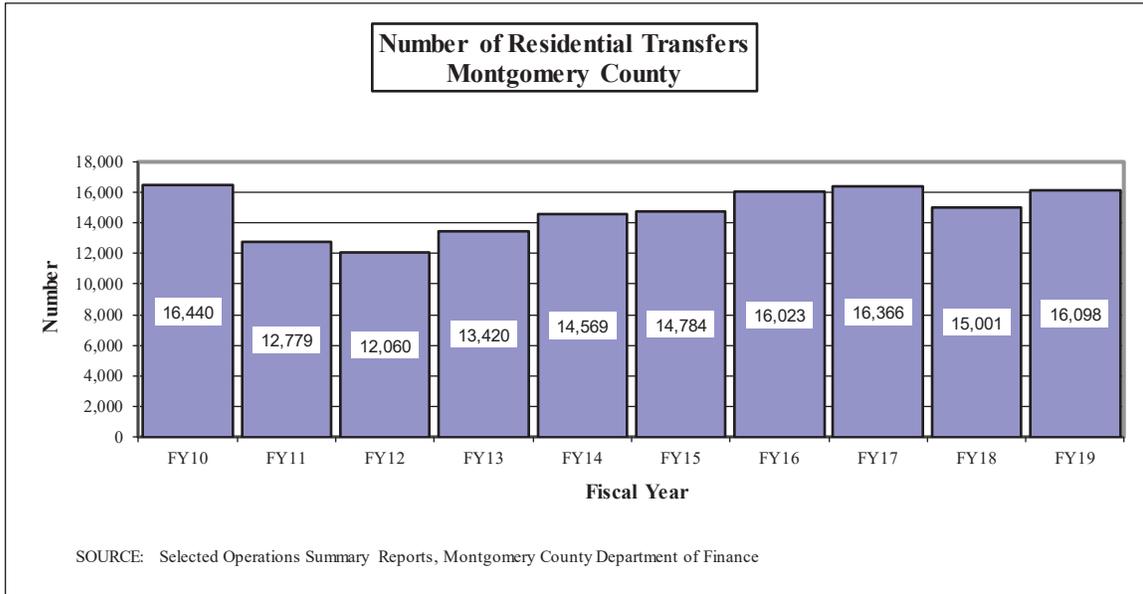
### Transfer and Recordation Taxes

Another major tax revenue category in the County is the combination of real property transfer and recordation taxes. The combined tax revenues from these sources in FY19 were \$168.192 million (excluding recordation tax revenues earmarked for CIP funding of school construction, rental assistance, and CIP funding for the County; and transfer tax revenues from condominium conversions). Actual revenues increased 6.1 percent in FY19 and were 3.2 percent above the budget estimate. As the accompanying chart illustrates, the total amount collected from these taxes reached a recent peak of \$178.380 million in FY17 before declining to \$158.590 million in FY18. In FY10, taxes from the combined transfer and recordation taxes were \$122.040 million, increased further to \$129.535 million in FY11, declined to \$127.300 million in FY12, and began a steady increase from \$142.030 million in FY13, to \$178.380 million in FY17, then declined to \$158.590 million in FY18.

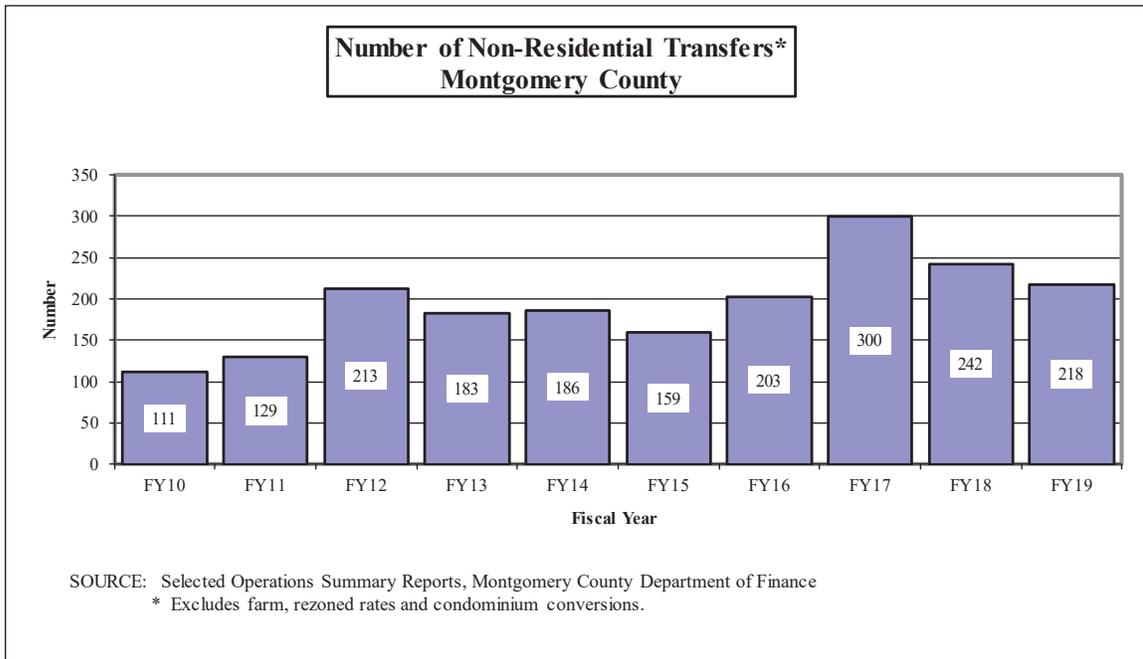


General Fund revenues from the transfer tax experienced an increase of 3.8 percent in FY19 and 11.3 percent increase in the recordation tax from FY18. Because of the increase of 2.9 percent in medium home prices for existing home sales in FY19, revenues from the residential sector for the transfer tax were \$88.0 million, an

increase of 4.0 percent from FY18. The number of residential transfers increased 16,100 or 7.3 percent. Collections from the residential recordation tax increased 4.8 percent in FY19.



Based on the amount of collections from the non-residential transfer tax, the commercial market increased 0.8 percent in FY19 from FY18 with revenues at \$27.300 million. The increase in revenues from the commercial market was attributed to an increase of 12.0 percent in the average tax from approximately \$111,900 in FY18 to \$125,185 that offset the decline in the volume of non-residential transactions.



## Other Revenues

The remaining tax sources – consisting of fuel/energy, telephone, hotel/motel, and other taxes – totaled \$273.4 million and were \$347,590, or 0.2 percent, below the budget estimate and 0.3 percent below actual revenues in FY18. Revenues from the fuel/energy tax were \$194.6 million in FY19 and \$646,680, or 0.3 percent, above the budget estimate but a decrease of 1.3 percent from actual revenues in FY18. The decrease in actual revenues from FY19 was attributed to a decrease of 3.3 percent in residential natural gas collections and a decrease of 1.4 percent and non-residential natural gas collections.

Revenues from the telephone tax at \$52.4 million were 0.6 percent below the budget estimate, but 1.6 percent above actual revenues in FY18. Revenues from the hotel/motel industry of \$21.3 million in FY19 were 4.3 percent below the budget estimate, but 1.2 percent above actual revenues in FY18. Other tax revenues in FY19 were 18.7 percent above the budget estimate and 14.6 percent above actual revenues in FY18.

In the General Fund, actual investment income increased from \$463,356 in FY18 to \$1.2 million in FY19 and was \$1.1 million above the budget estimate. On September 28, 2018, the economic projections of the Federal Reserve Board, projected that the interest rates for the federal funds would increase 2.4 percent in CY2018 to 3.1 percent in CY2019, and 3.4 percent in CY2020. However, the economic projection dated September 18, 2019, projected the interest for federal funds would decline to 1.9 percent in CY2019 and 1.9 percent in CY2020. Since the September 28, 2018 and the September 18, 2019 releases of the economic projections by the Federal Reserve Board, the Federal Open Market Committee (FOMC) voted on a four target rates for the federal funds rates - a 25 basis point increase in December 2018, followed by three 25 basis point decreases in CY2019 with the three decreases effective for FY20. Of these four rate policy changes by the FOMC - only the December rate increase occurred during FY19. Therefore, average portfolio yield for the County increased from 1.34 percent in FY18 to 2.3 percent in FY19. The average daily portfolio balance increased from \$870.7 million in FY18 to \$1,045.0 million in FY19.

## Capital Asset and Debt Administration

### Capital Assets

The County's investment in capital assets at June 30, 2019, amounted to \$5,449.6 million (net of accumulated depreciation and amortization), as summarized below:

Changes in the County's capital assets for FY19 are summarized as follows:

<b>Capital Assets, Net of Depreciation</b>				
<b>June 30, 2019</b>				
	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	<b>FY19</b>	<b>FY18</b>
Land	\$ 1,053,909,929	\$ 58,444,082	\$ 1,112,354,011	\$ 1,032,360,932
Buildings	644,716,612	126,718,874	771,435,486	667,768,540
Improvements other than buildings	57,484,463	53,133,549	110,618,012	104,798,178
Furniture, fixtures, equipment and machinery	27,116,085	14,456,283	41,572,368	48,924,316
Leasehold improvements	5,927,999	-	5,927,999	6,968,993
Automobiles and trucks	144,831,060	3,063,969	147,895,029	154,395,000
Infrastructure	1,203,861,075	7,032	1,203,868,107	1,135,389,541
Other assets	88,133,271	-	88,133,271	13,983,103
Construction in progress	1,967,473,720	282,372	1,967,756,092	1,950,397,221
<b>Total</b>	<b>\$ 5,193,454,214</b>	<b>\$ 256,106,161</b>	<b>\$ 5,449,560,375</b>	<b>\$ 5,114,985,824</b>

<b>Change in Capital Assets For the Fiscal Year Ended June 30, 2019</b>				
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total FY19</b>	<b>Total FY18</b>
Beginning Balance	\$ 4,851,899,173	\$ 263,086,650	\$ 5,114,985,823	\$ 4,830,962,574
Additions*	442,644,459	8,532,476	451,176,935	399,281,953
Retirements, net*	575,107	524,473	1,099,580	1,494,068
Depreciation expense	100,514,311	14,988,492	115,502,803	113,764,635
Ending Balance	<u>\$ 5,193,454,214</u>	<u>\$ 256,106,161</u>	<u>\$ 5,449,560,375</u>	<u>\$ 5,114,985,824</u>
* Presented net of transfers from construction in progress; retirements are also net of related accumulated depreciation.				

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

- Roads, including the underlying land, valued at \$4.2 million were transferred to the county by various developers.
- The Wheaton Redevelopment Program project accumulated \$51.8 million in costs this fiscal year. This project provides for the planning, studies, design, and construction of an office building, public parking garage, and a town square on the site of Parking Lot 13 and the Mid-County Region Services Center (RSC) in Wheaton.
- The Wheaton Library and Community Recreation Center project accumulated \$25.2 million in costs this fiscal year. This project provides for a combined facility to include the new Wheaton Library, a used book store run by a non-profit, with proceeds benefiting Montgomery County Public Libraries and the Wheaton Community Recreation Center.
- The Capital Crescent Trail project accumulated \$13.2 million in costs this fiscal year. This project is part of a joint effort between the County and the Maryland Transit Administration (MTA) on the Purple Line project. The Purple Line is a new line within the Washington Metropolitan Area Transit Authority (WMATA) transit system that is planned to extend from Bethesda in Montgomery County to New Carrollton in Prince George's County, providing direct connections to various lines within WMATA and connect to other train and bus services.
- The MD-355 Crossing (BRAC) project accumulated \$17.1 million in costs this fiscal year. This project provides for right-of-way negotiations, utility relocations, and the design and construction of a multi-modal grade separated connection between the Walter Reed National Military Medical Center and the Medical Center Metro Rail station.
- Montgomery County funded Montgomery County Public Schools \$224.2 million, and Montgomery College for \$47.7 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, 2019:

<b>Long-Term Debt</b>				
<b>June 30, 2019</b>				
	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	<b>FY19</b>	<b>FY18</b>
General obligation bonds	\$ 3,019,425,000	\$ -	\$ 3,019,425,000	\$ 2,925,230,000
Variable rate demand obligation	170,000,000	-	170,000,000	170,000,000
Bond anticipation notes	500,000,000	-	500,000,000	500,000,000
Revenue bonds	122,988,973	61,470,027	184,459,000	200,480,000
Lease revenue bonds	17,870,000	-	17,870,000	20,390,000
Other lease and notes payable	42,563,400	-	42,563,400	29,420,784
Equipment notes	64,178,826	4,891,618	69,070,444	86,295,948
Certificates of participation	24,145,000	-	24,145,000	24,505,000
Capital leases	3,720,000	-	3,720,000	6,106,510
Taxable Ltd. Obligation Certificates	104,095,000	-	104,095,000	74,665,000
Compensated absences	85,559,017	7,082,220	92,641,237	91,210,144
Net OPEB Liability	1,291,984,263	-	1,291,984,263	1,486,051,494
Claims payable self-insurance	184,020,640	-	184,020,640	178,170,181
Claims and judgments	1,353,404	-	1,353,404	-
Net Pension Liability - County	169,384,888	11,353,247	180,738,135	324,129,748
Net Pension Liability - County(LOSAP)	36,439,585	-	36,439,585	37,946,046
Net Pension Liability - State	27,025,721	-	27,025,721	27,549,791
Landfill closure costs	-	16,199,297	16,199,297	15,671,304
Gude landfill remediation	-	27,339,815	27,339,815	28,530,853
<b>Total</b>	<b>\$ 5,864,753,717</b>	<b>\$ 128,336,224</b>	<b>\$ 5,993,089,941</b>	<b>\$ 6,226,352,803</b>

At June 30, 2019, the County had general obligation (GO) bonds of \$3,189.4 million outstanding, including variable rate demand obligations (VRDOs) of \$170 million. Bond anticipation notes (BANs) of \$500 million were also outstanding. Over the years, the County issued its GO bonds once a year, except for FY08, when no GO “new money” bonds were issued. The County currently finances capital construction projects with BANs. BANs are subsequently paid off by the issuance of the County’s GO bonds. Montgomery County also issues bonds to finance the capital construction of MCPS, MC, and M-NCPPC not otherwise financed by the State of Maryland.

The County continues to maintain its status as a top-rated issuer of municipal securities, with the highest credit ratings possible for a local government. For its GO bonds, the County is a ‘Triple AAA’ rated County, and received ratings of Aaa from Moody’s Investors Service, Inc., AAA from Standard and Poor’s, and AAA from Fitch Ratings. County GO bonds have been consistently awarded the highest credit rating from Moody’s and Standard and Poor’s since 1973 and 1976, respectively, and from Fitch since 1991. Montgomery County is one of only 19 ‘Triple AAA’ rated counties in the nation with a population greater than 900,000.

In October 2018, the County received its annual credit ratings. Fitch cited “key rating drivers” of the County’s expected solid revenue growth given sound assessed value growth and steadily growing income tax revenue trends. Fitch assessed the County’s combined debt and unfunded pension liability as low, and additional debt plans affordable. Fitch also reported that the County has proven ability to reduce spending during an economic downturn and continues to maintain a high level of financial flexibility. Fitch concluded that given the County’s

conservative management practices and emphasis on increasing reserves, operations are expected to remain strong.

Moody's cited the County's credit strengths of a robust tax base which is experiencing ongoing development, strong socioeconomic profile with above average personal wealth and income levels, and manageable debt and pension burdens. Moody's also stated that their ratings outlook incorporates the likelihood that the County's financial position will remain stable relative to budget growth. Going forward Moody's states that they will continue to monitor the County's ability to maintain financial flexibility and reserves levels that are compliant with the 10% fund balance target.

Standard and Poor's stated their rating reflects the County's very strong economy and management, strong budgetary performance and flexibility, and very strong liquidity. Standard and Poor's also cited the strength of the County's debt and contingent liability profile, and very strong institutional framework.

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

**Significant Debt-related debt activities during FY19 were:**

- **General Obligation Bonds** – On November 8, 2018, the County issued new money, General Obligation (Tax-Exempt Series A) in the amount of \$330,000,000. The proceeds paid off an equivalent amount of the County's BANs which funded capital expenditures for education, transportation and other County facilities.
- **Master Equipment/Lease Purchase Agreement** – On July 26, and September 26, 2018, the County issued two draws under the Banc of America Public Capital Corp, Master Lease Agreement in the amounts of \$3.2 million and \$5.3 million, respectively. The proceeds will fund energy performance savings projects at various County buildings and the first phase of a LED streetlighting conversion project, for which the repayment of debt is guaranteed through energy savings.
- **PNC Bank Loan** – On August 22, 2018, the County entered into a loan agreement with PNC Bank in the amount of \$6.9 million. The loan financed the County's Rockville Innovation Center and National Cybersecurity Center of Excellence incubator projects.
- **Taxable Limited Obligation Certificates** – On Nov 19, 2018, the County issued \$33.7 million in Series 2018A Taxable Limited Obligation Certificates (Facility and Residential Development Projects) to finance certain projects of the Montgomery Housing Initiative which promote a broad range of housing opportunities in the County. On the same day the County issued \$22.4 million in Series 2018B Taxable Limited Obligation Refunding Certificates which refunded the 2010A Series for debt service savings.
- **Revenue Bonds** – On March 21, 2019, the County issued Refunding Revenue Bonds (Department of Liquor Control), 2019 Series A in the amount of \$24.7 million. The proceeds refunded outstanding maturities of the 2009 Series A for debt service savings.
- **Bond Anticipation Notes (BANs)** – Over the course of FY19, the County retired \$330.0 million in BANs with general obligation bond proceeds and issued \$330.0 million in new BANs.
- **Additional information** pertaining to the County's long-term debt can be found in Notes to Financial Statements, Notes I-D8, III-E3, and III-F.

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

The following economic factors are reflected in the County's fiscal year 2020 (FY20) budget with updates based on revised economic data after the approval of the County's budget:

- Montgomery County's economy experienced mixed economic performance during fiscal year 2019 - the period July 2018 to June 2019. The reasons for the mixed performance include an increase in resident employment, a decrease in the unemployment rate, a decrease in existing home sales, and an increase in median prices for an existing home. Residential construction experienced a decrease in single-family homes but an increase in multi-family units. Construction in the number of non-residential projects decreased but the value of added non-residential projects increased.
- The County's economic projections in the FY20 budget assume a modest, yet improving, economic performance in calendar year CY19. On a calendar year basis, the County projects a modest increase in total resident employment (↑0.5%) and, based on data from the Quarterly Census of Employment and Wages (QCEW), a very modest growth in payroll employment (↑0.2%).
- During the past ten years (CY09 – CY18), total payroll employment in Montgomery County as measured by the QCEW series, experienced three distinct cycles: a modest increase from CY09 to CY11 at an average annual rate of 0.5 percent, a greater increase at an average annual rate of 0.8 percent from CY11 to CY17 and an estimated increase in the average annual rate of 0.3 percent from FY17 to CY19. The Department of Finance estimates that total payroll employment is expected to increase a modest 0.2 percent in CY19.
- Resident employment in the County, which is based on a survey of County households, provides a slightly different picture of employment growth. Resident employment grew at an average annual rate of 1.4 percent between CY09 and CY11, 0.8 percent between CY11 and CY17, and an estimated 0.6 percent between CY17 and CY19. Resident employment is expected to increase 0.5 percent in CY19.
- Total personal income in the County, based on data from the Bureau of Economic Analysis U.S. Department of Commerce and the estimate from the Department of Finance, provides a similar picture as the trends in resident employment. Total personal income grew at an average annual rate of 6.5 percent from CY09 to CY11 and is estimated to increase at an annual rate of 3.5 percent from FY11 to CY18. Based in part on employment projections for CY19, personal income will increase 4.5 percent in CY19 with per capita income increasing 3.5 percent. Income data for CY19 are based on estimates derived by the Department of Finance.
- The estimated increases in employment and personal income in CY19 reflect a modest positive performance in the County's economy in FY20.
- The Federal Open Market Committee (FOMC) of the Board of Governors of the Federal Reserve System increased the targeted federal funds rate twice from the recent range of 1.25-1.50 percent in December 2017 to 1.75-2.00 percent in June of CY18, increased the rate in September 2018 to 2.00-2.25 percent and again in December 2018 to 2.25-2.50 percent. Because of the actions by the FOMC, the County's budget projections include an increase in the yield on its investments from 2.30 percent in FY19 to 2.45 percent in FY20. However, since the preparation of the FY20 budget, the FOMC cut the federal funds rate two times as of September 2019. Such rate cuts will have a negative impact on FY20 investment income compared to the estimate prepared for the FY20 budget.
- Inflation, as measured by the Consumer Price Index, is expected to increase to 2.15 percent in FY19 and 2.32 percent in FY20.

## **Other Significant Matters**

The 2019 Maryland General Assembly passed HB 397, which enhances the regulatory framework that governs the State's 9-1-1 system. One aspect of the bill is to increase the State 9-1-1 fee from \$0.25 per month to \$0.50 per month and allows a local government to temporarily raise their fee under specified circumstances. Both the State and local 9-1-1 fee now apply to each separate outbound call voice channel capacity instead of each account. This significantly increases the Emergency 9-1-1 fee revenue that the County receives from the State. This will help cover County expenditures to maintain and enhance local 9-1-1 systems.

## **Requests for Information**

The financial report is designed to provide a general overview of Montgomery County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Montgomery County Government, Department of Finance, 101 Monroe Street, Rockville, Maryland, 20850. This report can also be found on the County's website, <http://www.montgomerycountymd.gov/mcg/financialreports>.

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## **BASIC FINANCIAL STATEMENTS**

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
JUNE 30, 2019  
**Exhibit A-1**

	Primary Government			Component Units Total
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 897,050,795	\$ 180,972,816	\$ 1,078,023,611	\$ 107,742,210
Cash with fiscal agents	227,589,919	1,906,419	229,496,338	106,249,141
Cash	351,330	109,506	460,836	17,543,341
Cash - Restricted	-	-	-	-
Investments - cash equivalents	-	-	-	139,707,714
Investments	-	-	-	-
Receivables (net of allowance for uncollectibles):	734,297,762	8,323,201	742,620,963	416,307,932
Income taxes	409,489,952	-	409,489,952	-
Property taxes	15,390,105	309,887	15,699,992	-
Capital leases	17,870,000	-	17,870,000	3,962,058
Accounts	23,297,282	6,404,113	29,701,395	65,318,432
Notes	32,879,782	-	32,879,782	56,939,031
Parking violations	1,425,359	1,609,201	3,034,560	-
Mortgage	233,945,281	-	233,945,281	265,849,352
Interest	-	-	-	8,077,327
Other	-	-	-	16,161,732
Internal balances	2,327,681	(2,327,681)	-	-
Due from other funds	-	-	-	-
Due from primary government	-	-	-	68,494,769
Due from component units	107,987,455	303,421	108,290,876	-
Due from other governments	82,433,245	85,618	82,518,863	41,931,425
Inventory of supplies	10,251,089	32,484,929	42,736,018	8,924,660
Prepaid expenses	6,349,275	257,897	6,607,172	2,119,354
Unamortized bond issuance cost	-	94,794	94,794	-
Other assets	-	-	-	41,078,070
Restricted Assets:				
Equity in pooled cash and investments	-	8,809,032	8,809,032	8,019,411
Cash with fiscal agents	-	-	-	33,644,764
Cash	-	-	-	594,719
Investments - cash equivalents	-	-	-	120,232,816
Investments	-	3,107,625	3,107,625	133,214,364
Capital Assets:				
Nondepreciable assets	3,021,383,650	58,726,453	3,080,110,103	723,125,710
Depreciable assets, net	2,172,070,564	197,379,706	2,369,450,270	4,026,428,884
Total Assets	<u>7,262,092,764</u>	<u>490,233,736</u>	<u>7,752,326,500</u>	<u>5,995,359,284</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding of debt	17,214,891	43,527	17,258,418	568,046
Pension deferrals	93,993,360	5,760,598	99,753,958	290,431,180
OPEB deferrals	74,392,376	-	74,392,376	315,492,303
Accumulated decrease in fair value of hedging derivatives	-	-	-	19,913,400
Total Deferred Outflows of Resources	<u>185,600,627</u>	<u>5,804,125</u>	<u>191,404,752</u>	<u>626,404,929</u>

(Continued)

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
JUNE 30, 2019  
**Exhibit A-1 (Concluded)**

	Primary Government			Component Units Total
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Accounts payable	\$ 74,650,894	\$ 17,838,724	\$ 92,489,618	\$ 123,012,022
Interest payable	29,031,126	626,003	29,657,129	27,064,979
Retainage payable	18,195,247	558,199	18,753,446	15,856,526
Accrued liabilities	105,838,487	13,372,656	119,211,143	112,331,018
Deposits	295,111	9,558,261	9,853,372	19,465,487
Due to other funds	-	-	-	-
Due to primary government	-	-	-	108,415,262
Due to component units	67,689,008	805,761	68,494,769	-
Due to other governments	187,498,769	1,158,748	188,657,517	360,752
Unearned revenue	56,218,286	3,432,460	59,650,746	40,280,944
Other liabilities	5,623,202	17,405	5,640,607	43,886,023
Noncurrent Liabilities:				
Due within one year	1,041,360,877	11,931,325	1,053,292,202	111,939,235
Due in more than one year	5,105,866,499	121,032,084	5,226,898,583	4,499,359,212
Total Liabilities	<u>6,692,267,506</u>	<u>180,331,626</u>	<u>6,872,599,132</u>	<u>5,101,971,460</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	42,377,710	-	42,377,710	-
Deferred gain on refunding of debt	-	-	-	2,618,000
Pension deferrals	98,262,331	6,295,388	104,557,719	58,499,054
OPEB deferrals	451,435,441	-	451,435,441	429,157,288
Total Deferred Inflows of Resources	<u>592,075,482</u>	<u>6,295,388</u>	<u>598,370,870</u>	<u>490,274,342</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,734,892,546	186,027,386	2,920,919,932	3,605,548,863
Restricted for:				
Capital projects	5,124,574	-	5,124,574	278,685
General government	32,431,946	-	32,431,946	-
Public safety	1,608,977	-	1,608,977	-
Public works and transportation	11,901,715	23,979,294	35,881,009	-
Recreation	12,508,497	-	12,508,497	-
Community development and housing	298,347,268	-	298,347,268	-
Environment	20,718,879	44,360,944	65,079,823	-
Debt service	181,856,178	8,554,661	190,410,839	105,647,617
Other purposes	-	-	-	44,509,516
Unrestricted (deficit)	<u>(3,136,040,177)</u>	<u>46,488,562</u>	<u>(3,089,551,615)</u>	<u>(2,726,466,270)</u>
Total Net Position	<u>\$ 163,350,403</u>	<u>\$ 309,410,847</u>	<u>\$ 472,761,250</u>	<u>\$ 1,029,518,411</u>

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

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
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	\$ 438,014,357	\$ 94,380,333	\$ 2,059,546	\$ 13,857,000
Public safety	622,873,906	53,263,699	31,784,548	(2,065,934)
Public works and transportation	238,384,714	32,606,994	49,677,983	34,513,441
Health and human services	329,736,686	4,037,505	117,434,598	-
Culture and recreation	111,901,877	38,026,692	4,890,633	20,660
Community development and housing	62,494,208	8,788,805	8,597,444	-
Environment	35,059,399	391,310	-	3,295,642
Education	2,191,087,238	58,834	-	-
Interest on long term debt	115,507,787	-	-	-
Total Governmental Activities	4,145,060,172	231,554,172	214,444,752	49,620,809
Business-type Activities				
Liquor control	263,120,732	295,840,562	-	-
Solid waste disposal and collection	110,018,670	118,735,876	-	-
Parking lot districts	34,104,944	35,227,522	-	-
Permitting services	36,608,286	43,795,393	-	-
Community use of public facilities	11,033,992	11,964,989	-	-
Total Business-type Activities	454,886,624	505,564,342	-	-
Total Primary Government	\$ 4,599,946,796	\$ 737,118,514	\$ 214,444,752	\$ 49,620,809
<b>Component Units:</b>				
General government (BUP)	\$ 5,599,854	\$ 5,400,807	\$ 270,670	\$ -
Culture and recreation (MCRA)	18,711,802	16,359,387	-	2,923,418
Community development and housing (HOC)	286,909,315	143,236,920	134,466,173	22,532,338
Education:				
Elementary and secondary education (MCPS)	3,036,404,257	39,663,591	132,082,061	63,748,878
Higher education (MC)	354,143,453	67,813,398	19,685,725	70,185,975
Total Component Units	\$ 3,701,768,681	\$ 272,474,103	\$ 286,504,629	\$ 159,390,609

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

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

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (327,717,478)	\$ -	\$ (327,717,478)	\$ -
(539,891,593)	-	(539,891,593)	-
(121,586,296)	-	(121,586,296)	-
(208,264,583)	-	(208,264,583)	-
(68,963,892)	-	(68,963,892)	-
(45,107,959)	-	(45,107,959)	-
(31,372,447)	-	(31,372,447)	-
(2,191,028,404)	-	(2,191,028,404)	-
(115,507,787)	-	(115,507,787)	-
<u>(3,649,440,439)</u>	<u>-</u>	<u>(3,649,440,439)</u>	<u>-</u>
-	32,719,830	32,719,830	-
-	8,717,206	8,717,206	-
-	1,122,578	1,122,578	-
-	7,187,107	7,187,107	-
-	930,997	930,997	-
-	<u>50,677,718</u>	<u>50,677,718</u>	<u>-</u>
<u>\$ (3,649,440,439)</u>	<u>\$ 50,677,718</u>	<u>\$ (3,598,762,721)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 71,623
-	-	-	571,003
-	-	-	13,326,116
-	-	-	(2,800,909,727)
-	-	-	(196,458,355)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,983,399,340)</u>
1,839,468,334	-	1,839,468,334	-
1,593,550,972	-	1,593,550,972	-
113,520,206	-	113,520,206	-
54,671,817	-	54,671,817	-
194,628,814	-	194,628,814	-
21,288,964	-	21,288,964	-
52,415,089	-	52,415,089	-
6,594,934	-	6,594,934	-
(7,262,152)	-	(7,262,152)	3,112,013,477
31,894,139	4,379,460	36,273,599	8,385,629
-	25,543	25,543	4,356,025
-	-	-	14,058
55,798,781	(55,798,781)	-	-
<u>3,956,569,898</u>	<u>(51,393,778)</u>	<u>3,905,176,120</u>	<u>3,124,769,189</u>
307,129,459	(716,060)	306,413,399	141,369,849
<u>(143,779,056)</u>	<u>310,126,907</u>	<u>166,347,851</u>	<u>888,148,562</u>
<u>\$ 163,350,403</u>	<u>\$ 309,410,847</u>	<u>\$ 472,761,250</u>	<u>\$ 1,029,518,411</u>

MONTGOMERY COUNTY, MARYLAND  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2019  
 Exhibit A-3

	General	Housing Initiative	Grants	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Equity in pooled cash and investments	\$ 343,300,856	\$ 25,024,230	\$ 4,963,601	\$ 15,087,384	\$ 214,034,865	\$ 91,425,902	\$ 693,836,838
Cash with fiscal agents	4,241,490	-	-	167,486,332	55,862,097	-	227,589,919
Cash	102,830	212,450	-	-	-	35,750	351,030
Receivables (net of allowances for uncollectibles)	434,370,281	190,091,668	43,314,013	42,015,000	300,000	17,844,560	727,935,522
Due from other funds	155,854,765	-	-	-	-	-	155,854,765
Due from component units	139,819	84,087,324	10,867,763	-	11,542,373	508,333	107,145,612
Due from other governments	28,110,518	-	35,688,944	-	16,041,951	2,176,039	82,017,452
Inventory of supplies	5,976,777	-	-	-	-	-	5,976,777
Prepays	6,161,031	-	-	-	-	-	6,161,031
Total Assets	<u>\$ 978,258,367</u>	<u>\$ 299,415,672</u>	<u>\$ 94,834,321</u>	<u>\$ 224,588,716</u>	<u>\$ 297,781,286</u>	<u>\$ 111,990,584</u>	<u>\$ 2,006,868,946</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	22,148,146	781,028	6,226,765	632,645	28,079,517	3,228,167	61,096,268
Retainage payable	562,154	11,939	70,464	-	17,544,724	5,966	18,195,247
Accrued liabilities	62,417,868	460,153	1,086,055	-	4,789,247	16,782,374	85,535,697
Deposits	4,450	119,390	-	-	-	171,271	295,111
Due to other funds	11,545,768	32,394	23,139,837	-	129,758,957	5,249,271	169,726,227
Due to component units	2,470,372	505,726	-	84,893	64,450,017	122,125	67,633,133
Due to other governments	599,591	3,600	7,514,155	-	32,447,958	1,277,195	41,842,499
Unearned revenue	-	-	56,581,011	-	-	1,270	56,582,281
Total Liabilities	<u>99,748,349</u>	<u>1,914,230</u>	<u>94,618,287</u>	<u>717,538</u>	<u>277,070,420</u>	<u>26,837,639</u>	<u>500,906,463</u>
<b>Deferred Inflows of Resources:</b>							
Unavailable income taxes	300,590,982	-	-	-	-	-	300,590,982
Unavailable property taxes	11,349,829	-	-	-	-	3,561,937	14,911,766
Unavailable revenues	7,730,235	4,023,035	-	42,015,000	15,586,292	2,023,971	71,378,533
Total Deferred Inflows of Resources	<u>319,671,046</u>	<u>4,023,035</u>	<u>-</u>	<u>42,015,000</u>	<u>15,586,292</u>	<u>5,585,908</u>	<u>386,881,281</u>
<b>Fund Balances:</b>							
Nonspendable	12,137,808	-	-	-	-	-	12,137,808
Restricted	351,764,372	293,478,407	216,034	181,856,178	5,124,574	83,822,843	916,262,408
Committed	59,837,927	-	-	-	-	-	59,837,927
Assigned	31,782,165	-	-	-	-	-	31,782,165
Unassigned	103,316,700	-	-	-	-	(4,255,806)	99,060,894
Total Fund Balances	<u>558,838,972</u>	<u>293,478,407</u>	<u>216,034</u>	<u>181,856,178</u>	<u>5,124,574</u>	<u>79,567,037</u>	<u>1,119,081,202</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 978,258,367</u>	<u>\$ 299,415,672</u>	<u>\$ 94,834,321</u>	<u>\$ 224,588,716</u>	<u>\$ 297,781,286</u>	<u>\$ 111,990,584</u>	<u>\$ 2,006,868,946</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, 2019  
**Exhibit A-4**

Total fund balance - governmental funds (see Exhibit A-3)		\$ 1,119,081,202
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	\$ 1,053,887,424	
Construction in progress	1,967,473,720	
Depreciable capital assets:		
Buildings	1,116,815,925	
Improvements other than buildings	101,099,828	
Furniture, fixtures, equipment and machinery	217,552,985	
Automobiles and trucks	258,341,541	
Infrastructure	2,044,341,096	
Other capital assets	<u>120,139,448</u>	
Total capital assets	6,879,651,967	
Less accumulated depreciation	<u>(1,725,736,552)</u>	5,153,915,415
Long-term liabilities related to governmental fund activities are not due and payable in the current period and therefore not reported in the funds:		
General obligation bonds payable	(3,019,425,000)	
Variable rate demand obligations	(170,000,000)	
Bond anticipation notes payable	(500,000,000)	
Lease revenue bonds payable	(17,870,000)	
Accrued interest payable	(29,031,126)	
Capital leases payable	(3,720,000)	
Taxable limited obligation	(104,095,000)	
Certificates of participation	(24,145,000)	
Notes payable	(106,742,226)	
Revenue bonds	(122,988,973)	
Net pension liability	(230,062,489)	
Net OPEB liability	(1,290,670,292)	
Claims and judgements	(1,353,404)	
Compensated absences	<u>(83,127,904)</u>	(5,703,231,414)
Due to other governments - long term debt due to state government not expected to be repaid with current financial reserves	<u>(145,638,897)</u>	(145,638,897)
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	(283,611,829)	
Unrecognized loss on refunding	17,214,891	
Pension and OPEB related deferrals, net	<u>(381,143,572)</u>	(647,540,510)
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	219,750,015	
Capital assets	103,299,450	
Less accumulated depreciation	(63,760,652)	
Deferred outflows of resources	1,332,669	
Liabilities	(215,504,481)	
Deferred inflows of resources	(1,545,786)	
Cumulative gain/loss for certain activities of internal service funds that are reported with business-type activities	<u>(1,674,173)</u>	41,897,042
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Income taxes	300,590,982	
Property taxes	15,238,654	
Intergovernmental revenue	16,983,375	
Other revenue	<u>12,054,554</u>	344,867,565
Net position of governmental activities (See Exhibit A-1)		<u>\$ 163,350,403</u>

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, 2019  
**Exhibit A-5**

	General	Housing Initiative	Grants	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 3,264,921,887	\$ 16,091,775	\$ -	\$ -	\$ 137,905,566	\$ 393,852,894	\$ 3,812,772,122
Licenses and permits	11,747,328	-	-	-	-	377,371	12,124,699
Intergovernmental	66,502,144	-	106,272,312	5,464,255	46,409,188	43,305,255	267,953,154
Charges for services	30,198,205	10,680	1,499,509	-	555,150	85,913,541	118,177,085
Fines and forfeitures	31,495,317	-	-	-	-	1,380,295	32,875,612
Investment income (loss)	8,583,321	3,677,261	617,564	2,715,106	5,627,313	1,218,971	22,439,536
Miscellaneous	16,930,457	1,772,190	241,313	4,918,204	2,296,742	13,792,914	39,951,820
Total Revenues	3,430,378,659	21,551,906	108,630,698	13,097,565	192,793,959	539,841,241	4,306,294,028
<b>EXPENDITURES</b>							
Current:							
General government	389,073,054	-	101,886	-	-	26,455,681	415,630,621
Public safety	402,853,522	-	12,161,763	-	-	236,242,077	651,257,362
Public works and transportation	60,992,654	-	4,895,986	-	-	133,397,335	199,285,975
Health and human services	254,956,656	-	82,823,486	-	-	356,524	338,136,666
Culture and recreation	50,137,324	-	295,562	-	-	38,435,593	88,868,479
Community development and housing	14,056,063	31,615,771	8,587,715	-	-	815,887	55,075,436
Environment	2,107,892	-	-	-	-	33,224,756	35,332,648
Education	1,885,648,526	-	-	-	-	-	1,885,648,526
Debt Service:							
Principal retirement	-	-	-	242,382,336	-	-	242,382,336
Leases and other obligations	-	-	-	29,336,350	-	-	29,336,350
Interest	-	-	-	158,572,277	-	-	158,572,277
Issuing costs	-	-	-	3,890,199	-	-	3,890,199
Capital projects	-	-	-	-	722,922,869	-	722,922,869
Total Expenditures	3,059,825,691	31,615,771	108,866,398	434,181,162	722,922,869	468,927,853	4,826,339,744
Excess (Deficiency) of Revenues over (under) Expenditures	370,552,968	(10,063,865)	(235,700)	(421,083,597)	(530,128,910)	70,913,388	(520,045,716)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	87,298,416	74,947,227	340,000	399,195,047	93,332,726	19,431,975	674,545,391
Transfers (out)	(420,045,573)	(11,237,106)	-	(16,000,000)	(58,032,489)	(102,752,186)	(608,067,354)
Sale of property	8,655	1,111,196	-	-	49,559	-	1,169,410
Financing under notes and leases payable	-	-	-	6,909,042	9,440,000	-	16,349,042
Payment to refunded bond escrow agent	-	-	-	(38,031,143)	-	-	(38,031,143)
Debt Issued (Retired):							
General obligation bonds	-	-	-	330,000,000	-	-	330,000,000
Premium on original issue debt	-	-	-	31,774,710	-	-	31,774,710
Bond anticipation notes	-	-	-	(330,000,000)	330,000,000	-	-
Revenue bonds	-	-	-	7,638,963	-	-	7,638,963
Premium on revenue bonds	-	-	-	1,215,820	-	-	1,215,820
Taxable limited obligation certificate	-	-	-	22,420,000	33,715,000	-	56,135,000
Premium on taxable limited obligation certificates	-	-	-	-	82,505	-	82,505
Total Other Financing Sources (Uses)	(332,738,502)	64,821,317	340,000	415,122,439	408,587,301	(83,320,211)	472,812,344
Net Change in Fund Balances	37,814,466	54,757,452	104,300	(5,961,158)	(121,541,609)	(12,406,823)	(47,233,372)
Fund Balances - Beginning of Year	521,024,506	238,720,955	111,734	187,817,336	126,666,183	91,973,860	1,166,314,574
Fund Balances - End of Year	\$ 558,838,972	\$ 293,478,407	\$ 216,034	\$ 181,856,178	\$ 5,124,574	\$ 79,567,037	\$ 1,119,081,202

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, 2019

**Exhibit A-6**

Net change in fund balance - total governmental funds (see Exhibit A-5) \$ (47,233,372)

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

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

Capital outlay	431,492,787	
Depreciation expense	<u>(91,394,055)</u>	340,098,732

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. (141,778) (141,778)

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. 4,152,685 4,152,685

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	62,331,683	
Property taxes	1,035,325	
Intergovernmental revenues	(9,433,603)	
Other revenues	<u>(7,152,165)</u>	46,781,240

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	(361,774,710)	
Bond anticipation notes	(330,000,000)	
Taxable Limited Obligation Certificates	(56,217,505)	
Notes payable	(16,349,042)	
Revenue bonds	(9,924,913)	
Less issuance costs		
Principal repayments:		
General obligation bonds	235,805,000	
Bond anticipation notes	330,000,000	
Taxable limited obligation certificates	26,803,496	
Leases payable	2,520,000	
Capital leases	2,386,510	
Certificates of participation	360,000	
Notes payable	18,889,841	
Revenue bonds	<u>15,623,551</u>	(141,877,772)

Cost incurred for past refunds owed as a result of the supreme court decision related to duplicate taxation (2,338,897) (2,338,897)

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	4,725,321	
Compensated absences	(1,447,505)	
Pension expense	74,201,120	
Claims and judgements	(1,353,404)	
Amortization	<u>42,229,368</u>	118,354,900

The current year gain for certain activities of internal service funds is reported with governmental activities. (10,666,279)

Change in net position of governmental activities (see Exhibit A-2) \$ 307,129,459

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

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019  
Exhibit A-7

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds		
<b>ASSETS</b>						
Current Assets:						
Equity in pooled cash and investments	\$ 2,232,383	\$ 100,441,459	\$ 27,448,939	\$ 50,850,035	\$ 180,972,816	\$ 203,213,957
Cash with fiscal agents	1,906,419	-	-	-	1,906,419	-
Cash	50,500	4,800	54,206	-	109,506	300
Receivables (net of allowance for uncollectibles)	2,955,566	3,172,805	1,940,988	253,842	8,323,201	721,184
Due from other funds	-	4,000,000	-	-	4,000,000	10,094,382
Due from component units	-	734	302,687	-	303,421	841,843
Due from other governments	-	85,618	-	-	85,618	415,793
Inventory of supplies	32,484,929	-	-	-	32,484,929	4,274,312
Prepaid expenses	257,897	-	-	-	257,897	188,244
Total Current Assets	<u>39,887,694</u>	<u>107,705,416</u>	<u>29,746,820</u>	<u>51,103,877</u>	<u>228,443,807</u>	<u>219,750,015</u>
Noncurrent Assets:						
Restricted Assets:						
Equity in pooled cash and equivalents	-	5,268,415	3,540,617	-	8,809,032	-
Investments	-	-	3,107,625	-	3,107,625	-
Restricted Assets	-	5,268,415	6,648,242	-	11,916,657	-
Unamortized debt costs	94,794	-	-	-	94,794	-
Capital Assets:						
Land, improved and unimproved	7,033,656	17,834,755	33,575,670	-	58,444,081	22,506
Improvements other than buildings	15,054,010	81,725,747	96,577,465	-	193,357,222	268,565
Infrastructure	-	14,351	-	-	14,351	-
Buildings	26,404,147	34,399,361	236,042,928	-	296,846,436	-
Furniture, fixtures, equipment, and machinery	15,756,549	19,162,786	1,152,049	1,858,683	37,930,067	4,008,859
Automobiles and trucks	4,785,755	503,240	172,587	355,027	5,816,609	98,999,520
Construction in progress	-	-	282,372	-	282,372	-
Subtotal	69,034,117	153,640,240	367,803,071	2,213,710	592,691,138	103,299,450
Less: Accumulated depreciation	19,971,327	111,890,951	202,760,782	1,961,917	336,584,977	63,760,652
Total Capital Assets (net of accumulated depreciation)	<u>49,062,790</u>	<u>41,749,289</u>	<u>165,042,289</u>	<u>251,793</u>	<u>256,106,161</u>	<u>39,538,798</u>
Total Noncurrent Assets	<u>49,157,584</u>	<u>47,017,704</u>	<u>171,690,531</u>	<u>251,793</u>	<u>268,117,612</u>	<u>39,538,798</u>
Total Assets	<u>89,045,278</u>	<u>154,723,120</u>	<u>201,437,351</u>	<u>51,355,670</u>	<u>496,561,419</u>	<u>259,288,813</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred loss on refunding of debt	-	-	43,527	-	43,527	-
Pension deferrals	1,596,534	921,448	411,489	2,831,127	5,760,598	1,332,669
Total Deferred Outflows of Resources	<u>1,596,534</u>	<u>921,448</u>	<u>455,016</u>	<u>2,831,127</u>	<u>5,804,125</u>	<u>1,332,669</u>

(Continued)

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019  
Exhibit A-7 (Concluded)

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds		
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable	6,787,621	\$ 9,065,740	\$ 1,613,834	\$ 371,571	\$ 17,838,766	\$ 13,554,624
Interest payable	451,061	-	174,942	-	626,003	-
Retainage payable	960	-	557,239	-	558,199	-
Deposits	-	256,781	-	9,301,480	9,558,261	-
Claims payable	-	-	-	-	-	51,334,267
Accrued liabilities	4,090,962	8,774,392	823,970	3,559,952	17,249,276	4,330,226
Due to other funds	2,114,158	4,586,909	274,503	1,753,105	8,728,675	9,878,707
Due to component units	-	-	-	805,761	805,761	55,875
Due to other governments	1,144,900	8,801	-	5,047	1,158,748	17,373
Equipment notes payable	1,386,965	-	-	-	1,386,965	-
Unearned revenue	87,537	-	410,452	2,934,471	3,432,460	-
Revenue bonds payable	812,721	-	3,591,000	-	4,403,721	-
Landfill closure costs	-	1,537,197	-	-	1,537,197	-
Other liabilities	17,405	-	-	-	17,405	-
Total Current Liabilities	<u>16,894,290</u>	<u>24,229,820</u>	<u>7,445,940</u>	<u>18,731,387</u>	<u>67,301,437</u>	<u>79,171,072</u>
Noncurrent Liabilities:						
Claims payable	-	-	-	-	-	132,686,374
Equipment note payable	3,504,685	-	-	-	3,504,685	-
Revenue bonds payable	34,598,934	-	27,094,487	-	61,693,421	-
Landfill closure costs	-	14,662,100	-	-	14,662,100	-
Gude landfill remediation costs	-	27,339,815	-	-	27,339,815	-
Compensated absences	997,305	350,016	129,500	1,001,956	2,478,777	859,330
Net pension liability	3,041,281	1,899,378	854,348	5,558,240	11,353,247	2,787,705
Total Noncurrent Liabilities	<u>42,142,205</u>	<u>44,251,309</u>	<u>28,078,335</u>	<u>6,560,196</u>	<u>121,032,045</u>	<u>136,333,409</u>
Total Liabilities	<u>59,036,495</u>	<u>68,481,129</u>	<u>35,524,275</u>	<u>25,291,583</u>	<u>188,333,482</u>	<u>215,504,481</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension deferrals	1,686,394	1,053,206	473,737	3,082,051	6,295,388	1,545,786
Total Deferred Inflows of Resources	<u>1,686,394</u>	<u>1,053,206</u>	<u>473,737</u>	<u>3,082,051</u>	<u>6,295,388</u>	<u>1,545,786</u>
<b>NET POSITION</b>						
Net investment in capital assets	8,759,485	41,749,289	135,266,819	251,793	186,027,386	39,538,798
Restricted for:						
Public works and transportation	-	-	23,979,294	-	23,979,294	-
Environment	-	44,360,944	-	-	44,360,944	-
Debt service	1,906,419	-	6,648,242	-	8,554,661	-
Unrestricted	<u>19,253,019</u>	<u>-</u>	<u>-</u>	<u>25,561,370</u>	<u>44,814,389</u>	<u>4,032,417</u>
Total Net Position	<u>\$ 29,918,923</u>	<u>\$ 86,110,233</u>	<u>\$ 165,894,355</u>	<u>\$ 25,813,163</u>	<u>307,736,674</u>	<u>\$ 43,571,215</u>
<b>ADJUSTMENTS</b>						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					1,674,173	
Net position of business-type activities					<u>\$ 309,410,847</u>	

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, 2019  
Exhibit A-8

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds		
<b>OPERATING REVENUES</b>						
Sales - net	\$ 293,663,852	\$ -	\$ -	\$ -	\$ 293,663,852	\$ -
Charges for services	(3,081)	117,663,685	28,214,490	12,763,455	158,638,549	319,111,391
Licenses and permits	1,817,740	10,440	-	42,905,487	44,733,667	-
Fines and penalties	255,830	33,669	6,908,552	87,008	7,285,059	2,553,311
Total Operating Revenues	<u>295,734,341</u>	<u>117,707,794</u>	<u>35,123,042</u>	<u>55,755,950</u>	<u>504,321,127</u>	<u>321,664,702</u>
<b>OPERATING EXPENSES</b>						
Cost of goods sold	205,090,736	-	-	-	205,090,736	-
Personnel costs	34,633,091	14,256,138	4,732,961	31,618,065	85,240,255	29,700,177
Other post employment contributions	2,348,060	417,090	267,770	1,374,850	4,407,770	1,230,670
Postage	9,817	142,824	4,707	30,045	187,393	1,011,970
Self-insurance incurred and estimated claims	-	-	-	-	-	184,373,417
Insurance	746,043	1,188,254	23,701	598,628	2,556,626	43,970,206
Supplies and materials	1,046,448	1,492,580	309,940	910,624	3,759,592	26,148,929
Contractual services	3,660,284	86,800,149	10,889,810	5,669,144	107,019,387	10,420,688
Communications	355,358	112,604	116,855	207,983	792,800	265,996
Transportation	1,093,555	2,338,316	260,163	888,729	4,580,763	287,677
Public utility services	700,605	112,344	1,333,304	2,051,152	4,197,405	1,048,072
Rentals	6,747,508	52,030	1,177,688	3,138,492	11,115,718	3,021,365
Maintenance	1,431,818	717,408	4,009,544	750,622	6,909,392	17,571,250
Depreciation	2,759,436	2,217,338	9,911,093	100,625	14,988,492	9,120,255
Other	620,762	77,073	17,732	211,641	927,208	112,238
Total Operating Expenses	<u>261,243,521</u>	<u>109,924,148</u>	<u>33,055,268</u>	<u>47,550,600</u>	<u>451,773,537</u>	<u>328,282,910</u>
Operating Income (Loss)	<u>34,490,820</u>	<u>7,783,646</u>	<u>2,067,774</u>	<u>8,205,350</u>	<u>52,547,590</u>	<u>(6,618,208)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Property taxes	-	-	(8,843)	-	(8,843)	-
Gain (loss) on disposal of capital assets	25,543	-	-	-	25,543	355,594
Issuance Costs	(64,944)	-	-	-	(64,944)	-
Investment income	145,294	2,186,211	852,211	1,195,744	4,379,460	5,317,020
Interest expense	(1,673,004)	-	(986,682)	-	(2,659,686)	-
Other revenue	101,073	734,288	104,480	4,432	944,273	-
Insurance recoveries	5,148	293,794	-	-	298,942	578,956
Total Nonoperating Revenues (Expenses)	<u>(1,460,890)</u>	<u>3,214,293</u>	<u>(38,834)</u>	<u>1,200,176</u>	<u>2,914,745</u>	<u>6,251,570</u>
Income (Loss) Before Capital Contributions and Transfers	<u>33,029,930</u>	<u>10,997,939</u>	<u>2,028,940</u>	<u>9,405,526</u>	<u>55,462,335</u>	<u>(366,638)</u>
Transfers In (Out):						
Transfers in	88,422	-	-	25,000	113,422	857,757
Transfers (Out)	(32,324,867)	(11,416,653)	(5,410,936)	(6,759,747)	(55,912,203)	(11,537,012)
Total Transfers In (Out)	<u>(32,236,445)</u>	<u>(11,416,653)</u>	<u>(5,410,936)</u>	<u>(6,734,747)</u>	<u>(55,798,781)</u>	<u>(10,679,255)</u>
Change in Net Position	793,485	(418,714)	(3,381,996)	2,670,779	(336,446)	(11,045,893)
Total Net Position - Beginning of Year	<u>29,125,438</u>	<u>86,528,947</u>	<u>169,276,351</u>	<u>23,142,384</u>		<u>54,617,108</u>
Total Net Position - End of Year	<u>\$ 29,918,923</u>	<u>\$ 86,110,233</u>	<u>\$ 165,894,355</u>	<u>\$ 25,813,163</u>		<u>\$ 43,571,215</u>
<b>ADJUSTMENTS</b>						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(379,614)	
Change in net position of business-type activities					<u>\$ (716,060)</u>	

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, 2019  
Exhibit A-9

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 296,177,820	\$ 118,338,919	\$ 34,926,234	\$ 55,640,479	\$ 505,083,452	\$ 319,872,077
Payments to suppliers	(224,361,388)	(89,714,184)	(20,309,638)	(15,709,994)	(350,095,204)	(64,312,500)
Payments to employees	(38,428,935)	(13,770,238)	(5,061,502)	(33,545,560)	(90,806,235)	(30,558,448)
Other operating receipts	126,616	-	104,480	5,125,472	5,356,568	-
Other operating payments	(620,762)	-	(8,712)	(4,765,808)	(5,395,282)	-
Claims paid	5,148	-	-	-	5,148	(214,448,674)
Other revenue	-	734,288	-	4,432	738,720	470,787
Internal activity - receipts from other funds	-	-	-	-	-	857,757
Net Cash Provided (Used) by Operating Activities	32,898,499	15,588,785	9,650,862	6,749,021	64,887,167	11,880,999
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Property tax collections	-	-	(8,843)	-	(8,843)	-
Insurance reimbursement claims	-	293,794	-	-	293,794	578,956
Operating subsidies and transfers from other funds	88,422	-	-	25,000	113,422	-
Operating subsidies and transfers to other funds	(32,324,867)	(11,416,653)	(5,410,936)	(6,759,747)	(55,912,203)	(11,537,012)
Net Cash Provided (Used) by Noncapital Financing Activities	(32,236,445)	(11,122,859)	(5,419,779)	(6,734,747)	(55,513,830)	(10,958,056)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	-	(1,328,427)	(6,679,575)	-	(8,008,002)	-
Proceeds from the sale of capital assets	-	-	-	-	-	582,649
Principal paid on equipment note payable	(1,386,001)	-	(156,022)	-	(1,542,023)	-
Interest paid on equipment note payable	-	-	(2,047)	-	(2,047)	-
Principal paid on capital debt	(2,310,306)	-	(3,441,000)	-	(5,751,306)	(6,792,712)
Interest paid on capital debt	(1,673,004)	-	(1,212,195)	-	(2,885,199)	-
Issuance costs	(64,944)	-	-	-	(64,944)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,434,255)	(1,328,427)	(11,490,839)	-	(18,253,521)	(6,210,063)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income from pooled investments	145,294	2,186,211	786,057	1,195,744	4,313,306	5,317,020
Net Cash Provided (Used) by Investing Activities	145,294	2,186,211	786,057	1,195,744	4,313,306	5,317,020
Net Increase (Decrease) in Cash and Cash Equivalents	(4,626,907)	5,323,710	(6,473,699)	1,210,018	(4,566,878)	29,900
Balances - Beginning of Year	8,816,209	100,390,964	37,517,461	49,640,017	196,364,651	203,184,357
Balances - End of Year	\$ 4,189,302	\$ 105,714,674	\$ 31,043,762	\$ 50,850,035	\$ 191,797,773	\$ 203,214,257
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>						
Operating income (loss)	\$ 34,490,820	\$ 7,783,646	\$ 2,067,774	\$ 8,205,350	\$ 52,547,590	\$ (6,618,208)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	2,759,436	2,217,338	9,911,093	100,625	14,988,492	9,120,255
Other revenue	126,616	734,288	104,480	4,432	969,816	-
Unearned revenue	57,674	-	(115,533)	-	(57,859)	-
Insurance recoveries	5,148	-	-	-	5,148	-
Pension expense	(1,476,366)	(506,689)	(62,948)	(1,740,361)	(3,786,364)	(334,949)
Effect of changes in operating assets and liabilities:						
Receivables, net	385,805	616,625	(81,275)	5,355	926,510	(464,082)
Inventories, prepaids and other assets	-	-	-	-	-	(180,735)
Compensated absences	9,839	-	-	-	9,839	-
Accounts payable and other liabilities	(3,479,216)	3,654,916	(2,207,863)	(367,998)	(2,400,161)	6,685,822
Claims payable	-	-	-	-	-	4,544,898
Accrued expenses	18,743	1,088,661	35,134	541,618	1,684,156	(872,002)
Net Cash Provided (Used) by Operating Activities	\$ 32,898,499	\$ 15,588,785	\$ 9,650,862	\$ 6,749,021	\$ 64,887,167	\$ 11,880,999
<b>Noncash investing, capital and financing activities:</b>						
Change in fair value of investments that are not cash and cash equivalents	\$ -	\$ -	\$ 66,154	\$ -	\$ 66,154	\$ -

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

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019  
**Exhibit A-10**

	Pension and Other Employee Benefit Trusts	Investment Trust	Agency Funds
<b>ASSETS</b>			
Current Assets:			
Equity in pooled cash and investments	\$ 4,127,316	\$ 12,841,158	\$ 45,618,700
Cash	-	-	168,824
Investments:			
Government and agency obligations	736,316,723	-	-
Municipal/Provincial bonds	11,668,615	-	-
Asset-backed securities	888,327	-	-
Corporate bonds	837,725,926	-	-
Commercial mortgage-backed securities	2,114,604	-	-
Common and preferred stock	2,084,648,110	-	-
Mutual and commingled funds	1,511,169,789	-	-
Short-term investments	234,031,308	-	-
Cash collateral received under securities lending agreements	156,096,224	-	-
Private real assets	257,486,140	-	-
Private equity/debt	628,127,729	-	-
Total Investments	<u>6,460,273,495</u>	<u>-</u>	<u>-</u>
Receivables (net of allowances for uncollectibles):			
Receivables and accrued interest	19,438,931	-	-
Property taxes	-	-	5,724,481
Accounts	77,822	-	10,038,106
Due from other funds	18,419,664	-	-
Due from component units	124,386	-	-
Due from other governments	7,167	-	126,087
Total Current Assets	<u>6,502,468,781</u>	<u>12,841,158</u>	<u>61,676,198</u>
Noncurrent Assets:			
Capital assets:			
Miscellaneous	900,043	-	-
Less: Accumulated depreciation	<u>900,043</u>	<u>-</u>	<u>-</u>
Total Capital Assets (net of accumulated depreciation)	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>6,502,468,781</u>	<u>12,841,158</u>	<u>\$ 61,676,198</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	163,439,783	-	121,603
Accrued liabilities	5,475,618	-	-
Deposits	-	-	3,741,922
Claims payable	4,272,299	-	-
Due to other funds	35,201	-	-
Due to other governments	-	-	2,462,124
Uncollected property taxes due to governments	-	-	5,399,526
Undistributed taxes and refunds	-	-	5,158,852
Unearned revenue	-	-	121,349
Tax sale surplus and redemptions payable	-	-	3,111,831
Other liabilities	-	-	41,558,991
Total Current Liabilities	<u>173,222,901</u>	<u>-</u>	<u>61,676,198</u>
Noncurrent Liabilities:			
Compensated absences	<u>124,309</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>173,347,210</u>	<u>-</u>	<u>\$ 61,676,198</u>
<b>NET POSITION</b>			
Restricted for pension and other postemployment benefits, external investment pool participants, and other purposes	<u>\$ 6,329,121,571</u>	<u>\$ 12,841,158</u>	

Notes to 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, 2019  
**Exhibit A-11**

	<b>Pension and Other Employee Benefit Trusts</b>	<b>Investment Trust</b>
<b>ADDITIONS</b>		
Contributions:		
Employers	\$ 211,504,150	\$ -
Members	64,895,965	-
Federal government - Medicare Part D	11,094,679	-
Share purchases	-	2,483,182
Total Contributions	<u>287,494,794</u>	<u>2,483,182</u>
Investment income (loss)	480,905,191	315,035
Less: Investment expenses	<u>31,186,681</u>	-
Net Investment Income (Loss)	<u>449,718,510</u>	<u>315,035</u>
Other income - forfeitures	<u>169,697</u>	-
Total Additions, net	<u>737,383,001</u>	<u>2,798,217</u>
<b>DEDUCTIONS</b>		
Benefits:		
Annuities:		
Retirees	193,421,574	-
Survivors	10,291,354	-
Disability	53,237,603	-
Claims	<u>89,261,530</u>	-
Total Benefits	346,212,061	-
Share redemptions	-	1,650,000
Member refunds	59,683,161	-
Administrative expenses	<u>8,192,757</u>	-
Total Deductions	<u>414,087,979</u>	<u>1,650,000</u>
Net Increase (Decrease)	323,295,022	1,148,217
Net Position - Beginning of Year	<u>6,005,826,549</u>	<u>11,692,941</u>
Net Position - End of Year	<u>\$ 6,329,121,571</u>	<u>\$ 12,841,158</u>

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

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
COMPONENT UNITS  
JUNE 30, 2019  
Exhibit A-12

	MCPS	HOC	Nonmajor Component Units	Total
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 77,139,543	\$ -	\$ 30,602,667	\$ 107,742,210
Cash with fiscal agents	-	77,114,325	29,134,816	106,249,141
Cash	11,529,337	14,443	5,999,561	17,543,341
Investments - cash equivalents	87,445,372	23,601,717	28,660,625	139,707,714
Receivables (net of allowance for uncollectibles):				
Capital leases	-	-	3,962,058	3,962,058
Accounts	56,923,585	624,942	7,769,905	65,318,432
Notes	-	-	56,939,031	56,939,031
Mortgage	-	265,849,352	-	265,849,352
Interest	-	8,077,327	-	8,077,327
Other	83,362	14,578,604	1,499,766	16,161,732
Due from primary government	54,551,932	1,101,841	12,840,996	68,494,769
Due from other governments	25,862,190	8,791,875	7,277,360	41,931,425
Inventory of supplies	8,261,241	287,523	375,896	8,924,660
Prepays	380,639	-	1,738,715	2,119,354
Other assets	-	38,471,583	2,606,487	41,078,070
Restricted Assets:				
Equity in pooled cash and investments	-	233,507	7,785,904	8,019,411
Cash with fiscal agents	-	33,644,764	-	33,644,764
Cash	-	-	594,719	594,719
Investments - cash equivalents	-	97,455,174	22,777,642	120,232,816
Investments	-	131,727,614	1,486,750	133,214,364
Capital Assets:				
Nondepreciable assets	351,758,476	174,951,988	196,415,246	723,125,710
Depreciable assets, net	2,741,064,659	791,355,849	494,008,376	4,026,428,884
Total Assets	<u>3,415,000,336</u>	<u>1,667,882,428</u>	<u>912,476,520</u>	<u>5,995,359,284</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding of debt	-	-	568,046	568,046
Pension deferrals	277,419,284	5,430,452	7,581,444	290,431,180
OPEB deferrals	266,443,136	7,289,224	41,759,943	315,492,303
Accumulated decrease in fair value of hedging derivatives	-	19,831,777	81,623	19,913,400
Total Deferred Outflow of Resources	<u>543,862,420</u>	<u>32,551,453</u>	<u>49,991,056</u>	<u>626,404,929</u>
<b>LIABILITIES</b>				
Accounts payable	102,823,518	19,373,535	814,969	123,012,022
Interest payable	-	26,166,847	898,132	27,064,979
Retainage payable	11,856,402	-	4,000,124	15,856,526
Accrued liabilities	66,994,145	17,743,793	27,593,080	112,331,018
Deposits	-	19,117,082	348,405	19,465,487
Due to primary government	70,047	107,555,174	790,041	108,415,262
Due to other governments	-	-	360,752	360,752
Unearned revenue	9,040,336	23,788,607	7,452,001	40,280,944
Other liabilities	-	42,137,287	1,748,736	43,886,023
Noncurrent Liabilities:				
Due within one year	54,446,558	47,414,202	10,078,475	111,939,235
Due in more than one year	3,089,413,808	1,114,321,531	295,623,873	4,499,359,212
Total Liabilities	<u>3,334,644,814</u>	<u>1,417,618,058</u>	<u>349,708,588</u>	<u>5,101,971,460</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding of debt	-	-	2,618,000	2,618,000
Pension deferrals	48,082,020	7,587,511	2,829,523	58,499,054
OPEB deferrals	408,868,646	9,507,727	10,780,915	429,157,288
Total Deferred Inflow of Resources	<u>456,950,666</u>	<u>17,095,238</u>	<u>16,228,438</u>	<u>490,274,342</u>
<b>NET POSITION</b>				
Net investment in capital assets	3,053,857,287	(41,757,876)	593,449,452	3,605,548,863
Restricted for:				
Capital projects	-	-	278,685	278,685
Debt service	-	105,647,617	-	105,647,617
Other purposes	2,625,854	6,440,062	35,443,600	44,509,516
Unrestricted (deficit)	<u>(2,889,215,865)</u>	<u>195,390,782</u>	<u>(32,641,187)</u>	<u>(2,726,466,270)</u>
Total Net Position	<u>\$ 167,267,276</u>	<u>\$ 265,720,585</u>	<u>\$ 596,530,550</u>	<u>\$ 1,029,518,411</u>

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, 2019  
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
<b>Component Units:</b>								
General government	\$ 5,599,854	\$ 5,400,807	\$ 270,670	\$ -	\$ -	\$ -	\$ 71,623	\$ 71,623
Culture and recreation	18,711,802	16,359,387	-	2,923,418	-	-	571,003	571,003
Community development and housing	286,909,315	143,236,920	134,466,173	22,532,338	-	13,326,116	-	13,326,116
Education:								
Secondary education	3,036,404,257	39,663,591	132,082,061	63,748,878	(2,800,909,727)	-	-	(2,800,909,727)
Higher education	354,143,453	67,813,398	19,685,725	70,185,975	-	-	(196,458,355)	(196,458,355)
Total component units	<u>\$ 3,701,768,681</u>	<u>\$ 272,474,103</u>	<u>\$ 286,504,629</u>	<u>\$ 159,390,609</u>	<u>(2,800,909,727)</u>	<u>13,326,116</u>	<u>(195,815,729)</u>	<u>(2,983,399,340)</u>
General revenues:								
Grants and contributions not restricted to specific programs					2,881,762,682	-	230,250,795	3,112,013,477
Investment income					1,205,725	2,445,745	4,734,159	8,385,629
Gain (loss) on sale of capital assets					195,785	4,152,550	7,690	4,356,025
Miscellaneous					-	-	14,058	14,058
Total general revenues					<u>2,883,164,192</u>	<u>6,598,295</u>	<u>235,006,702</u>	<u>3,124,769,189</u>
Change in net position					<u>82,254,465</u>	<u>19,924,411</u>	<u>39,190,973</u>	<u>141,369,849</u>
Net position - beginning, as restated					<u>85,012,811</u>	<u>245,796,174</u>	<u>557,339,577</u>	<u>888,148,562</u>
Net position - ending					<u>\$ 167,267,276</u>	<u>\$ 265,720,585</u>	<u>\$ 596,530,550</u>	<u>\$ 1,029,518,411</u>

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



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

JUNE 30, 2019

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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:

#### Major Component Units

- Montgomery County Public Schools (MCPS)  
MCPS provides public education in kindergarten through twelfth grade to children residing within Montgomery County. Members of the Board of Education, including one student member, are elected by the voters. However, MCPS is fiscally dependent upon the Primary Government because the Primary Government approves the budget, levies taxes to provide the majority of the fiscal support, and issues debt for construction of school facilities.
- Housing Opportunities Commission of Montgomery County (HOC)  
HOC is governed by seven commissioners who are appointed by the County Executive with the approval of the County Council. In addition, the County Council provides for a subsidy to the operating budget of HOC and guarantees a relatively small portion of its debt (up to \$50,000,000). The HOC operating budget approval occurs on a project basis, with the County Council having authority to approve project budgets that include County funding. HOC presents its proposed budget to the Council for review and comment only, as required by Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law. Even though there is a large dependence

on the U.S. Department of Housing and Urban Development (HUD), HOC has sufficient financial accountability to the Primary Government to be included as a component unit.

**NonMajor Component Units**

- Bethesda Urban Partnership, Inc (BUP)  
 BUP has its entire eleven-member Board of Directors appointed by the County Executive with the approval of the County Council. The primary purpose of BUP is to execute service contracts for the benefit of one of the Primary Government's special taxing districts (Bethesda Urban District). Substantially all of BUP's funding is granted through the Primary Government's operating budget. The County Council annually approves the BUP operating budget and is able to modify it in a manner similar to the way Primary Government agency budgets are modified.
- Montgomery County Revenue Authority (MCRA)  
 MCRA is governed by a five-member Board of Directors. All members are appointed by the County Executive subject to the confirmation of the County Council. The County Council approves the capital budget of MCRA. MCRA approves its own operating budget. MCRA is an instrumentality of the Primary Government for the purpose of constructing, improving, and maintaining self-sustaining projects devoted to public use, good or welfare.
- Montgomery College (MC)  
 MC provides educational services to County citizens by offering two-year associate degrees and a continuing education program. MC is responsible for post secondary education within the government's jurisdiction. The Montgomery County Board of Community College trustees is the governing authority. The State Governor appoints the trustees from a list of candidates supplied by a nominating committee. The nominating committee is controlled by the County Executive and the County Council. Therefore, essentially the Primary Government and the State Governor must agree upon the trustees to serve on the College's Governing Board. In addition, the County Council reviews and approves both the operating and capital budgets and budgetary amendments of MC. The Primary Government contributes substantial funding for both the operating and capital budgets, as well as issues debt for the construction of college facilities.

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

Montgomery County Public Schools 850 Hungerford Drive Rockville, MD 20850	Montgomery College 9221 Corporate Boulevard Rockville, MD 20850	Bethesda Urban Partnership, Inc. 7700 Old Georgetown Road Bethesda, MD 20814
Housing Opportunities Commission of Montgomery County, Maryland 10400 Detrick Avenue Kensington, MD 20895-2484	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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

### **Statement of Net Position**

This statement is designed to display the financial position of the reporting entity as of year-end. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. Net position is divided into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

### **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, deferred outflow of resources, liabilities, deferred inflow of resources, fund balance/net position, revenues, expenditures/expenses and other financing sources (uses).

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

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many 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 only 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 unavailable revenue.

## **Financial Statement Presentation**

### **Major Governmental Funds**

- General Fund  
This fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. For financial reporting purposes, the General Fund also includes amounts maintained in a legally separate Revenue Stabilization Fund. (See Note II-A.) The Revenue Stabilization Fund was created to establish a "rainy day" or reserve account to accommodate future funding shortfalls. It was designed to accrue a balance during periods of economic growth and prosperity, when revenue collections exceed estimates. The Fund may be drawn upon during periods of economic slowdown, when collections fall short of revenue estimates. The Economic Development Fund and the Urban District Funds are reported in the General Fund.
- Housing Initiative Fund  
This fund is used to account for the fiscal activity for financing, supplementing, and constructing affordable residential facilities for eligible participants. The Fund's revenue sources consist of a portion of each County-owned property sold, repayments on loans, and recordation taxes. All of these revenue sources are restricted, as all funds received must be used to finance, supplement, and construct affordable residential housing for eligible participants.
- Grants Fund  
This fund accounts for the Federal and State grant-funded activities of the tax supported General Fund and special revenue funds. These grant funds must be spent according to the restrictions prescribed by the respective funding agencies.
- Debt Service Fund  
This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

- Capital Projects Fund  
This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

### Major Enterprise Funds

- Liquor Enterprise Fund  
This fund accounts for the operations of twenty-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 three central business districts zoned for commercial or industrial use identified as Silver Spring, Bethesda, and Wheaton.

### Other Fund Types

- Other Governmental Funds  
The other governmental funds used by the County are special revenue and permanent. Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes. The County periodically uses permanent funds to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's programs.
- Nonmajor Enterprise Funds  
The nonmajor enterprise funds used by the County are Permitting Services, which accounts for most of the fiscal activity of permitting programs within the County, and Community Use of Public Facilities, which accounts for the fiscal activity related to renting public facilities to community organizations.
- Internal Service Funds  
These funds are used to account for the financing of goods or services provided by one department or agency to other departments or to other governmental units, on a cost-reimbursement basis. There are four internal service funds reported by the County: Motor Pool, Liability and Property Coverage Self-Insurance, Employee Health Benefits Self-Insurance, and Central Duplicating.

### Fiduciary Fund Types

- Pension and Other Employee Benefit Trust Fund  
This fund is used to account for all activities of the Employees' Retirement System of Montgomery County (defined benefit plan), Employees' Retirement Savings Plan (defined contribution plan), Deferred Compensation Plan, and Retiree Health Benefits Trust, including accumulation of resources for, and payment of, retirement annuities or other benefits and administrative costs.

- 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.
- 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 with the exception of MLGIP which is reported at amortized cost. 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, 2019. Fair value for private investment funds, including private equity and private real assets, is determined using unit values supplied by the fund managers, which are based upon the fund managers' appraisals of the funds' underlying holdings. Such values involve subjective judgment and may differ from amounts which would be realized if such holdings were actually sold. The fair value of limited partnership investments is based on valuations of the underlying assets of the limited partnerships as reported by the general partner. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

### **Cash and Cash Equivalents**

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

## **2) Receivables and Payables**

### **Due From/To Other Funds and Internal Balances**

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

### **Trade Accounts Receivable**

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

## **3) Inventories and Prepaids**

### **Inventories**

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

### **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 actual market transactions for identical or similar items, the current cost to replace the service capacity of an asset, or discounting the current value of future cash flows. Donated capital assets are recorded at acquisition value at the date of donation.

An asset's cost basis may be adjusted after acquisition due to improvements or impairments to the asset. However, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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 and OPEB activity. Deferred charges on refunding are being amortized over the term of the respective bonds using the bonds outstanding method which approximates the effective interest method. Deferred outflows of resources relating to pensions are described in Note IV-F1. Deferred outflows of resources relating to other post-employment benefits (OPEB) are described in Note IV-G. For the County's Component Units deferred outflows consist of accumulated decreases in fair value of hedging derivatives.

#### 7) Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources has been determined by the County to be immaterial and is therefore not reported as an expenditure and

a liability of the governmental fund that will pay the leave. Vested or accumulated vacation leave is reported as a liability and expense in the government-wide financial statements and proprietary fund types in the fund financial statements, along with the corresponding employer's share of social security and medicare taxes. Based on a historical analysis of leave usage, accrued leave is classified as current and long-term. In the proprietary fund financial statements, the current portion of 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. The County's deferred inflows of resources consist of unavailable income taxes, unavailable property taxes, unavailable revenues, changes relating to pension expenses, and changes (see Note IV-F1) relating to OPEB (see Note IV-G).

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

In the government-wide financial statements, the County has reported negative unrestricted net position. This is due to the fact that the County issues general obligation bonded debt for purposes of capital construction on behalf of MCPS, MC, and M-NCPPC. The related capital assets are reported on the financial statements of these governments. For MCPS and MC, component units of the County, this amount is also classified as net investment in capital assets in the Component Units column of the government-wide Statement of Net Position (Exhibit A-1). For Primary Government purposes, since the issuance of such debt has not resulted in a capital asset, the effect of this debt is reflected in unrestricted net position (deficit) in the Governmental Activities column of the government-wide Statement of Net Position. At June 30, 2019, the County has reported outstanding general obligation bond, variable rate demand obligation, and bond anticipation note debt related to MCPS, MC, and M-NCPPC amounting to \$1,853.8 million. Absent the effect of this relationship, the County would have reported a deficit in unrestricted net position of governmental activities in the amount of \$1,235.7 million.

## **Classification of Fund Balance**

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

four classifications are based on the relative strength of the constraints that control how specific amounts can be spent:

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

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

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

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

The County has established a 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) can be used. The County will apply expenditures against restricted amounts first, followed by committed, assigned and unassigned amounts.

## **11) Property Taxes**

Real and personal property taxes are levied at rates enacted by the County Council in the tax levy resolution on the assessed value as determined by the Maryland State Department of Assessments and Taxation. State law stipulates that the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation cannot be exceeded without public notice of the intent to exceed, and only after public hearings. The general property tax rate was levied above the constant yield rate for FY19. 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 2018 (i.e., FY19), in conjunction with a one-time income tax offset credit, generated revenues at the Charter limit for that year.

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

The County 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 these purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **13) Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, information about fiduciary net position of the OPEB Plan and addition to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the Plan. For these purposes, benefit payments (including refunds of employer 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. 83, *Certain Asset Retirement Obligations*. This GASB Statement is to provide financial statement users with information about asset retirement obligations by establishing uniform accounting and financial reporting requirements. This Statement was implemented for FY19 reporting purposes. The required changes are reflected in the County's financial statements and notes to those statements.

The County has adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This GASB Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement was effective for FY19. The required changes are reflected in the County's notes to the statements.

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## NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A) Additional Fund Information

#### Revenue Stabilization Fund

This fund is used to account for the accumulation of resources at a targeted reserve level sufficient to address unexpected increases or decreases in revenues and expenditures. 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, 2019.

Revenue Stabilization Fund (RSF)	
Balance – Beginning of Year	\$ 308,695,745
Investment Income	7,246,087
FY19 Statutory Contribution	25,603,214
Balance – End of Year	<u>\$ 341,545,046</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, 2019.

White Flint Special Taxing District (WFSTD)	
Balance – Beginning of Year	\$ 8,737,989
Property Taxes	1,950,702
Investment Income	239,823
Balance – End of Year	<u>\$ 10,928,514</u>

#### Deficit Fund Equity

The deficit of \$4,255,806 in the Fire Tax District Special Revenue Fund was caused by unplanned overtime in FY19. To address this shortfall, management will recommend a property tax adjustment and other expenditure and revenues adjustments in FY20.

The \$503,463 total net deficit in the Liability and Property Coverage Self Insurance Fund significantly decreased from the previous fiscal year due to increased participant contributions. These increased participant contributions will need to continue through FY20 in order to eliminate the fund deficit.

In FY19, the Self Insurance – Employee Health Benefits fund has a deficit of \$9,177,666 due to a budgeted transfer to the General Fund of \$10.5 million. A County Council supplemental appropriation in an amount enough to replenish the fund deficit will be requested in FY20.

## NOTE III. DETAILED NOTES ON ALL FUNDS

### A) Cash and Investments

#### 1) Overview

The following is a schedule of total cash and investments:

	Primary Government	Component Units *	Total Reporting Entity
<u>Statement of Net Position Amounts:</u>			
Equity in pooled cash and investments	\$ 1,078,023,611	\$ 107,742,210	\$ 1,185,765,821
Cash with fiscal agents	229,496,338	106,249,141	335,745,479
Cash	460,836	17,543,341	18,004,177
Investments - cash equivalents	-	139,707,714	139,707,714
Investments	6,460,273,495	-	6,460,273,495
Restricted equity in pooled cash and investments	71,396,207	8,019,411	79,415,618
Restricted cash with fiscal agents	-	33,644,764	33,644,764
Restricted cash	168,824	594,719	763,543
Restricted investments - cash equivalents	-	120,232,816	120,232,816
Restricted investments	3,107,625	133,214,364	136,321,989
<b>Total</b>	<u>\$ 7,842,926,936</u>	<u>\$ 666,948,480</u>	<u>\$ 8,509,875,416</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 129,038,393	\$ 248,102,415	\$ 377,140,808
Investments	7,483,762,545	273,779,725	7,757,542,270
Cash on hand, fiscal agents, safe deposit escrow	230,125,998	145,066,340	375,192,338
<b>Total</b>	<u>\$ 7,842,926,936</u>	<u>\$ 666,948,480</u>	<u>\$ 8,509,875,416</u>

\* Includes \$327,587 in County Investment Pool

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

Government-wide	\$ 1,319,897,443
Fiduciary funds	<u>6,523,029,493</u>
<b>Total</b>	<u>\$ 7,842,926,936</u>

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## 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. 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:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
<u>Statement of Net Position Amounts:</u>			
Equity in pooled cash and investments	\$ 1,140,610,786	\$ 327,587	\$ 1,140,938,373
Restricted equity in pooled cash and investments	<u>8,809,032</u>	<u>-</u>	<u>8,809,032</u>
Total	<u>\$ 1,149,419,818</u>	<u>\$ 327,587</u>	<u>\$ 1,149,747,405</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 129,038,393	\$ -	\$ 129,038,393
Investments, including accrued interest	<u>1,020,381,425</u>	<u>327,587</u>	<u>1,020,709,012</u>
Total	<u>\$ 1,149,419,818</u>	<u>\$ 327,587</u>	<u>\$ 1,149,747,405</u>

## **Deposits**

### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that securities underlying certificates of deposit have a market value that equals or exceeds the cost of the deposit while County investment policy requires a market value of at least 102 percent of the cost of the deposit. Appropriate sections of these cited statutes also require that funds on deposit in financial institutions be fully secured. The form of such security shall be in compliance with State 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 a cash and investment management program. The primary objectives of the program are the preservation of capital, providing liquidity to meet financial obligations, and maximization of the investment yield on short-term working capital. Working capital is managed pursuant to the Annotated Code of Maryland, the County Code, and the County's investment policies as approved by the County Council. At year-end, the investment portfolio was comprised of commercial paper, the Maryland Local Government Investment Pool (MLGIP), and U.S. Government securities (U.S. Treasury and U.S. Agency Securities). The County was in compliance with all applicable investment statutes throughout the fiscal year.

The MLGIP provides all local government units of the State a safe investment vehicle for the short-term investment of funds. The State Legislature created the Maryland Local Government Investment Pool within the Annotated Code of Maryland and more recently defined by Title 17, subtitle 3 of the Local Government Article of the Maryland Annotated Code. The Pool's purpose is to assist the public finance officer by providing an investment medium in which the participants may invest their idle balances. A pooled fund strategy is utilized 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 Advisors, 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. Investments held by the MLGIP are measured at amortized cost, which approximates fair value. Unit value is computed using the amortized cost method and maintains a \$1 per share value.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

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

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

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

The following is a summary of the fair value hierarchy of the fair value of investments of the County as of June 30, 2019:

	<u>Fair Value Measurements Using</u>		
	6/30/2019	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs
		Level 1	Level 2
<b><u>Investments by fair value level</u></b>			
U. S. Treasury Securities	\$ 4,997,400	\$ 4,997,400	\$ -
U.S. Agency Securities	234,154,446	-	234,154,446
Repurchase agreements	450,000,000	-	450,000,000
Commercial paper	88,350,822	-	88,350,822
Total investments by fair value level	<u>\$ 777,502,668</u>	<u>\$ 4,997,400</u>	<u>\$ 772,505,268</u>
<b><u>Investments measured at amortized cost:</u></b>			
Maryland Local Government Investment Pool	<u>241,005,012</u>		
Total investments measured at amortized cost	<u>241,005,012</u>		
<b>Total investments</b>	<u>\$ 1,018,507,680</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, 2019, the County had 5 investments with a maturity over 12 months (0-5 years) with a fair value of \$17,397,176.

#### 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 Maryland State Code. State statutes and County policies require that these money market mutual funds invest only in obligations of U.S. Treasuries, U.S. Agencies and repurchase agreements collateralized by an obligation of the United States, its agencies or instrumentalities.

The County's fixed income investments held at year-end or during the year were rated as follows:

<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. Agency 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"	AA+	AAA	Aaa
(FHLMC) Long Term Debt			
Fannie Mae (FNMA) Long Term Debt	AA+	AAA	Aaa
Commercial Paper <sup>3</sup>	A-1	F1	P-1
Certificates of Deposit	N/R	N/R	N/R
Local Government Investment Pool (MLGIP)	AAAm	N/R	N/R

N/R - Not Rated

- 1 - Collateralized in an amount not less than 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities.
- 2 - Implicitly guaranteed by the U.S. Government.
- 3 - Not all commercial paper issues are rated by all agencies (NRSROs). However, each commercial paper holding is rated by at least two rating agencies (NRSROs). Each such rating is of the highest investment grade.

#### 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, 2019, the County's investments were not exposed to custodial credit risk.

#### Concentration of Credit Risk

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

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

Diversification by Investment Type:

	<u>Maximum percent of Portfolio*</u>
U. S. Treasury obligations	100%
U. S. Government agencies	75
Repurchase agreements	50
Bankers' acceptances	25
Money market mutual fund	50
Maryland Local Government Investment Pool (MLGIP)	50
Collateralized Certificates of Deposit and Time Deposits** (Including Brokered Certificates of Deposit)	25
Commercial paper	10

Diversification by Institution:

	<u>Maximum percent of Portfolio*</u>
Commercial Banks (Repurchase Agreements)	30%
Money market mutual funds by fund	25
Banker's Acceptances by Institution and Country	15
Commercial Banks (Certificates of Deposit - does not include Brokered Certificates of Deposit)**	10
U.S. Government agencies by agency	20
Commercial Paper by Issuer	5

\* At time of purchase

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

The County's investments are all under 5% for any one issuer other than US Agency Debt (7.0% Federal Home Loan Banks (FHLB), 2.0% Farmer Mac (FAMCA), 3% Federal Farm Credit Bank (FFCB) , 4.0% Federal Home Loan Mortgage Corp (FHLMC), 4.0% Federal National Mortgage Association (FNMA)) and 24% MLGIP. 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.

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### External Investment Pool Condensed Financial Statements:

The condensed financial statements of the County's external investment pool at June 30, 2019, are as follows:

#### Statement of Net Position June 30, 2019

Assets:	
Investment in securities, at fair value	\$ 1,018,507,680
Cash	129,038,393
Accrued interest receivable	<u>2,201,332</u>
Total assets and net position	<u>\$ 1,149,747,405</u>
Net position consists of:	
Internal participants' units outstanding (\$1.00 par), unrestricted	\$ 1,136,906,248
External participants' units outstanding (\$1.00 par)	<u>12,841,157</u>
Net position	<u>\$ 1,149,747,405</u>
Participants net position value, offering price and redemption price per share (\$1,149,747,404/1,150,593,098 units)	<u>\$ 1.00</u>

#### Statement of Changes in Net Position For the Fiscal Year Ended June 30, 2019

Investment Income *	\$ 24,950,263
Distributions to participants:	
Distributions paid and payable	(24,950,263)
Share transactions at net position value of \$1.00 per share:	
Purchase of units	\$ 17,820,342,726 *
Redemption of units	<u>(17,975,613,338)</u>
Net increase (decrease) in net position and shares resulting from share transactions	<u>(155,270,612)*</u>
Total increase (decrease) in net position	(155,270,612)*
Net position, July 1, 2018	<u>1,305,018,017</u>
Net position, June 30, 2019	<u>\$ 1,149,747,405</u>

\* The pool has no expenses.

### 3) Major and Nonmajor Fund Deposit and Investment Risks

Primary government (non-fiduciary) cash and investments are primarily invested in the County's external investment pool. Funds with significant cash balances other than what is invested in the external investment pool include the following:

#### General Fund

Cash with fiscal agents of \$4,233,350 relates to amounts held by Marriott Hotels, pursuant to a management agreement, for the operation of the Conference Center. The remaining balance of \$8,140 relates to equipment purchased under the master lease program.

### **Debt Service Fund**

Cash with fiscal agents of \$167,486,332 represents lease revenue bond and revenue bond debt service reserve funds, General Obligation bond 2017 Series D escrow account and the Montgomery College Certificates of Participation trustee account which are held in money market mutual funds and U.S. Government securities.

### **Capital Projects Fund**

Cash with fiscal agents of \$55,862,097 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 \$1,906,419 is held in money market funds for the purpose of reimbursing design, planning and renovation costs for a warehouse and for debt service.

### **Parking Lot Districts**

Restricted investments of \$3,107,625 is held in escrow for the Bethesda parking lot district to meet debt reserves.

## **4) Fiduciary Funds**

### **Investment Overview**

The Montgomery County's codes authorize the Board of Investment Trustees (Board) to manage the Employee's Retirement System, Retirement Savings Plan and Deferred Compensation Plan, including the investments. The Board consists of thirteen trustees and functions as part of the County. Another board, the Board of Trustees, is authorized to make investments as stated in the County code for the Consolidated Retiree Health Benefits Trust. The Board of Trustees consists of nineteen trustees and functions as the part of the County. The following is the summary information for the investments of the three plans and the Consolidated Retiree Health Benefits Trust.

#### Employees' Retirement System (ERS):

Section 33-61C of the County Code (Code) authorizes the Board of Investment Trustees (Board) (see Note IV-F) to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the ERS is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the ERS's asset allocation and the investment managers hired by the ERS. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing.

#### Employees' Retirement Savings Plan (RSP):

Section 33-125 of the Code authorizes the Board to establish a diversified slate of mutual and commingled investment funds from which participants may select an option. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2019, the fair value of the mutual and commingled investment funds was \$487,466,448. The fair value of the investments in international mutual funds was \$108,741,534.

Employees' Deferred Compensation Plan (DCP):

The Board is required to establish a diversified slate of mutual and commingled funds from which participants may select investment options. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2019, the fair value of the mutual and commingled investment funds was \$442,514,247. The fair value of the investments in international mutual funds included in the County DCP was \$63,153,689.

Consolidated Retiree Health Benefits Trust (CRHBT):

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

### **Fair Value Measurement**

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

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

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

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

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurement in their entirety are categorized based on the lowest level input that is significant to the valuation. The employee retirement plans' and trust's (ERS, RSP, DCP, and CRHBT) assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The table below shows the fair value leveling of summary of investments of ERS, RSP, DCP and CRHBT.

Investments by fair value level	June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt Securities</b>				
Government and agency obligations	\$ 282,390,213	\$ -	\$ 282,390,213	\$ -
Municipal/Provincial obligations	11,668,615	-	11,668,615	-
Asset-backed securities	888,327	-	888,327	-
Corporate bonds	829,655,161	-	828,172,672	1,482,489
Commercial mortgage-backed securities	2,114,604	-	2,114,604	-
Total debt securities	<u>1,126,716,920</u>	<u>-</u>	<u>1,125,234,431</u>	<u>1,482,489</u>
<b>Equity Securities</b>				
Self directed - various securities	18,864,959	18,864,959	-	-
Consumer goods	203,612,275	200,792,929	2,819,346	-
Energy	107,908,838	107,522,517	375,453	10,868
Financial services	139,610,903	139,524,404	-	86,499
Health care	142,501,654	142,501,654	-	-
Industrials	215,477,118	215,286,803	670	189,645
Information technology	176,358,286	176,339,091	162	19,033
Materials	49,504,199	49,500,644	-	3,555
Telecommunication services	72,270,939	72,270,939	-	-
Utilities	76,223,849	76,099,958	-	123,891
Real Estate	253,362,930	253,362,930	-	-
Total equity securities	<u>1,455,695,950</u>	<u>1,452,066,828</u>	<u>3,195,631</u>	<u>433,491</u>
Securities lending collateral fund	156,096,224	-	156,096,224	-
Total investments by fair value level	<u>2,738,509,094</u>	<u>\$ 1,452,066,828</u>	<u>\$ 1,284,526,286</u>	<u>\$ 1,915,980</u>
<b>Investments measured at the net asset value (NAV)</b>				
Commingled equity funds	977,539,132			
Commingled bond funds	512,068,936			
Commingled real asset funds	215,585,565			
Commingled funds (other)	479,204,576			
Hedge fund	259,084,275			
Fund-of-hedge funds	96,023,729			
Private real assets	257,486,140			
Private equity/debt	628,127,729			
Total investments measured at the NAV	<u>3,425,120,082</u>			
<b>Investments measured at amortized cost</b>				
Short-term investments	234,031,308			
Total investment measured at amortized cost	234,031,308			
Synthetic guaranteed investments contracts measured at contract value	62,613,011			
Total investments	<u>\$ 6,460,273,495</u>			

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 and Level 3 are valued using either a bid evaluation, or matrix pricing techniques. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. Level 3 debt securities use proprietary information or single source pricing. Equity securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume. Short-term investments are cash or cash equivalents and generally include investments in money market-type securities reported at cost plus accrued interest, which approximates market or fair value.

Additional information regarding the holdings of the individual retirement plans (ERP, RSP, DCP, and CRHBT) is available in a separately issued CAFR and CRHBT audited financial statements by Montgomery County Employee Retirement Plans (MCERP). Information on how these may be viewed can be found online: <https://www.montgomerycountymd.gov/mcerp>

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the following tables.

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**Employees' Retirement System:**

**Investments Measured at the NAV**

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	\$ 439,105,338	\$ -	Daily, Monthly	0-15 days
Commingled bond funds	372,436,181	-	Daily	1-2 days
Commingled real asset funds	187,773,975	-	Daily, Bi-Weekly, Monthly	0-5 days
Commingled funds (other)	5,508,619	-	Daily	None
Hedge funds	219,839,652	-	Monthly, Quarterly	5-90 days
Fund-of-hedge funds	77,202,299	-	Quarterly	95 days
Private real assets	218,561,490	122,798,233	Not eligible	N/A
Private equity/debt	515,390,370	195,591,305	Not eligible	N/A
Total investments measured at the NAV	<u>\$ 2,035,817,924</u>	<u>\$ 318,389,538</u>		

**Employees' Retirement Savings Plan:**

**Investments Measured at the NAV**

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	\$ 77,676,219	\$ -	Daily	None
Commingled bond funds	11,548,149	-	Daily	None
Commingled funds (other)	<u>378,422,222</u>	-	Daily	None
Total investments measured at the NAV	<u>\$ 467,646,590</u>	<u>\$ -</u>		

**Employees' Deferred Compensation Plan:**

**Investments Measured at the NAV**

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	\$ 248,285,887	\$ -	Daily	None
Commingled bond funds	37,897,919	-	Daily	None
Commingled funds (other)	<u>95,273,735</u>	-	Daily	None
Total investments measured at the NAV	<u>\$ 381,457,541</u>	<u>\$ -</u>		

## Consolidated Retiree Health Benefits Trust:

### Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	\$ 212,471,688	\$ -	Daily, Monthly	0-15 days
Commingled bond funds	90,186,687	-	Daily	1 days
Commingled real asset funds	27,811,590	-	Daily, Bi-Weekly	0-5 days
Hedge fund	39,244,623	-	Monthly	5 days
Fund-of-hedge funds	18,821,430	-	Quarterly	95 days
Private real assets	38,924,650	19,111,610	Not eligible	N/A
Private equity/debt	112,737,359	49,156,578	Not eligible	N/A
Total investments measured at the NAV	<u>\$ 540,198,027</u>	<u>\$ 68,268,188</u>		

### Commingled Bond Funds, Equity Funds and Real Asset Funds

Five bonds funds, seven equity funds and three real asset funds are considered to be commingled in nature for the ERS and six bond funds and eleven equity funds are considered for RSP and DCP while one bond fund, ten equity funds, and two real asset funds are considered to be commingled in nature for CRHBT. Other commingled funds include eleven life cycle funds and one other fund for RSP and DCP. The fair value of the investments in these types of funds has been determined using the NAV per share of the investments.

### Hedge Funds

The fair values of the investments have been determined using the NAV per share of the investments. Six funds and one fund are categorized in this category for the ERS and CRHBT, respectively. For ERS, all funds in this category could be subject to varying degrees of redemption restrictions based on market conditions that may impact their underlying portfolios. However, there are no redemption restrictions for the CRHBT fund.

### Securities Lending Collateral

The ERS's custodian is the agent in lending the ERS's securities for collateral and investments are in a commingled fund.

### Private Real Assets

The portfolios consist of thirty-three and twenty-three private real asset limited partnerships for the ERS and CRHBT, respectively. Private real asset funds include U.S. real estate, oil and gas, timber, agriculture and other real asset investments. The fair value of these funds has been determined using the net asset values as of June 30, 2019. Net asset values one quarter in arrears plus current quarter cash flows are used when the most recent information is not available. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over a span of 5 to 10 years.

### Private Equity/Debt

The portfolios consist of seventy-one and forty private equity/debt limited partnerships for the ERS and CRHBT, respectively. Private equity funds include buyout, turnaround, fund-of-funds, and growth of equity investments. Private debt funds include distressed and structured equity investments. The fair value of these funds has been

determined using the net asset values as of June 30, 2019. Net asset values one quarter in arrears plus current quarter cash flows are used when the most recent information is not available. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over a span of 3 to 10 years.

**Credit Risk/Concentration of Credit Risk**

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

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2019, are as follows:

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**Employees' Retirement System:**

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AAA	\$ 203,159,830	14.11%
Foreign Government Obligations	AAA	527,351	0.04
	Unrated	1,403,738	0.10
Commercial Mortgage Backed Securities	BB	1,155,700	0.08
	Unrated	958,904	0.07
Municipal/Provincial Bonds	AAA	1,379,202	0.10
	AA	5,975,229	0.42
	B	1,124,730	0.08
	BBB	336,986	0.02
	Unrated	105,401	0.01
Corporate Bonds	AAA	6,601,984	0.46
	AA	25,046,949	1.74
	A	107,490,593	7.47
	BBB	145,115,195	10.08
	BB	172,368,852	11.97
	B	131,743,714	9.15
	CCC	31,998,877	2.22
	CC	199,683	0.01
	C	185,875	0.01
	D	2,840,871	0.20
	Unrated	23,739,667	1.65
Asset-Backed Securities	AAA	666,245	0.05
Fixed Income Pooled Funds	Unrated	372,436,181	25.82
Short-term Investments and Other	Unrated	203,643,284	14.14
		<u>\$ 1,440,205,041</u>	<u>100.00%</u>

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**Consolidated Retiree Health Benefits Trust:**

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AAA	\$ 76,678,140	20.01%
	BBB	169,155	0.04
Foreign Government Obligations	A	123,396	0.03
	Unrated	328,603	0.09
Municipal/Provincial Bonds	AAA	405,709	0.10
	AA	1,833,425	0.48
	BBB	147,431	0.04
	B	337,549	0.09
Corporate Bonds	Unrated	22,953	0.01
	AAA	1,801,551	0.47
	AA	9,308,317	2.43
	A	36,497,908	9.53
	BBB	47,828,429	12.48
	BB	43,998,072	11.48
	B	30,038,567	7.84
	CCC	6,671,820	1.74
	CC	27,155	0.01
	C	44,875	0.01
Asset-Backed Securities	D	619,032	0.16
	Unrated	5,487,175	1.43
Fixed Income Pooled Funds	AAA	222,082	0.06
Short-term Investments and Others	Unrated	90,186,687	23.54
	Unrated	30,388,024	7.93
Total Fixed Income Securities		<u>\$ 383,166,055</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, 2019, the ERS and CRHBT's fixed income portfolios had the following sensitivity to changes in interest rates:

**Employees' Retirement System:**

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	17.61	\$ 203,159,830	14.11%
Foreign Government Obligations	1.27	1,931,089	0.14
Commercial Mortgage-Backed Securities	2.93	2,114,604	0.15
Municipal/Provincial Obligations	12.92	8,921,548	0.63
Corporate Bonds	7.36	647,332,260	44.96
Asset-Backed Securities	7.84	666,245	0.05
Fixed Income Pooled Funds	N/A	372,436,181	25.82
Short-term Investments and Other *	N/A	<u>203,643,284</u>	<u>14.14</u>
Total Fixed Income Securities		<u>\$ 1,440,205,041</u>	<u>100.00%</u>

**Consolidated Retiree Health Benefits Trust:**

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	16.99	\$ 76,847,295	20.05%
Foreign Government Obligations	1.27	451,999	0.12
Municipal/Provincial Obligations	14.40	2,747,067	0.72
Corporate Bonds	8.34	182,322,901	47.58
Asset-Backed Securities	7.84	222,082	0.06
Fixed Income Pooled Funds	N/A	90,186,687	23.54
Short-term Investments and Other *	N/A	<u>30,388,024</u>	<u>7.93</u>
Total Fixed Income Securities		<u>\$ 383,166,055</u>	<u>100.00%</u>

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

**Foreign Currency Risk**

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

**Employees' Retirement System:**

<u>International Securities</u>	<u>Equity</u>	<u>Fixed Income</u>	<u>Short-term and Other</u>	<u>Total Non-U.S. Dollar</u>
Euro	\$ 153,775,948	\$ -	\$ 102,077,187	\$ 255,853,135
Japanese yen	97,049,177	-	11,879,247	108,928,424
New Zealand dollar	845,946	-	95,477,490	96,323,436
Hong Kong Dollar	47,112,946	-	15,066	47,128,012
British pound sterling	76,364,415	632,640	(30,349,756)	46,647,299
Swiss franc	24,035,863	-	5,014	24,040,877
Australian dollar	27,163,306	-	(4,152,136)	23,011,170
Danish krone	9,355,606	-	-	9,355,606
Mexican peso	8,226,271	73,896	-	8,300,167
South Korean won	5,932,943	-	-	5,932,943
Other Currencies	67,075,161	2,595,425	(181,308,282)	(111,637,696)
Total International Securities	<u>\$ 516,937,582</u>	<u>\$ 3,301,961</u>	<u>\$ (6,356,170)</u>	<u>\$ 513,883,373</u>

**Consolidated Retiree Health Benefits Trust:**

<u>International Securities</u>	<u>Equity</u>	<u>Fixed Income</u>	<u>Short-term and Other</u>	<u>Total Non-U.S. Dollar</u>
Euro	\$ 36,117,915	\$ -	\$ 4,217	\$ 36,122,132
Japanese yen	19,586,482	-	4,517	19,590,999
British pound sterling	11,430,845	234,311	(155,516)	11,509,640
Hong Kong dollar	11,398,011	-	4,863	11,402,874
Swiss franc	5,714,208	-	1,662	5,715,870
Canadian dollar	4,896,584	-	14,650	4,911,234
Australian dollar	4,667,655	-	30	4,667,685
Swedish krona	4,183,283	-	-	4,183,283
Singapore dollar	2,946,201	-	-	2,946,201
Mexican peso	1,530,165	-	-	1,530,165
Other Currencies	1,992,513	678,401	20,090	2,691,004
Total International Securities	<u>\$ 104,463,862</u>	<u>\$ 912,712</u>	<u>\$ (105,487)</u>	<u>\$ 105,271,087</u>

**Derivatives**

In accordance with the two Boards' Statement of Investment Policy and Objectives, the ERS and CRHBT Fund regularly invest in derivative financial instruments in the normal course of its investing activities to manage exposure to certain risks within the fund. During FY19, the ERS and CRHBT invested directly in various derivatives including, exchange-traded future contracts, forward currency contracts, and swaps. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the

creditworthiness of the related parties to the contracts. The ERS and CRHBT Fund could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The two Boards' Statement of Investment Policy and Objectives seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits and exposure monitoring procedures. In addition, the ERS and CRHBT Fund have indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments. The ERS and CRHBT Fund are not dealers, but end-users of these instruments.

The notional or contractual amounts of derivatives indicate the extent of the ERS and CRHBT Fund's involvement in the various types of derivative financial instruments and do not measure the ERS or CRHBT Fund's exposure to credit or market risk and do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and the other terms of the derivatives.

As permitted by the Board's policies, the ERS and CRHBT Fund holds off-financial statements derivatives in the form of exchange-traded financial futures, and ERS also holds foreign currency exchange contracts.

Futures contracts are contracts in which the buyer agrees to purchase and the seller agrees to make delivery of a specified financial instrument at a predetermined date and price. Gains and losses on future contracts are settled daily. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that a counterparty will not pay. As of June 30, 2019, the ERS held 1,186 long US Treasury futures contracts with a fair value of \$228,421,008 and 867 short US Treasury futures contracts with a fair value of (\$112,886,531) and the CRHBT Fund held 404 long US Treasury futures contracts with a fair value of \$78,006,218 and 283 short US Treasury futures contracts with a fair value of (\$36,246,031).

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, 2019, the ERS held \$344,355,981 buy foreign exchange contracts and (\$354,715,990) sell foreign exchange contracts with unrealized gain of \$87,702 while the CRHBT held \$325,648 buy foreign exchange contracts and (\$321,053) sell foreign exchange contracts with unrealized gain of \$4,595.

### **Securities Lending**

Board policy permits the ERS and CRHBT to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The ERS or CRHBT's custodian is the agent in lending the ERS or CRHBT's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the ERS/CRHBT or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the ERS or CRHBT, in a short-term investment pool in the name of the ERS or CRHBT, with guidelines approved by the two boards. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the ERS or CRHBT's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the ERS or CRHBT cannot determine. The ERS and CRHBT record a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of fiduciary net position. The agent indemnifies the ERS or CRHBT by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions 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, 2019, the fair value of securities on loan was \$460,521,062 and \$77,723,408 for the ERS and CRHBT, respectively. Cash received as collateral and the related liability of \$149,833,263 and \$6,262,961 as of June 30, 2019 for the ERS and CRHBT, respectively, are shown on the Statement of Fiduciary Net Position. Securities received as collateral are not reported as assets since the ERS or CRHBT does not have the ability to pledge or sell the collateral securities absent borrower default. For ERS, securities lending revenues and expenses amounting to \$4,732,374 and \$3,416,051, respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements. For CRHBT, securities lending revenues and expenses amounting to \$309,687 and \$106,680, respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following two tables represents the balances relating to the securities lending transactions for ERS and CRHBT at June 30, 2019:

**Employees' Retirement System:**

<u>Securities Lent</u>	<u>Underlying Securities</u>	<u>Non-Cash Collateral Value</u>	<u>Cash Collateral Investment Value</u>
Lent for Cash Collateral:			
Government Obligations	\$ 26,210,609	\$ -	\$ 26,733,731
Corporate Bonds	75,640,157	-	77,128,950
Equities	44,935,770	-	45,970,582
Lent for Non-Cash Collateral:			
Government Obligations	119,120,632	127,766,821	-
Corporate Bonds	8,856,755	9,465,599	-
Equities	<u>185,757,139</u>	<u>197,855,810</u>	<u>-</u>
Total	<u>\$ 460,521,062</u>	<u>\$ 335,088,230</u>	<u>\$ 149,833,263</u>

**Consolidated Retiree Health Benefits Trust:**

<u>Securities Lent</u>	<u>Underlying Securities</u>	<u>Non-Cash Collateral Value</u>	<u>Cash Collateral Investment Value</u>
Lent for Cash Collateral:			
Corporate Bonds	\$ 4,244,601	\$ -	\$ 4,325,388
Equities	1,875,617	-	1,937,573
Lent for Non-Cash Collateral:			
Government Obligations	21,488,354	23,054,058	-
Corporate Bonds	2,204,362	2,294,167	-
Equities	<u>47,910,474</u>	<u>51,159,294</u>	<u>-</u>
Total	<u>\$ 77,723,408</u>	<u>\$ 76,507,519</u>	<u>\$ 6,262,961</u>

At year-end, the ERS and CRHBT have no credit risks exposure to borrowers because the amounts the ERS and CRHBT owe the borrowers exceeded the amounts the borrowers owe the ERS and CRHBT. The ERS and CRHBT are fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

### **Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the ERS or CRHBT will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2019, there were no funds held by a counterparty that was acting as the ERS or CRHBT's agent in securities lending transactions.

### **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, 2019, were entirely insured or collateralized with securities held by HOC's agent in HOC's name. HOC's investments are subject to interest rate, credit, and custodial risk as described below:

#### **Interest Rate Risk**

HOC's investment policy which applies to the General Fund, Public Fund and the Opportunity Housing Fund, requires that the majority of HOC's investments must be on a short-term basis (less than one year); however a portion of the portfolio may be invested in investments with longer maturities (up to two years). The investment requirements for the Multi-Family Fund and Single-Family Fund are specified within each of the bond trust indentures. The bond trustee is required to invest money in obligations with the objective that sufficient money will be available to pay the interest due on the bonds and will mature or be subject to redemption with the objective that sufficient money will be available for the purposes intended in accordance with the Indenture.

#### **Credit Risk**

HOC's investment policy for the General Fund, Public Fund and the Opportunity Housing Fund permits the following investment types: U.S. government and federal agencies; repurchase agreements; banker's acceptances; money market mutual funds; Maryland local government investment pool; Montgomery County investment pool; certificates of deposit and time deposits; and commercial paper. Bankers Acceptances of domestic banks and commercial paper must maintain the highest rating from one of the Nationally Recognized Statistical Rating Organizations (NRSRO) as designated by the SEC or State Treasurer. Repurchase agreements require collateralization at 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities provided the collateral is held by a custodian, other than the seller. Certificates of deposit or time deposits must be collateralized at 102% of the fair value and held by a custodian other than the seller. HOC invests in the Maryland State Local Government Investment Pool (MLGIP). The MLGIP is not subject to regulatory oversight by the SEC, however the 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 100% of fair value of principal and accrued interest. Repurchase agreement collateral for the MLGIP is segregated and held in the name of PNC Bank Safe Deposit and Trust's account at the Federal Reserve Bank. The cash and cash equivalents held by PNC Bank for the General Fund, Housing Opportunity Fund and Public Fund are in bank money market accounts and interest bearing accounts. These amounts are unrated by an independent rating agency. The Moody's rating for PNC Bank short-term deposits as of June 30, 2019 was P-1.

At June 30, 2019, HOC had the following cash, cash equivalents, investments and maturities:

	<u>Fair Value</u>	<u>Rating</u>
<u>Cash and Cash Equivalents:</u>		
General Sub-Fund:		
Money Market Accounts	\$ 13,125,178	N/A
Opportunity Housing Sub-Fund:		
Investment in MLGIP	1,998,230	AAAm
Money Market Accounts	22,296,952	N/A
Public Sub-Fund:		
Investment in MLGIP	3,161,152	AAAm
Multi-Family Sub-Fund:		
Money Market Accounts	31,081,375	N/A
Single Family Fund:		
Money Market Accounts	44,800,879	N/A
Real Estate Limited Partnership:		
Investment in MLGIP	233,507	AAAm
Cash	14,564,860	N/A
Money Market Accounts	<u>4,593,126</u>	N/A
Total cash, cash equivalents and investments	<u>135,855,259</u>	
<u>Short-term Investments:</u>		
Multifamily Sub-Fund:		
U.S. Treasuries	\$ 1,058,710	Aaa
Single Family Sub-Fund:		
GNMA Pass through Certificates	1,973,989	Aaa
FNMA Pass through Certificates	<u>933,877</u>	Aaa
Total short-term investments	<u>\$ 3,966,576</u>	

Continued

	<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>					
Multi-Family Sub Fund:					
U.S. Treasuries	\$ 1,331,069	\$ 1,016,771	\$ 314,298	\$ -	Aaa
Fannie Mae	3,160,621	-	3,160,621	-	Aaa
Federal Farm Credit Banks	2,658,372	-	650,067	2,008,305	Aaa
Federal Home Loan Banks	968,023	-	968,023	-	Aaa
Federal Home Loan Mortgage	938,974	-	-	938,974	Aaa
Bank One Investment Agreement	591,525	-	591,525	-	AA/Aa2
Single Family Sub-Fund:					
Federal Farm Credit Banks	6,859,668	-	-	6,859,668	Aaa
Federal Home Loan Banks	9,916,804	-	-	9,916,804	Aaa
Federal Home Loan Mtg Corp	2,284,392	-	-	2,284,392	Aaa
Fannie Mae	487,657	-	487,657	-	Aa1
GNMA Pass-through Certificates	49,435,063	-	-	49,435,063	Aaa
FNMA Pass-through Certificates	39,544,248	-	-	39,544,248	Aaa
U.S. Treasuries	5,231,512	3,987,684	-	1,243,828	Aaa
Tennessee Valley Authority	4,353,110	-	-	4,353,110	AA+
Total long-term investments	<u>\$ 127,761,038</u>	<u>\$ 5,004,455</u>	<u>\$ 6,172,191</u>	<u>\$ 116,584,392</u>	
Cash balances	<u>96,208,671</u>				
Total cash, cash equivalents and investments	<u>\$ 363,791,544</u>				

### Fair Value Measurement

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

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

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

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

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurement in their entirety are categorized based on the lowest level input that is significant to the valuation. HOC's assessment of the significance of particular

inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The table below shows the fair value leveling of the HOC's investments.

Investments by fair value level	June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt Securities</b>				
Fannie Mae	\$ 3,648,278	\$ -	\$ 3,648,278	\$ -
Federal Farm Credit Banks	9,518,040	-	9,518,040	-
Federal Home Loan Banks	10,884,827	-	10,884,827	-
U.S. Treasuries	7,621,291	7,621,291	-	-
FNMA Mortgage-Backed Securities	40,478,125	-	40,478,125	-
GNMA Mortgage-Backed Securities	51,409,052	-	51,409,052	-
Federal Home Loan Mortgage Corp	3,223,366	-	3,223,366	-
Investment Agreements	591,525	-	591,525	-
Tennessee Valley Authority	4,353,110	-	4,353,110	-
Total investments by fair value level	<u>\$ 131,727,614</u>	<u>\$ 7,621,291</u>	<u>\$ 124,106,323</u>	<u>\$ -</u>

Investment Derivative Instruments	June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Interest Rate Swaps</b>				
Interest Rate Swaps	\$ 19,831,777	\$ -	\$ 19,831,777	\$ -
Total investment derivative instruments	<u>\$ 19,831,777</u>	<u>\$ -</u>	<u>\$ 19,831,777</u>	<u>\$ -</u>

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## B) Receivables

### 1) Accounts Receivable

Receivables at June 30, 2019 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	\$ 409,489,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$409,489,952
Property taxes	12,153,882	-	-	-	-	4,016,640	16,170,522
Capital leases	-	-	-	17,870,000	-	-	17,870,000
Accounts	10,891,981	-	-	-	-	11,173,529	22,065,510
Notes	651,141	-	2,460,439	24,145,000	-	-	27,256,580
Parking violations	1,008,972	-	-	-	-	416,387	1,425,359
Mortgages	462,035	216,055,674	43,697,590	-	300,000	2,238,004	262,753,303
Total receivables	434,657,963	216,055,674	46,158,029	42,015,000	300,000	17,844,560	757,031,226
Allowance for uncollectible accounts	(287,682)	(25,964,006)	(2,844,016)	-	-	-	(29,095,704)
Total receivable (net)	\$ 434,370,281	\$190,091,668	\$ 43,314,013	\$ 42,015,000	\$ 300,000	\$ 17,844,560	\$727,935,522
Amounts not scheduled for collection during the subsequent year	\$ 462,035	\$216,055,674	\$ 46,158,029	\$ 17,870,000	\$ 300,000	\$ 2,238,004	\$283,083,742

	Liquor	Solid Waste Activities	Parking Lot Districts	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Receivables						
Property taxes	\$ -	\$ -	\$ 309,888	\$ -	\$ 309,888	\$ -
Accounts	4,902,604	3,208,037	21,655	273,905	8,406,201	730,018
Parking violations	-	-	3,435,006	-	3,435,006	-
Total receivables	4,902,604	3,208,037	3,766,549	273,905	12,151,095	730,018
Allowance for uncollectible accounts	(1,947,038)	(35,232)	(1,825,561)	(20,063)	(3,827,894)	(8,834)
Total receivable (net)	\$ 2,955,566	\$ 3,172,805	\$ 1,940,988	\$ 253,842	\$ 8,323,201	\$ 721,184
Amounts not scheduled for collection during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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## 2) Due from/to Component Units

The balances at June 30, 2019, were:

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

Due from Component Units:	MCPS	MC	MCRA	HOC	BUP	Total
Due to Primary Government:						
General	\$ 55,675	\$ 3,159	\$ 45,630	\$ 35,355	\$ -	\$ 139,819
Housing Initiative	-	-	-	84,087,324	-	84,087,324
Grants	-	-	-	10,867,763	-	10,867,763
Capital Projects	-	-	-	11,542,373	-	11,542,373
Nonmajor Governmental	-	508,333	-	-	-	508,333
Solid Waste Activities Enterprise	-	516	-	218	-	734
Major Enterprise	-	-	-	302,687	-	302,687
Internal Service	14,372	8,672	190,503	608,267	20,029	841,843
Fiduciary	-	-	13,199	111,187	-	124,386
Total Due to Primary Government	<u>\$ 70,047</u>	<u>\$ 520,680</u>	<u>\$ 249,332</u>	<u>\$ 107,555,174</u>	<u>\$ 20,029</u>	<u>\$ 108,415,262</u>

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

Due to Component Units:	MCPS	MC	MCRA	HOC	BUP	Total
Due from Primary Government:						
General	\$ 1,572,211	\$ 39,542	\$ -	\$ 596,115	\$ 262,504	\$ 2,470,372
Housing Initiative	-	-	-	505,726	-	505,726
Debt Service	-	84,893	-	-	-	84,893
Capital Projects	52,105,601	12,344,416	-	-	-	64,450,017
Nonmajor Governmental	12,484	-	-	-	109,641	122,125
Nonmajor Enterprise	805,761	-	-	-	-	805,761
Internal Service	55,875	-	-	-	-	55,875
Total Due from Primary Government	<u>\$ 54,551,932</u>	<u>\$ 12,468,851</u>	<u>\$ -</u>	<u>\$ 1,101,841</u>	<u>\$ 372,145</u>	<u>\$ 68,494,769</u>

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

- \$10.9 million due from HOC to the Grants Special Revenue Fund and \$11.5 million due from HOC to the Capital Projects Fund represent loan receivables in the Opportunity Housing Development Fund and Moderately Priced Dwelling Unit (MPDU)/Property Acquisition Fund, respectively, which are revolving loan funds that are set up between the County and HOC. The County issues loans to HOC to purchase MPDUs or other similar properties which HOC repays to the County based on future cash flows.
- \$84.1 million due from HOC to the Housing Initiative Special Revenue Fund represents mortgage loans, which are generally repayable based on project cash flows, specified future dates, or sales of the respective properties.
- \$52.1 million due to MCPS and \$12.3 million due to MC from the Capital Projects Fund represent the amount of capital cash requests that have not yet been paid by the County.

Remaining balances resulted from normal business activities between the County and its component units.

**3) Due from Other Governments**

The total amount due from other governments at June 30, 2019, was comprised of the following:

	General	Grants	Capital Projects	Solid Waste Activities	Nonmajor Governmental	Internal Service	Fiduciary	Total
Federal government	\$ 324,885	\$23,844,913	\$ 11,608,555	\$ 3,400	\$ 166,309	\$ -	\$ -	\$ 35,948,062
State of Maryland	27,716,774	11,759,669	3,307,660	17,013	2,009,730	266,845	6,342	45,084,033
Other	68,859	84,362	1,125,736	65,205	-	148,948	126,912	1,620,022
Total	<u>\$28,110,518</u>	<u>\$35,688,944</u>	<u>\$ 16,041,951</u>	<u>\$ 85,618</u>	<u>\$ 2,176,039</u>	<u>\$ 415,793</u>	<u>\$ 133,254</u>	<u>\$ 82,652,117</u>

**4) Due to Other Governments**

The total amount due to other governments at June 30, 2019 is \$188,657,517. This amount is comprised mainly of \$145.6 million due to the State of Maryland for claims processed as a result of the final ruling by the United States Supreme Court in the case of Comptroller of the Treasury of Maryland v Wynne et ux. This government-wide amount will be replenished to the State’s local reserve account through reduced quarterly income tax distributions starting with the third distribution (May) in FY19 with a total of twenty equal installments ending in FY24.

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## C) Capital Assets

### Primary Government

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<b>Governmental Activities</b>				
Nondepreciable Capital Assets:				
Land	\$ 973,916,851	\$ 79,993,078	\$ -	\$1,053,909,929
Construction in progress	1,950,114,849	336,914,777	319,555,906	1,967,473,720
Total Nondepreciable Capital Assets	<u>2,924,031,700</u>	<u>416,907,855</u>	<u>319,555,906</u>	<u>3,021,383,649</u>
Depreciable Capital Assets:				
Buildings	982,652,188	134,163,737	-	1,116,815,925
Improvements other than buildings	79,299,175	4,379,291	-	83,678,466
Furniture, fixtures, equipment and machinery	221,506,022	528,830	567,169	221,467,683
Leasehold improvements	17,784,087	-	-	17,784,087
Automobiles and trucks	343,024,229	21,668,628	7,362,522	357,330,335
Infrastructure	1,938,001,213	106,339,883	-	2,044,341,096
Other assets	41,927,309	78,212,140	-	120,139,449
Total Capital Assets being Depreciated	<u>3,624,194,223</u>	<u>345,292,509</u>	<u>7,929,691</u>	<u>3,961,557,041</u>
Less Accumulated Depreciation for:				
Buildings	449,558,261	22,541,052	-	472,099,313
Improvements other than buildings	24,463,838	1,730,165	-	26,194,003
Furniture, fixtures, equipment and machinery	188,859,723	6,009,026	517,151	194,351,598
Leasehold improvements	10,815,094	1,040,994	-	11,856,088
Automobiles and trucks	192,066,350	27,270,358	6,837,433	212,499,275
Infrastructure	802,619,278	37,860,743	-	840,480,021
Other assets	27,944,206	4,061,972	-	32,006,178
Total Accumulated Depreciation	<u>1,696,326,750</u>	<u>100,514,310</u>	<u>7,354,584</u>	<u>1,789,486,476</u>
Total Depreciable Assets, net	<u>1,927,867,473</u>	<u>244,778,199</u>	<u>575,107</u>	<u>2,172,070,565</u>
Governmental Activities Capital Assets, net	<u>\$4,851,899,173</u>	<u>\$ 661,686,054</u>	<u>\$ 320,131,013</u>	<u>\$5,193,454,214</u>
<b>Business-Type Activities</b>				
Nondepreciable Capital Assets:				
Land	\$ 58,444,081	\$ -	\$ -	\$ 58,444,081
Construction in progress	282,372	-	-	282,372
Total Nondepreciable Capital Assets	<u>58,726,453</u>	<u>-</u>	<u>-</u>	<u>58,726,453</u>
Depreciable Capital Assets:				
Buildings	296,791,937	54,499	-	296,846,436
Improvements other than buildings	186,523,021	7,338,608	504,409 *	193,357,220
Furniture, fixtures, equipment and machinery	37,158,921	1,139,369	368,222	37,930,068
Infrastructure	14,351	-	-	14,351
Automobiles and trucks	7,537,377	-	1,720,767	5,816,610
Total Capital Assets being Depreciated	<u>528,025,607</u>	<u>8,532,476</u>	<u>2,593,396</u>	<u>533,964,685</u>
Less Accumulated Depreciation for:				
Buildings	162,117,324	8,010,238	-	170,127,562
Improvements other than buildings	136,560,180	3,663,491	-	140,223,671
Furniture, fixtures, equipment and machinery	20,880,904	2,941,037	348,157	23,473,784
Infrastructure	6,745	574	-	7,319
Automobiles and trucks	4,100,256	373,152	1,720,767	2,752,641
Total Accumulated Depreciation	<u>323,665,409</u>	<u>14,988,492</u>	<u>2,068,924</u>	<u>336,584,977</u>
Total Depreciable Assets, net	<u>204,360,198</u>	<u>(6,456,016)</u>	<u>524,472</u>	<u>197,379,710</u>
Business-Type Activities Capital Assets, net	<u>\$ 263,086,651</u>	<u>\$ (6,456,016)</u>	<u>\$ 524,472</u>	<u>\$ 256,106,161</u>

\* - For Business-Type Activities, improvements other than buildings, there were assets created during the fiscal year in error and then immediately retired. Therefore, though there is a decrease in retirements, there will not be a corresponding decrease in accumulated depreciation

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

Governmental activities:	
General government	\$ 10,317,745
Public safety	10,684,770
Public works and transportation	68,443,517
Health and human services	1,983,741
Culture and recreation	8,060,014
Community development and housing	697,936
Environment	<u>326,587</u>
Total depreciation expense-governmental activities	<u>\$ 100,514,310</u>
Business-type activities:	
Liquor	\$ 2,759,436
Solid waste activities	2,217,338
Parking lot districts	9,911,093
Permitting services	<u>100,625</u>
Total depreciation expense-business-type activities	<u>\$ 14,988,492</u>

Construction commitments as of June 30, 2019 are as follows:

	<u>Construction Commitments</u>
General Government	\$ 94,985,677
Public Safety	14,107,022
Public Works and Transportation	204,023,667
Culture & Recreation	74,009
Community Development and Housing	7,418,020
Environment	<u>17,257,900</u>
Total	<u>\$ 337,866,295</u>

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## Component Units

Capital assets of MCPS, amounting to \$3,092,823,135 at June 30, 2019, are significant in relation to the total component unit capital assets.

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<b>Governmental Activities</b>				
Nondepreciable capital assets:				
Land	\$ 101,077,760	\$ 3,897,200	\$ -	\$ 104,974,960
Construction in progress	89,715,477	240,104,675	83,036,636	246,783,516
Total nondepreciable capital assets	<u>190,793,237</u>	<u>244,001,875</u>	<u>83,036,636</u>	<u>351,758,476</u>
Depreciable capital assets:				
Buildings and improvements	3,559,418,450	91,236,809	4,927,306	3,645,727,953
Site improvements	426,634,632	5,967,503	-	432,602,135
Vehicles and equipment	192,739,007	17,957,315	17,431,058	193,265,264
Total depreciable capital assets	<u>4,178,792,089</u>	<u>115,161,627</u>	<u>22,358,364</u>	<u>4,271,595,352</u>
Less accumulated depreciation for:				
Buildings and improvements	1,247,295,744	90,605,175	4,037,003	1,333,863,916
Site improvements	86,862,822	7,552,771	-	94,415,593
Vehicles and equipment	112,999,356	12,913,337	17,104,274	108,808,419
Total accumulated depreciation	<u>1,447,157,922</u>	<u>111,071,283</u>	<u>21,141,277</u>	<u>1,537,087,928</u>
Total depreciable capital assets, net	<u>2,731,634,167</u>	<u>4,090,344</u>	<u>1,217,087</u>	<u>2,734,507,424</u>
Government activities capital assets, net	<u>\$ 2,922,427,404</u>	<u>\$ 248,092,219</u>	<u>\$ 84,253,723</u>	<u>\$ 3,086,265,900</u>
<b>Business-Type Activities</b>				
Depreciable capital assets:				
Vehicles and equipment	\$ 23,471,639	\$ 1,093,151	\$ 3,137,280	\$ 21,427,510
Total depreciable capital assets	<u>23,471,639</u>	<u>1,093,151</u>	<u>3,137,280</u>	<u>21,427,510</u>
Less accumulated depreciation for:				
Vehicles and equipment	16,846,017	1,143,805	3,119,547	14,870,275
Total accumulated depreciation	<u>16,846,017</u>	<u>1,143,805</u>	<u>3,119,547</u>	<u>14,870,275</u>
Business-type activities capital assets, net	<u>\$ 6,625,622</u>	<u>\$ (50,654)</u>	<u>\$ 17,733</u>	<u>\$ 6,557,235</u>
Total MCPS government-wide capital assets				<u>\$ 3,092,823,135</u>

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

Governmental activities:	
Regular instruction	\$ 88,052,821
Special education	146,295
School administration	7,271
Student transportation	11,213,280
Operation of plant	232,359
Maintenance of plant	11,235,393
Administration	180,883
Community services	2,981
Total depreciation expense-governmental activities	<u>\$ 111,071,283</u>
Business-type activities:	
Food services	\$ 1,105,078
Entrepreneurial	38,727
Total depreciation expense-business type activities	<u>\$ 1,143,805</u>

Commitments for ongoing construction in progress at June 30, 2019 were \$285,920,062.

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

The composition of interfund receivables and payables as of June 30, 2019, is as follows:

Due To Fund	Due From Fund		Internal Service	Fiduciary	Total
	General	Solid Waste Activities			
General	\$ -	\$ -	\$ 5,963,707	\$ 5,582,061	\$ 11,545,768
Housing Initiative	-	-	12,536	19,858	32,394
Grants	22,458,769	-	377,546	303,522	23,139,837
Capital Projects	129,310,850	-	208,145	239,962	129,758,957
Liquor	1,470,610	-	422,049	221,499	2,114,158
Solid Waste Activities	381,785	4,000,000	97,929	107,195	4,586,909
Parking Lot Districts	183,840	-	42,765	47,898	274,503
Nonmajor Governmental	-	-	2,427,568	2,821,703	5,249,271
Nonmajor Enterprise	1,135,940	-	266,936	350,229	1,753,105
Internal Service	912,970	-	257,348	8,708,389	9,878,707
Fiduciary	-	-	17,853	17,348	35,201
Total	<u>\$ 155,854,764</u>	<u>\$ 4,000,000</u>	<u>\$ 10,094,382</u>	<u>\$ 18,419,664</u>	<u>\$ 188,368,810</u>

Included in the amounts presented above are the following short-term loans from the General Fund that were, or will be, repaid during FY20:

- \$22.5 million to the Grants Special Revenue Fund to cover vendor payments prior to revenues being received from other government agencies.
- \$129.3 million to the Capital Projects Fund to cover construction payments, due primarily to the timing of reimbursements from Federal, State and other agencies, and the lag time between programming and collection of certain impact taxes.

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, 2019, consisted of the following:

Transfers Out Fund	Transfers In Fund					Subtotal Major Governmental
	General	Housing Initiative	Grants	Debt Service	Capital Projects	
General	\$ -	\$22,703,644	\$ -	\$ 329,700,928	\$ 47,326,269	\$ 399,730,841
Housing Initiative	371,142	-	-	8,803,396	2,062,568	11,237,106
Capital Projects	5,500,000	52,243,583	-	200,484	-	57,944,067
Debt Service	-	-	-	-	16,000,000	16,000,000
Liquor	26,471,463	-	-	5,853,404	-	32,324,867
Solid Waste Activities	3,130,005	-	-	-	8,286,648	11,416,653
Parking Lot Districts	5,410,936	-	-	-	-	5,410,936
Nonmajor Governmental	28,385,988	-	340,000	54,636,835	19,389,364	102,752,186
Nonmajor Enterprise	6,491,870	-	-	-	267,877	6,759,747
Internal Service Funds	11,537,012	-	-	-	-	11,537,012
Total	\$ 87,298,416	\$74,947,227	\$ 340,000	\$ 399,195,047	\$ 93,332,726	\$ 655,113,415

Transfers Out Fund	Transfers In Fund					Total
	Liquor	Subtotal Major Enterprise	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
General	\$ -	\$ -	\$19,431,975	\$ 25,000	\$ 857,757	\$ 420,045,573
Housing Initiative	-	-	-	-	-	11,237,106
Capital Projects	88,422	88,422	-	-	-	58,032,489
Debt service	-	-	-	-	-	16,000,000
Liquor	-	-	-	-	-	32,324,867
Solid Waste Activities	-	-	-	-	-	11,416,653
Parking Lot Districts	-	-	-	-	-	5,410,936
Nonmajor Governmental	-	-	-	-	-	102,752,186
Nonmajor Enterprise	-	-	-	-	-	6,759,747
Internal Service Funds	-	-	-	-	-	11,537,012
Total	\$ 88,422	\$ 88,422	\$19,431,975	\$ 25,000	\$ 857,757	\$ 675,516,569

Primary activities include:

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

## E) Leases

### 1) 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 \$27,047,821 for FY19. Future minimum lease payments under significant non-cancelable operating leases are as follows.

Fiscal Year Ending June 30	
2020	\$ 26,572,981
2021	24,949,457
2022	22,318,107
2023	14,619,266
2024	13,148,385
2025 - 2029	42,039,466
2030 - 2034	6,740,802
Total	<u>\$ 150,388,464</u>

### 2) Capital Lease Receivable

Pursuant to the issue of the 2002 Lease Revenue Bonds and 2004 Lease Revenue Bonds (See Note III-F8), 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 Lease Revenue Bonds Series 2004.

The composition of the capital lease receivable is as follows:

	Minimum Lease Receivable	Unearned Income	Net Investment
Shady Grove	\$ 8,510,120	\$ (1,362,120)	\$ 7,148,000
Grosvenor	8,297,367	(1,328,067)	6,969,300
Glenmont	4,467,813	(715,113)	3,752,700
Total	<u>\$ 21,275,300</u>	<u>\$ (3,405,300)</u>	<u>\$ 17,870,000</u>

At June 30, 2019, the minimum future lease payments due under the direct financing capital lease agreements are as follows:

Fiscal Year Ending June 30			
	2020	\$	3,510,862
	2021		3,507,862
	2022		3,513,363
	2023		3,516,612
	2024		3,262,363
	2025-2029		2,829,638
	2030-2031		1,134,600
	Total minimum lease payments	\$	<u>21,275,300</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	\$	2,018,344
Land improvements		5,000,513
Buildings		<u>72,443,570</u>
Subtotal		79,462,427
Less accumulated depreciation		<u>(40,210,592)</u>
Total asset value under capital leases	\$	<u>39,251,835</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, 2019, are as follows:

Fiscal Year Ending June 30			
	2020	\$	991,834
	2021		987,709
	2022		990,978
	2023		<u>991,537</u>
	Total minimum lease payments		3,962,058
	Less: amount representing interest		<u>(242,058)</u>
		\$	<u>3,720,000</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.

## F) Long-Term Debt

### Primary Government

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

Long-term liability activity for the year ended June 30, 2019, was as follows:

Governmental Activities	Balance			Balance	
	July 1, 2018	Additions	Reductions	June 30, 2019	Due within one year
<b>Bonds payable:</b>					
General obligation bonds	\$ 2,925,230,000	\$ 330,000,000	\$ (235,805,000)	\$ 3,019,425,000	\$ 399,615,000
Variable rate demand obligations	170,000,000	-	-	170,000,000	-
Bond anticipation notes	500,000,000	330,000,000	(330,000,000)	500,000,000	500,000,000
<b>Revenue bonds</b>					
Liquor control	57,765,607	7,638,963	(12,000,597)	53,403,973	2,647,279
Water quality protection	72,945,000	-	(3,360,000)	69,585,000	3,495,000
Lease revenue bonds payable	20,390,000	-	(2,520,000)	17,870,000	2,660,000
Add remaining original issue premium	295,195,282	32,990,530	(46,925,526)	281,260,286	-
Total bonds payable	<u>4,041,525,889</u>	<u>700,629,493</u>	<u>(630,611,123)</u>	<u>4,111,544,259</u>	<u>908,417,279</u>
<b>Leases and notes payable:</b>					
Capital leases	6,106,510	-	(2,386,510)	3,720,000	900,000
Certificates of participation	24,505,000	-	(360,000)	24,145,000	715,000
Taxable limited obligation certificates	74,665,000	56,135,000	(26,705,000)	104,095,000	5,620,000
Other leases and notes payable	29,420,784	15,335,611	(2,192,995)	42,563,400	2,665,865
Equipment notes	79,862,241	1,013,431	(16,696,846)	64,178,826	16,095,105
Add remaining original issue premium	1,379,646	82,505	(248,778)	1,213,373	-
Total leases and notes payable	<u>215,939,181</u>	<u>72,566,547</u>	<u>(48,590,129)</u>	<u>239,915,599</u>	<u>25,995,970</u>
<b>Other non-debt related liabilities:</b>					
Compensated absences	84,242,659	61,818,951	(60,502,593)	85,559,017	55,613,361
Net OPEB Liability	1,486,051,494	-	(194,067,231)	1,291,984,263	-
Claims payable - self-insurance	178,170,181	184,373,419	(178,522,959)	184,020,641	51,334,267
Net pension liability - county	304,223,320	139,281	(134,977,713)	169,384,888	-
Net pension liability - county (LOSAP)	37,946,046	-	(1,506,461)	36,439,585	-
Net pension liability - state	27,549,791	-	(524,070)	27,025,721	-
Claims and judgments	-	1,353,404	-	1,353,404	-
Total other non-debt related	<u>2,118,183,491</u>	<u>247,685,055</u>	<u>(570,101,027)</u>	<u>1,795,767,519</u>	<u>106,947,628</u>
<b>Total Governmental Activities Liabilities</b>	<u>\$ 6,375,648,561</u>	<u>\$ 1,020,881,095</u>	<u>\$ (1,249,302,279)</u>	<u>\$ 6,147,227,377</u>	<u>\$ 1,041,360,877</u>
<b>Business-Type Activities</b>					
<b>Revenue bonds:</b>					
Liquor control	\$ 36,509,393	\$ 17,061,037	\$ (21,919,403)	\$ 31,651,027	\$ 812,721
Parking revenue bonds	33,260,000	-	(3,441,000)	29,819,000	3,591,000
Add remaining original issue premium	2,341,792	3,302,727	(1,017,407)	4,627,112	-
Total revenue bonds	<u>72,111,185</u>	<u>20,363,764</u>	<u>(26,377,810)</u>	<u>66,097,139</u>	<u>4,403,721</u>
<b>Leases and notes payable:</b>					
Equipment notes	<u>6,433,673</u>	-	<u>(1,542,055)</u>	<u>4,891,618</u>	<u>1,386,966</u>
<b>Other non-debt related liabilities:</b>					
Compensated absences	6,967,485	175,941	(61,206)	7,082,220	4,603,442
Net pension liability - county	19,906,428	10,436	(8,563,617)	11,353,247	-
Landfill closure costs	15,671,304	2,117,353	(1,589,360)	16,199,297	1,537,197
Gude landfill remediation	28,530,853	-	(1,191,038)	27,339,815	-
Total other non-debt related	<u>71,076,070</u>	<u>2,303,730</u>	<u>(11,405,221)</u>	<u>61,974,579</u>	<u>6,140,639</u>
<b>Total Business-Type Activities Liabilities</b>	<u>\$ 149,620,928</u>	<u>\$ 22,667,494</u>	<u>\$ (39,325,086)</u>	<u>\$ 132,963,336</u>	<u>\$ 11,931,326</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, \$2,431,114 (\$1,580,223 due within one year and \$850,890 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. The primary liability for compensated absences is from the General Fund and the Fire Tax District Fund.

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

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

Net pension liabilities are liquidated with General Fund resources.

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

## **2) General Obligation Bonds Payable**

General obligation bonds are authorized, issued, and outstanding for the following purposes: (1) General County Facilities, (2) Roads and Storm Drainage, (3) Parks, (4) Public Schools, (5) College, (6) Consolidated Fire Tax District, (7) Mass Transit Facilities, (8) Public Housing Facilities, and (9) Parking Facilities. All bonds are valid and legally binding general obligations of the County and constitute an irrevocable pledge of its full faith and credit and unlimited taxing power. Such bonds are payable from ad valorem taxes, unlimited as to rate or amount, on all real, tangible personal, and certain intangible property that is subject to taxation at full rates for local purposes in the County.

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

The County issued series A \$330,000,000 in new money general obligation bonds dated November 8, 2018; the County received a premium of \$31,774,710, with a true interest cost of 3.28%.

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General obligation bond issues outstanding as of June 30, 2019 are as follows:

Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2019	Unamortized Premium	Carrying Value June 30, 2019
07/15/08	2009-29	3.00 - 5.00	\$ 250,000,000	\$ -	\$ -	\$ -
11/03/09*	2011-20	2.00 - 5.00	161,755,000	46,400,000	726,364	47,126,364
11/03/09	2015-29	3.75 - 5.50	232,000,000	170,140,000	549,611	170,689,611
07/26/10	2011-22	2.00 - 5.00	195,000,000	32,500,000	1,327,585	33,827,585
07/26/10	2023-30	4.75 - 5.40	106,320,000	106,320,000	96,885	106,416,885
07/26/10	2023-30	4.75 - 5.40	23,680,000	23,680,000	21,580	23,701,580
08/11/11	2012-31	2.00 - 5.00	320,000,000	16,000,000	114,475	16,114,475
08/11/11*	2012-22	2.00 - 5.00	237,655,000	102,145,000	4,871,797	107,016,797
10/24/12	2013-32	2.50 - 5.00	295,000,000	103,250,000	8,092,033	111,342,033
11/26/13	2014-34	3.00 - 5.00	295,000,000	191,750,000	15,395,669	207,145,669
11/26/13*	2023-24	5.00	24,915,000	24,915,000	2,351,904	27,266,904
11/19/14	2015-35	4.00 - 5.00	500,000,000	350,000,000	46,759,034	396,759,034
11/19/14*	2016-28	5.00	297,990,000	270,480,000	33,297,496	303,777,496
03/26/15*	2018-21	5.00	58,520,000	37,475,000	1,282,948	38,757,948
12/01/15	2016-35	3.00 - 5.00	300,000,000	255,000,000	18,196,439	273,196,439
12/13/16	2017-36	3.00 - 5.00	340,000,000	306,000,000	23,045,428	329,045,428
11/15/17	2018-27	5.00	170,000,000	153,000,000	20,735,106	173,735,106
11/15/17*	2018-26	5.00	78,270,000	61,915,000	8,211,740	70,126,740
11/15/17*	2019-31	3.00-5.00	294,625,000	294,625,000	45,979,360	340,604,360
11/15/17*	2020-29	3.00-4.00	143,830,000	143,830,000	12,400,083	156,230,083
11/08/18	2019-38	3.50-5.00	330,000,000	330,000,000	29,758,075	359,758,075
Total			<u>\$ 4,654,560,000</u>	<u>\$ 3,019,425,000</u>	<u>\$ 273,213,612</u>	<u>\$ 3,292,638,612</u>

\* Issue represents refunding bonds.

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

Fiscal Year Ending June 30	General Obligation Bond Requirements		
	Principal	Interest	Total
2020	\$ 399,615,000	\$ 128,728,450	\$ 528,343,450
2021	237,445,000	113,049,975	350,494,975
2022	230,575,000	101,760,175	332,335,175
2023	223,505,000	90,702,000	314,207,000
2024	214,565,000	80,063,263	294,628,263
2025 - 2029	934,435,000	257,010,650	1,191,445,650
2030 - 2034	590,785,000	88,862,775	679,647,775
2035 - 2039	188,500,000	12,511,250	201,011,250
Total	<u>\$ 3,019,425,000</u>	<u>\$ 872,688,538</u>	<u>\$ 3,892,113,538</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, 2019 is \$7,988,732,484.

#### 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, 2019, \$126,850,000 of bonds outstanding are considered defeased.

General obligation bonds authorized and unissued as of June 30, 2019 are \$1,270,700,000 and \$881,203,000, respectively. These amounts include amounts related to variable rate demand obligations (see Note III-F3). In addition to this bond authority, the County has authority under the provisions of Section 56-13 of the 1994 Montgomery County Code, as amended, to issue County bonds within statutory debt limits to finance approved urban renewal projects.

### **3) Variable Rate Demand Obligations**

The County issued variable rate demand obligations (VRDOs) on June 7, 2006, in the amount of \$100 million. These obligations originally would not have matured in total until 2026; however, the County was required by the Note Order to make annual sinking fund payments to retire one-tenth of the notes each year beginning in 2017. On November 15, 2017, the County issued \$78,270,000 of general obligation refunding bonds to defease VRDOs 2006 Series A and B outstanding in the amount of \$90,000,000.

On December 19, 2017, the County issued new VRDOs in the amount of \$170 million. The bonds are subject to optional redemption at par in whole on any date or in part on any interest payment date upon 15 days' notice. Additionally, the bonds are subject to mandatory sinking fund redemption on November 1 in each of the years 2028 through 2037.

The interest rate on the obligations, which re-sets daily, is established by the remarketing agents and is payable on the first business day of each month. Other potential modes for the obligations include a Weekly Mode, a Commercial Paper Mode, a Term Rate Mode or a Fixed Rate Mode. Subject to certain terms and conditions in the Note Order, the County may affect a change in mode with respect to the obligations. The obligations are subject to optional tender and purchase on the demand of the owners thereof, upon certain terms. All such obligations are general obligations of the County to the payment of which the full faith and credit and unlimited taxing power of the County is irrevocably pledged.

In connection with VRDOs, on Dec 1, 2017, the County entered into a Standby Bond Purchase Agreement with U.S. National Association. The Agreement expires on December 18, 2020. The Note Purchase Agreement requires U.S. National Association to provide funds for the purchase of VRDOs that have been tendered and not remarketed pursuant to such agreement. Because the County entered into a financing agreement that ensures the VRDOs can be refinanced on a long-term basis, these obligations are classified as noncurrent liabilities at year-end.

VRDOs outstanding as of June 30, 2019, are as follows:

<u>Dated Date</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Originally Issued</u>	<u>Balance June 30, 2018</u>	<u>Bond Addition</u>	<u>Bonds Retired</u>	<u>Balance June 30, 2019</u>
12/19/17	2028-37	Variable	<u>\$ 170,000,000</u>	<u>\$ 170,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,000,000</u>

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

VRDO requirements to maturity are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Variable Rate Demand Obligation Requirements</u>		
	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2020	\$ -	\$ 3,264,000	\$ 3,264,000
2021	-	3,264,000	3,264,000
2022	-	3,264,000	3,264,000
2023	-	3,264,000	3,264,000
2024	-	3,264,000	3,264,000
2025-2029	17,000,000	16,320,000	33,320,000
2030-2034	85,000,000	17,629,801	102,629,801
2035-2038	68,000,000	6,366,900	74,366,900
	<u>\$ 170,000,000</u>	<u>\$ 56,636,701</u>	<u>\$ 226,636,701</u>

\* Interest is calculated based on the interest rate as of the financial statement date. The interest rate for the VRDOs as of June 30, 2019 was 1.920% for Series E.

#### 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. Revenue bonds authorized and unissued as of June 30, 2019 are \$463,898,000 and \$53,839,000, respectively.

In April 2016, the County issued \$46.5 million Water Quality Protection Charge Revenue Bonds Series 2016. The proceeds of the Series 2016 Bonds are being used to finance and refinance the planning, design, acquisition and construction of stormwater management facilities and other related projects as such facilities are included in and approved in the County's Capital Improvements Program.

In October 2015, the County issued \$9.2 million Parking System Refunding Revenue Bonds (Bethesda Parking Lot District) Series 2015A. These bonds were issued with a true interest cost of 2.55%. The proceeds of the 2015A Bonds together with funds held in reserve were used to refund \$10,230,000 Bethesda Parking Lot District Series 2005A bonds maturing on and after August 1, 2016.

	<u>Dated Date</u>	<u>Original Maturity</u>	<u>Rate of Interest</u>	<u>Originally Issued</u>	<u>Years Refunded</u>	<u>Amount Refunded</u>
Revenue Bonds	08/31/05	2007-2025	3.62-5.00%	<u>\$ 16,495,000</u>	2016-2025	<u>\$ 10,230,000</u>

Debt service savings from this refunding was \$2.1 million. At the time of refunding, the present value of the debt service savings (or economic gain) on the refunding was \$2.0 million.

In March 2017, the County converted the Bethesda Parking Lot District Series 2015 Bond from a tax-exempt to a taxable obligation in the amount of \$8.5 million, which will allow the County more flexibility in the future operation of Garage 11 which was funded with the proceeds of the Bond. The amortization schedule for the Series 2015 Bond which matures in 2026, remains the same, except for conversion of the existing tax-exempt interest rate of 2.55% to a taxable rate of 3.57%. The increased debt service is approximately \$390,000 on a net present value basis at the time of refunding and over the remaining life of the loan.

In March 2019, the County issued \$24.7 million in Department of Liquor Control 2019 Series A Refunding Revenue Bonds. These bonds were issued with a true interest cost of 2.07%. The proceeds held in an escrow account were used to refund \$28.4 million in Department of Liquor Control 2009 Series A bonds maturing on and after April 1, 2020.

	<u>Dated Date</u>	<u>Original Maturity</u>	<u>Rate of Interest</u>	<u>Originally Issued</u>	<u>Years Refunded</u>	<u>Amount Refunded</u>
DLC Revenue Bond	5/12/2009	2009-2029	3.00-5.00%	<u>\$ 46,765,000</u>	2020-2027	<u>\$ 28,400,000</u>

Debt service savings from this refunding was \$4.3 million. At the time of refunding, the present value of the debt service savings (or economic gain) on the refunding was \$4.2 million.

The term of the commitments and approximate amounts of the pledged revenues are as follows:

	<u>Terms of Commitment (Years)</u>	<u>Approximate Amount of Pledge</u>
Bethesda Parking Lot District	13	\$ 35,489,241
Water Quality Protection	17	92,462,900
Liquor Control	14	113,316,394
Total		<u>\$ 241,268,535</u>

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The pledged net revenues recognized during FY19 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	\$ 12,048,937	\$ 3,441,000	\$ 1,212,195	\$ 4,653,195
Liquor Control Fund	37,656,375	5,520,000	3,634,464	9,154,464
Water Quality Protection	16,309,839	3,360,000	2,788,588	6,148,588

Revenue bond issues outstanding as of June 30, 2019, are as follows:

	Dated			Originally Issued	Balance June 30, 2019	Unamortized		
	Date	Maturity	Interest Rate			Premium/ (Discount)	Carrying Value June 30, 2019	
<b>Parking Revenue Bonds:</b>								
Bethesda Parking Lot District 2012	05/16/12	2015-32	3.000 - 3.250	\$ 24,190,000	\$ 19,035,000	\$ 704,511	\$ 19,739,511	
Bethesda Parking Lot District 2012 Ref.	05/16/12	2013-21	1.250 - 1.930	13,750,000	3,555,000	161,976	3,716,976	
Bethesda Parking Lot District 2015 Ref.	10/19/15	2017-25	3.57	8,541,000	7,229,000	-	7,229,000	
Water Quality Protection 2012A	07/18/12	2013-32	0.250 - 5.000	37,835,000	28,400,000	2,643,027	31,043,027	
Water Quality Protection 2016A	04/06/16	2017-36	2.25 - 5.00	46,500,000	41,185,000	1,414,359	42,599,359	
<b>Liquor Control Revenue Bonds:*</b>								
Liquor Control & Transportation 2009	05/12/09	2010-29	3.000 - 5.000	46,765,000	-	-	-	
Liquor Control & Transportation 2011	04/28/11	2012-31	2.000 - 5.000	34,360,000	24,110,000	677,589	24,787,589	
Liquor Control & Transportation 2013	07/30/13	2014-33	3.125 - 5.000	46,645,000	36,245,000	1,175,182	37,420,182	
Liquor Control & Transportation 2019 Ref.	03/29/19	2021-29	4.000 - 5.000	-	24,700,000	3,931,259	28,631,259	
Total				<u>\$ 258,586,000</u>	<u>\$ 184,459,000</u>	<u>\$ 10,707,903</u>	<u>\$ 195,166,903</u>	

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

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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
2020	\$ 3,591,000	\$ 1,049,401	\$ 3,460,000	\$ 3,888,267
2021	3,755,000	879,250	4,300,000	3,708,789
2022	2,410,000	694,191	6,335,000	3,493,789
2023	2,476,000	615,011	6,650,000	3,177,039
2024	2,545,000	533,710	6,970,000	2,862,239
2025-2029	9,957,000	1,573,253	39,810,000	9,347,038
2030-2033	5,085,000	325,425	17,530,000	1,784,233
Total	<u>\$ 29,819,000</u>	<u>\$ 5,670,241</u>	<u>\$ 85,055,000</u>	<u>\$ 28,261,394</u>

Fiscal Year Ending June 30	Water Quality Protection		Total Revenue Bond Requirements		
	Principal	Interest	Principal	Interest	Total
2020	\$ 3,495,000	\$ 2,654,188	\$ 10,546,000	\$ 7,591,856	\$ 18,137,856
2021	3,635,000	2,517,038	11,690,000	7,105,076	18,795,076
2022	3,775,000	2,374,088	12,520,000	6,562,067	19,082,067
2023	3,910,000	2,240,838	13,036,000	6,032,887	19,068,887
2024	4,060,000	2,086,438	13,575,000	5,482,386	19,057,386
2025-2029	22,990,000	7,760,513	72,757,000	18,680,804	91,437,804
2030-2034	21,730,000	2,973,900	44,345,000	5,083,558	49,428,558
2035-2036	5,990,000	270,900	5,990,000	270,900	6,260,900
Total	<u>\$ 69,585,000</u>	<u>\$ 22,877,900</u>	<u>\$ 184,459,000</u>	<u>\$ 56,809,534</u>	<u>\$ 241,268,534</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	\$ 1,727,100	\$ -
Debt Service Account - Used to pay debt service on bonds	309,457	-
Debt Service Reserve Account - (including accrued interest) - Available to pay debt service on bonds if there is insufficient money available	3,107,625	-
Renewal and Renovation Account - Available for payment of renewals, replacements, renovations, and unusual and extraordinary repairs	1,500,000	4,268,415
Rate Stabilization Account - In case of short-term extraordinary expenses	-	1,000,000
Revenue Account – Restricted for property tax refund collections	4,060	
Total	<u>\$ 6,648,242</u>	<u>\$ 5,268,415</u>

\*Solid Waste Disposal also has a management reserve of \$22,044,954 set aside to meet both current and future contingencies.

This reserve is equal to at least 75 days (2.5 months) of the subsequent year's operating budget net of scheduled debt payments, but not less than \$20 million.

## 5) Bond Anticipation Notes Payable

Commercial paper bond anticipation notes (BANs) are authorized, issued, and outstanding as financing sources for capital construction and improvements. Changes in BANs during FY19 are as follows:

	Balance July 1, 2018	BANs Issued	BANs Retired	Balance June 30, 2019
BAN Series 2009-A	\$ 100,000,000	\$ 15,000,000	\$ 15,000,000	\$ 100,000,000
BAN Series 2009-B	100,000,000	15,000,000	15,000,000	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>\$ 330,000,000</u>	<u>\$ 330,000,000</u>	<u>\$ 500,000,000</u>

BANs totaling \$330 million were issued during FY19, \$300 million Series 2010 and \$30 million Series 2009 respectively. BANs are issued at varying maturities to a maximum of 270 days, under a program whose authority was adopted on September 15, 2009, as amended, to consolidate additional authority to borrow money and incur indebtedness. The County reissued the notes upon maturity and continues to do so, until they are replaced with long-term bonds.

In connection with the BANs, the County entered into two-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, 2020. With respect to the 2009 Series BANs, the County has a credit agreement with JP Morgan Chase which expires on August 24, 2020. 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 FY19, the County Council passed Resolution No. 18-1259 dated October 2, 2018 to increase the County's authority to issue BANs by \$155.9 million. Cumulative BANs authorized and unissued as of June 30, 2019, including amounts authorized and unissued from prior years, is \$311,013,000.

## 6) Certificates of Participation

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

In FY19, the pledged lease payments from the Montgomery College Foundation equals the scheduled debt service on the Certificates of Participation schedule. The Certificates for Participation were issued at interest rates ranging from 2.4 to 5.0 percent and have maturity schedules as follows:

Fiscal Year Ending June 30	Certificates of Participation		
	Principal	Interest	Total
2020	\$ 715,000	\$ 695,904	1,410,904
2021	745,000	672,631	1,417,631
2022	760,000	647,499	1,407,499
2023	1,255,000	603,229	1,858,229
2024	1,320,000	538,854	1,858,854
2025-2029	7,405,000	1,891,744	9,296,744
2030-2034	8,320,000	972,969	9,292,969
2035-2036	3,625,000	94,628	3,719,628
Total	<u>\$ 24,145,000</u>	<u>\$ 6,117,458</u>	<u>\$ 30,262,458</u>

Certificates of Participation (College) outstanding as of June 30, 2019 is as follows:

Dated	Interest	Originally	Balance	Unamortized	Carrying
Date	Rate	Issued	June 30, 2019	Premium (Discount)	Value June 30, 2019
COPS College 07/26/16	2017-36 2.00-5.00%	<u>\$ 24,860,000</u>	<u>\$ 24,145,000</u>	<u>\$ 1,005,845</u>	<u>\$ 25,150,845</u>

#### 7) Master Lease/Equipment Notes

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

The following is a schedule by fiscal year for the debt service requirement at June 30, 2019:

Fiscal Year Ending June 30	Equipment Notes Requirements		
	Principal	Interest	Total
2020	\$ 17,482,071	\$ 1,446,010	\$ 18,928,081
2021	16,316,024	1,078,999	17,395,023
2022	12,872,657	741,221	13,613,878
2023	11,649,347	465,618	12,114,965
2024	6,567,707	217,825	6,785,532
2025-2026	4,182,638	87,475	4,270,113
Total	<u>\$ 69,070,444</u>	<u>\$ 4,037,148</u>	<u>\$ 73,107,592</u>

#### 8) Lease Revenue Bonds

In June 2002, the County issued Lease Revenue Bonds dated June 1, 2002, in the amount of \$37.9 million for its Metrorail garage projects. These bonds were issued to finance the costs of the planning, design, construction, and placing into commercial operation, of garages at the Shady Grove and Grosvenor Metrorail Stations. The County has leased these metrorail garage projects to the Washington Metropolitan Area Transit Authority (WMATA).

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

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

The bonds are payable from and secured by a pledge of revenues from WMATA's lease payments and certain reserve funds. The approximate amount of the pledge is \$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 \$2,369,150, 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 FY19, pledged revenue of \$3,496,863 equals the principal and interest on the lease revenue bonds.

Lease revenue bonds outstanding as of June 30, 2019, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2019	Unamortized Premium (Discount)	Carrying Value June 30, 2019
Lease Revenue Bonds	10/13/11	2011-31	2.6687%	\$ 35,465,000	\$ 17,870,000	\$ 1,378,603	\$ 19,248,603

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

Fiscal Year Ending June 30	Lease Revenue Bond Requirements		
	Principal	Interest	Total
2020	\$ 2,660,000	\$ 850,863	\$ 3,510,863
2021	2,790,000	717,863	3,507,863
2022	2,935,000	578,363	3,513,363
2023	3,085,000	431,613	3,516,613
2024	2,985,000	277,363	3,262,363
2025-2029	2,345,000	484,635	2,829,635
2030-2031	1,070,000	64,600	1,134,600
Total	\$ 17,870,000	\$ 3,405,300	\$ 21,275,300

## 9) 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 \$38.0 million; the County issued the certificates to finance the Montgomery Housing Initiative program established by the County to promote a broad range of housing opportunities in the County. The Certificates were issued at interest rates ranging from 0.3 to 4.8 percent and will mature on November 1, 2033.

On November 19, 2018, the County issued Taxable Limited Obligation Certificates Series in the amount of \$33.7 million; the County issued the certificates to finance the Montgomery Housing Initiative program established by the County to promote a broad range of housing opportunities in the County. The Certificates were issued at interest rates ranging from 2.6 to 4.4 percent and will mature on May 1, 2038. On November 19, 2018, the County refunded 2010 Series A in the amount of \$22.4 million with certificate interest rates ranging from 3.1 to 4.2 percent and will mature on May 1, 2030.

Taxable Limited Obligation Certificates outstanding as of June 30, 2019 are as follows:

	Dated Date	Maturity	Interest Rate		Originally Issued	Balance June 30, 2019	Unamortized Premium (Discount)	Carrying Value June 30, 2019
MHI Affordable Housing Series 2010	04/06/10	05/01/30	4.00-5.90 %	\$	30,400,000	\$ -	\$ -	\$ -
MHI Affordable Housing Series 2011	08/10/11	05/01/31	3.00-5.00		28,840,000	19,770,000	131,669	19,901,669
MHI Affordable Housing Series 2013	11/19/13	11/01/33	0.26-4.75		38,015,000	30,600,000	(3,572)	30,596,428
MHI Affordable Housing 2018 Series A	11/19/18	05/01/38	2.60-4.40		33,715,000	32,775,000	79,433	32,854,433
MHI Affordable Housing 2018 Series B Ref.	11/19/18	05/01/30	3.05-4.15		22,420,000	20,950,000	-	20,950,000
					<u>\$ 153,390,000</u>	<u>\$ 104,095,000</u>	<u>\$ 207,530</u>	<u>\$ 104,302,530</u>

The following is a schedule by fiscal year for the debt service requirement at June 30, 2019:

Fiscal Year Ending June 30	Taxable Limited Obligation Requirements		
	Principal	Interest	Total
2020	\$ 5,620,000	\$ 4,294,159	\$ 9,914,159
2021	5,810,000	4,105,507	9,915,507
2022	6,010,000	3,900,014	9,910,014
2023	6,235,000	3,677,282	9,912,282
2024	6,475,000	3,438,466	9,913,466
2025-2029	36,535,000	13,027,414	49,562,414
2030-2034	28,265,000	5,194,145	33,459,145
2035-2038	9,145,000	1,027,620	10,172,620
Total	<u>\$ 104,095,000</u>	<u>\$ 38,664,607</u>	<u>\$ 142,759,607</u>

#### 10) Other Leases and Notes Payable

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 was \$400,000 and was due on July 15 each year.

During 2017, the County entered into an agreement to transfer the property to a developer that would have required the original Promissory Note to be paid in full pursuant to the original Purchase and Sale Contract. However, the County amended and restated the Promissory Note with WSSC, which revised the repayment terms commencing in FY19, and ending in FY28 at an interest rate of 4.43%.

The following is a schedule by fiscal year for the debt service requirement at June 30, 2019:

Fiscal Year Ending June 30	Promissory Note Requirements		
	Principal	Interest	Total
2020	\$ 838,674	\$ 400,181	\$ 1,238,855
2021	875,827	363,028	1,238,855
2022	914,626	324,229	1,238,855
2023	955,144	283,711	1,238,855
2024	997,457	241,398	1,238,855
2025-2028	4,451,710	503,707	4,955,417
Total	<u>\$ 9,033,438</u>	<u>\$ 2,116,254</u>	<u>\$ 11,149,692</u>

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, 2019, for this loan is \$225,000 and will mature on August 1, 2023.

The following is a schedule by fiscal year for the debt service requirement at June 30, 2019:

Fiscal Year Ending June 30	HUD Loan Requirements		
	Principal	Interest	Total
2020	\$ 43,000	\$ 11,396	\$ 54,396
2021	43,000	9,034	52,034
2022	43,000	6,643	49,643
2023	43,000	4,228	47,228
2024	53,000	1,508	54,508
Total	<u>\$ 225,000</u>	<u>\$ 32,809</u>	<u>\$ 257,809</u>

From October 2013 through December 2017, the County has entered into a series of lease agreements to finance energy efficiency projects. These leases were part of a six year capital program that improves energy efficiency of County facilities. Leases range from \$1.9 to \$4.3 million and interest rates range from 2.103% to 5.17%. Lease maturities range from 13 to 20 years.

In July and September 2018, the County entered into two energy efficiency lease agreements. The leases were issued in the amount of \$3.2 million and \$5.3 million, respectively, to finance County building renovation and streetlighting. The lease terms are 16 and 15 years with interest rates at 2.988 % and 2.898%.

The following is a schedule by fiscal year for the debt service requirement at June 30, 2019:

Fiscal Year Ending June 30	Energy Performance Lease		
	Principal	Interest	Total
2020	\$ 1,495,610	\$ 844,559	\$ 2,340,169
2021	1,200,853	802,036	2,002,889
2022	1,201,922	765,603	1,967,525
2023	1,344,130	764,229	2,108,359
2024	1,388,386	686,090	2,074,476
2025-2029	8,161,171	2,729,191	10,890,362
2030-2034	9,939,183	1,270,914	11,210,097
2035-2036	2,250,761	78,573	2,329,334
Total	<u>\$ 26,982,016</u>	<u>\$ 7,941,195</u>	<u>\$ 34,923,211</u>

On August 22, 2018, the County entered into a loan agreement with PNC Bank in the amount of \$6.9 million. The loan financed the County's Rockville Innovation Center and National Cybersecurity Center of Excellence incubator projects. This loan is semi-annually payable at an interest rate of 3.514% over 5 years with a balloon payment in 2023. The principal amount payable at June 30, 2019, for this loan is \$6,322,946 and the debt will mature on June 30, 2023.

The following is a schedule by fiscal year for the debt service requirement at June 30, 2019:

Fiscal Year Ending June 30	Incubator Loan		
	Principal	Interest	Total
2020	\$ 711,588	\$ 215,937	\$ 927,525
2021	740,771	190,675	931,446
2022	772,347	164,368	936,715
2023	<u>4,098,240</u>	<u>146,258</u>	<u>4,244,498</u>
Total	<u>\$ 6,322,946</u>	<u>\$ 717,238</u>	<u>\$ 7,040,184</u>

### 11) Unused Lines of Credit and Collateral Pledges

The County does not have any unused lines of credit. Additionally, the County does not have any assets pledged as collateral.

### 12) 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, 2019, there were twenty-seven issues of Industrial Revenue Bonds and Economic Development Revenue Bonds outstanding. Of these, six were issued prior to July 1, 1996. Four issues prior to July 1, 1996 were retired in FY19. The aggregate principal amount payable at June 30, 2019, for bonds issued prior to July 1, 1996, could not be determined; however, their original issue amounts totaled \$17,450,000. The principal amount payable at June 30, 2019, for bonds issued after July 1, 1996, totaled \$828,274,398.

### 13) Special Taxing and Development Districts

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

Pursuant to Chapter 14 and 68C, special taxes or special assessments may be levied to fund the costs of bonds or other obligations issued on behalf of the respective districts. Any bond issued under Chapter 14 and 68C is not an indebtedness of the County within the meaning of Section 312 of the Charter. Additionally, any bond issued

must not pledge the full faith and credit of the County and must state that the full faith and credit is not pledged to pay its principal, interest, or premium, if any. Any bonds issued are not considered liabilities of the County and are not reported in the County's financial statements. However, unlike the Kingsview Village Center and West Germantown development districts, the County may issue financing or provide funding for certain infrastructure projects within the White Flint Taxing District that are not derived under the authority of Chapter 68C.

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

On August 13, 2014, the County issued \$12,025,000 of Special Obligation Refunding Bonds (Senior Series 2014) to refund West Germantown Development District Series 2002A, 2004A and 2004B bonds. The outstanding principal balance as of June 30, 2019 is \$9.28 million.

On August 26, 2014, the County issued \$1,393,310 of Special Obligation Refunding Bonds (Series 2014A) via direct bank placement to refund the 1999 Series Kingsview Village Center Development District bonds. The outstanding principal balance as of June 30, 2019 is \$0.53 million.

### Component Units

At June 30, 2019, HOC's noncurrent liabilities are comprised of the following:

	Due within one year	Long-Term	Total
Revenue bonds payable	\$ 22,441,450	\$ 455,240,502	\$ 477,681,952
Derivative instrument - hedging	-	7,053,730	7,053,730
Notes and other payable	24,972,752	616,807,173	641,779,925
Net pension liability	-	7,459,885	7,459,885
Net OPEB liability	-	27,760,241	27,760,241
Total	<u>\$ 47,414,202</u>	<u>\$ 1,114,321,531</u>	<u>\$ 1,161,735,733</u>

HOC revenue bonds, which are significant in relation to the total component unit long-term debt, are outstanding as follows:

<u>Purpose</u>	
Multi-Family Mortgage Purchase Program Fund	\$ 273,376,103
Single Family Mortgage Purchase Program Fund	<u>204,305,850</u>
Total	<u>\$ 477,681,953</u>

Interest rates on the HOC Multi-Family and Single Family Mortgage Purchase Program Fund bonds ranged from 1.15 to 11.25 percent and 1.125 to 5.00 percent, respectively, as of June 30, 2019.

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

Section 20-32 of the Montgomery County Code provides the method by which the County has implemented the guarantee.

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

Fiscal Year Ending June 30	Guaranteed Revenue Bond Requirements		
	Principal	Interest	Total
2020	\$ 515,000	\$ 314,090	\$ 829,090
2021	540,000	287,715	827,715
2022	570,000	259,823	829,823
2023	595,000	230,406	825,406
2024	625,000	199,601	824,601
2025-2029	3,640,000	477,478	4,117,478
Total	\$ 6,485,000	\$ 1,769,113	\$ 8,254,113

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
2020	\$ 22,441,450	\$ 14,022,977	\$ 36,464,427
2021	18,995,000	13,523,021	32,518,021
2022	20,235,000	12,973,035	33,208,035
2023	19,885,000	12,391,075	32,276,075
2024	19,925,000	11,800,445	31,725,445
2025-2029	94,275,458	49,992,029	144,267,487
2030-2034	94,100,000	33,817,718	127,917,718
2035-2039	81,195,000	19,238,919	100,433,919
2040-2044	66,895,000	9,778,094	76,673,094
2045-2049	31,130,000	3,187,099	34,317,099
2050-2054	5,960,000	649,781	6,609,781
2055-2059	300,000	5,925	305,925
Unamortized Bond Discount	2,345,044	-	2,345,044
Total	\$ 477,681,952	\$ 181,380,118	\$ 659,062,070

Changes in the HOC revenue bonds during FY19 are as follows:

Purpose	Balance July 1, 2018	Bonds Issued*	Bonds Retired	Balance June 30, 2019
Multi-Family Mortgage Purchase Program Fund	\$ 303,869,686	\$ 28,191	\$ 30,521,774	\$ 273,376,103
Single Family Mortgage Purchase Program Fund	222,778,070	-	18,472,221	204,305,849
Total	\$ 526,647,756	\$ 28,191	\$ 48,993,995	\$ 477,681,952

\* 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, 2018	\$ 210,536,962
Issuances during the year	-
Redemptions during the year	<u>(20,433,752)</u>
Bonds outstanding, June 30, 2019	<u>\$ 190,103,210</u>

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

### 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, 2019, is presented below:

#### Condensed Statement of Net Position

	Bethesda PLD
<b>ASSETS</b>	
Current assets	\$ 15,117,660
Other assets	6,648,242
Capital assets	<u>97,418,591</u>
Total Assets	<u>119,184,493</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources	<u>228,473</u>
Total Deferred Outflows	<u>228,473</u>
<b>LIABILITIES</b>	
Current liabilities	5,066,670
Due to other funds	136,662
Long-term liabilities	<u>27,555,663</u>
Total Liabilities	<u>32,758,995</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows of Resources	<u>222,587</u>
Total Deferred Inflows	<u>222,587</u>
<b>NET POSITION</b>	
Net investment in capital assets	67,643,121
Restricted for debt service	6,648,242
Restricted for public works and transportation	<u>12,140,021</u>
Total Net Position	<u>\$ 86,431,384</u>

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

	Bethesda PLD
<b>OPERATING REVENUES (EXPENSES):</b>	
Operating Revenues:	
Charges for services	\$ 15,736,271
Fines and penalties	4,581,762
Total Operating Revenues (pledged against bonds)	<u>20,318,033</u>
Depreciation	(5,263,482)
Other operating expenses	<u>(8,792,818)</u>
Operating Income (Loss)	<u>6,261,733</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Property taxes	(7,225)
Investment income	426,118
Interest expense	(986,682)
Other revenue	97,604
Transfers out	<u>(1,959,658)</u>
Non Operating Income (Loss)	<u>(2,429,843)</u>
<b>NET POSITION</b>	
Change in Net Position	3,831,890
Beginning Net Position, as restated	<u>82,599,494</u>
Ending Net Position	<u>\$ 86,431,384</u>

## Condensed Statement of Cash Flows

	Bethesda PLD
Net Cash Provided (Used) By:	
Operating activities	\$ 10,294,461
Noncapital financing activities	(1,966,883)
Capital and related financing activities	(9,643,471)
Investing activities	<u>359,964</u>
Net Increase (Decrease)	(955,929)
Beginning Cash and Cash Equivalents	<u>18,395,226</u>
Ending Cash and Cash Equivalents	<u>\$ 17,439,297</u>

## H) Fund Equity

### 1) Governmental Fund Balances

The governmental fund balances at June 30, 2019 are composed of the following:

Fund Balances:	General	Housing Initiative	Grants	Debt Service	Capital Projects	Other Nonmajor Governmental Funds
Inventory	\$ 5,976,777	\$ -	\$ -	\$ -	\$ -	\$ -
Prepays	6,161,031	-	-	-	-	-
<b>Total nonspendable</b>	<b>12,137,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
General government	-	-	-	-	-	6,854,831
Police	-	-	-	-	-	2,953,905
Health and human services	-	-	-	-	-	1,648,539
Mass transit	-	-	-	-	-	11,901,715
Cable TV	-	-	-	-	-	9,948,745
Community development and housing:						
Rehabilitation loan	-	-	-	-	-	4,868,861
Urban districts	723,698	-	-	-	-	-
Economic development	5,109,827	-	-	-	-	-
Housing initiative	-	293,478,406	-	-	-	-
Restricted donations	-	-	-	-	-	1,851,573
Culture and recreation	-	-	-	-	-	3,144,711
Environment:						
Agricultural transfer tax	-	-	-	-	-	1,940,927
Water quality protection	-	-	-	-	-	20,718,880
Restricted donations	-	-	-	-	-	17,990,156
Other	4,385,801	-	216,034	-	-	-
Revenue stabilization	341,545,046	-	-	-	-	-
Debt service	-	-	-	181,856,178	-	-
Capital projects:						
Other capital projects	-	-	-	-	5,124,574	-
<b>Total restricted</b>	<b>351,764,372</b>	<b>293,478,406</b>	<b>216,034</b>	<b>181,856,178</b>	<b>5,124,574</b>	<b>83,822,843</b>
Culture and recreation	2,258,000	-	-	-	-	-
Community development and housing	1,250,000	-	-	-	-	-
Education:						
Montgomery County Public Schools	3,723,702	-	-	-	-	-
Montgomery College	(3,641,140)	-	-	-	-	-
Capital projects	56,247,365	-	-	-	-	-
<b>Total committed</b>	<b>59,837,927</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
General government	17,019,797	-	-	-	-	-
Public safety	6,320,633	-	-	-	-	-
Public works and transportation	1,500,529	-	-	-	-	-
Health and human services	4,498,901	-	-	-	-	-
Culture and recreation	912,406	-	-	-	-	-
Community development and housing	1,006,761	-	-	-	-	-
Environment	523,138	-	-	-	-	-
<b>Total assigned</b>	<b>31,782,165</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Public safety						
Fire and rescue	-	-	-	-	-	(4,255,806)
Mass transit	-	-	-	-	-	-
General government	103,316,700	-	-	-	-	-
<b>Total unassigned</b>	<b>103,316,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,255,806)</b>
<b>Total fund balances</b>	<b>\$ 558,838,972</b>	<b>\$293,478,406</b>	<b>\$ 216,034</b>	<b>\$ 181,856,178</b>	<b>\$ 5,124,574</b>	<b>\$ 79,567,037</b>

## 2) Encumbrances

Encumbrance accounting is employed as part of the budgetary integration for all governmental funds. As of June 30, 2019, 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	\$ 32,052,420	Restricted/Assigned
Housing Initiative	202,866	Restricted
Debt Service	228,014	Restricted
Nonmajor Governmental Funds	<u>16,947,110</u>	Restricted
Total Governmental Funds	<u>\$ 49,430,410</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	\$ 534,088,027
Business-type activities	<u>74,988,479</u>
Total	<u>\$ 609,076,506</u>

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## D) 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, 2019:

	General Fund			Capital	
	Operating	Capital *	Total	Projects	Total
MCPS	\$ 1,722,538,495	\$ 3,347,298	\$ 1,725,885,793	\$ 254,396,644	\$ 1,980,282,437
MC	144,460,594	15,302,140	159,762,734	51,042,068	210,804,802
HOC	<u>7,609,572</u>	<u>-</u>	<u>7,609,572</u>	<u>250,205</u>	<u>7,859,777</u>
Total	<u>\$ 1,874,608,661</u>	<u>\$ 18,649,438</u>	<u>\$ 1,893,258,099</u>	<u>\$ 305,688,917</u>	<u>\$ 2,198,947,016</u>

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

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

### 2) Other Transactions

BUP charges for services revenue include \$5,140,239 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, MC, MCRA, BUP, M-NCPPC, the independent fire/rescue corporations, the Bethesda-Chevy Chase Rescue Squad, the Rockville Housing Enterprises, the Town of Somerset, the City of Gaithersburg, the Village of Drummond, Chevy Chase Village, and the Village of Friendship Heights. The liability for claims with respect to all participants transfers to the self-insurance fund, except for M-NCPPC which retains ultimate liability for its own claims.

The second fund is maintained for Employee Health Benefits under which participants share medical, prescription, dental, vision, and life insurance. While the majority of coverage is self-insured, certain fully insured plan options, including health maintenance organizations (HMOs), are offered to participants. WSTC, BUP, Montgomery Community Television, the Strathmore Hall Foundation, Inc., Arts and Humanities Council of Montgomery County, Montgomery County Volunteer Fire & Rescue Association, Town of Garrett Park, Chevy Chase Village and certain employees of the State of Maryland in addition to some of the participants in the Liability and Property Coverage Program, participate in this program.

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

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Changes in the balances of Claims Payable for the self-insurance funds for FY19 and FY18 are as follows:

	Liability and Property Coverage	Employee Health Benefits	Total
Balance June 30, 2017	\$ 146,810,188	\$ 12,271,413	\$ 159,081,601
Claims and changes in estimates	62,121,946	125,409,988	187,531,934
Claim payments <sup>1</sup>	<u>(44,848,729)</u>	<u>(123,594,625)</u>	<u>(168,443,354)</u>
Balance June 30, 2018 <sup>2</sup>	<u>164,083,405</u>	<u>14,086,776</u>	<u>178,170,181</u>
Claims and changes in estimates	54,377,631	129,995,789	184,373,420
Claim payments <sup>1</sup>	<u>(49,832,733)</u>	<u>(128,690,227)</u>	<u>(178,522,960)</u>
Balance June 30, 2019 <sup>2</sup>	<u>\$ 168,628,303</u>	<u>\$ 15,392,338</u>	<u>\$ 184,020,641</u>

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

<sup>2</sup> Includes incurred but not reported (IBNR) claims of \$76,581,004 and \$15,392,337 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 post closure maintenance costs, accrues such costs and recognizes those costs as expenses as the landfill is utilized. The October 9, 1991 U.S. Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Criteria," established closure requirements for all municipal solid waste landfills (MSWLFs) that receive waste after October 9, 1991. The County has been accruing closure expenses since FY1991 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 FY1998. At the time the landfill was closed, total cumulative capacity used was 6,990,437 tons. The total closure and post closure costs are estimated at \$70,237,672, which have been fully accrued through June 30, 2019. Of the total amount accrued, \$52,449,015 in actual costs have been paid out in prior years, and \$1,589,360 was paid in FY19, resulting in a net liability of \$16,199,297 at June 30, 2019. The current and non-current portions of the adjusted liability at year-end are estimated at \$1,537,197 and \$14,662,100 respectively. These costs are subject to change based on cost differences, changes in technology, or applications of laws and regulations. The County plans to use primarily operating cash to pay for these closure and post closure costs as they are incurred in the future.

### 2) Pollution Remediation

In FY09, the County identified the closed Gude Landfill as requiring pollution remediation or post-closure due to ground water and surface contamination. The landfill was used for the disposal of County municipal solid waste and received approximately 4.8 million tons of municipal waste from 1965 until the site was closed in 1982. A Consent Order was issued in May 2013 by the Maryland Department of the Environment (MDE) to address groundwater contamination, landfill gas migration, and non-stormwater discharges from the closed Gude Landfill. The total remediation cost estimated as of FY19 was \$28,700,000. Of the total amount accrued, \$204,725 in actual costs have been paid out in FY18, and \$1,155,460 was paid in FY19, resulting in a net liability of \$27,339,815 as of June 30, 2019. The Department of Environmental Protection (DEP) completed an Assessment of Corrective

Measures (ACM) report, which evaluates the effectiveness of a range of remediation alternatives and includes a recommended approach for remediation of environmental contamination at the Gude Landfill. MDE approved a resubmittal of the ACM report in July 2016 which specifically outlines the approved remediation method to include: toupee capping (regrading and capping the top of the landfill and selected slope areas with a synthetic liner and two feet of soil); and additional gas collection through the installation of additional gas extraction wells. These measures will reduce infiltration of rainwater into the landfill resulting in the generation of less leachate and fewer leachate seeps. They will also result in better control of landfill gas migration.

### **3) Litigation**

In addition to those suits in which claims for liability are adequately covered by insurance, the County may be a defendant in various suits involving tort claims, violations of civil rights, breach of contract, inverse condemnation, and other suits arising in the normal course of business. In the opinion of the County Attorney, the estimated liability of the County in the resolution of these cases will not exceed \$9,592,633. In accordance with generally accepted accounting principles, \$1,353,404 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 not probable. The remaining \$8,239,229 has not been reflected as a liability in the accompanying financial statements, as the County's liability on these claims is determined to be not probable.

### **4) Grants, Entitlements, and Shared Revenues**

The County participates in a number of Federal and State assisted grant, entitlement, and/or reimbursement programs, principal of which are the Community Development Block Grant, the Head Start Grant, Community Mental Health Grant, and the Medical Assistance Grant. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of most of these programs for, or including, the year-ended June 30, 2019, have not yet been completed. In accordance with the provisions of the Uniform Grant Guidance, issued by the U.S. Office of Management and Budget, the County participates in single audits of federally assisted programs. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although management does not believe amounts ultimately disallowed, if any, would be material.

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## 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, 2019, are as follows:

<u>Enterprise Funds:</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
<b>Major Funds:</b>			
Liquor	\$ 1,145,710	\$ -	\$ 1,145,710
<b>Solid Waste Activities:</b>			
Disposal operations	10,864,609	-	10,864,609
Collection operations	57,468	-	57,468
<b>Parking Lot Districts:</b>			
Silver Spring	1,332	2,004,575	2,005,907
Bethesda	50,648	3,374,561	3,425,209
Wheaton	15,487	130,859	146,346
Subtotal	<u>12,135,254</u>	<u>5,509,995</u>	<u>17,645,249</u>
<b>Nonmajor Funds:</b>			
Permitting Services	1,151,727	-	1,151,727
Community Use of Public Facilities	51,587	-	51,587
Subtotal	<u>1,203,314</u>	<u>-</u>	<u>1,203,314</u>
Total Enterprise Funds	<u>13,338,568</u>	<u>5,509,995</u>	<u>18,848,563</u>
<b><u>Internal Service Funds:</u></b>			
Motor Pool	1,625,635	-	1,625,635
Central Duplicating	451,086	-	451,086
Liability & Property Coverage Self-Insurance	913,491	-	913,491
Employee Health Benefits Self-Insurance	449,744	-	449,744
Total Internal Service Funds	<u>3,439,956</u>	<u>-</u>	<u>3,439,956</u>
Total Proprietary Funds	<u>\$ 16,778,525</u>	<u>\$ 5,509,995</u>	<u>\$ 22,288,519</u>

As of June 30, 2019, the County has \$21,207,730 in outstanding offers of loans and/or grants that have been extended to various companies under its Economic Development programs. To help fund such offers, the fund balance of the Economic Development programs at the end of the year is typically re-appropriated in the following year.

### C) Subsequent Events

On November 7, 2019, the County issued new money General Obligation Bonds (Tax-Exempt Series A) in the amount of \$320.0 million. The proceeds will pay off an equivalent amount of the County's BANS which funded capital expenditures for education, transportation and other County facilities.

On November 26, 2019, the County funded Ride-On Buses through a PNC Master Lease draw approximating \$3.2 million.

On December 18, 2019, the Montgomery County Maryland Revenue and Refunding Bonds (Trinity Health Credit Group) Series 2011, in the amount of \$62.97 million, was refunded with taxable bonds issued by the Michigan Finance Authority. This conduit debt obligation is not reported as a liability in the County's financial statements.

A seventh draw under the Banc of America Public Capital Corp Master Equipment Lease/Purchase Agreement in the amount of \$3.8 million was issued on December 19, 2019. The proceeds will fund the second phase of an LED streetlighting conversion project for which repayment of debt is guaranteed through energy savings.

On December 20, 2019, the County closed on two drawdown loans with the Maryland Water Quality Financing Administration, approximating \$50.7 million and received two drawdowns approximating \$2.8 million. The loans will be secured by Water Quality Protection Charge revenues and proceeds will fund stormwater management projects.

## **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, 2019, M-NCPPC had outstanding notes payable and bonds payable in the amount of \$184,876,869, of which zero dollars were self-supporting. Of the total amount payable, \$12,595,000 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, 2019 is \$65,650,137, 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, 2019, WSSC had outstanding notes payable and bonds payable in the amount of \$3,360,160,000 which were fully self-supporting. Of the total amount payable, \$333,736,000 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, 2019, 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 \$144,553 to WSTC during FY19.

**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.

A summary reflecting WMATA's expenditures incurred for the County's share of WMATA's activities for FY19, which are fully funded by the State and not reflected in the accompanying financial statements, is as follows:

Bus Operating Subsidy	\$	71,898,810
Rail Operating Subsidy		72,510,924
Americans with Disabilities Act Service		24,979,079
MetroMatters Program		4,699,175
Series 2017B Debt Service		7,213,337
Capital Improvement Program		55,591,144
Project Development Program		510,807
Local bus program		<u>48,006,711</u>
Total	\$	<u>285,409,987</u>

At June 30, 2019, WMATA had outstanding bonds payable of \$998,400,000 of which \$75,550,000 represented bonds payable due within one year. This debt is payable from the resources of WMATA.

## **Northeast Maryland Waste Disposal Authority (NEMWDA)**

NEMWDA is a body politic and corporate, and a public instrumentality of the State of Maryland. NEMWDA was established to assist the political subdivisions in the Northeast Maryland Region, the private sector in waste management, and the development of waste disposal facilities adequate to accommodate the region's requirements for disposal of solid waste. NEMWDA has the following eight member jurisdictions from the State of Maryland: Montgomery County, Anne Arundel County, Baltimore City, Baltimore County, Carroll County, Frederick County, Harford County, and Howard County. The Maryland Environmental Service is an ex-officio member.

NEMWDA operates the County's Resource Recovery Project. NEMWDA has entered into a service contract with the County under which the County pays a waste disposal fee calculated in accordance with the agreement. Waste disposal fee expense incurred by the Solid Waste Activities Enterprise Fund during FY19 amounted to \$25,213,089.

## **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 8 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 FY19 membership dues and fees for services amounting to \$922,296.

## **E) Employee Benefits**

### **1) Deferred Compensation**

During FY05, the Montgomery County Council passed legislation enabling the County to establish and maintain one or more additional deferred compensation plans for employees covered by a collective bargaining agreement. All county non-represented employees, those County represented employees who elected to participate, and employees who were retired at the time of transfer continue to participate in the Montgomery County Deferred Compensation Plan administered by the County (the County Plan). County represented employees who elected and all represented employees hired after March 1, 2005 participate in the newly created Montgomery County Union Employees Deferred Compensation Plan (the Union Plan) administered by the bargaining units. The purpose of these Plans is to extend to employees deferred compensation plans pursuant to Section 457 of the Internal Revenue Code of 1986, as amended.

During FY99, in accordance with Federal legislation, the assets of the County Plan were placed in trust for the sole benefit of participants and their beneficiaries. Trust responsibilities were assigned to the Board of Investment Trustees (Board). The County Plan therefore is accounted for and included in the accompanying financial statements as a pension and other employee benefit trust fund. The assets of the Union Plan are not included in the accompanying financial statements since the County has no fiduciary or other responsibility for the Union Plan except as required by federal law, including any regulation, ruling, or other guidance issued under law.

Under Section 33-11 of the Code, all eligible employees hired after July 1, 2008 are automatically enrolled in the appropriate Plan with a 1% contribution unless they elect out within 60 days from the date of hire.

Under both Plans, contributions are sent to contracted third party administrator investment vendors for different types of investments as selected by participants. A separate account, which reflects the monies deferred, investment of the monies, and related investment earnings, is maintained for each participant. Withdrawals are made upon retirement, termination of employment, death, and/or in unforeseeable emergencies. Administrative expenses relating to the County Plan, which are not significant to the County Plan, have been paid by the General Fund.

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

Employees of the County earn annual, compensatory, and sick leave in varying amounts. Employees who are part of the County Management Leadership Service and participate in the Retirement Savings Plan 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 FY19, the County and its employees contributed \$105,710,954 and \$44,886,011, respectively. Employees of MCRA, HOC, and BUP participate in the comprehensive insurance program of the County. Employer contributions totaled \$874,299, \$3,887,079, and \$170,534 for these component units, respectively, for FY19.

## **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, SkyPoint Federal Credit Union, certain employees of the State Department of Assessments and Taxation, and the District Court of Maryland are provided retirement benefits under the System. The System, established under Section 33 of Montgomery County Code, 2001, as amended, is a contributory plan with employees contributing a percentage of their base annual salary, depending on their group classification which determines retirement eligibility.

Benefit provisions are established under the Montgomery County Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups and retirement membership classes within the System. Members enrolled before July 1, 1978, belong to either the optional non-integrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to the mandatory integrated group. Within the groups are different retirement membership classes. The retirement class assigned depends upon the job classification of the member (i.e., non-public safety, police, fire, sheriffs and correctional staff). Normal and early retirement eligibility, the formula for determining the amount of benefit, and the cost of living adjustment varies depending upon the retirement group and retirement membership class. Normal retirement is a percentage of earnings multiplied by years of credited service. Earnings for optional non-integrated group members and optional integrated group members is defined as the high 12 months and for mandatory integrated group members, the high 36 months. The percentage of earnings, the maximum years of credited service and the cost of living adjustment varies depending upon the retirement membership class and group.

Members who retire early receive normal retirement benefits reduced by a minimum of 2 percent to a maximum of 60 percent depending on the number of years early retirement precedes normal retirement. Disability benefits are contingent upon service-connected or 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 Plans (DROP), established in 2000, allow any employee who is a member of a specified membership class or bargaining unit, and who meets certain eligibility requirements, to elect to “retire” but continue to work for a specified time period, during which pension payments are deferred. When the member’s participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member’s credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff.

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

### **Funding Policy**

Required employee contribution rates varying from 6 to 11.25 percent of regular earnings are fixed and specified under Section 33-39 (a) of the Montgomery County Code of 2001, as amended. Employee contributions for the Elected Officials’ Plan are 4 percent of regular earnings. The County and each participating agency are required to contribute the remaining amounts necessary to fund the System, using the actuarial basis as specified in Section 33-40 of the Montgomery County Code of 2001, as amended. Under the current procedures, an actuarial valuation

is performed to determine the employer contribution rate for the System. The contribution rate developed is a percentage of active member payroll. The dollar amount of each year's employer contribution is determined by applying the contribution rate to the actual payroll for each year. Funding of the System during the period is the sum of the normal costs and amortization of the unfunded accrued liability over a twenty-year period.

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

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

At June 30, 2019, the County reported a liability of \$180,738,135 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the County's proportion was 93.64% as compared to June 30, 2017 of 94.78%, a decrease of 1.14%.

For the fiscal year ended June 30, 2019, the County recognized pension expense of \$17,216,905. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 62,567	\$ 90,140,666
Assumption changes	-	1,319,685
Net difference between projected and actual earnings on pension plan investments	43,905	-
Changes in proportion and differences between County contributions and proportionate share of contributions	6,884,401	8,759,170
County contributions subsequent to the measurement date	<u>84,667,243</u>	<u>-</u>
Total	<u>\$ 91,658,116</u>	<u>\$ 100,219,521</u>

The \$84,667,243 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2020	\$ 7,166,804
2021	(26,031,433)
2022	(56,853,835)
2023	(17,510,184)

### Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2018
Actuarial cost method	Individual Entry Age Normal
Amortization method for funding	Level percentage of payroll, separate closed period bases for Public Safety and GRIP, single closed period amortization base for non-Public Safety.
Amortization period for funding	For Public Safety and GRIP: Initial amortization period of 20 years for the base established July 1, 2015. Initial amortization period of 20 years for subsequent bases. For non-Public Safety: Single closed amortization period of 9 years established July 1, 2015. Average amortization period of 7.0 years for total ERS.
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.50% per year
Projected salary increases depending on service	3.25% - 9.50% per year
Cost-of-living (inflation rate) adjustments	2.75% on the benefit attributable to credited service earned prior to June 30, 2011. 2.3% on the benefit attribution to credited service earned on or after July 1, 2011, reflecting the 2.5% cap.
Post-retirement increases	Consumer Price Index – by Group
Investment rate of return	7.5% per year
Mortality rates after retirement	RP-2014 Healthy Annuitant Mortality Table, sex-distinct for healthy mortality. Rates are set forward six years for male disabled mortality and eight years for the female disabled mortality assumption. To provide a margin for future mortality improvements, generational mortality improvements from 2014 using projection scale MP-2014 was used.

An experience study was conducted for the period from July 1, 2009 to July 1, 2014 in September 2015. An actuarial experience study is conducted every five years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected rate of inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 (see Note III.A4 for discussion of the System's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	4.20 %
International Equity	4.20
Emerging Market Equity	4.20
Global Equity	4.45
Private Equity	5.98
Private Debt	4.70
High Yield Bonds	3.00
Directional Hedge Funds	4.05
Long Duration Fixed Income	1.90
Cash	0.10
Diversifying Hedge Funds	2.99
Global IIs	2.95
Private Real Assets	7.28
Public Real Assets	4.99

### 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 rate, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5%, 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	\$ 622,498,799	\$ 180,738,135	\$ (199,523,436)

### 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 FY19 were \$20,511,483 and \$12,022,809, respectively. In accordance with IRS regulations and the County Code, \$200,000 in accumulated revenue was used to reduce employer contributions in FY19.

The Montgomery County Council passed legislation in FY09 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Employees' Retirement System, for employees. During FY10, eligible County employees who were members of the Plan were granted the option to elect to participate in the GRIP and to transfer their Plan member account balance to the GRIP and cease being a member of the Plan.

## **3) State Retirement Plan**

### **Plan Description**

Certain employees of the County participate in the cost sharing multi-employer defined benefit retirement plans sponsored by the Maryland State Retirement Agency and administered by the Maryland State Retirement and Pension System (MSRP System). The MSRP System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to the employees of the

State and participating governmental units. The MSRP System is administered by a 15-member Board of Trustees. The MSRP System issues a publicly available financial report that can be obtained at <http://www.sra.state.md.us>.

**Benefits Provided**

The MSRP System provides retirement allowances and other benefits to the covered employees. For employees who became members of the Employees Retirement and Pension System on or before June 30, 2011, retirement/pension allowances are computed using both the highest three years Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For employees, who become members on or after July 1, 2011, pension allowances are computed using both the highest five years AFC and the actual number of years of accumulated creditable service.

A member is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member’s AFC multiplied by the number of years of accumulated creditable service. An individual who is a member on or before June 30, 2011 is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member on or after July 1, 2011 is eligible for full retirement benefits if the member’s combined age and eligibility service equals at least 90 years or if the member is at least 65 and has accrued at least 10 years of eligibility service.

**Contributions**

The County and its covered employees are required by the State statute to contribute to the MSRP System. The required FY19 employee contributions vary from 5-7% of salary. The required employer contribution rate for FY19 is 18.58% 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, 2019, the County reported a liability of \$27,025,721 for its proportionate share of the net pension liability of the MSRP System. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The County’s total proportionate share and change from prior year is as follows:

	<u>FY 19</u>	<u>FY 18</u>	<u>Change</u>
Montgomery County	0.0724416%	0.0675932%	0.0048484%
Montgomery County Public Libraries	0.0001883	0.0001844	0.0000039
Montgomery County (Supplemental)	0.0558433	0.059301	(0.0034577)
Bethesda Fire Department	0.0001095	0.0001073	0.0000022
Chevy Chase Fire Department	<u>0.0002242</u>	<u>0.0002196</u>	<u>0.0000046</u>
Total	<u>0.1288069%</u>	<u>0.1274055%</u>	<u>0.0014014%</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, 2019, the County recognized pension expense of \$4,051,292. At June 30, 2019, 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	\$ 788,213	\$ -
Investment return difference	989,701	-
Difference between actual and expected experience	-	2,187,121
Changes in proportion and differences between County contributions and proportionate share of contributions	2,362,927	-
County contributions subsequent to the measurement date	2,562,867	-
Total	<u>\$ 6,703,708</u>	<u>\$ 2,187,121</u>

The \$2,562,867 reported as deferred outflows of resources related to pensions resulting from the County subsequent to the measurement date will be recognized as a reduction in net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Amount
2020	\$ 1,725,074
2021	1,035,838
2022	(424,374)
2023	(335,840)
2024	(46,978)

### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method. Inflation is assumed to be 2.60% for general and 3.10% for wage.

### Discount Rate

A single discount rate of 7.45% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.45%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the County’s total proportionate share of the net pension liability calculated using 7.45%, 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 (6.45%) lower or 1-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net pension liability	\$ 38,926,353	\$ 27,025,721	\$ 17,149,105

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

**Plan Description**

Under Section 21-21 of the Montgomery County Code, the County has established a Length of Service Award Program (LOSAP) for the County’s Department of Fire and Rescue Service volunteers who meet certain age and service criteria. This program is a single-employer defined pension plan because the benefits are based on the age and years of service. According to the general accounting standards, volunteers who provide services to state and local governments are included as the employees of those governments. Any local fire and rescue volunteer is eligible for this program if the volunteer is at least 16 years old and satisfies the following conditions: (a) was an active volunteer on or after August 15, 1965 or (b) on August 15, 1965, had completed 25 years as an active volunteer and (c) if less than 18 years old, meets any additional requirements established by Executive regulation.

Benefit provisions for this program are established under Section 21-21(c - g) of the County Code. The types of benefits included in this program are monthly award payments, disability benefits, survivor’s benefits, death benefits, and other benefits. Effective January 1, 1985, normal benefits are payable earlier of (a) at any age with 25 years of credited service, or (b) at least age 55 with 25 years of credited service as an active volunteer before 1996, or (c) age 60 with 15 years of credited service, or (d) age 65 with 10 years of credited service. The lifetime benefit is equal to (a) \$9.20 per month for each year of service up to 25 years plus (b) \$11.50 per month for each year of service as an active volunteer over 25 years. The maximum total benefit is \$345 per month. Benefits continue to accrue for service earned after payments commence. There is no provision with respect to benefit change for automatic cost of living adjustment. The benefit terms are established by and may be amended by the County Council.

The credited service is based on the point system as described under Section 21-21 (k) of the County Code. An active volunteer is one who accumulates at least 50 points in a calendar year under the point system. The points are not transferable to another year. An individual must not receive points for any activity performed as a County employee.

The number of members covered under this program as of December 31, 2017 are as follows:

Inactive members currently receiving benefit payment	606
Inactive members entitled to but not yet receiving benefits	292
Active members	<u>1,522</u>
Total	<u>2,420</u>

There is neither accumulated assets to pay benefits under this program nor there is any trust established for this program.

The County must pay benefits under this program from the fire tax funds as required under Section 21-21 (h) of the County Code. Benefit expenditures amounting to \$1,392,134 in FY19 are reported in the Fire Tax District Special Revenue Fund on a “pay-as-you-go” basis.

### **Total Pension Liability**

The County’s total pension liability of \$36,439,585 was measured as of June 30, 2018 and was determined by an actuarial valuation date of December 31, 2017 and rolled forward to the measurement date of June 30, 2018.

#### ***Actuarial Assumptions***

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation date	December 31, 2017
Actuarial method	Entry Age Normal
Retirement Age	100 percent of members are assumed to commence benefits at earliest eligibility of: <ol style="list-style-type: none"> <li>1. Age 65 with 10 years of LOSAP service</li> <li>2. Age 60 with 15 years of LOSAP service</li> <li>3. Any age with 25 years of LOSAP service</li> </ol>
Mortality	The RP-2014 Healthy Annuitant Mortality Table, sex distinct, with projected generational mortality improvements based on the MP-2014 table for post-retirement non-disabled mortality. The RP-2014 Employee Mortality Table, sex distinct, with projected generational mortality improvements based on the MP-2014 table for pre-retirement mortality. The RP-2014 Healthy Annuitant Mortality Table, sex distinct, set forward six years for males and eight years for females, with projected generational mortality improvements based on the MP-2014 table for post-retirement disabled mortality. The mortality assumptions contain a provision for future mortality improvements.

### ***Discount Rate***

The discount rate used is a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. For this valuation, a discount rate of 3.31% was used to measure the total pension liability as of December 31, 2017. A discount rate of 3.62% was used to measure the total pension liability as of June 30, 2018.

The discount rate as of December 31, 2017 and June 30, 2018, respectively, are the fixed-income municipal bonds rate with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 29, 2017 and June 29, 2018, respectively. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.

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

The following presents the total pension liability calculated using the discount rate of 3.62%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62%) or 1-percentage-point higher (4.62%) than the current discount rate:

	1% Decrease <u>(2.62%)</u>	Discount Rate <u>(3.62%)</u>	1% Increase <u>(4.62%)</u>
Total Pension liability	\$42,860,105	\$36,439,585	\$30,837,482

### **Changes in the Total Pension Liability**

	Total Pension Liability (a)
<b>Balance at June 30, 2018</b>	<b><u>\$ 37,946,046</u></b>
<b>Changes for the year:</b>	
Service cost	474,699
Interest on the Total Pension Liability	621,258
Assumptions changes	(1,927,565)
Benefit Payments	<u>(674,853)</u>
<b>Net Changes</b>	<b><u>(1,506,461)</u></b>
<b>Balance at June 30, 2019</b>	<b><u>\$ 36,439,585</u></b>

The change in the Total Pension Liability, due to the change in the Single Discount Rate from 3.31% as of the beginning of the year to 3.62% as of the end of the year, is included as an assumption change.

There are no assets accumulated under this program to pay related benefits.

## LOSAP Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to LOSAP

For the year ended June 30, 2019, the County recognized LOSAP Pension expense of (\$1,068,698). At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to LOSAP as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 291,271
Changes in assumptions	-	1,859,278
County benefit payment subsequent to the measurement date	<u>1,392,134</u>	<u>-</u>
Total	<u>\$ 1,392,134</u>	<u>\$ 2,150,549</u>

The \$1,392,134 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, 2019. Other amounts reported as deferred outflows of resources will be recognized in future pension expense as follows:

Fiscal Year	Amount
2020	\$ (1,732,610)
2021	(417,939)

## G) Other Postemployment Benefits (OPEB)

### Plan Description

*Plan administration.* During FY08, the Montgomery County Council enacted legislation (Bill No. 28-07) to establish a new trust effective July 1, 2007 to fund certain County retiree benefit plans. Effective July 1, 2011, the Montgomery County Council enacted legislation (Bill No. 17-11) to change the name to Consolidated Retiree Health Benefits Trust (CRHBT) due to the addition of County-funded agency retiree benefits plans. The County-funded agencies are MCPS and MC, both component units of the reporting entity. During FY19, the County contributed \$27,200,000 to the CRHBT on behalf of MCPS for the health benefits of its retirees. The Claims paid reflected on the accompanying financial statements include claims amounting to \$27,200,000 reimbursed to MCPS during FY19, as required per the County Council Resolution No. 18-1144. The allocated portions of investments relating to MCPS and MC as of June 30, 2019 were \$467,409,659 and \$58,323,168, respectively, and these investments are included in the investments of the CRHBT as reflected on the accompanying financial statements.

The CRHBT is a cost-sharing multiple-employer defined benefit healthcare plan sponsored by the County. Other agencies and political subdivisions have the right to elect participation. The Board of Trustees (Board) has the exclusive authority to manage the assets of the CRHBT. The Board consists of nineteen trustees and functions as part of the County. A publicly available annual report that includes financial statements and required supplementary information for the CRHBT can be accessed on the County's website at

<http://www.montgomerycountymd.gov/mcerp>, or can be obtained by writing the Montgomery County Employee Retirement Plans, 101 Monroe Street, Rockville, Maryland 20850.

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

### **Contributions**

The County Council has the authority to establish and amend contribution requirements of the plan members and the County. The Plan is a contributory plan in which the County and the retired members and beneficiaries contribute, based on an actuarial valuation, certain amounts toward the current cost of healthcare benefits. During FY19, the County contributed \$27,200,000 to the CRHBT on behalf of MCPS for the health benefits of their retirees. The County and other contributing entities contributed \$77,208,187 including \$61,143,847 for current premiums, claims and administrative expenses, and \$16,064,340 toward prefunding future benefits. Contributions also include Medicare Part D contributions in the amount of \$11,095,677

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

At June 30, 2019, the County reported a liability of \$1,291,984,263 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on a projection of the County's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating agencies actuarially determined. At June 30, 2018 and 2017, the County's proportion was 97.064% and 97.62%, respectively, a decrease of 0.556%.

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*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2018
Measurement Date	June 30, 2018
Actuarial cost method	Entry Age Normal
Discount Rate	6.26%
20 Yr. Municipal Bond Rate	3.87%
Municipal Bond Rate Basis	Bond Buyers General Obligation 20 year Municipal Bond Index
Expected Return on Assets	7.50%
Salary Increases	3.25%-9.50%, depending on service
General Inflation	3.00%
Mortality:	
Preretirement	Healthy Retirees and Beneficiaries The aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 with Scale MP-2017.
Disabled Retirees	The aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 with Scale MP-2017, (disabled post retirement) Set forward 6 years for Males and 8 years for Females, with separate tables for males and females.
Health care cost trend rates:	
	POS Medical with standard plan (initial, ultimate)
	Medical (excluding Indemnity plan) pre-65 7.76%, 4.50%
	Medical (excluding Indemnity plan) post-65 7.68%, 4.50%
	Medical (Indemnity plan) pre-65 8.27%, 4.50%
	Medical (Indemnity plan) post-65 7.39%, 4.50%
	Dental 4.50%, 4.50%

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to July 1, 2014 in September 2015.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018 (see Note III.A4 discussion of the OPEB plan's investment policy) are summarized in the following table:

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Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	4.20 %
International Equity	4.20
Emerging Market Equity	4.20
Global Equity	4.45
Private Equity	5.98
Private Debt	4.70
High Yield Bonds	3.00
Directional Hedge Funds	4.05
Long Duration Fixed Income	1.90
Cash	0.10
Diversifying Hedge Funds	2.99
Global IIs	2.95
Private Real Assets	7.28
Public Real Assets	4.99

A single discount rate of 6.26% was used to measure the total OPEB liability as of June 30, 2018. This single discount rate was blended based on the expected long term rate of return on OPEB plan investments of 7.5% and the municipal long term high quality bond index yield (at the measurement date) of 3.87% as described under the terms of the GASB standard. The projection of cash flows used to determine the single discount rate assumes that employer contributions will be made based on the current funding policy (contributions equal to the employer normal cost plus a 30-year open level percent of pay amortization of the unfunded employer liability). Based on these assumptions, the OPEB plan's fiduciary net position was projected to not be sufficient to make all projected future benefit payments on behalf of current plan members. Therefore, the long-term expected rate of return on plan investments was applied only to those payments prior to the depletion of the fiduciary net position and the bond yield index rate was applied to those benefit payments subsequent to the projected depletion of the fiduciary net position. For this valuation, the bond rate used as of June 30, 2018 was 3.87%. Therefore, the blended discount rate used as of June 30, 2018 was 6.26%

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

The following presents the net OPEB liability calculated using the discount rate of 6.26%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.26%) or 1-percentage-point higher (7.26%) than the current rate:

	<u>1% Decrease</u> <u>(5.26%)</u>	<u>Discount Rate</u> <u>(6.26%)</u>	<u>1% Increase</u> <u>(7.26%)</u>
Net OPEB Liability	\$ 1,591,996,884	\$ 1,291,983,847	\$ 1,054,305,282

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

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

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 1,042,594,401	\$ 1,291,983,847	\$ 1,610,247,686

**OPEB Plan Fiduciary Net Position**

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

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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, 2019  
RSI-1

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes:				
Property	\$ 1,322,969,280	\$ 1,322,969,280	1,288,068,990	\$ (34,900,290)
Property - penalty and interest	-	-	2,285,742	2,285,742
Total Property Tax	1,322,969,280	1,322,969,280	1,290,354,732	(32,614,548)
County Income Tax	1,585,159,299	1,585,159,299	1,531,219,289	(53,940,010)
Other Local Taxes:				
Real property transfer	109,540,000	109,540,000	113,520,206	3,980,206
Recordation	53,406,507	53,406,507	54,671,817	1,265,310
Fuel energy	193,982,138	193,982,138	194,628,814	646,676
Hotel-motel	22,235,992	22,235,992	21,288,964	(947,028)
Telephone	53,253,090	53,253,090	52,415,089	(838,001)
Other	4,231,281	4,231,281	5,022,049	790,768
Total Other Local Taxes	436,649,008	436,649,008	441,546,939	4,897,931
Total Taxes	3,344,777,587	3,344,777,587	3,263,120,960	(81,656,627)
Licenses and Permits:				
Business	5,219,750	5,219,750	4,884,663	(335,087)
Non business	7,468,250	7,468,250	6,862,666	(605,584)
Total Licenses and Permits	12,688,000	12,688,000	11,747,329	(940,671)
Intergovernmental Revenue:				
State Aid and Reimbursements:				
DHR State reimbursement	40,000	40,000	37,316	(2,684)
Highway user revenue	3,764,808	3,764,808	3,540,875	(223,933)
Police protection	14,180,847	14,180,847	10,635,635	(3,545,212)
Health and human services programs	9,654,729	9,654,729	10,849,859	1,195,130
Public libraries	6,430,819	6,430,819	4,598,326	(1,832,493)
911 Emergency	7,000,000	7,000,000	7,737,132	737,132
Other	1,570,745	1,570,745	694,029	(876,716)
Total State Aid and Reimbursements	42,641,948	42,641,948	38,093,172	(4,548,776)
Federal Reimbursements:				
Federal financial participation	16,548,090	16,548,090	19,273,733	2,725,643
Other	5,585,490	5,585,490	5,362,286	(223,204)
Total Federal Reimbursements	22,133,580	22,133,580	24,636,019	2,502,439
Other Intergovernmental	1,578,000	1,578,000	1,206,968	(371,032)
Total Intergovernmental Revenue	66,353,528	66,353,528	63,936,159	(2,417,369)
Charges for Services:				
General government	1,623,313	1,622,813	1,702,837	80,024
Public safety	5,324,225	5,324,225	5,046,349	(277,876)
Health and human services	1,100,000	1,100,000	1,220,151	120,151
Culture and recreation	20,000	20,000	24,577	4,577
Environment	405,000	405,000	1,016,514	611,514
Public works and transportation	1,388,850	1,388,850	1,530,898	142,048
Total Charges for Services	9,861,388	9,860,888	10,541,326	680,438
Fines and forfeitures	28,672,650	34,272,650	31,495,317	(2,777,333)
Investment Income:				
Pooled investment income	86,600	86,600	1,184,517	1,097,917
Other interest income	2,590	2,590	660	(1,930)
Total Investment Income	89,190	89,190	1,185,177	1,095,987

(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, 2019  
**RSI-1 (Continued)**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Miscellaneous Revenue:				
Property rentals	4,422,630	4,422,630	4,822,078	399,448
Sundry	6,960,828	7,895,123	17,595,499	9,700,376
Total Miscellaneous Revenue	11,383,458	12,317,753	22,417,577	10,099,824
Total Revenues	3,473,825,801	3,480,359,596	3,404,443,845	(75,915,751)
Expenditures:				
Departments or Offices:				
County Council:				
Personnel	10,949,473	11,126,427	11,126,420	7
Operating	697,052	813,612	813,608	4
Totals	11,646,525	11,940,039	11,940,028	11
Board of Appeals:				
Personnel	514,003	519,232	509,146	10,086
Operating	65,227	65,227	48,993	16,234
Totals	579,230	584,459	558,139	26,320
Legislative Oversight:				
Personnel	1,599,453	1,797,060	1,797,053	7
Operating	144,634	144,584	144,583	1
Totals	1,744,087	1,941,644	1,941,636	8
Merit System Protection Board:				
Personnel	239,185	244,366	241,492	2,874
Operating	10,504	10,504	9,686	818
Totals	249,689	254,870	251,178	3,692
Zoning and Administrative Hearings:				
Personnel	606,191	623,361	623,353	8
Operating	97,868	88,088	55,826	32,262
Totals	704,059	711,449	679,179	32,270
Inspector General:				
Personnel	1,096,253	986,628	803,001	183,627
Operating	44,337	153,962	28,513	125,449
Totals	1,140,590	1,140,590	831,514	309,076
Circuit Court:				
Personnel	9,542,594	9,631,554	9,631,550	4
Operating	2,439,894	2,964,419	2,964,417	2
Totals	11,982,488	12,595,973	12,595,967	6
State's Attorney:				
Personnel	17,023,136	16,938,026	16,938,018	8
Operating	820,174	974,814	954,581	20,233
Totals	17,843,310	17,912,840	17,892,599	20,241
County Executive:				
Personnel	5,012,958	5,253,203	5,253,202	1
Operating	784,964	1,126,204	1,126,203	1
Totals	5,797,922	6,379,407	6,379,405	2
Community Engagement Cluster:				
Personnel	3,085,724	2,953,202	2,953,193	9
Operating	696,038	967,040	921,673	45,367
Totals	3,781,762	3,920,242	3,874,866	45,376

(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, 2019  
RSI-1 (Continued)

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Ethics Commission:				
Personnel	404,400	411,099	385,415	25,684
Operating	58,883	89,843	52,125	37,718
Totals	463,283	500,942	437,540	63,402
Intergovernmental Relations:				
Personnel	905,057	933,012	933,010	2
Operating	316,432	292,922	167,977	124,945
Totals	1,221,489	1,225,934	1,100,987	124,947
Public Information:				
Personnel	5,028,441	5,072,198	5,014,714	57,484
Operating	332,990	523,159	469,235	53,924
Totals	5,361,431	5,595,357	5,483,949	111,408
Board of Elections:				
Personnel	4,119,196	4,833,428	4,833,423	5
Operating	3,954,226	4,622,430	4,622,428	2
Totals	8,073,422	9,455,858	9,455,851	7
County Attorney:				
Personnel	5,520,243	6,486,610	6,486,608	2
Operating	669,282	662,250	564,485	97,765
Totals	6,189,525	7,148,860	7,051,093	97,767
Management and Budget:				
Personnel	4,820,305	4,773,649	4,638,457	135,192
Operating	100,000	181,973	160,570	21,403
Totals	4,920,305	4,955,622	4,799,027	156,595
Finance:				
Personnel	12,117,174	11,000,833	10,533,083	467,750
Operating	2,380,843	5,956,620	5,905,568	51,052
Totals	14,498,017	16,957,453	16,438,651	518,802
Office of Procurement				
Personnel	4,110,201	4,129,520	4,031,002	98,518
Operating	335,168	407,646	406,208	1,438
Totals	4,445,369	4,537,166	4,437,210	99,956
Human Resources:				
Personnel	5,922,250	5,899,276	5,584,954	314,322
Operating	2,833,442	3,301,065	3,301,057	8
Totals	8,755,692	9,200,341	8,886,011	314,330
Technology Services:				
Personnel	23,321,121	20,236,954	20,234,944	2,010
Operating	18,850,844	24,731,528	24,731,519	9
Totals	42,171,965	44,968,482	44,966,463	2,019
General Services:				
Personnel	13,673,975	15,144,000	15,143,993	7
Operating	16,309,229	23,461,795	23,460,537	1,258
Totals	29,983,204	38,605,795	38,604,530	1,265
Consumer Protection:				
Personnel	2,141,556	2,144,643	2,132,261	12,382
Operating	195,584	195,887	143,522	52,365
Totals	2,337,140	2,340,530	2,275,783	64,747
Corrections and Rehabilitation:				
Personnel	59,877,909	62,545,251	62,545,247	4
Operating	6,400,909	8,605,736	8,605,733	3
Totals	66,278,818	71,150,987	71,150,980	7

(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, 2019  
RSI-1 (Continued)

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Human Rights:				
Personnel	1,086,410	1,117,391	1,117,390	1
Operating	160,637	182,957	182,954	3
Totals	1,247,047	1,300,348	1,300,344	4
Police:				
Personnel	234,434,083	231,484,505	231,484,498	7
Operating	45,439,248	47,718,054	47,718,049	5
Totals	279,873,331	279,202,559	279,202,547	12
Sheriff:				
Personnel	20,381,753	21,541,481	21,541,476	5
Operating	2,930,816	2,947,622	2,947,621	1
Totals	23,312,569	24,489,103	24,489,097	6
Homeland Security:				
Personnel	1,095,197	1,117,149	1,059,104	58,045
Operating	248,171	489,813	434,765	55,048
Totals	1,343,368	1,606,962	1,493,869	113,093
Transportation:				
Personnel	22,651,361	24,987,428	24,987,422	6
Operating	23,162,721	36,963,100	36,963,096	4
Totals	45,814,082	61,950,528	61,950,518	10
Health and Human Services:				
Personnel	128,556,760	122,687,211	122,687,205	6
Operating	111,540,984	115,419,295	115,419,284	11
Totals	240,097,744	238,106,506	238,106,489	17
Libraries:				
Personnel	33,912,764	32,483,056	32,483,048	8
Operating	8,641,774	10,114,933	10,114,924	9
Totals	42,554,538	42,597,989	42,597,972	17
Housing and Community Affairs:				
Personnel	6,259,354	6,278,672	6,258,169	20,503
Operating	1,260,056	1,299,803	1,195,083	104,720
Totals	7,519,410	7,578,475	7,453,252	125,223
Economic Development:				
Personnel	666,982	673,028	628,967	44,061
Operating	305,205	333,357	316,659	16,698
Totals	972,187	1,006,385	945,626	60,759
Environmental Protection:				
Personnel	2,020,984	1,992,394	1,589,808	402,586
Operating	741,917	1,061,897	1,041,223	20,674
Totals	2,762,901	3,054,291	2,631,031	423,260
Total Departments	895,666,499	934,917,986	932,203,331	2,714,655
Nondepartmental:				
Arts Council - operating	5,356,943	5,356,943	5,356,943	-
Boards, Committees and Commissions	22,950	25,780	25,780	-
Charter Review Commission	150	150	-	150
Children's Opportunity Fund	375,000	375,000	375,000	-
Community grants	12,283,468	12,632,041	12,553,599	78,442
Compensation adjustment - personnel	1,561,230	271,445	173,310	98,135
Compensation adjustment - operating	631,480	537,831	293,220	244,611
Conference Center - personnel	145,549	150,309	150,300	9
Conference Center - operating	455,915	451,155	6,512	444,643

(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, 2019  
**RSI-1 (Continued)**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Conferences & Visitors Bureau	1,556,519	1,607,804	1,607,804	-
Consolidated Retiree Health Benefits Trust (MC)	2,845,000	2,845,000	-	2,845,000
Consolidated Retiree Health Benefits Trust (MCPS)	79,405,000	79,405,000	27,200,000	52,205,000
Contrib. To Self Ins Fund - Risk Mg	17,417,251	17,417,251	16,672,742	744,509
County Associations	74,728	74,728	74,728	-
County Leases - personnel	100,000	90,000	70,033	19,967
County Leases - operating	19,644,573	20,796,268	20,796,260	8
Desktop computer modernization - operating	7,206,200	7,612,522	7,612,388	134
Grants To Muni Lieu Of Shared Tax	28,020	28,020	28,012	8
Group Insurance Retirees	41,642,478	41,642,478	41,642,478	-
Historical Activities	135,000	135,000	135,000	-
Homeowners' Association Roads	62,089	62,089	62,089	-
Housing Opportunities Commission	6,680,270	6,680,270	-	6,680,270
Inauguration & Transition	50,000	50,000	33,544	16,456
Independent Audit	420,820	437,100	367,215	69,885
Interagency tech, policy and coord comm - operating	5,850	5,850	2,213	3,637
Legislative Branch Communications Outreach	540,000	1,428,882	681,478	747,404
MEDCO Grant Incubator Network	3,584,971	2,896,481	1,899,543	996,938
Metro Washington Council Of Govts	876,710	916,300	916,296	4
Mont Coalition Adult English Literacy	1,757,058	1,757,058	1,757,058	-
Mont. County Economic Development Corp.	5,007,750	5,007,750	4,932,634	75,116
Motor Pool Fund	876,939	876,939	-	876,939
Municipal Tax Duplication	8,322,008	8,322,008	8,315,231	6,777
Prisoner Medical Services	20,000	20,000	-	20,000
Public Technologies Inc	20,000	20,000	20,000	-
Rebate Takoma Park For Police	1,028,342	1,104,672	1,104,672	-
Retiree Health Benefits Trust	43,562,660	43,562,660	9,000,000	34,562,660
Rockville Parking District	415,000	415,000	410,757	4,243
Snow Removal	2,884,990	-	-	-
State Positions Supplement	60,756	60,756	-	60,756
State Property Tax Services	3,565,615	3,565,615	3,086,725	478,890
State Retirement Contribution	1,520,522	1,520,522	1,520,522	-
Takoma Park - Lib Transition	164,058	186,058	186,058	-
Telecommunications	5,356,382	5,955,088	5,559,390	395,698
Utilities	26,235,746	25,663,455	25,663,453	2
Vision Zero	175,000	241,333	69,818	171,515
Working Families Income Supplement	23,305,090	20,974,590	20,974,068	522
WorkSource Montgomery	1,809,594	1,809,594	1,809,594	-
Total - Nondepartmental	329,195,674	324,994,795	223,146,467	101,676,813
Total Expenditures	1,224,862,173	1,259,912,781	1,155,349,798	104,562,983
Excess of Revenues over (under) Expenditures	2,248,963,628	2,220,446,815	2,249,094,047	28,647,232
Other Financing Sources (Uses):				
Transfers In:				
Special Revenue Funds:				
Fire Tax District	1,361,232	551,232	551,232	-
Recreation	6,681,227	6,681,227	6,681,227	-
Mass Transit	14,244,043	14,244,043	14,244,043	-
Water Quality Protection	1,752,361	1,752,361	1,752,361	-
Urban Districts	703,662	703,662	749,712	46,050
Housing Activities	371,142	371,142	371,142	-
Cable TV	10,126,335	6,920,335	6,920,335	-
Total Special Revenue Funds	35,240,002	31,224,002	31,270,052	46,050

(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, 2019  
**RSI-1 (Continued)**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
<b>Enterprise Funds:</b>				
Liquor	28,171,463	28,171,463	26,471,463	(1,700,000)
Parking Lot Districts	1,061,159	1,061,159	1,061,159	-
Solid Waste Activities	3,130,005	3,130,005	3,130,005	-
Community Use of Public Facilities	849,493	849,493	849,493	-
Permitting Services	5,642,377	5,642,377	5,642,377	-
<b>Total Enterprise Funds</b>	<b>38,854,497</b>	<b>38,854,497</b>	<b>37,154,497</b>	<b>(1,700,000)</b>
<b>Internal Service Funds:</b>				
Self insurance liability and property	10,504,312	10,504,312	10,504,312	-
Central Duplicating	32,700	32,700	32,700	-
Motor Pool	1,000,000	1,000,000	1,000,000	-
<b>Total Internal Service Funds</b>	<b>11,537,012</b>	<b>11,537,012</b>	<b>11,537,012</b>	<b>-</b>
<b>Total Transfers In</b>	<b>85,631,511</b>	<b>81,615,511</b>	<b>79,961,561</b>	<b>(1,653,950)</b>
<b>Transfers In - Component Units:</b>				
Montgomery County Public Schools	-	-	-	-
Montgomery College	-	-	-	-
<b>Total Transfers In - Component Units</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Transfers In - MCG</b>	<b>85,631,511</b>	<b>81,615,511</b>	<b>79,961,561</b>	<b>(1,653,950)</b>
<b>Transfers (Out):</b>				
<b>Special Revenue Funds:</b>				
Recreation	(1,009,700)	(1,009,700)	(1,009,700)	-
Fire Tax District	(250,000)	(17,890,965)	(17,890,965)	-
Urban Districts	(3,362,218)	(3,362,218)	(3,362,218)	-
Mass Transit	(531,310)	(531,310)	(531,310)	-
Revenue Stabilization	(26,170,226)	(26,020,361)	(25,603,214)	417,147
Housing Activities	(22,703,644)	(22,703,644)	(22,703,644)	-
Economic Development	(4,346,051)	(4,771,051)	(4,771,051)	-
<b>Total Special Revenue Funds</b>	<b>(58,373,149)</b>	<b>(76,289,249)</b>	<b>(75,872,102)</b>	<b>417,147</b>
<b>Internal Service Funds:</b>				
Motor Pool	(876,939)	(876,939)	(857,758)	19,181
<b>Total Internal Service Funds</b>	<b>(876,939)</b>	<b>(876,939)</b>	<b>(857,758)</b>	<b>19,181</b>
<b>Enterprise Funds:</b>				
Community Use of Public Facilities	(160,000)	(160,000)	(160,000)	-
Solid Waste Activities	(2,195,820)	(2,195,820)	(2,195,820)	-
<b>Total Enterprise Funds</b>	<b>(2,355,820)</b>	<b>(2,355,820)</b>	<b>(2,355,820)</b>	<b>-</b>
Debt Service Fund	(331,251,540)	(332,417,447)	(329,700,925)	2,716,522
Capital Projects Fund	-	(79,470,673)	(47,326,269)	32,144,404
<b>Total Transfers (Out)</b>	<b>(392,857,448)</b>	<b>(491,410,128)</b>	<b>(456,112,874)</b>	<b>35,297,254</b>

(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, 2019  
**RSI-1 (Concluded)**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Transfers (Out) - Component Units:				
Montgomery County Public Schools - operating	(1,712,417,586)	(1,718,017,586)	(1,722,538,495)	(4,520,909)
Montgomery County Public Schools - capital	-	(18,563,063)	(3,347,298)	15,215,765
Total Montgomery County Public Schools	(1,712,417,586)	(1,736,580,649)	(1,725,885,793)	10,694,856
Montgomery College - operating	(144,460,594)	(144,460,594)	(144,460,594)	-
Montgomery College - capital	-	(32,025,701)	(15,302,140)	16,723,561
Total Montgomery College	(144,460,594)	(176,486,295)	(159,762,734)	16,723,561
Housing Opportunity Commission - operating	(6,680,270)	(6,680,270)	(7,609,572)	-
Housing Opportunity Commission - capital	-	(11,442,659)	-	11,442,659
Total Housing Opportunity Commission	(6,680,270)	(18,122,929)	(7,609,572)	11,442,659
M-NCPPC - operating	(1,016,700)	(1,016,700)	(1,016,700)	-
Total Transfers (Out) - Component Units and JV	(1,864,575,150)	(1,932,206,573)	(1,894,274,799)	38,861,076
Total Transfers (Out) - MCG	(2,257,432,598)	(2,423,616,701)	(2,350,387,673)	74,158,330
Total Other Financing Sources (Uses)	(2,171,801,087)	(2,342,001,190)	(2,270,426,112)	71,575,078
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 77,162,541	\$ (121,554,375)	(21,332,065)	\$ 100,222,310
<b>Adjustments required under generally accepted accounting principles:</b>				
Non budgeted Item - Bad debt expense			1,709,593	
Elimination of encumbrances outstanding			31,782,165	
Transfer to Revenue Stabilization			32,849,301	
Conference center activity			(2,851,158)	
Other non budgeted items			(109,582)	
Public Election Fund Transfers			(5,018,158)	
Consolidation:				
Economic Development			644,265	
Urban Districts			140,108	
GAAP - Net Change in Fund Balance			37,814,469	
Fund Balance - Beginning of Year			521,024,506	
Fund Balance - End of Year			558,838,975	

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, 2019  
RSI-2

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues:</b>				
Taxes - recordation premium	\$ 14,471,142	\$ 14,471,142	\$ 16,091,775	\$ 1,620,633
Charges for services	70,200	70,200	10,680	(59,520)
<b>Investment Income:</b>				
Pooled investment income	1,510,190	1,510,190	676,227	(833,963)
Other interest income	1,500,000	1,500,000	3,001,034	1,501,034
Total Investment Income	3,010,190	3,010,190	3,677,261	667,071
<b>Miscellaneous:</b>				
Property rentals, MPDU and other contributions	2,956,756	2,956,756	1,772,190	(1,184,566)
Total Miscellaneous	2,956,756	2,956,756	1,772,190	(1,184,566)
Total Revenues	20,508,288	20,508,288	21,551,906	1,043,618
<b>Expenditures: Community development and housing</b>				
Personnel	2,035,885	1,834,975	1,817,008	17,967
Operating	33,553,905	52,924,913	28,144,688	24,780,225
Total Expenditures	35,589,790	54,759,888	29,961,696	24,798,192
Excess of Revenues over (under) Expenditures	(15,081,502)	(34,251,600)	(8,409,790)	25,841,810
<b>Other Financing Sources (Uses):</b>				
<b>Transfers In (Out):</b>				
From General Fund	22,703,644	22,703,644	22,703,644	-
From Capital Projects Fund	-	-	52,243,583	52,243,583
To General Fund	(371,142)	(371,142)	(371,142)	-
To Debt Service Fund	(9,501,510)	(9,501,510)	(8,803,396)	698,114
To Capital Projects Fund	-	-	(2,062,568)	(2,062,568)
Mortgage repayment	2,375,000	2,375,000	7,193,325	4,818,325
Sale of property	1,000,000	1,000,000	1,111,196	111,196
Total Other Financing Sources (Uses)	16,205,992	16,205,992	72,014,642	55,808,650
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 1,124,490	\$ (18,045,608)	63,604,852	\$ 81,650,460
<b>Adjustments required under generally accepted accounting principles:</b>				
Elimination of encumbrances outstanding			202,866	
Repayment of loan principal not considered revenue under GAAP			(7,193,325)	
Non budgeted Item - Bad debt expense			(1,856,941)	
GAAP - Net Change in Fund Balance			54,757,452	
Fund Balance - Beginning of Year			238,720,955	
Fund Balance - End of Year			\$ 293,478,407	

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, 2019  
RSI-3

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues:</b>				
Intergovernmental:				
Federal grants	\$ 32,526,092	\$ 46,354,400	\$ 45,713,817	\$ (640,583)
State grants	84,271,636	69,416,304	66,112,574	(3,303,730)
Other non-state and non-federal reimbursements	338,842	728,815	1,930,884	1,202,069
Total Intergovernmental	117,136,570	116,499,519	113,757,275	(2,742,244)
Investment income:				
Other principal and interest income	1,000,000	1,000,000	617,563	(382,437)
Total Investment Income	1,000,000	1,000,000	617,563	(382,437)
Miscellaneous	-	37,390	115,361	77,971
<b>Total Revenues</b>	<b>118,136,570</b>	<b>117,536,909</b>	<b>114,490,199</b>	<b>(3,046,710)</b>
<b>Expenditures:</b>				
General Government:				
Circuit Court:				
Personnel costs	2,382,653	2,409,611	2,418,937	(9,326)
Operating	235,486	312,766	280,761	32,005
Totals	2,618,139	2,722,377	2,699,698	22,679
Office of State's Attorney:				
Personnel costs	276,744	282,191	267,709	14,482
Operating	-	39,675	88,919	(49,244)
Totals	276,744	321,866	356,628	(34,762)
Office of the County Executive:				
Operating	-	-	616	(616)
Totals	-	-	616	(616)
Intergovernmental Relations:				
Operating	30,670	30,670	15,333	15,337
Totals	30,670	30,670	15,333	15,337
Community Engagement Cluster:				
Personnel costs	67,320	67,320	63,544	3,776
Operating	-	2,500	4,963	(2,463)
Totals	67,320	69,820	68,507	1,313
Total General Government	2,992,873	3,144,733	3,140,782	3,951
Public Safety:				
Department of Corrections and Rehabilitation:				
Operating	-	130,000	25,000	105,000
Totals	-	130,000	25,000	105,000

(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, 2019  
RSI-3 (Continued)

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Department of Fire and Rescue Services:				
Personnel costs	588,990	2,260,773	2,365,170	(104,397)
Operating	-	1,026,139	868,807	157,332
Totals	588,990	3,286,912	3,233,977	52,935
Department of Police:				
Personnel costs	148,000	821,238	716,109	105,129
Operating	17,000	806,114	737,996	68,118
Totals	165,000	1,627,352	1,454,105	173,247
Office of the County Sheriff:				
Personnel costs	573,699	1,269,576	609,841	659,735
Operating	273,262	594,070	258,223	335,847
Totals	846,961	1,863,646	868,064	995,582
Office of Emergency Management & Homeland Security:				
Personnel costs	822,491	1,830,171	1,143,824	686,347
Operating	-	6,436,749	5,074,063	1,362,686
Totals	822,491	8,266,920	6,217,887	2,049,033
Total Public Safety	2,423,442	15,174,830	11,799,033	3,375,797
Transportation:				
Department of Transportation:				
Personnel costs	1,618,762	1,618,762	1,518,225	100,537
Operating	3,460,368	3,926,623	3,710,003	216,620
Total Transportation	5,079,130	5,545,385	5,228,228	317,157
Health and Human Services:				
Department of Health and Human Services:				
Personnel costs	46,852,285	47,681,329	46,657,412	1,023,917
Operating	32,283,284	44,371,605	37,644,430	6,727,175
Total Health and Human Services	79,135,569	92,052,934	84,301,842	7,751,092
Culture and Recreation:				
Department of Libraries:				
Personnel costs	214,027	214,027	131,232	82,795
Operating	91,550	113,822	191,021	(77,199)
Totals	305,577	327,849	322,253	5,596
Department of Recreation:				
Personnel costs	79,073	116,003	78,051	37,952
Operating	-	134,374	7,447	126,927
Totals	79,073	250,377	85,498	164,879
Total Culture and Recreation	384,650	578,226	407,751	170,475

(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, 2019  
RSI-3 (Concluded)

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Housing:				
Department of Permitting Service:				
Operating	-	-	2,218	(2,218)
Totals	-	-	2,218	(2,218)
Department of Housing and Community Affairs:				
Personnel costs	2,283,525	2,355,233	2,075,917	279,316
Operating	6,172,014	6,665,516	7,751,420	(1,085,904)
Totals	8,455,539	9,020,749	9,827,337	(806,588)
Total Housing	8,455,539	9,020,749	9,829,555	(808,806)
Department of Liquor Control:				
Operating	-	8,753	18,708	(9,955)
Total Liquor Control	-	8,753	18,708	(9,955)
Nondepartmental:				
NDA Future Grants - Operating	20,000,000	(1,753,298)	-	(1,753,298)
Total Nondepartmental	20,000,000	(1,753,298)	-	(1,753,298)
<b>Total Expenditures</b>	<b>118,471,203</b>	<b>123,772,312</b>	<b>114,725,899</b>	<b>9,046,413</b>
Excess of Revenues over (under) Expenditures	(334,633)	(6,235,403)	(235,700)	5,999,703
Other Financing Sources (Uses):				
Transfers In:				
Mass Transit Special Revenue Fund	-	340,000	340,000	-
Total Transfers In	-	340,000	340,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>340,000</b>	<b>340,000</b>	<b>-</b>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(334,633)	(5,895,403)	104,300	5,999,703

Adjustments required under generally accepted accounting principles:

GAAP - Net Change in Fund Balance	104,300
Fund Balance - Beginning of Year	111,734
Fund Balance - End of Year	<u>\$ 216,034</u>

Reconciliation of Budgetary Schedule to GAAP Basis

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

	Revenues	Expenditures & Encumbrances	Other Financing Sources (Uses)	Effect on Fund Balance
As reported - budgetary basis	\$ 114,490,199	114,725,899	\$ 340,000	\$ -
Reconciling items:				
Encumbrances	(5,859,501)	(5,859,501)	-	-
As reported - GAAP basis	<u>\$ 108,630,698</u>	<u>\$ 108,866,398</u>	<u>\$ 340,000</u>	<u>\$ -</u>

## REQUIRED SUPPLEMENTARY INFORMATION

### CONSOLIDATED RETIREE HEALTH BENEFITS TRUST

#### SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY LAST 10 FISCAL YEARS

Fiscal Year Ended June 30	County's Proportion			County's Covered Payroll	Plan Fiduciary Net Position as a % of Total OPEB Liability
	% of Net OPEB Liability	Share of the Net OPEB Liability	Share of the Net OPEB Liability as a % of its Covered Payroll		
2018	97.62%	\$ 1,486,051,494	202.70 %	\$ 733,142,945	22.38%
2019	97.06	1,291,983,847	173.74	743,618,488	26.99

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

Fiscal Year Ended June 30	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (excess)	County's Covered Payroll	Actual Contributions as a % of Covered Payroll
2018	\$ 110,024,000	\$ 119,823,414	\$ (9,799,414)	\$ 733,142,945	16.34%
2019	114,025,000	61,184,301	52,840,699	743,618,488	8.23%

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

## REQUIRED SUPPLEMENTARY INFORMATION

### EMPLOYEES' RETIREMENT SYSTEM

#### SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LAST 10 FISCAL YEARS

Fiscal Year Ending June 30	% of Net Pension Liability	County's Proportion		County's Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
		Share of the Net Pension Liability	Share of the Net Pension Liability as a % of its Covered Payroll		
2014	97.79%	\$ 298,751,284	75.83%	\$ 393,995,026	92.28%
2015	96.94	407,854,987	100.48	405,915,489	89.69
2016	96.36	521,396,382	126.54	412,057,017	87.06
2017	94.78	324,129,748	76.97	421,097,825	92.00
2018	93.64	180,738,135	41.25	438,197,425	95.55

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

Fiscal Year Ending June 30	Contractually Required Contribution	Contributions in Relation to		County's Covered Payroll	Contribution as a % of Covered Payroll
		Contractually Required Contribution	Contribution Deficiency (excess)		
2015	\$ 141,511,591	\$ 141,511,591	\$ -	\$ 393,995,026	35.92 %
2016	146,672,030	146,672,030	-	405,915,489	36.13
2017	129,899,308	129,899,308	-	412,057,017	31.52
2018	90,422,232	90,422,232	-	421,097,825	21.47
2019	87,235,355	87,235,355	-	438,197,425	19.91

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

Fiscal Year Ending June 30	County's Proportion			County's Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
	% of Net Pension Liability	Share of the Net Pension Liability	Share of the Net Pension Liability as a % of its Covered Payroll		
2014	0.1007417%	\$ 17,878,357	276.62%	\$ 6,463,239	71.87%
2015	0.1175148	24,421,562	305.33	7,998,461	68.78
2016	0.1276071	30,107,615	408.16	7,376,386	65.79
2017	0.1274055	27,549,791	401.31	6,865,033	69.38
2018	0.1288069	27,025,721	442.75	6,104,094	71.18

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

Fiscal Year Ending June 30	Contributions in Relation to			County's Covered Payroll	Contribution as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (excess)		
2015	\$ 2,347,645	\$ 2,347,645	\$ -	\$ 6,463,239	36.32%
2016	2,476,892	2,476,892	-	7,998,461	30.97
2017	2,485,889	2,485,889	-	7,376,386	33.70
2018	2,593,137	2,593,137	-	6,865,033	33.77
2019	2,568,505	2,568,505	-	6,104,094	42.08

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

## REQUIRED SUPPLEMENTARY INFORMATION

### LENGTH OF SERVICE AWARD PROGRAM (LOSAP) SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY

Actuarial Valuation Date	December 31, 2017	December 31, 2017	January 1, 2015
Measurement Date	June 30, 2018	December 31, 2017	June 30, 2016
County's Fiscal Year Ending Date for GASB 73	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total Pension Liability</b>			
Service cost	\$ 474,699	\$ 1,578,468	\$ 886,540
Interest on the Total Pension Liability	621,258	1,750,442	1,273,361
Benefit Changes	-	478,969	-
Difference between Expected and Actual Experience	-	(1,343,359)	-
Assumptions changes <sup>1</sup>	(1,927,565)	(3,166,298)	6,088,358
Benefit Payments	(674,853)	(2,009,855)	(1,309,686)
<b>Net Change in Total Pension Liability</b>	<b>(1,506,461)</b>	<b>(2,711,633)</b>	<b>6,938,573</b>
<b>Total Pension Liability – Beginning</b>	<b>37,946,046</b>	<b>40,657,679</b>	<b>33,719,106</b>
<b>Total Pension Liability – Ending (a)</b>	<b>\$ 36,439,585</b>	<b>\$ 37,946,046</b>	<b>\$ 40,657,679</b>
<b>Covered Employee Payroll</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>1</sup> For fiscal year ending June 30,2019, the change in the Total Pension Liability due to the change in the Single Discount Rate from 3.31% as of the beginning of the year to 3.62% as of the end of the year is included as an assumption change.

There are no assets accumulated in a trust that meets the criteria in Paragraph 4 of Statement 73 to pay related benefits.

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

### Budgetary Information

#### Overview

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

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

#### Approval

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

The County Executive has authority to transfer appropriations within departments up to 10 percent of the original appropriation. Transfers between departments are also limited to 10 percent of original appropriation and require County Council action. During the operating year the County Council may adopt a supplemental appropriation if recommended by the County Executive and after holding a public hearing. Supplemental appropriations enacted during the first half of the fiscal year require: five Councilmember votes if they are to avail the County of, or put into effect the provision of Federal, State, or local legislation or regulation or six Councilmember votes for any other purpose. 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 FY19, the County Council

increased the operating budget for all funds through supplemental and special appropriations by \$18.5 million. In addition, supplemental appropriations increased the CIP budget by \$79.5 million.

## Presentation

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

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

## Pension Trend Information

The Schedule of County Contributions provides historical context for the amount of contributions in the current period. The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported. Significant methods and assumptions used to determine the contributions for the Employees' Retirement System (ERS) include:

Valuation date	June 30, 2018
Actuarial cost method	Individual Entry Age Normal
Amortization method for funding	Level percentage of payroll, separate closed period bases for Public Safety and GRIP, single closed period amortization base for non-Public Safety.
Amortization period for funding	For Public Safety and GRIP: Initial amortization period of 20 years for the base established July 1, 2015. Initial amortization period of 20 years for subsequent bases. For non-Public Safety: Single closed amortization period of 9 years established July 1, 2015. Average amortization period of 7.0 years for total ERS.
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.50% per year
Projected salary increases depending on service	3.25% - 9.50% per year
Cost-of-living (inflation rate) adjustments	2.75% on the benefit attributable to credited service earned prior to June 30, 2011. 2.3% on the benefit attribution to credited service earned on or after July 1, 2011, reflecting the 2.5% cap.
Post-retirement increases	Consumer Price Index – by Group
Investment rate of return	7.5% per year

Mortality rates after retirement

RP-2014 Healthy Annuitant Mortality Table, sex-distinct for healthy mortality. Rates are set forward six years for male disabled mortality and eight years for the female disabled mortality assumption. To provide a margin for future mortality improvements, generational mortality improvements from 2014 using projection scale MP-2014 was used.

## OPEB Trend Information

The Schedule of County Contributions provides historical context for the amount of contributions in the current period. The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported. Significant methods and assumptions used to determine the contributions for OPEB plan include:

Valuation date	July 1, 2018	
Methods and assumptions used to determine contributions rates:		
Actuarial cost method	Projected Unit Credit	
Amortization method	Level percentage of payroll	
Amortization period	30 Year open	
Asset valuation method	Market value of assets	
Investment rate of return	7.50%	
Salary increases	3.25% - 9.50% per year	
Inflation	3.00%	
Mortality	For healthy retirees and beneficiaries - RP-2014, sex distinct, fully generational assuming MP-2015	
	For disabled retirees - RP-2014 healthy annuitant, sex distinct, fully generational using MP-2015, set forward 6 years for males and 8 years for females	
Healthcare cost trend rates	Vary based on participant group and service.	
	<u>Plan</u>	<u>Initial pre-65, Initial post-65, Ultimate</u>
	Active (Medical and Rx)	7.34%, 7.46%, 4.50%
	POS Medical (without Rx)	6.80%, 5.50%, 4.50%
	POS Medical with Standard Plan	7.40%, 7.53%, 4.50%
	POS Medical with High Plan	7.63%, 7.83%, 4.50%
	Indemnity Medical with Rx	8.11%, 7.64%, 4.50%
	UHC Medical without Rx	6.80%, 5.50%, 4.50%
	UHC Medical with Standard Plan	7.42%, 7.29%, 4.50%
	UHC Medical with High Plan	7.65%, 7.60%, 4.50%
	Kaiser Medical	6.80%, 5.50%, 4.50%
	Dental	4.50%, 4.50%, 4.50%
	EGWP	N/A, 9.00%, 4.50%

## **SUPPLEMENTARY DATA**



## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

#### Special Taxing Districts:

##### Recreation

Accounts for the fiscal activity related to providing recreational services throughout the County, except for certain cities and towns that provide their own recreational services.

##### Fire Tax District

Accounts for the fiscal activities related to providing fire and rescue services throughout the County. To a great extent, tax revenues are distributed to independent fire and rescue corporations that provide these services.

##### Mass Transit Facilities

Accounts for the fiscal activities of planning, developing, and financing transit facilities within the County-wide Mass Transit District.

#### Rehabilitation Loan

Accounts for loans to homeowners of eligible income to finance rehabilitation required to make their homes conform to applicable Montgomery County Code requirements.

#### Cable TV

Accounts for the franchise fee and gross receipts revenues and the administration of cable television activities in the County.

#### Other:

##### Agricultural Transfer Tax

Accounts for agricultural transfer tax revenues to be used for an approved agricultural land preservation program.

##### Drug Enforcement Forfeitures

Accounts for the fiscal activity of cash and other property forfeited to the County during drug enforcement operations. These resources are used for law enforcement and public education programs.

##### Water Quality Protection

Accounts for the fiscal activity related to the maintenance of certain storm water management facilities.

##### Restricted Donations

Accounts for donations and contributions received by the County that are restricted for use in specific County programs.

## 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, 2019  
**Exhibit B-1**

	Special Taxing Districts	Rehabilitation Loan	Cable TV	Other	Total Nonmajor Governmental Fund
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 26,366,393	\$ 2,630,857	\$ 5,518,350	\$ 56,910,302	\$ 91,425,902
Cash	10,750	-	-	25,000	35,750
Receivables (net of allowances for uncollectibles):					
Property taxes	3,236,208	-	-	780,432	4,016,640
Accounts	4,619,776	-	6,553,753	-	11,173,529
Mortgages	-	2,238,004	-	-	2,238,004
Parking violations	416,387	-	-	-	416,387
Due from other governments	2,040,480	-	-	135,559	2,176,039
Due from other component units	508,333	-	-	-	508,333
<b>Total Assets</b>	<b>\$ 37,198,327</b>	<b>\$ 4,868,861</b>	<b>\$ 12,072,103</b>	<b>\$ 57,851,293</b>	<b>\$ 111,990,584</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	1,612,321	-	671,782	944,064	3,228,167
Retainage payable	-	-	-	5,966	5,966
Accrued liabilities	14,866,300	-	440,998	1,475,076	16,782,374
Deposits	-	-	171,271	-	171,271
Due to other funds	5,085,332	-	71,654	92,285	5,249,271
Due to component units	122,125	-	-	-	122,125
Due to other governments	499,842	-	767,653	9,700	1,277,195
Unearned revenue	1,270	-	-	-	1,270
<b>Total Liabilities</b>	<b>22,187,190</b>	<b>-</b>	<b>2,123,358</b>	<b>2,527,091</b>	<b>26,837,639</b>
Deferred Inflows of Resources:					
Unavailable property taxes	2,781,505	-	-	780,432	3,561,937
Unavailable revenue	2,023,971	-	-	-	2,023,971
<b>Total Deferred Inflows of Resources</b>	<b>4,805,476</b>	<b>-</b>	<b>-</b>	<b>780,432</b>	<b>5,585,908</b>
Fund Balances:					
Restricted	14,461,467	4,868,861	9,948,745	54,543,770	83,822,843
Unassigned	(4,255,806)	-	-	-	(4,255,806)
<b>Total Fund Balances</b>	<b>10,205,661</b>	<b>4,868,861</b>	<b>9,948,745</b>	<b>54,543,770</b>	<b>79,567,037</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 37,198,327</b>	<b>\$ 4,868,861</b>	<b>\$ 12,072,103</b>	<b>\$ 57,851,293</b>	<b>\$ 111,990,584</b>

MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
**Exhibit B-2**

	Special Taxing Districts	Rehabilitation Loan	Cable TV	Other	Total Nonmajor Governmental Fund
<b>REVENUES</b>					
Taxes	\$ 351,405,607	\$ -	\$ -	\$ 42,447,287	\$ 393,852,894
Licenses and permits	377,371	-	-	-	377,371
Intergovernmental	43,247,470	-	-	57,785	43,305,255
Charges for services	58,587,116	-	26,935,115	391,310	85,913,541
Fines and forfeitures	879,550	-	-	500,745	1,380,295
Investment income	-	85,597	251,098	882,276	1,218,971
Miscellaneous	660,227	-	-	13,132,687	13,792,914
Total Revenues	<u>455,157,341</u>	<u>85,597</u>	<u>27,186,213</u>	<u>57,412,090</u>	<u>539,841,241</u>
<b>EXPENDITURES</b>					
General government	-	-	15,441,436	11,014,245	26,455,681
Public safety	235,150,418	-	-	1,091,659	236,242,077
Public works and transportation	133,397,335	-	-	-	133,397,335
Health and human services	-	-	-	356,524	356,524
Culture and recreation	38,312,241	-	-	123,352	38,435,593
Community development and housing	-	-	-	815,887	815,887
Environment	-	-	-	33,224,756	33,224,756
Total Expenditures	<u>406,859,994</u>	<u>-</u>	<u>15,441,436</u>	<u>46,626,423</u>	<u>468,927,853</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>48,297,347</u>	<u>85,597</u>	<u>11,744,777</u>	<u>10,785,667</u>	<u>70,913,388</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	19,431,975	-	-	-	19,431,975
Transfers (out)	(74,225,514)	-	(13,522,709)	(15,003,963)	(102,752,186)
Total Other Financing Sources (Uses)	<u>(54,793,539)</u>	<u>-</u>	<u>(13,522,709)</u>	<u>(15,003,963)</u>	<u>(83,320,211)</u>
Net Change in Fund Balances	(6,496,192)	85,597	(1,777,932)	(4,218,296)	(12,406,823)
Fund Balances - Beginning of Year	<u>16,701,853</u>	<u>4,783,264</u>	<u>11,726,677</u>	<u>58,762,066</u>	<u>91,973,860</u>
Fund Balances - End of Year	<u>\$ 10,205,661</u>	<u>\$ 4,868,861</u>	<u>\$ 9,948,745</u>	<u>\$ 54,543,770</u>	<u>\$ 79,567,037</u>

MONTGOMERY COUNTY, MARYLAND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS  
 JUNE 30, 2019  
**Exhibit B-3**

	Recreation	Fire Tax District	Mass Transit Facilities	Total
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 4,832,771	\$ 6,909,496	\$ 14,624,126	\$ 26,366,393
Cash	5,750	5,000	-	10,750
Receivables (net of allowances for uncollectibles):				
Property taxes	325,874	1,933,871	976,463	3,236,208
Accounts	59,812	3,609,739	950,225	4,619,776
Parking violations	-	-	416,387	416,387
Due from other governments	-	-	2,040,480	2,040,480
Due from component units	-	-	508,333	508,333
	<u>5,224,207</u>	<u>12,458,106</u>	<u>19,516,014</u>	<u>37,198,327</u>
Total Assets	<u>\$ 5,224,207</u>	<u>\$ 12,458,106</u>	<u>\$ 19,516,014</u>	<u>\$ 37,198,327</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	369,228	13,503	1,229,590	1,612,321
Accrued liabilities	1,865,591	9,510,463	3,490,246	14,866,300
Due to other funds	282,711	3,464,926	1,337,695	5,085,332
Due to component units	631	1,338	120,156	122,125
Due to other governments	21,489	2,629	475,724	499,842
Unearned revenue	-	-	1,270	1,270
	<u>2,539,650</u>	<u>12,992,859</u>	<u>6,654,681</u>	<u>22,187,190</u>
Total Liabilities	<u>2,539,650</u>	<u>12,992,859</u>	<u>6,654,681</u>	<u>22,187,190</u>
Deferred Inflows of Resources:				
Unavailable property taxes	124,805	1,697,082	959,618	2,781,505
Unavailable service revenues	-	2,023,971	-	2,023,971
	<u>124,805</u>	<u>3,721,053</u>	<u>959,618</u>	<u>4,805,476</u>
Total Deferred Inflows of Resources	<u>124,805</u>	<u>3,721,053</u>	<u>959,618</u>	<u>4,805,476</u>
Fund Balances:				
Restricted	2,559,752	-	11,901,715	14,461,467
Unassigned	-	(4,255,806)	-	(4,255,806)
	<u>2,559,752</u>	<u>(4,255,806)</u>	<u>11,901,715</u>	<u>10,205,661</u>
Total Fund Balances	<u>2,559,752</u>	<u>(4,255,806)</u>	<u>11,901,715</u>	<u>10,205,661</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,224,207</u>	<u>\$ 12,458,106</u>	<u>\$ 19,516,014</u>	<u>\$ 37,198,327</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, 2019  
**Exhibit B-4**

	Recreation	Fire Tax District	Mass Transit Facilities	Total
<b>REVENUES</b>				
Taxes	\$ 43,687,567	\$ 209,787,462	\$ 97,930,578	\$ 351,405,607
Licenses and permits	-	-	377,371	377,371
Intergovernmental	-	1,952,432	41,295,038	43,247,470
Charges for services	10,542,962	21,214,169	26,829,985	58,587,116
Fines and forfeitures	-	-	879,550	879,550
Miscellaneous	78,518	541,690	40,019	660,227
Total Revenues	<u>54,309,047</u>	<u>233,495,753</u>	<u>167,352,541</u>	<u>455,157,341</u>
<b>EXPENDITURES</b>				
Public safety	-	235,150,418	-	235,150,418
Public works and transportation	-	-	133,397,335	133,397,335
Culture and recreation	38,312,241	-	-	38,312,241
Total Expenditures	<u>38,312,241</u>	<u>235,150,418</u>	<u>133,397,335</u>	<u>406,859,994</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>15,996,806</u>	<u>(1,654,665)</u>	<u>33,955,206</u>	<u>48,297,347</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,009,700	17,890,965	531,310	19,431,975
Transfers (out)	(15,753,996)	(12,161,320)	(46,310,198)	(74,225,514)
Total Other Financing Sources (Uses)	<u>(14,744,296)</u>	<u>5,729,645</u>	<u>(45,778,888)</u>	<u>(54,793,539)</u>
Net Change in Fund Balances	1,252,510	4,074,980	(11,823,682)	(6,496,192)
Fund Balances - Beginning of Year	<u>1,307,242</u>	<u>(8,330,786)</u>	<u>23,725,397</u>	<u>16,701,853</u>
Fund Balances - End of Year	<u>\$ 2,559,752</u>	<u>\$ (4,255,806)</u>	<u>\$ 11,901,715</u>	<u>\$ 10,205,661</u>

MONTGOMERY COUNTY, MARYLAND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - OTHER  
 JUNE 30, 2019  
**Exhibit B-5**

	Agricultural Transfer Tax	Drug Enforcement Forfeitures	Water Quality Protection	Restricted Donations	Total
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 1,950,627	\$ 1,610,160	\$ 22,919,375	\$ 30,430,140	\$ 56,910,302
Cash	-	25,000	-	-	25,000
Receivables (net of allowances for uncollectibles):					
Property taxes	-	-	780,432	-	780,432
Due from other funds	-	-	-	-	-
Due from other governments	-	-	135,559	-	135,559
Total Assets	<u>\$ 1,950,627</u>	<u>\$ 1,635,160</u>	<u>\$ 23,835,366</u>	<u>\$ 30,430,140</u>	<u>\$ 57,851,293</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	-	17,837	883,975	42,253	944,064
Retainage payable	-	-	5,966	-	5,966
Accrued liabilities	-	8,346	1,353,827	112,902	1,475,076
Due to other funds	-	-	92,285	-	92,285
Due to other governments	9,700	-	-	-	9,700
Total Liabilities	<u>9,700</u>	<u>26,183</u>	<u>2,336,053</u>	<u>155,155</u>	<u>2,527,091</u>
Deferred Inflows of Resources:					
Unavailable property taxes	-	-	780,432	-	780,432
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>780,432</u>	<u>-</u>	<u>780,432</u>
Fund Balances:					
Restricted	1,940,927	1,608,977	20,718,881	30,274,985	54,543,770
Total Fund Balances	<u>1,940,927</u>	<u>1,608,977</u>	<u>20,718,881</u>	<u>30,274,985</u>	<u>54,543,770</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,950,627</u>	<u>\$ 1,635,160</u>	<u>\$ 23,835,366</u>	<u>\$ 30,430,140</u>	<u>\$ 57,851,293</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, 2019  
**Exhibit B-6**

	Agricultural Transfer Tax	Drug Enforcement Forfeitures	Water Quality Protection	Restricted Donations	Total
<b>REVENUES</b>					
Taxes	\$ 1,572,885	\$ -	\$ 40,874,402	\$ -	\$ 42,447,287
Intergovernmental	-	-	-	57,785	57,785
Charges for services	-	-	391,310	-	391,310
Fines and forfeitures	-	500,745	-	-	500,745
Investment income	29,680	43,725	808,871	-	882,276
Miscellaneous	-	54,995	-	13,077,692	13,132,687
Total Revenues	<u>1,602,565</u>	<u>599,465</u>	<u>42,074,583</u>	<u>13,135,477</u>	<u>57,412,090</u>
<b>EXPENDITURES</b>					
General government	-	-	-	11,014,245	11,014,245
Public safety	-	1,003,237	-	88,422	1,091,659
Health and human services	-	-	-	356,524	356,524
Community development and housing	-	-	-	815,887	815,887
Culture and recreation	-	-	-	123,352	123,352
Environment	629,154	-	25,764,744	6,830,858	33,224,756
Total Expenditures	<u>629,154</u>	<u>1,003,237</u>	<u>25,764,744</u>	<u>19,229,288</u>	<u>46,626,423</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>973,411</u>	<u>(403,772)</u>	<u>16,309,839</u>	<u>(6,093,811)</u>	<u>10,785,667</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (out)	(200)	-	(15,003,763)	-	(15,003,963)
Total Other Financing Sources (Uses)	<u>(200)</u>	<u>-</u>	<u>(15,003,763)</u>	<u>-</u>	<u>(15,003,963)</u>
Net Change in Fund Balances	973,211	(403,772)	1,306,076	(6,093,811)	(4,218,296)
Fund Balances - Beginning of Year	<u>967,716</u>	<u>2,012,749</u>	<u>19,412,805</u>	<u>36,368,796</u>	<u>58,762,066</u>
Fund Balances - End of Year	<u>\$ 1,940,927</u>	<u>\$ 1,608,977</u>	<u>\$ 20,718,881</u>	<u>\$ 30,274,985</u>	<u>\$ 54,543,770</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, 2019  
**Exhibit B-7**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final		
<b>Revenues:</b>				
Intergovernmental	26,084,320	26,084,320	5,464,255	(20,620,065)
Investment income	-	-	2,715,106	2,715,106
Miscellaneous	5,637,100	5,637,100	352,603	(5,284,497)
<b>Total Revenues</b>	<b>31,721,420</b>	<b>31,721,420</b>	<b>8,531,964</b>	<b>(23,189,456)</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Principal and interest for general obligation bonds:				
General county	70,037,020	70,037,020	68,386,151	1,650,869
Roads and storm drainage	77,869,410	77,869,410	77,455,210	414,200
Parks and recreation	9,417,240	9,417,240	9,327,807	89,433
Public schools	154,958,720	154,958,720	154,327,680	631,040
Montgomery College	26,017,730	26,017,730	26,321,750	(304,020)
Public housing	58,330	58,330	58,334	(4)
Recreation	9,542,400	9,542,400	9,856,079	(313,679)
Fire and rescue	7,873,730	7,873,730	7,819,545	54,185
Mass transit	21,894,010	21,894,010	21,468,983	425,027
Issuing costs	3,847,100	4,075,114	3,422,322	652,792
Bond anticipation note interest	7,650,000	7,650,000	5,249,633	2,400,367
Principal and interest on long-term equipment notes	-	1,165,907	1,165,907	-
Principal and interest on revenue bonds	6,148,600	12,002,004	12,001,991	13
Long-term leases:				
General Fund	13,117,410	13,117,410	12,454,674	662,736
Recreation	1,525,700	1,525,700	1,525,590	110
Montgomery Housing Initiative	9,558,260	9,558,260	8,745,062	813,198
Mass Transit	6,718,600	6,718,600	6,640,713	77,887
Fire and Rescue	2,896,600	2,896,600	2,920,253	(23,653)
<b>Total Expenditures</b>	<b>429,130,860</b>	<b>436,378,185</b>	<b>429,147,684</b>	<b>7,230,501</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>(397,409,440)</b>	<b>(404,656,765)</b>	<b>(420,615,720)</b>	<b>(15,958,955)</b>
<b>Other Financing Sources (Uses):</b>				
<b>Transfers In (Out):</b>				
From General Fund	331,251,540	332,417,447	329,759,262	(2,658,185)
From Capital Projects Fund	-	-	200,484	200,484
Transfer to Capital Projects Fund	-	-	(16,000,000)	(16,000,000)
<b>From Special Revenue Funds:</b>				
Recreation	11,068,100	11,068,100	10,835,979	(232,121)
Mass Transit	28,612,610	28,612,610	27,168,103	(1,444,507)
Fire Tax District	10,770,330	10,770,330	10,518,378	(251,952)
Montgomery Housing Initiative	9,501,510	9,501,510	8,745,062	(756,448)
Water Quality Protection	6,148,600	6,148,600	6,114,375	(34,225)
From Liquor Control Fund	-	5,853,404	5,853,404	-
<b>Total Other Financing Sources (Uses)</b>	<b>397,352,690</b>	<b>404,372,001</b>	<b>383,195,047</b>	<b>(21,176,954)</b>
<b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>(56,750)</b>	<b>(284,764)</b>	<b>(37,420,673)</b>	<b>(37,135,909)</b>

(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, 2019  
**Exhibit B-7 (Concluded)**

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**Adjustments required under generally accepted accounting principles:**

Payment to refunding bond escrow agent	(38,031,143)
Elimination of encumbrances outstanding	228,014
Bond anticipation note activity	(330,000,000)
Premium on general obligation bond	31,774,710
Premium on revenue bonds	1,215,820
Issuing costs for general obligation bonds/certificate of participation	(695,893)
Proceeds of:	
General obligation bonds	330,000,000
DLC refunding bonds	7,638,963
Lease financing	6,909,042
Taxable Limited Obligation Certificates	<u>22,420,000</u>
GAAP - Net Change in Fund Balance	(5,961,160)
Fund Balance - Beginning of Year	<u>187,817,336</u>
Fund Balance - End of Year	<u><u>181,856,176</u></u>

MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY B  
CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
**Exhibit B-8**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues:</b>				
Taxes	\$ 36,256,000	\$ 30,242,000	\$ 137,905,566	\$ 107,663,566
Intergovernmental	19,734,000	13,957,000	46,409,188	32,452,188
Charges for services	(472,000)	(732,000)	555,150	1,287,150
Investment income	188,000	188,000	5,627,313	5,439,313
Miscellaneous	13,101,000	23,196,000	2,296,742	(20,899,258)
Total Revenues	68,807,000	66,851,000	192,793,959	125,942,959
<b>Expenditures - Capital Projects</b>				
	623,508,954	719,977,204	1,060,799,091	(340,821,887)
Excess of Revenues over (under) Expenditures	(554,701,954)	(653,126,204)	(868,005,132)	(214,878,928)
<b>Other Financing Sources (Uses):</b>				
Transfers in	15,446,000	19,089,000	93,332,726	74,243,726
Transfers out	-	-	(58,032,489)	(58,032,489)
Sale of property	(27,000,000)	(27,000,000)	49,559	27,049,559
Financing under notes and leases payable	33,672,000	33,672,000	9,440,000	(24,232,000)
Proceeds from taxable limited obligation certificates	54,094,000	88,848,000	33,715,000	(55,133,000)
Proceeds from certificates of participation	(1,871,000)	7,854,000	-	(7,854,000)
Proceeds from general obligation bonds	152,840,000	212,740,000	-	(212,740,000)
Proceeds from bond anticipation notes	-	-	330,000,000	330,000,000
Proceeds from issuance of revenue bonds	(101,032,000)	(110,617,000)	-	110,617,000
Premium on taxable limited obligation certificates	-	-	82,505	82,505
Total Other Financing Sources (Uses)	126,149,000	224,586,000	408,587,301	184,001,301
<b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>				
	<u>\$ (428,552,954)</u>	<u>\$ (428,540,204)</u>	(459,417,831)	<u>\$ (30,877,627)</u>
<b>Adjustments required under generally accepted accounting principles:</b>				
Elimination of encumbrances outstanding			337,876,222	
GAAP - Net Change in Fund Balance			(121,541,609)	
Fund Balance - Beginning of Year			126,666,183	
Fund Balance - End of Year			<u>\$ 5,124,574</u>	

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, 2019  
**Exhibit B-9**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues:</b>				
Taxes - property	\$ 44,785,455	\$ 44,785,455	\$ 43,687,567	\$ (1,097,888)
Charges for services - activity fees	10,580,542	10,580,542	10,542,962	(37,580)
Investment income	72,240	72,240	-	(72,240)
Miscellaneous	129,597	129,597	78,518	(51,079)
Total Revenues	<u>55,567,834</u>	<u>55,567,834</u>	<u>54,309,047</u>	<u>(1,258,787)</u>
<b>Expenditures:</b>				
Personnel costs	25,219,424	24,138,590	24,138,583	7
Operating	13,486,555	12,844,299	12,844,293	6
Total Expenditures	<u>38,705,979</u>	<u>36,982,889</u>	<u>36,982,876</u>	<u>13</u>
Excess of Revenues over (under) Expenditures	<u>16,861,855</u>	<u>18,584,945</u>	<u>17,326,171</u>	<u>(1,258,774)</u>
<b>Other Financing Sources (Uses):</b>				
<b>Transfers In (Out):</b>				
From General Fund	1,009,700	1,009,700	1,009,700	-
To General Fund	(6,681,227)	(6,681,227)	(4,918,017)	1,763,210
To Debt Service Fund	(11,068,100)	(11,068,100)	(10,835,979)	232,121
Total Other Financing Sources (Uses)	<u>(16,739,627)</u>	<u>(16,739,627)</u>	<u>(14,744,296)</u>	<u>1,995,331</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 122,228</u>	<u>\$ 1,845,318</u>	2,581,875	<u>\$ 736,557</u>
<b>Adjustments required under generally accepted accounting principles:</b>				
Interfund activity- Maintenance cost reimbursement budgeted as a transfer to General Fund			(1,763,210)	
Elimination of encumbrances outstanding			433,845	
GAAP - Net Change in Fund Balance			1,252,510	
Fund Balance - Beginning of Year			1,307,242	
Fund Balance - End of Year			<u>\$ 2,559,752</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, 2019  
**Exhibit B-10**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues:</b>				
Taxes - property	\$ 215,654,797	\$ 215,654,797	\$ 209,787,462	\$ (5,867,335)
Intergovernmental	-	1,963,432	1,952,432	(11,000)
Charges for services	19,500,000	19,500,000	21,214,169	1,714,169
Investment income	710,760	710,760	-	(710,760)
Miscellaneous	244,882	244,882	541,690	296,808
Total Revenues	<u>236,110,439</u>	<u>238,073,871</u>	<u>233,495,753</u>	<u>(4,578,118)</u>
<b>Expenditures:</b>				
Personnel costs	180,117,378	189,402,510	189,402,505	5
Operating	<u>37,293,839</u>	<u>45,044,769</u>	<u>45,044,761</u>	<u>8</u>
Total Expenditures	<u>217,411,217</u>	<u>234,447,279</u>	<u>234,447,266</u>	<u>13</u>
Excess of Revenues over (under) Expenditures	<u>18,699,222</u>	<u>3,626,592</u>	<u>(951,513)</u>	<u>(4,578,105)</u>
<b>Other Financing Sources (Uses):</b>				
<b>Transfers In (Out):</b>				
From General Fund	250,000	17,890,965	17,890,965	-
To General Fund	(1,361,232)	(551,232)	(551,232)	-
To Debt Service Fund	(10,770,330)	(10,770,330)	(10,518,378)	251,952
To Capital Projects Fund	-	(99,000)	(1,091,710)	(992,710)
Total Other Financing Sources (Uses)	<u>(11,881,562)</u>	<u>6,470,403</u>	<u>5,729,645</u>	<u>(740,758)</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 6,817,660</u>	<u>\$ 10,096,995</u>	4,778,132	<u>\$ (5,318,863)</u>
<b>Adjustments required under generally accepted accounting principles:</b>				
Non-budgeted item - Bad debt expense			(2,609,883)	
Elimination of encumbrances outstanding			<u>1,906,731</u>	
GAAP - Net Change in Fund Balance			4,074,980	
Fund Balance - Beginning of Year			<u>(8,330,786)</u>	
Fund Balance - End of Year			<u>\$ (4,255,806)</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, 2019  
**Exhibit B-11**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues:</b>				
Taxes - property	\$ 100,841,399	\$ 100,841,399	\$ 97,930,578	\$ (2,910,821)
Licenses and permits	425,000	425,000	377,371	(47,629)
Intergovernmental	40,325,861	40,325,861	41,295,038	969,177
Charges for services:				
Fare receipts	25,208,696	25,208,696	25,819,080	610,384
Parking fees	661,385	661,385	1,010,905	349,520
Total Charges for Services	25,870,081	25,870,081	26,829,985	959,904
Fines and forfeitures	405,000	405,000	879,550	474,550
Investment income	551,830	551,830	-	(551,830)
Miscellaneous	-	-	40,019	40,019
Total Revenues	168,419,171	168,419,171	167,352,541	(1,066,630)
<b>Expenditures:</b>				
Division of Transit Services				
Personnel costs	77,465,764	76,276,353	76,276,346	7
Operating	54,906,730	59,361,891	59,361,882	9
Total Division of Transit Services	132,372,494	135,638,244	135,638,228	16
Washington Suburban Transit Commission				
Operating	144,553	144,553	144,553	-
Total Expenditures	132,517,047	135,782,797	135,782,781	16
Excess of Revenues over (under) Expenditures	35,902,124	32,636,374	31,569,760	(1,066,614)
<b>Other Financing Sources (Uses):</b>				
Transfers In (Out):				
From General Fund	531,310	531,310	531,310	-
To General Fund	(14,244,043)	(14,244,043)	(14,244,043)	-
To Debt Service Fund	(28,612,610)	(28,612,610)	(27,168,103)	1,444,507
To Grants Fund	-	(340,000)	(340,000)	-
To Capital Projects Fund	-	1,533,000	(4,558,052)	(6,091,052)
Total Other Financing Sources (Uses)	(42,325,343)	(41,132,343)	(45,778,888)	(4,646,545)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (6,423,219)	\$ (8,495,969)	(14,209,128)	\$ (5,713,159)
<b>Adjustments required under generally accepted accounting principles:</b>				
Elimination of encumbrances outstanding			2,385,446	
GAAP - Net Change in Fund Balance			(11,823,682)	
Fund Balance - Beginning of Year			23,725,397	
Fund Balance - End of Year			\$ 11,901,715	

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, 2019  
**Exhibit B-12**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Investment income				
Pooled investment income	\$ -	\$ -	\$ 59,336	\$ 59,336
Other investment income	-	-	26,261	26,261
Total Revenues	-	-	85,597	85,597
Total Expenditures	-	-	-	-
Excess of Revenues over (under) Expenditures	-	-	85,597	85,597
Other Financing Sources (Uses):				
Mortgage loans	(4,783,264)	(4,783,264)	-	4,783,264
Total Other Financing Sources (Uses)	(4,783,264)	(4,783,264)	-	4,783,264
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (4,783,264)	\$ (4,783,264)	85,597	\$ 4,868,861
Fund Balance - Beginning of Year			4,783,264	
Fund Balance - End of Year			\$ 4,868,861	

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, 2019  
**Exhibit B-13**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues:</b>				
Fines and forfeitures	\$ 28,840,220	\$ 28,840,220	\$ 26,935,115	\$ (1,905,105)
Investment income	106,720	106,720	251,098	144,378
Total Revenues	<u>28,946,940</u>	<u>28,946,940</u>	<u>27,186,213</u>	<u>(1,760,727)</u>
<b>Expenditures:</b>				
Personnel costs	4,149,584	4,179,555	3,940,837	238,718
Operating	12,043,628	14,090,347	13,451,252	639,095
Total Expenditures	<u>16,193,212</u>	<u>18,269,902</u>	<u>17,392,089</u>	<u>877,813</u>
Excess of Revenues over (under) Expenditures	<u>12,753,728</u>	<u>10,677,038</u>	<u>9,794,124</u>	<u>(882,914)</u>
<b>Other Financing Sources (Uses):</b>				
<b>Transfers In (Out):</b>				
To General Fund	(10,126,335)	(6,920,335)	(6,920,335)	-
To Capital Projects Fund	-	(4,520,000)	(6,602,374)	(2,082,374)
Total Other Financing Sources (Uses)	<u>(10,126,335)</u>	<u>(11,440,335)</u>	<u>(13,522,709)</u>	<u>(2,082,374)</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 2,627,393</u>	<u>\$ (763,297)</u>	<u>(3,728,585)</u>	<u>\$ (2,965,288)</u>
<b>Adjustments required under generally accepted accounting principles:</b>				
Elimination of encumbrances outstanding			<u>1,950,653</u>	
GAAP - Net Change in Fund Balance			<u>(1,777,932)</u>	
Fund Balance - Beginning of Year			<u>11,726,677</u>	
Fund Balance - End of Year			<u>\$ 9,948,745</u>	

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, 2019  
**Exhibit B-14**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues:</b>				
Fines and forfeitures	\$ -	\$ -	\$ 500,745	\$ 500,745
Investment income	-	-	43,725	43,725
Miscellaneous	-	-	54,995	54,995
Total Revenues	-	-	599,465	599,465
<b>Expenditures:</b>				
Operating	-	2,012,749	1,229,818	782,931
Total Expenditures	-	2,012,749	1,229,818	782,931
Excess of Revenues over (under) Expenditures	\$ -	\$ (2,012,749)	(630,353)	\$ 1,382,396
<b>Adjustments required under generally accepted accounting principles:</b>				
Elimination of encumbrances outstanding			226,581	
GAAP - Net Change in Fund Balance			(403,772)	
Fund Balance - Beginning of Year			2,012,749	
Fund Balance - End of Year			\$ 1,608,977	

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, 2019  
**Exhibit B-15**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues:</b>				
Taxes	\$ 39,887,856	\$ 39,887,856	\$ 40,874,402	\$ 986,546
Charges for services	50,000	50,000	391,310	341,310
Investment income	333,980	333,980	808,871	474,891
Total Revenues	<u>40,271,836</u>	<u>40,271,836</u>	42,074,583	1,802,747
<b>Expenditures:</b>				
Personnel costs	9,540,378	9,559,834	8,459,001	1,100,833
Operating	18,405,086	23,675,752	22,191,078	1,484,674
Total Expenditures	<u>27,945,464</u>	<u>33,235,586</u>	30,650,079	2,585,507
Excess of Revenues over (under) Expenditures	12,326,372	7,036,250	11,424,504	4,388,254
<b>Other Financing Sources (Uses):</b>				
<b>Transfers In (Out):</b>				
To General Fund	(1,752,361)	(1,752,361)	(1,752,361)	-
To Capital Projects Fund	-	(4,750,000)	(7,137,027)	(2,387,027)
To Debt Service Fund	(6,148,600)	(6,148,600)	(6,114,375)	34,225
Total Other Financing Sources (Uses)	<u>(7,900,961)</u>	<u>(12,650,961)</u>	(15,003,763)	(2,352,802)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 4,425,411</u>	<u>\$ (5,614,711)</u>	(3,579,259)	<u>\$ 2,035,452</u>
<b>Adjustments required under generally accepted accounting principles:</b>				
Elimination of encumbrances outstanding			<u>4,885,335</u>	
GAAP - Net Change in Fund Balance			1,306,076	
Fund Balance - Beginning of Year			<u>19,412,805</u>	
Fund Balance - End of Year			<u>\$ 20,718,881</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, 2019  
**Exhibit B-16**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 57,785	\$ 57,785
Miscellaneous - contributions	-	-	13,077,692	13,077,692
Total Revenues	-	-	13,135,477	13,135,477
<b>Expenditures:</b>				
Operating	-	39,153,068	24,387,807	14,765,261
Total Expenditures	-	39,153,068	24,387,807	14,765,261
Excess of Revenues over (under) Expenditures	\$ -	\$ (39,153,068)	(11,252,330)	\$ 27,900,738
<b>Adjustments required under generally accepted accounting principles:</b>				
Elimination of encumbrances outstanding			5,158,519	
GAAP - Net Change in Fund Balance			(6,093,811)	
Fund Balance - Beginning of Year			36,368,796	
Fund Balance - End of Year			\$ 30,274,985	



## **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  
 JUNE 30, 2019  
**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	\$ 39,565,948	\$ 11,284,087	\$ 50,850,035
Receivables (net of allowance for uncollectibles):			
Accounts	253,842	-	253,842
Total Current Assets	<u>39,819,790</u>	<u>11,284,087</u>	<u>51,103,877</u>
Noncurrent Assets:			
Capital Assets:			
Furniture, fixtures, equipment, and machinery	1,809,260	49,423	1,858,683
Automobiles and trucks	355,027	-	355,027
Subtotal	2,164,287	49,423	2,213,710
Less: Accumulated depreciation	1,912,494	49,423	1,961,917
Total Capital Assets (net of accumulated depreciation)	<u>251,793</u>	<u>-</u>	<u>251,793</u>
Total Noncurrent Assets	<u>251,793</u>	<u>-</u>	<u>251,793</u>
Total Assets	<u>40,071,583</u>	<u>11,284,087</u>	<u>51,355,670</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	2,660,891	170,236	2,831,127
Total Deferred Outflows of Resources	<u>2,660,891</u>	<u>170,236</u>	<u>2,831,127</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	190,945	180,626	371,571
Deposits	9,301,480	-	9,301,480
Accrued liabilities	3,020,988	538,964	3,559,952
Due to other funds	1,577,659	175,446	1,753,105
Due to component units	-	805,761	805,761
Due to other governments	5,047	-	5,047
Unearned revenue	358,071	2,576,400	2,934,471
Total Current Liabilities	<u>14,454,190</u>	<u>4,277,197</u>	<u>18,731,387</u>
Noncurrent Liabilities:			
Compensated absences	916,398	85,558	1,001,956
Net pension liability	5,182,847	375,393	5,558,240
Total Noncurrent Liabilities	<u>6,099,245</u>	<u>460,951</u>	<u>6,560,196</u>
Total Liabilities	<u>20,553,435</u>	<u>4,738,148</u>	<u>25,291,583</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	2,873,895	208,156	3,082,051
Total Deferred Inflows of Resources	<u>2,873,895</u>	<u>208,156</u>	<u>3,082,051</u>
<b>NET POSITION</b>			
Net investment in capital assets	251,793	-	251,793
Unrestricted	19,053,351	6,508,019	25,561,370
Total Net Position	<u>\$ 19,305,144</u>	<u>\$ 6,508,019</u>	<u>\$ 25,813,163</u>

MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
**Exhibit C-2**

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>			
Charges for services	\$ 798,466	\$ 11,964,989	\$ 12,763,455
Licenses and permits	42,905,487	-	42,905,487
Fines and penalties	87,008	-	87,008
Total Operating Revenues	<u>43,790,961</u>	<u>11,964,989</u>	<u>55,755,950</u>
<b>OPERATING EXPENSES</b>			
Personnel costs	28,558,070	3,059,995	31,618,065
Other post employment contributions	1,225,520	149,330	1,374,850
Postage	30,016	29	30,045
Insurance	598,628	-	598,628
Supplies and materials	414,806	495,818	910,624
Contractual services	1,412,382	4,256,762	5,669,144
Communications	191,567	16,416	207,983
Transportation	875,107	13,622	888,729
Public utility services	-	2,051,152	2,051,152
Rentals	2,800,188	338,304	3,138,492
Maintenance	212,319	538,303	750,622
Depreciation	100,625	-	100,625
Other	103,864	107,777	211,641
Total Operating Expenses	<u>36,523,092</u>	<u>11,027,508</u>	<u>47,550,600</u>
Operating Income (Loss)	<u>7,267,869</u>	<u>937,481</u>	<u>8,205,350</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	904,945	290,799	1,195,744
Other revenue	4,432	-	4,432
Total Nonoperating Revenues (Expenses)	<u>909,377</u>	<u>290,799</u>	<u>1,200,176</u>
Income (Loss) Before Transfers	<u>8,177,246</u>	<u>1,228,280</u>	<u>9,405,526</u>
Transfers In (Out):			
Transfers in	-	25,000	25,000
Transfers out	<u>(5,642,377)</u>	<u>(1,117,370)</u>	<u>(6,759,747)</u>
Total Transfers In (Out)	<u>(5,642,377)</u>	<u>(1,092,370)</u>	<u>(6,734,747)</u>
Change in Net Position	2,534,869	135,910	2,670,779
Total Net Position - Beginning of Year	<u>16,770,275</u>	<u>6,372,109</u>	<u>23,142,384</u>
Total Net Position - End of Year	<u>\$ 19,305,144</u>	<u>\$ 6,508,019</u>	<u>\$ 25,813,163</u>

MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
**Exhibit C-3**

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 43,673,339	\$ 11,967,140	\$ 55,640,479
Payments to suppliers	(7,842,212)	(7,867,782)	(15,709,994)
Payments to employees	(30,270,826)	(3,274,734)	(33,545,560)
Other operating receipts	5,125,472	-	5,125,472
Other operating payments	(4,765,808)	-	(4,765,808)
Other revenue	4,432	-	4,432
Net cash provided (Used) by Operating Activities	<u>5,924,397</u>	<u>824,624</u>	<u>6,749,021</u>
<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	(5,642,377)	(1,117,370)	(6,759,747)
Net cash provided (Used) by Noncapital Financing Activities	<u>(5,642,377)</u>	<u>(1,092,370)</u>	<u>(6,734,747)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income from pooled investments	904,945	290,799	1,195,744
Net cash provided (Used) by Investing Activities	<u>904,945</u>	<u>290,799</u>	<u>1,195,744</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,186,965	23,053	1,210,018
Balances - Beginning of Year	<u>38,378,983</u>	<u>11,261,034</u>	<u>49,640,017</u>
Balances - End of Year	<u>\$ 39,565,948</u>	<u>\$ 11,284,087</u>	<u>\$ 50,850,035</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 7,267,869	\$ 937,481	\$ 8,205,350
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	100,625	-	100,625
Other revenues	4,432	-	4,432
Pension expense	(1,689,539)	(50,822)	(1,740,361)
Effect of changes in operating assets and liabilities:			
Receivables, net	3,204	2,151	5,355
Accounts payable and other liabilities	(309,888)	(58,110)	(367,998)
Accrued expenses	547,694	(6,076)	541,618
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,924,397</u>	<u>\$ 824,624</u>	<u>\$ 6,749,021</u>

MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
Exhibit C-4

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
<b>LIQUOR</b>				
Personnel costs	34,956,544	34,356,544	36,109,456	(1,752,912)
Operating	<u>29,033,907</u>	<u>24,427,378</u>	<u>22,900,631</u>	<u>1,526,747</u>
Total	<u><u>63,990,451</u></u>	<u><u>58,783,922</u></u>	<u><u>59,010,087</u></u>	<u><u>(226,165)</u></u>

Reconciliation to GAAP expenses:

Additions:				
Depreciation			2,759,436	
Cost of goods sold			205,090,736	
Interest expense			1,673,004	
Bad debt expense			283,117	
Deductions:				
Equipment note principal reduction			(1,531,064)	
Cash interest payments			(1,681,771)	
Debt Issuance Costs			(64,944)	
Pension expense			(1,476,366)	
Encumbrances outstanding at year-end			<u>(1,145,710)</u>	
GAAP Expenses			<u><u>262,916,525</u></u>	

**PERMITTING SERVICES**

Personnel costs	30,067,501	30,247,613	30,247,609	4
Operating	<u>10,166,729</u>	<u>11,108,334</u>	<u>9,016,124</u>	<u>2,092,210</u>
Total	<u><u>40,234,230</u></u>	<u><u>41,355,947</u></u>	<u><u>39,263,733</u></u>	<u><u>2,092,214</u></u>

Reconciliation to GAAP expenses:

Additions:				
Depreciation			100,625	
Deductions:				
Encumbrances outstanding at year-end			(1,151,727)	
Pension expense			<u>(1,689,539)</u>	
GAAP Expenses			<u><u>36,523,092</u></u>	

**COMMUNITY USE OF PUBLIC FACILITIES**

Personnel costs	3,346,413	3,361,879	3,110,817	251,062
Operating	<u>8,573,486</u>	<u>8,538,900</u>	<u>8,016,949</u>	<u>521,951</u>
Total	<u><u>11,919,899</u></u>	<u><u>11,900,779</u></u>	<u><u>11,127,766</u></u>	<u><u>773,013</u></u>

Reconciliation to GAAP expenses:

Additions:				
Bad Debt			2,151	
Deductions:				
Pension expense			(50,822)	
Encumbrances outstanding at year-end			<u>(51,587)</u>	
GAAP Expenses			<u><u>11,027,508</u></u>	

(Continued)

MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
Exhibit C-4

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
<b>SOLID WASTE DISPOSAL</b>				
Personnel costs	10,409,539	10,080,294	10,080,287	7
Operating	90,803,475	94,731,490	94,631,938	99,552
Total	<u>101,213,014</u>	<u>104,811,784</u>	104,712,225	<u>99,559</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			2,217,338	
Accrued landfill closing cost			2,117,353	
Other landfill adjustments			663,045	
Deductions:				
Capital outlay expenditures			(1,328,427)	
Encumbrances outstanding at year-end			(10,864,609)	
Pension expense			(379,496)	
Adjustment of landfill closure costs			<u>(2,780,398)</u>	
GAAP Expenses			<u>94,357,031</u>	
<b>SOLID WASTE COLLECTION</b>				
Personnel costs	1,543,576	1,596,507	1,596,502	5
Operating	7,703,772	7,652,882	7,193,204	459,678
Total	<u>9,247,348</u>	<u>9,249,389</u>	8,789,706	<u>459,683</u>
Reconciliation to GAAP expenses:				
Deductions:				
Pension expense			(43,520)	
Encumbrances outstanding at year-end			<u>(57,468)</u>	
GAAP Expenses			<u>8,688,718</u>	
<b>SOLID WASTE LEAFING</b>				
Personnel costs	3,411,148	3,086,048	3,086,038	10
Operating	2,793,573	3,121,043	3,876,034	(754,991)
Total	<u>6,204,721</u>	<u>6,207,091</u>	6,962,072	<u>(754,981)</u>
Reconciliation to GAAP expenses:				
Deductions:				
Pension expense			<u>(83,673)</u>	
GAAP Expenses			<u>6,878,399</u>	
<b>Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Assets:</b>				
GAAP Expenses:				
Solid Waste Disposal			94,357,031	
Solid Waste Collection			8,688,718	
Solid Waste Leafing			<u>6,878,399</u>	
Total Solid Waste Activities			<u>109,924,148</u>	*

(Continued)

MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
**Exhibit C-4**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
<b>SILVER SPRING PARKING</b>				
Personnel costs	2,590,392	2,338,381	2,255,591	82,790
Operating	8,917,139	8,060,990	7,470,331	590,659
Total	<u>11,507,531</u>	<u>10,399,371</u>	<u>9,725,922</u>	<u>673,449</u>

Reconciliation to GAAP expenses:

Additions:				
Depreciation			4,356,681	
CIP - other operating costs			5,761,843	
Deductions:				
Capital outlay			(2,348,365)	
Pension expense			(64,295)	
Encumbrances outstanding at year-end			<u>(1,332)</u>	
GAAP Expenses			<u>17,430,454</u>	

**BETHESDA PARKING**

Personnel costs	2,272,789	2,173,023	2,173,021	2
Operating	12,643,239	11,377,927	11,297,049	80,878
Total	<u>14,916,028</u>	<u>13,550,950</u>	<u>13,470,070</u>	<u>80,880</u>

Reconciliation to GAAP expenses:

Additions:				
Depreciation			5,263,482	
Interest expense			986,682	
CIP - other operating costs			4,856,423	
Pension expense			4,422	
Deductions:				
Capital outlay			(4,832,207)	
Encumbrances outstanding at year-end			(50,648)	
Principal paid on bonds			(3,441,000)	
Cash interest payments			<u>(1,214,242)</u>	
GAAP Expenses			<u>15,042,982</u>	

**WHEATON PARKING**

Personnel costs	386,984	388,086	366,485	21,601
Operating	1,018,723	1,016,805	812,327	204,478
Total	<u>1,405,707</u>	<u>1,404,891</u>	<u>1,178,812</u>	<u>226,079</u>

Reconciliation to GAAP expenses:

Additions:				
Depreciation			290,930	
CIP - other operating costs			120,745	
Deductions:				
Capital outlay			(3,411)	
Pension expense			(3,075)	
Encumbrances outstanding at year-end			<u>(15,487)</u>	
GAAP Expenses			<u>1,568,514</u>	

(Continued)

MONTGOMERY COUNTY, MARYLAND  
 SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 ENTERPRISE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
**Exhibit C-4**

	<b>Budget</b>		<b>Actual</b>	<b>Variance Positive (Negative)</b>
	<b>Original Budget</b>	<b>Final Budget</b>		
<b>Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Assets:</b>				
GAAP Expenses:				
Silver Spring Parking			17,430,454	
Bethesda Parking			15,042,982	
Wheaton Parking			<u>1,568,514</u>	
Total Parking Lot Districts			<u><u>34,041,950</u></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, 2019  
**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	\$ 17,758,563	\$ 171,034,295	\$ 13,211,170	\$ 1,209,929	\$ 203,213,957
Cash	300	-	-	-	300
Receivables (net of allowances for uncollectibles):					
Accounts	42,600	146,627	531,957	-	721,184
Due from other funds	-	-	10,094,382	-	10,094,382
Due from component units	38,299	59,237	741,501	2,806	841,843
Due from other governments	47,672	-	344,102	24,019	415,793
Inventory of supplies	4,274,312	-	-	-	4,274,312
Prepays	10,943	20,643	-	156,658	188,244
Total Current Assets	<u>22,172,689</u>	<u>171,260,802</u>	<u>24,923,112</u>	<u>1,393,412</u>	<u>219,750,015</u>
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	3,149,135	-	-	859,724	4,008,859
Automobiles and trucks	98,999,520	-	-	-	98,999,520
Subtotal	102,439,726	-	-	859,724	103,299,450
Less: Accumulated depreciation	62,995,223	-	-	765,429	63,760,652
Total Capital Assets (net of accumulated depreciation)	<u>39,444,503</u>	<u>-</u>	<u>-</u>	<u>94,295</u>	<u>39,538,798</u>
Total Assets	<u>61,617,192</u>	<u>171,260,802</u>	<u>24,923,112</u>	<u>1,487,707</u>	<u>259,288,813</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension deferrals	784,014	286,558	71,263	190,834	1,332,669
Total Deferred Outflows of Resources	<u>784,014</u>	<u>286,558</u>	<u>71,263</u>	<u>190,834</u>	<u>1,332,669</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	3,147,525	1,467,692	8,878,010	61,397	13,554,624
Claims payable	-	41,755,929	9,578,338	-	51,334,267
Accrued liabilities	2,446,717	588,772	986,324	308,413	4,330,226
Due to other funds	1,140,429	104,829	8,492,905	140,544	9,878,707
Due to component units	-	50,871	-	5,004	55,875
Due to other governments	-	17,373	-	-	17,373
Total Current Liabilities	<u>6,734,671</u>	<u>43,985,466</u>	<u>27,935,577</u>	<u>515,358</u>	<u>79,171,072</u>
Noncurrent Liabilities:					
Claims payable	-	126,872,374	5,814,000	-	132,686,374
Compensated absences	603,289	99,777	85,033	71,231	859,330
Net pension liability	1,514,766	703,252	217,067	352,620	2,787,705
Total Noncurrent Liabilities	<u>2,118,055</u>	<u>127,675,403</u>	<u>6,116,100</u>	<u>423,851</u>	<u>136,333,409</u>
Total Liabilities	<u>8,852,726</u>	<u>171,660,869</u>	<u>34,051,677</u>	<u>939,209</u>	<u>215,504,481</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension deferrals	839,940	389,954	120,364	195,528	1,545,786
Total Deferred Inflows of Resources	<u>839,940</u>	<u>389,954</u>	<u>120,364</u>	<u>195,528</u>	<u>1,545,786</u>
<b>NET POSITION</b>					
Net investment in capital assets	39,444,503	-	-	94,295	39,538,798
Unrestricted	13,264,037	(503,463)	(9,177,666)	449,509	4,032,417
Total Net Position (Deficit)	<u>\$ 52,708,540</u>	<u>\$ (503,463)</u>	<u>\$ (9,177,666)</u>	<u>\$ 543,804</u>	<u>\$ 43,571,215</u>

MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
**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	\$ 75,535,797	\$ 68,473,801	\$ 167,576,339	\$ 7,525,454	\$ 319,111,391
Claim recoveries	2,082,524	470,787	-	-	2,553,311
Total Operating Revenues	<u>77,618,321</u>	<u>68,944,588</u>	<u>167,576,339</u>	<u>7,525,454</u>	<u>321,664,702</u>
<b>OPERATING EXPENSES</b>					
Personnel costs	21,514,487	3,481,347	2,192,662	2,511,681	29,700,177
Other post employment contributions	1,029,850	51,490	-	149,330	1,230,670
Postage	1,909	247	28,260	981,554	1,011,970
Self-insurance incurred and estimated claims	-	54,377,631	129,995,786	-	184,373,417
Insurance	1,503,168	5,695,781	36,771,257	-	43,970,206
Supplies and materials	25,363,706	9,499	73,300	702,424	26,148,929
Contractual services	630,274	7,827,176	1,838,860	124,378	10,420,688
Communications	83,700	6,278	28,157	147,861	265,996
Transportation	224,983	20,978	1,515	40,201	287,677
Public utility services	1,048,072	-	-	-	1,048,072
Rentals	1,040	269,566	65	2,750,694	3,021,365
Maintenance	17,532,621	-	-	38,629	17,571,250
Depreciation	9,104,605	-	-	15,650	9,120,255
Other	19,163	8,977	83,576	522	112,238
Total Operating Expenses	<u>78,057,578</u>	<u>71,748,970</u>	<u>171,013,438</u>	<u>7,462,924</u>	<u>328,282,910</u>
Operating Income (Loss)	<u>(439,257)</u>	<u>(2,804,382)</u>	<u>(3,437,099)</u>	<u>62,530</u>	<u>(6,618,208)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Gain (loss) on disposal of capital assets	355,594	-	-	-	355,594
Investment income	332,645	4,556,909	382,681	44,785	5,317,020
Insurance recoveries	-	578,956	-	-	578,956
Total Nonoperating Revenues (Expenses)	<u>688,239</u>	<u>5,135,865</u>	<u>382,681</u>	<u>44,785</u>	<u>6,251,570</u>
Income (Loss) Before Transfers	<u>248,982</u>	<u>2,331,483</u>	<u>(3,054,418)</u>	<u>107,315</u>	<u>(366,638)</u>
Transfers In (Out):					
Transfers in	857,757	-	-	-	857,757
Transfers out	(1,000,000)	(4,312)	(10,500,000)	(32,700)	(11,537,012)
Total Transfers In (Out)	<u>(142,243)</u>	<u>(4,312)</u>	<u>(10,500,000)</u>	<u>(32,700)</u>	<u>(10,679,255)</u>
Change in Net Position	106,739	2,327,171	(13,554,418)	74,615	(11,045,893)
Total Net Position - Beginning of Year	<u>52,601,801</u>	<u>(2,830,634)</u>	<u>4,376,752</u>	<u>469,189</u>	<u>54,617,108</u>
Total Net Position - End of Year	<u>\$ 52,708,540</u>	<u>\$ (503,463)</u>	<u>\$ (9,177,666)</u>	<u>\$ 543,804</u>	<u>\$ 43,571,215</u>

MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
**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	\$ 77,857,556	\$ 68,786,670	\$ 165,700,558	\$ 7,527,293	\$ 319,872,077
Payments to suppliers	(46,317,481)	(9,577,011)	(3,479,858)	(4,938,150)	(64,312,500)
Payments to employees	(22,295,993)	(3,585,716)	(2,052,953)	(2,623,786)	(30,558,448)
Claims paid	-	(54,377,631)	(160,071,043)	-	(214,448,674)
Other revenue	-	470,787	-	-	470,787
Internal activity-receipts from other funds	857,757	-	-	-	857,757
Net Cash Provided (Used) by Operating Activities	10,101,839	1,717,099	96,704	(34,643)	11,880,999
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Insurance reimbursement claims	-	578,956	-	-	578,956
Internal activity-payment to other funds	(1,000,000)	(4,312)	(10,500,000)	(32,700)	(11,537,012)
Net Cash Provided (Used) by Noncapital Financing Activities	(1,000,000)	574,644	(10,500,000)	(32,700)	(10,958,056)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from sale of capital assets	582,649	-	-	-	582,649
Purchases of capital assets	(6,792,712)	-	-	-	(6,792,712)
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,210,063)	-	-	-	(6,210,063)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income from pooled investments	332,645	4,556,909	382,681	44,785	5,317,020
Net Cash Provided (Used) by Investing Activities	332,645	4,556,909	382,681	44,785	5,317,020
Net Increase (Decrease) in Cash and Cash Equivalents	3,224,421	6,848,652	(10,020,615)	(22,558)	29,900
Balances - Beginning of Year	14,534,442	164,185,643	23,231,785	1,232,487	203,184,357
Balances - End of Year	\$ 17,758,863	\$ 171,034,295	\$ 13,211,170	\$ 1,209,929	\$ 203,214,257
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ (439,257)	\$ (2,804,382)	\$ (3,437,099)	\$ 62,530	\$ (6,618,208)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	9,104,605	-	-	15,650	9,120,255
Pension expense	(408,901)	61,983	138,500	(126,531)	(334,949)
Effect of changes in operating assets and liabilities:					
Receivables, net	1,096,992	312,869	(1,875,782)	1,839	(464,082)
Inventories, prepaids and other assets	(129,605)	4,508	-	(55,638)	(180,735)
Accounts payable and other liabilities	996,900	247,375	5,410,864	30,683	6,685,822
Claims payable	-	4,544,898	-	-	4,544,898
Accrued expenses	(118,895)	(650,152)	(139,779)	36,824	(872,002)
Net Cash Provided (Used) by Operating Activities	\$ 10,101,839	\$ 1,717,099	\$ 96,704	\$ (34,643)	\$ 11,880,999

MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
**Exhibit D-4**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
<b>LIABILITY AND PROPERTY COVERAGE SELF-INSURANCE</b>				
Personnel costs	\$ 4,641,075	\$ 4,641,075	\$ 3,419,362	\$ 1,221,713
Operating	64,803,173	65,501,370	64,636,218	865,152
Total	<u>\$ 69,444,248</u>	<u>\$ 70,142,445</u>	68,055,580	<u>\$ 2,086,865</u>

Reconciliation to GAAP expenses:

Additions:

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

4,544,898

Pension expense

61,983

Deductions:

Encumbrances outstanding at year-end

(913,491)

GAAP Expenses

\$ 71,748,970

**EMPLOYEE HEALTH BENEFITS SELF-INSURANCE**

Personnel costs	\$ 3,128,654	\$ 2,815,794	\$ 2,054,162	\$ 761,632
Operating	255,546,145	257,329,324	167,964,958	89,364,366
Total	<u>\$ 258,674,799</u>	<u>\$ 260,145,118</u>	170,019,120	<u>\$ 90,125,998</u>

Reconciliation to GAAP expenses:

Additions:

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

1,305,562

Pension expense

138,500

Deductions:

Encumbrances outstanding at year-end

(449,744)

GAAP Expenses

\$ 171,013,438

## **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

### **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, 2019  
**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	\$ 2,058,980	\$ 177,209	\$ -	\$ 1,891,127	\$ 4,127,316
Investments:					
Government and agency obligations	568,830,742	-	-	167,485,981	736,316,723
Municipal/Provincial bonds	8,921,548	-	-	2,747,067	11,668,615
Asset-backed securities	666,245	-	-	222,082	888,327
Corporate bonds	655,403,025	-	-	182,322,901	837,725,926
Collateralized mortgage obligations	-	-	-	-	-
Commercial mortgage-backed securities	2,114,604	-	-	-	2,114,604
Common and preferred stock	1,633,312,048	-	-	451,336,062	2,084,648,110
Mutual and commingled funds	495,311,451	487,466,448	442,514,247	85,877,643	1,511,169,789
Short-term investments	203,643,284	-	-	30,388,024	234,031,308
Cash collateral received under securities lending agreements	149,833,263	-	-	6,262,961	156,096,224
Private real assets	218,561,490	-	-	38,924,650	257,486,140
Private equity/debt	515,390,370	-	-	112,737,359	628,127,729
Total Investments	4,451,988,070	487,466,448	442,514,247	1,078,304,730	6,460,273,495
Receivables (net of allowances for uncollectibles):					
Receivables and accrued interest	15,376,533	-	-	4,062,398	19,438,931
Accounts	72,048	5,774	-	-	77,822
Due from other funds	7,131,156	1,729,313	1,063,722	8,495,473	18,419,664
Due from component units	46,472	77,914	-	-	124,386
Due from other governments	6,398	769	-	-	7,167
Total Current Assets	4,476,679,657	489,457,427	443,577,969	1,092,753,728	6,502,468,781
Noncurrent Assets:					
Capital assets:					
Miscellaneous	900,043	-	-	-	900,043
Less: Accumulated depreciation	900,043	-	-	-	900,043
Total Capital Assets (net of accumulated depreciation)	-	-	-	-	-
Total Assets	4,476,679,657	489,457,427	443,577,969	1,092,753,728	6,502,468,781
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	155,541,996	1,712	-	7,896,075	163,439,783
Accrued liabilities	4,375,134	25,353	-	1,075,131	5,475,618
Claims payable	-	-	-	4,272,299	4,272,299
Due to other funds	28,067	2,712	-	4,422	35,201
Total Current Liabilities	159,945,197	29,777	-	13,247,927	173,222,901
Noncurrent Liabilities:					
Compensated absences	98,173	9,018	-	17,118	124,309
Total Liabilities	160,043,370	38,795	-	13,265,045	173,347,210
<b>NET POSITION</b>					
Restricted for pension and other postemployment benefits	\$ 4,316,636,287	\$ 489,418,632	\$ 443,577,969	\$1,079,488,683	\$ 6,329,121,571

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, 2019  
**Exhibit E-2**

	<b>Employees' Retirement System</b>	<b>Employees' Retirement Savings Plan</b>	<b>Deferred Compensation Plan</b>	<b>Retiree Health Benefits</b>	<b>Total</b>
<b>ADDITIONS</b>					
Contributions:					
Employers	\$ 86,584,479	\$ 20,511,483	\$ -	\$ 104,408,188	\$ 211,504,150
Members	29,628,822	12,022,809	23,244,334	-	64,895,965
Federal government - Medicare Part D	-	-	-	11,094,679	11,094,679
Total Contributions	<u>116,213,301</u>	<u>32,534,292</u>	<u>23,244,334</u>	<u>115,502,867</u>	<u>287,494,794</u>
Investment income (loss)	343,564,017	26,959,176	25,774,852	84,607,146	480,905,191
Less: Investment expenses	<u>25,673,663</u>	<u>4,690</u>	<u>-</u>	<u>5,508,328</u>	<u>31,186,681</u>
Net Investment Income (Loss)	<u>317,890,354</u>	<u>26,954,486</u>	<u>25,774,852</u>	<u>79,098,818</u>	<u>449,718,510</u>
Other income - forfeitures	-	169,697	-	-	169,697
Total Additions, net	<u>434,103,655</u>	<u>59,658,475</u>	<u>49,019,186</u>	<u>194,601,685</u>	<u>737,383,001</u>
<b>DEDUCTIONS</b>					
Benefits:					
Annuities:					
Retirees	193,421,574	-	-	-	193,421,574
Survivors	10,291,354	-	-	-	10,291,354
Disability	53,237,603	-	-	-	53,237,603
Claims	-	-	-	89,261,530	89,261,530
Total Benefits	<u>256,950,531</u>	<u>-</u>	<u>-</u>	<u>89,261,530</u>	<u>346,212,061</u>
Member refunds	6,760,028	16,066,232	36,856,901	-	59,683,161
Administrative expenses	<u>3,064,250</u>	<u>324,855</u>	<u>-</u>	<u>4,803,652</u>	<u>8,192,757</u>
Total Deductions	<u>266,774,809</u>	<u>16,391,087</u>	<u>36,856,901</u>	<u>94,065,182</u>	<u>414,087,979</u>
Net Increase (Decrease)	167,328,846	43,267,388	12,162,285	100,536,503	323,295,022
Net Position - Beginning of Year	<u>4,149,307,441</u>	<u>446,151,244</u>	<u>431,415,684</u>	<u>978,952,180</u>	<u>6,005,826,549</u>
Net Position - End of Year	<u>\$ 4,316,636,287</u>	<u>\$ 489,418,632</u>	<u>\$ 443,577,969</u>	<u>\$ 1,079,488,683</u>	<u>\$ 6,329,121,571</u>

MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
**Exhibit E-3**

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<b><u>RECREATION ACTIVITIES FUND</u></b>				
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 3,420,017	\$ 49,351,697	\$ 48,448,793	\$ 4,322,921
Accounts receivable	9,793,650	159,548,470	159,316,709	10,025,411
Total Assets	<u>13,213,667</u>	<u>208,900,167</u>	<u>207,765,502</u>	<u>14,348,332</u>
<b>LIABILITIES</b>				
Accounts payable	90,236	18,791,101	18,759,734	121,603
Due to other governments	305,762	28,240,516	27,648,904	897,374
Other liabilities	12,817,669	78,897,148	78,385,462	13,329,355
Total Liabilities	<u>\$ 13,213,667</u>	<u>\$ 125,928,765</u>	<u>\$ 124,794,100</u>	<u>\$ 14,348,332</u>
<b><u>PROPERTY TAX FUND</u></b>				
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 99,085,229	\$ 2,400,902,338	\$ 2,465,093,876	\$ 34,893,691
Property taxes receivable	5,197,217	466,171,835	465,645,040	5,724,012
Accounts receivable	211	24,469	12,374	12,306
Total Assets	<u>104,282,657</u>	<u>2,867,098,642</u>	<u>2,930,751,290</u>	<u>40,630,009</u>
<b>LIABILITIES</b>				
Uncollected property taxes due to governments	4,872,731	466,171,835	465,645,040	5,399,526
Due to other governments	877,718	597,825,322	598,629,813	73,227
Undistributed taxes and refunds	2,091,158	2,294,855,982	2,291,788,288	5,158,852
Unearned revenue	75,344,480	151,136	75,374,267	121,349
Tax sale surplus and redemptions payable	2,514,230	18,804,119	18,206,518	3,111,831
Other liabilities	18,582,340	724,773,001	716,590,117	26,765,224
Total Liabilities	<u>\$ 104,282,657</u>	<u>\$ 4,102,581,395</u>	<u>\$ 4,166,234,043</u>	<u>\$ 40,630,009</u>
<b><u>MISCELLANEOUS AGENCY FUND</u></b>				
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 6,353,817	\$ 7,949,008	\$ 7,900,737	\$ 6,402,088
Cash	191,931	-	23,107	168,824
Property taxes receivable	293	1,412,014	1,411,838	469
Accounts receivable	222	236	69	389
Due from other governments	141,326	9,739	24,978	126,087
Total Assets	<u>6,687,589</u>	<u>9,370,997</u>	<u>9,360,729</u>	<u>6,697,857</u>
<b>LIABILITIES</b>				
Due to other governments	1,468,906	3,464,516	3,441,899	1,491,523
Other liabilities	1,501,938	7,983,581	8,021,107	1,464,412
Deposits	3,716,745	2,047,733	2,022,556	3,741,922
Total Liabilities	<u>\$ 6,687,589</u>	<u>\$ 13,495,830</u>	<u>\$ 13,485,562</u>	<u>\$ 6,697,857</u>

(Continued)

MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
**Exhibit E-3 (Concluded)**

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 108,859,063	\$ 2,458,203,043	\$ 2,521,443,406	\$ 45,618,700
Cash	191,931	-	23,107	168,824
Property taxes receivable	5,197,510	467,583,849	467,056,878	5,724,481
Accounts receivable	9,794,083	159,573,175	159,329,152	10,038,106
Due from other governments	141,326	9,739	24,978	126,087
Total Assets	<u>124,183,913</u>	<u>3,085,369,806</u>	<u>3,147,877,521</u>	<u>61,676,198</u>
<b>LIABILITIES</b>				
Accounts payable	90,236	18,791,101	18,759,734	121,603
Deposits	3,716,745	2,047,733	2,022,556	3,741,922
Due to other governments	2,652,386	629,530,354	629,720,616	2,462,124
Uncollected property taxes due to governments	4,872,731	466,171,835	465,645,040	5,399,526
Undistributed taxes and refunds	2,091,158	2,294,855,982	2,291,788,288	5,158,852
Unearned revenue	75,344,480	151,136	75,374,267	121,349
Tax sale surplus and redemptions payable	2,514,230	18,804,119	18,206,518	3,111,831
Other liabilities	32,901,947	811,653,730	802,996,686	41,558,991
Total Liabilities	<u>\$ 124,183,913</u>	<u>\$ 4,242,005,990</u>	<u>\$ 4,304,513,705</u>	<u>\$ 61,676,198</u>

## **NONMAJOR COMPONENT UNITS**



MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR COMPONENT UNITS  
 JUNE 30, 2019  
**Exhibit F-1**

	BUP	MCRA	MC	Total
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ -	\$ -	\$ 30,602,667	\$ 30,602,667
Cash with fiscal agents	-	-	29,134,816	29,134,816
Cash	1,018,146	4,974,915	6,500	5,999,561
Investments - cash equivalents	-	-	28,660,625	28,660,625
Receivables (net of allowance for uncollectibles):				
Capital leases	-	3,962,058	-	3,962,058
Accounts	-	-	7,769,905	7,769,905
Notes	-	56,939,031	-	56,939,031
Other	37,351	582,843	879,572	1,499,766
Due from primary government	372,145	-	12,468,851	12,840,996
Due from other governments	12,739	127,705	7,136,916	7,277,360
Inventory of supplies	-	368,425	7,471	375,896
Prepays	29,493	12,548	1,696,674	1,738,715
Other assets	5,075	-	2,601,412	2,606,487
Restricted Assets:				
Equity in pooled cash and investments	-	-	7,785,904	7,785,904
Cash	-	594,719	-	594,719
Investment	-	1,486,750	22,777,642	24,264,392
Capital Assets:				
Nondepreciable assets	-	42,204,325	154,210,921	196,415,246
Depreciable assets, net	155,230	11,218,043	482,635,103	494,008,376
Total Assets	<u>1,630,179</u>	<u>122,471,362</u>	<u>788,374,979</u>	<u>912,476,520</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding of debt	-	528,572	39,474	568,046
Pension deferrals	-	801,387	6,780,057	7,581,444
OPEB deferrals	-	2,135,413	39,624,530	41,759,943
Accumulated decrease in fair value of hedging derivatives	-	81,623	-	81,623
Total Deferred Outflow of Resources	<u>-</u>	<u>3,546,995</u>	<u>46,444,061</u>	<u>49,991,056</u>
<b>LIABILITIES</b>				
Accounts payable	232,406	582,563	-	814,969
Interest payable	-	399,721	498,411	898,132
Retainage payable	-	296,123	3,704,001	4,000,124
Accrued liabilities	255,775	569,778	26,767,527	27,593,080
Deposits	-	348,405	-	348,405
Due to primary government	20,029	249,332	520,680	790,041
Due to other governments	-	-	360,752	360,752
Unearned revenue	53,828	1,133,879	6,264,294	7,452,001
Other liabilities	40,147	-	1,708,589	1,748,736
Noncurrent Liabilities:				
Due within one year	19,856	4,857,448	5,201,171	10,078,475
Due in more than one year	-	76,213,468	219,410,405	295,623,873
Total Liabilities	<u>622,041</u>	<u>84,650,717</u>	<u>264,435,830</u>	<u>349,708,588</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding of debt	-	-	2,618,000	2,618,000
Pension deferrals	-	1,116,428	1,713,095	2,829,523
OPEB deferrals	-	1,594,970	9,185,945	10,780,915
Total Deferred Intflow of Resources	<u>-</u>	<u>2,711,398</u>	<u>13,517,040</u>	<u>16,228,438</u>
<b>NET POSITION</b>				
Net investment in capital assets	155,230	39,528,442	553,765,780	593,449,452
Restricted for:				
Capital projects	-	278,685	-	278,685
Other purposes	-	316,034	35,127,566	35,443,600
Unrestricted (deficit)	<u>852,908</u>	<u>(1,466,919)</u>	<u>(32,027,176)</u>	<u>(32,641,187)</u>
Total Net Position	<u>\$ 1,008,138</u>	<u>\$ 38,656,242</u>	<u>\$ 556,866,170</u>	<u>\$ 596,530,550</u>

MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF ACTIVITIES  
 NONMAJOR COMPONENT UNITS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
**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	BUP	MCRA	MC	Total
<b>Component Units:</b>								
General government	\$ 5,599,854	\$ 5,400,807	\$ 270,670	\$ -	\$ 71,623	\$ -	\$ -	\$ 71,623
Culture and recreation	18,711,802	16,359,387	-	2,923,418	-	571,003	-	571,003
Education	354,143,453	67,813,398	19,685,725	70,185,975	-	-	(196,458,355)	(196,458,355)
Total component units	<u>\$ 378,455,109</u>	<u>\$ 89,573,592</u>	<u>\$ 19,956,395</u>	<u>\$ 73,109,393</u>	71,623	571,003	(196,458,355)	(195,815,729)
General revenues:								
Grants and contributions not restricted to specific programs					-	-	230,250,795	230,250,795
Investment Income					-	2,183,509	2,550,650	4,734,159
Gain (loss) on sale of capital assets					-	7,690	-	7,690
Miscellaneous					14,058	-	-	14,058
Total general revenues					14,058	2,191,199	232,801,445	235,006,702
Change in net position					85,681	2,762,202	36,343,090	39,190,973
Total Net Position - beginning					922,457	35,894,040	520,523,080	557,339,577
Total Net Position - ending					<u>\$ 1,008,138</u>	<u>\$ 38,656,242</u>	<u>\$ 556,866,170</u>	<u>\$ 596,530,550</u>



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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

	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 1,965,289,080	\$ 1,923,668,729	\$ 1,880,813,780	\$ 1,932,495,036	\$ 2,112,879,507	\$ 2,099,290,326	\$ 2,280,466,863	\$ 2,336,853,956	\$ 2,169,845,557	\$ 2,734,892,546
Restricted	380,181,540	426,265,013	502,059,858	296,564,191	315,878,315	493,320,702	415,275,255	441,648,621	650,720,854	564,498,034
Unrestricted (deficit) (1)	(1,372,709,340)	(1,388,128,738)	(1,365,476,872)	(1,147,060,057)	(1,247,964,983)	(1,882,775,991)	(2,007,096,943)	(3,091,267,121)	(2,964,345,467)	(3,136,040,177)
Total Governmental Activities Net Position	<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>	<u>688,645,175</u>	<u>(312,764,544)</u>	<u>(143,779,056)</u>	<u>163,350,403</u>
<b>Business-type Activities:</b>										
Net investment in capital assets	178,781,693	173,232,831	185,300,678	191,266,741	181,965,592	186,001,533	139,122,346	186,321,262	185,894,133	186,027,386
Restricted	54,684,729	52,817,393	93,254,622	94,329,133	64,810,807	48,386,118	88,115,316	68,287,578	80,545,655	76,894,899
Unrestricted	16,127,031	18,434,295	26,894,257	41,045,651	69,285,828	57,451,970	71,413,125	67,161,146	43,687,119	46,488,562
Total Business-type Activities Net Position	<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>	<u>298,650,787</u>	<u>321,769,986</u>	<u>310,126,907</u>	<u>309,410,847</u>
<b>Primary Government:</b>										
Net investment in capital assets	2,109,006,202	2,065,797,289	2,066,114,458	2,123,761,777	2,294,845,099	2,285,291,859	2,419,589,209	2,523,175,218	2,355,739,690	2,920,919,932
Restricted	434,866,269	479,082,406	595,314,480	390,893,324	380,689,122	541,706,820	503,390,571	509,936,199	731,266,509	641,392,933
Unrestricted (deficit) (1)	(1,321,517,738)	(1,338,590,172)	(1,338,582,615)	(1,106,014,406)	(1,178,679,155)	(1,825,324,021)	(1,935,683,818)	(3,024,105,975)	(2,920,658,348)	(3,089,551,615)
Total Primary Government Net Position	<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>	<u>\$ 987,295,962</u>	<u>\$ 9,005,442</u>	<u>\$ 166,347,851</u>	<u>\$ 472,761,250</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 MC, two of its component units, and for M-NCPPC, a joint venture. Absent the effect of this relationship, the County would have reported a smaller government-wide deficit for its governmental activities and for government-wide purposes. Government-wide unrestricted net position would have been:

Unrestricted (deficit) net position reported above	\$ (1,321,517,738)	\$ (1,338,590,172)	\$ (1,338,582,615)	\$ (1,106,014,406)	\$ (1,178,679,155)	\$ (1,825,324,021)	(1,935,683,818)	(3,024,105,975)	\$ (2,920,658,348)	\$ (3,089,551,615)
Debt issued for capital on behalf of others	1,252,293,676	1,359,354,018	1,399,452,195	1,471,314,322	1,498,460,648	1,634,742,350	1,664,939,419	1,706,292,298	1,823,365,298	1,853,826,444
County net position absent effect of this relationship	<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>	<u>\$ (270,744,399)</u>	<u>(1,317,813,677)</u>	<u>\$ (1,097,293,050)</u>	<u>\$ (1,235,725,171)</u>

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

Table 2-a

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 293,349,395	\$ 287,987,929	\$ 351,138,451	\$ 400,023,515	\$ 474,084,799	\$ 470,405,790	\$ 624,551,802	\$ 540,011,504	\$ 424,387,485	\$ 438,014,357
Public safety	611,714,420	614,081,563	600,877,545	609,565,746	607,555,402	591,702,869	620,407,666	641,585,272	673,208,779	622,873,906
Public works and transportation	297,864,026	255,731,300	263,586,549	278,716,716	273,021,015	288,226,716	279,744,940	258,627,800	270,104,981	238,384,714
Health and human services	287,883,637	283,727,427	256,703,043	272,032,818	291,657,233	296,567,081	292,252,497	319,917,837	340,401,563	329,736,686
Culture and recreation	108,490,460	88,433,456	93,560,027	93,965,468	95,084,426	95,703,122	116,004,130	134,848,367	124,775,369	111,901,877
Community development and housing	40,627,603	73,432,068	46,198,670	37,821,686	38,160,065	32,001,034	42,140,359	50,618,370	73,658,830	62,494,208
Environment	16,446,934	19,189,065	28,584,840	28,913,062	31,590,141	30,905,863	29,886,401	29,095,268	32,168,215	35,059,399
Education	1,738,633,028	1,728,747,256	1,751,721,080	1,797,097,286	1,770,301,285	1,826,117,289	1,899,997,038	2,037,048,982	2,094,083,289	2,191,087,238
Interest on long-term debt	86,352,825	99,272,929	116,354,151	113,688,959	101,268,081	112,420,639	99,889,037	100,887,704	118,778,942	115,507,787
Total Governmental Activities Expenses	3,481,362,328	3,450,602,993	3,508,724,356	3,631,825,256	3,682,722,447	3,744,050,403	4,004,873,870	4,112,641,104	4,151,567,453	4,145,060,172
Business-type Activities:										
Liquor control	204,677,766	215,359,402	220,242,176	225,650,484	239,218,758	248,982,109	264,763,943	273,828,277	268,344,647	263,120,732
Solid waste activities	100,709,914	100,890,192	99,723,180	106,039,038	129,531,260	109,351,706	105,838,154	92,126,174	100,674,500	110,018,670
Parking lot districts	30,698,606	30,755,951	29,724,042	30,321,385	30,140,788	37,103,525	33,453,769	34,418,684	33,941,506	34,104,944
Permitting services	27,306,059	25,490,571	25,039,256	27,534,056	29,486,839	29,002,673	31,042,939	36,065,066	39,017,094	36,608,286
Community use of public facilities	8,397,989	8,727,217	8,890,716	9,533,241	8,997,721	9,444,551	10,301,634	10,386,038	11,857,115	11,033,992
Total Business-type Activities Expenses	371,790,334	381,223,333	383,619,370	399,078,204	437,375,366	433,884,564	445,400,439	446,824,239	453,834,862	454,886,624
Total Primary Government Expenses	3,853,152,662	3,831,826,326	3,892,343,726	4,030,903,460	4,120,097,813	4,177,934,967	4,450,274,309	4,559,465,343	4,605,402,315	4,599,946,796
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
General government	53,793,781	72,444,386	69,255,366	67,955,551	35,879,186	75,223,054	67,180,168	86,023,992	99,081,775	94,380,333
Public safety	33,115,674	38,595,219	35,960,217	44,887,666	52,773,389	52,554,641	56,419,015	57,893,409	55,776,247	53,263,699
Public works and transportation	22,214,073	26,974,805	28,375,493	31,024,303	28,606,534	32,070,795	31,222,409	34,480,822	32,977,409	32,606,994
Health and human services	1,497,239	4,721,205	5,785,003	4,976,188	5,448,684	4,968,870	4,210,725	5,806,436	4,765,964	4,037,505
Culture and recreation	31,559,913	32,590,653	36,029,762	37,693,903	38,555,482	39,462,050	39,033,846	43,338,703	38,827,721	38,026,692
Community development and housing	4,745,237	5,019,056	5,328,444	7,882,996	5,097,251	5,245,558	5,943,869	6,484,254	8,665,072	8,788,805
Environment	10,832,323	11,860,231	17,686,313	23,115,938	23,130,913	28,232,295	107,496	1,146,600	97,921	391,310
Education	-	-	-	-	-	-	-	-	-	58,834
Operating Grants and Contributions:										
General government	8,425,267	5,849,908	4,727,151	4,746,333	7,177,643	5,900,190	5,783,686	2,506,534	1,367,478	2,059,546
Public safety	30,382,733	37,520,540	34,066,226	37,548,290	32,105,352	34,566,646	38,001,429	32,049,554	34,036,104	31,784,548
Public works and transportation	30,127,888	29,181,943	17,616,341	34,642,383	48,675,916	40,840,283	48,018,142	55,439,795	41,117,169	49,677,983
Health and human services	95,136,860	104,007,562	87,045,926	105,230,050	111,498,816	112,388,538	103,139,187	119,822,880	108,745,542	117,434,598
Culture and recreation	5,270,729	5,366,409	5,391,330	12,344,981	5,089,403	5,362,215	5,564,089	6,375,674	7,150,941	4,890,633
Community development and housing	10,997,335	10,261,792	13,596,969	738,299	4,765,528	2,843,614	3,382,444	8,593,974	8,273,826	8,597,444
Environment	86,862	567,585	2,984,828	623,999	1,740,066	23,547	126,632	-	-	-
Capital Grants and Contributions:										
General government	1,785,014	5,102,185	6,279,853	6,998,575	6,728,959	8,780,438	8,057,312	5,759,703	34,405,150	13,857,000
Public safety	1,830,899	212,915	805,520	1,866,778	2,144,407	986,711	1,085,087	918,607	2,738,267	(2,065,934)
Public works and transportation (3)	43,203,926	38,384,823	49,814,738	11,801,526	26,115,518	18,100,100	46,691,306	52,741,941	78,162,405	34,513,441

MONTGOMERY COUNTY, MARYLAND  
 FINANCIAL TRENDS  
 CHANGES IN NET POSITION - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)  
 LAST TEN FISCAL YEARS  
 Table 2-a (Continued)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Program Revenues (Continued)</b>										
Culture and recreation	1,565,933	3,123,739	3,794,333	1,739,360	1,715,816	4,950,414	384,826	764,642	1,866,137	20,660
Community development and housing	1,760,429	79,902	556,768	1,008,236	3,306,075	1,509,342	536,830	(11,539)	-	-
Environment	5,024,146	493,943	12,063	-	-	43,848	5,582,790	1,787,625	6,677,036	3,295,642
Total Governmental Activities Program Revenues	393,356,261 #	432,358,801	425,112,644	436,825,355 #	440,554,938	474,053,149	470,471,288	521,923,606	564,732,164	495,619,733
Business-type Activities:										
Charges for Services:										
Liquor control	229,317,194	242,802,606	252,285,232	259,327,227	268,677,859	278,768,662	294,593,991	298,493,309	296,898,858	295,840,562
Solid waste activities	103,373,586	106,304,522	108,410,918	108,780,916	109,251,865	111,621,329	109,338,285	115,150,999	115,663,792	118,735,876
Parking lot districts	28,252,122	30,647,758	29,208,719	31,980,146	31,093,981	34,717,204	32,731,451	36,001,841	36,166,913	35,227,522
Permitting services	27,840,904	30,537,026	41,196,475	45,231,452	44,393,317	38,595,012	43,882,689	39,652,271	44,429,923	43,795,393
Community use of public facilities	8,405,087	9,854,373	10,378,258	10,555,506	10,986,875	11,133,118	11,437,099	11,335,072	11,917,129	11,964,989
Operating Grants and Contributions:										
Solid waste activities	30,000	-	-	-	-	-	-	-	-	-
Total Business-type Activities Program Revenues	397,218,893	420,146,285	441,479,602	455,875,247	464,403,897	474,835,325	491,983,515	500,633,492	505,076,615	505,564,342
Total Primary Government Program Revenues	790,575,154	852,505,086	866,592,246	892,700,602	904,958,835	948,888,474	962,454,803	1,022,557,098	1,069,808,779	1,001,184,075
<b>Net (Expense) Revenue (1)</b>										
Governmental activities	(3,088,006,067)	(3,018,244,192)	(3,083,611,712)	(3,194,999,901)	(3,242,167,509)	(3,269,997,254)	(3,534,402,582)	(3,590,717,498)	(3,586,835,289)	(3,649,440,439)
Business-type activities	25,428,559	38,922,952	57,860,232	56,797,043	27,028,531	40,950,761	46,583,076	53,809,253	51,241,753	50,677,718
Total Primary Government Net Expense	(3,062,577,508)	(2,979,321,240)	(3,025,751,480)	(3,138,202,858)	(3,215,138,978)	(3,229,046,493)	(3,487,819,506)	(3,536,908,245)	(3,535,593,536)	(3,598,762,721)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes (2)	2,711,817,013	2,945,614,528	3,083,078,491	3,208,768,624	3,290,585,776	3,228,243,148	3,488,157,212	3,722,174,244	3,670,382,662	3,876,139,130
Grants, contributions, and other revenue not restricted to specific programs	-	-	-	-	588,567	-	-	-	-	(7,262,152)
Investment income (3)	8,299,709	5,543,975	7,035,479	8,036,630	6,457,962	6,787,434	7,907,133	13,770,994	18,175,824	31,894,139
Gain/(loss) on sale of capital assets	(1,366,889)	2,669,858	1,103,216	4,965,531	(3,529,635)	3,882,648	172,639	-	2,106,453	-
Transfers	55,088,988	53,459,555	47,986,288	44,703,099	46,858,508	55,489,227	49,385,156	31,875,197	65,155,838	55,798,781
Total Governmental Activities	2,773,838,821	3,007,287,916	3,139,203,474	3,266,473,884	3,340,961,178	3,294,402,457	3,545,622,140	3,767,820,435	3,755,820,777	3,956,569,898
Business-type Activities:										
Property taxes	9,931,045	9,273,198	8,503,222	10,063,874	10,391,101	10,903,699	(657,506)	(45,762)	-	-
Investment income	569,792	154,471	43,202	51,852	100,857	215,823	415,329	1,068,863	2,073,306	4,379,460
Gain/(loss) on sale of capital assets	-	-	42,544,670	-	(1,241,279)	175,100	9,855,423	162,042	197,700	25,543
Transfers	(55,088,988)	(53,459,555)	(47,986,288)	(44,703,099)	(46,858,508)	(55,489,227)	(49,385,156)	(31,875,197)	(65,155,838)	(55,798,781)
Total Business-type Activities	(44,588,151)	(44,031,886)	3,104,806	(34,587,373)	(37,607,829)	(44,194,605)	(39,771,910)	(30,690,054)	(62,884,832)	(51,393,778)
Total Primary Government	2,729,250,670	2,963,256,030	3,142,308,280	3,231,886,511	3,303,353,349	3,250,207,852	3,505,850,230	3,737,130,381	3,692,935,945	3,905,176,120
<b>Change in Net Position</b>										
Governmental activities	(314,167,246)	(10,956,276)	55,591,762	71,473,983	98,793,669	24,405,203	11,219,558	177,102,937	168,985,488	307,129,459
Business-type activities	(19,159,592)	(5,108,934)	60,965,038	22,209,670	(10,579,298)	(3,243,844)	6,811,166	23,119,199	(11,643,079)	(716,060)
Total Primary Government	\$ (333,326,838)	\$ (16,065,210)	\$ 116,556,800	\$ 93,683,653	\$ 88,214,371	\$ 21,161,359	\$ 18,030,724	\$ 200,222,136	\$ 157,342,409	\$ 306,413,399

MONTGOMERY COUNTY, MARYLAND  
FINANCIAL TRENDS  
CHANGES IN NET POSITION - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)  
LAST TEN FISCAL YEARS  
**Table 2-a (Concluded)**

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**

	2010	2011	2012	2013	2014
Property taxes	\$ 1,371,964,491	\$ 1,358,968,819	\$ 1,395,693,492	\$ 1,463,855,656	\$ 1,528,302,790
County income taxes	1,010,874,757	1,151,260,721	1,265,289,159	1,311,161,472	1,329,827,192
Real property transfer taxes	77,106,332	71,809,475	76,089,437	84,391,394	90,496,157
Recordation taxes	44,934,687	57,725,334	51,207,341	57,635,661	53,962,477
Fuel energy taxes	156,880,330	233,408,845	226,148,664	223,948,716	210,678,660
Hotel-motel taxes	17,064,493	19,295,158	18,167,827	18,910,872	17,675,982
Telephone taxes	29,741,879	49,087,889	46,470,315	45,696,525	53,160,865
Other taxes	3,250,044	4,058,287	4,012,256	3,168,328	6,481,653
Total Taxes - Governmental Activities	<u>\$ 2,711,817,013</u>	<u>\$ 2,945,614,528</u>	<u>\$ 3,083,078,491</u>	<u>\$ 3,208,768,624</u>	<u>\$ 3,290,585,776</u>

	2015	2016	2017	2018	2019
Property taxes	\$ 1,528,093,085	\$ 1,593,880,896	\$ 1,792,921,614	\$ 1,789,105,013	\$ 1,839,468,334
County income taxes	1,276,415,595	1,464,946,447	1,481,806,881	1,448,372,065	1,593,550,972
Real property transfer taxes	92,068,495	100,566,864	118,000,203	109,452,764	113,520,206
Recordation taxes	55,530,762	61,141,531	60,375,616	49,135,141	54,671,817
Fuel energy taxes	207,195,218	193,281,367	192,459,066	197,200,021	194,628,814
Hotel-motel taxes	19,007,650	19,444,152	21,462,751	21,033,479	21,288,964
Telephone taxes	48,839,958	49,694,945	50,812,917	51,600,631	52,415,089
Other taxes	1,092,385	5,201,010	4,335,196	4,483,548	6,594,934
Total Taxes - Governmental Activities	<u>\$ 3,228,243,148</u>	<u>\$ 3,488,157,212</u>	<u>\$ 3,722,174,244</u>	<u>\$ 3,670,382,662</u>	<u>\$ 3,876,139,130</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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved	\$ 7,596,839	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	39,665,617	-	-	-	-	-	-	-	-	-
Nonspendable	-	4,181,482	5,635,580	5,649,319	6,159,553	6,799,926	7,275,055	8,797,529	6,755,806	12,137,808
Restricted	-	-	-	184,879,381	208,001,441	231,233,570	261,313,852	292,445,250	322,335,413	351,764,372
Committed	-	23,275,746	41,243,696	49,695,245	68,078,344	70,586,279	71,684,134	60,445,573	62,163,634	59,837,927
Assigned	-	11,022,956	20,382,922	29,344,177	33,293,736	26,575,194	27,035,009	26,916,962	27,071,892	31,782,165
Unassigned	-	69,031,737	192,937,060	238,947,394	284,211,537	156,538,119	113,028,313	118,366,481	102,697,761	103,316,700
Total General Fund	47,262,456	107,511,921	260,199,258	508,515,516	599,744,611	491,733,088	480,336,363	506,971,795	521,024,506	558,838,972
All Other Governmental Funds:										
Reserved	292,759,512	-	-	-	-	-	-	-	-	-
Unreserved (deficit), reported in:										
Capital Projects Fund	(34,256,005)	-	-	-	-	-	-	-	-	-
Special Revenue Funds	107,931,281	-	-	-	-	-	-	-	-	-
Nonspendable	-	212,311,293	212,663,632	102,478	-	1,842,076	1,489,280	-	-	-
Restricted	-	116,843,705	172,168,580	273,243,953	314,830,001	491,602,469	413,785,975	441,648,621	650,720,854	564,498,036
Committed	-	97,110,019	117,227,649	23,217,760	-	-	-	-	-	-
Assigned	-	(16,187,982)	(6,573,775)	-	1,777,868	-	-	-	-	-
Unassigned	-	-	-	(4,023,811)	(45,043,906)	(123,843)	-	(60,793)	(5,430,786)	(4,255,806)
Total All Other Governmental Funds	366,434,788	410,077,035	495,486,086	292,540,380	271,563,963	493,320,702	415,275,255	441,587,828	645,290,068	560,242,230
Total All Governmental Funds	\$ 413,697,244	\$ 517,588,956	\$ 755,685,344	\$ 801,055,896	\$ 871,308,574	\$ 985,053,790	\$ 895,611,618	\$ 948,559,623	\$ 1,166,314,574	\$ 1,119,081,202

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes	\$ 2,742,547,034	\$ 2,842,907,152	\$ 3,071,355,492	\$ 3,213,926,861	\$ 3,340,415,154	\$ 3,262,424,596	\$ 3,447,864,362	\$ 3,711,400,753	\$3,690,299,252	\$ 3,812,772,122
Licenses and permits	11,864,114	12,846,648	12,195,140	10,738,233	11,614,419	11,326,007	12,265,385	11,758,684	11,750,533	12,124,699
Intergovernmental	247,787,259	233,177,719	238,828,101	203,295,273	238,025,684	239,344,101	243,783,791	242,093,911	302,227,316	267,953,154
Charges for services	88,114,055	95,328,028	104,474,174	118,897,641	137,867,556	138,342,978	118,467,372	127,764,110	99,502,255	118,177,085
Fines and forfeitures	24,010,876	22,095,048	19,823,291	23,990,181	24,718,907	29,527,268	29,007,222	28,633,840	31,145,495	32,875,612
Investment income	8,167,875	2,501,375	1,678,682	3,559,251	3,246,853	3,140,302	3,981,063	9,208,776	11,396,740	22,439,536
Miscellaneous	13,186,434	35,697,895	32,262,972	28,609,606	19,238,372	22,099,346	18,754,780	60,558,640	56,778,286	39,951,820
Total Revenues	<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>	<u>3,874,123,975</u>	<u>4,191,418,714</u>	<u>4,203,099,877</u>	<u>4,306,294,028</u>
<b>Expenditures</b>										
General government	251,799,095	250,208,030	304,292,249	377,437,886	427,961,485	436,469,967	423,988,597	448,738,319	388,935,560	415,630,621
Public safety	551,861,356	540,676,570	545,731,975	584,117,898	609,901,721	638,867,007	654,542,863	623,552,752	639,589,841	651,257,362
Public works and transportation	209,734,805	172,602,449	163,495,587	182,373,840	202,423,119	201,412,836	210,800,081	195,129,517	202,497,073	199,285,975
Health and human services	274,811,330	259,840,844	241,758,579	262,670,134	290,822,526	307,899,487	298,572,142	320,432,552	332,908,876	338,136,666
Culture and recreation	87,134,422	69,468,004	69,919,113	75,063,030	83,710,619	86,389,803	92,157,698	94,553,277	97,871,980	88,868,479
Community development and housing	38,595,295	56,344,179	44,426,304	42,401,492	34,324,023	42,434,875	37,372,312	52,467,220	65,680,764	55,075,436
Environment	12,667,903	13,758,025	20,857,521	20,173,173	19,621,158	21,828,607	23,414,990	27,746,495	30,608,757	35,332,648
Education	1,562,095,633	1,525,074,457	1,484,470,943	1,541,101,257	1,569,587,294	1,615,305,046	1,674,058,571	1,818,904,243	1,850,884,306	1,885,648,526
Debt service:										
Principal (1)	136,317,844	142,318,320	160,126,917	164,255,364	176,485,346	197,898,016	192,160,354	224,618,357	233,284,376	242,382,336
Interest (1)	85,337,817	90,118,001	96,102,824	26,472,773	22,100,609	27,134,321	29,873,326	29,326,306	24,716,905	29,336,350
Leases and other obligations	20,921,170	28,650,471	24,704,102	112,329,448	115,657,356	124,957,396	133,478,302	141,126,787	147,666,274	158,572,277
Issuing costs	5,544,495	4,407,985	6,108,436	3,943,616	4,509,475	5,669,380	3,715,273	5,639,495	5,046,571	3,890,199
Capital projects	511,372,430	496,309,888	559,056,287	603,801,660	617,298,883	556,683,579	624,096,406	627,826,903	629,707,191	722,922,869
Total Expenditures	<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>4,262,950,320</u>	<u>4,398,230,915</u>	<u>4,610,062,223</u>	<u>4,649,398,474</u>	<u>4,826,339,744</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<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>(556,745,722)</u>	<u>(524,106,940)</u>	<u>(418,643,509)</u>	<u>(446,298,597)</u>	<u>(520,045,716)</u>
<b>Other Financing Sources (Uses)</b>										
Transfers in	440,418,586	407,905,174	494,213,344	500,639,293	468,468,576	518,356,272	498,634,256	553,454,133	655,987,851	674,545,391
Transfers (out)	(370,535,898)	(351,883,159)	(447,138,462)	(438,499,850)	(414,155,565)	(452,713,522)	(448,738,284)	(521,670,247)	(564,081,852)	(608,067,354)
Sale of property	1,596,976	3,124,492	1,578,365	5,652,439	1,552,618	3,596,267	1,192,070	1,886,335	2,330,091	1,169,410
Financing under notes and leases payable	22,969,000	97,525	35,151,498	8,395,000	15,857,552	18,128,411	8,360,742	41,921,607	39,446,477	16,349,042
Payment to refunded bond escrow agent	(183,217,861)	-	(314,114,061)	(33,636,846)	(29,837,255)	(429,855,226)	-	-	(441,368,126)	(38,031,143)

MONTGOMERY COUNTY, MARYLAND  
 FINANCIAL TRENDS  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
**Table 4 (Continued)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Other Financing Sources (Uses) (Continued)</b>										
Debt Issued:										
General obligation bonds	310,000,000	325,000,000	320,000,000	295,000,000	295,000,000	500,000,000	300,000,000	340,000,000	340,000,000	330,000,000
Premium on general obligation bonds	9,937,130	28,107,877	37,661,920	32,201,168	30,795,345	81,853,250	26,706,450	29,810,010	28,688,520	31,774,710
Bond anticipation notes	125,000,000	75,000,000	-	-	-	-	-	-	-	-
Certificates of participation	24,483,684	-	-	-	-	-	-	24,860,000	-	-
Premium on Certificates of participation	-	-	-	-	-	-	-	1,329,676	-	-
Lease revenue bonds	14,700	29,360,000	28,840,000	-	-	-	-	-	-	-
Taxable LTD obligation certificate	30,400,000	-	-	-	38,015,000	-	-	-	-	56,135,000
Discount on Taxable LTD obligation certificate	-	-	-	-	(4,763)	-	-	-	-	-
Premium on Taxable LTD obligation certificate	-	-	-	-	-	-	-	-	-	82,505
Variable rate demand obligations	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-
Premium on general obligation refunding bonds	22,055,598	-	43,863,734	2,013,430	5,023,826	74,595,486	-	-	86,325,587	-
Capital lease financing	11,985	-	-	-	-	-	-	-	-	-
General obligation refunding bonds	161,755,000	-	237,655,000	23,360,000	25,059,716	356,510,000	-	-	516,725,000	-
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	-	46,500,000	-	-	7,638,963
Premium on revenue bonds	-	-	-	5,478,155	1,370,544	-	2,009,534	-	-	1,215,820
Total Other Financing Sources (Uses)	594,890,910	516,713,920	478,531,385	438,497,090	469,531,361	670,472,953	434,664,768	471,591,514	664,053,548	472,812,344
Net Change in Fund Balances	<u>\$ (17,625,038)</u>	<u>\$ 111,490,562</u>	<u>\$ 238,098,400</u>	<u>\$ 45,372,565</u>	<u>\$ 70,254,692</u>	<u>\$ 113,727,231</u>	<u>\$ (89,442,172)</u>	<u>\$ 52,948,005</u>	<u>\$ 217,754,951</u>	<u>\$ (47,233,372)</u>
Debt service as a percentage of noncapital expenditures (1, 2)	6.44%	6.80%	7.34%	5.16%	5.22%	5.66%	5.44%	5.91%	6.03%	6.18%

NOTES:

\* This table is a summary of the basic financial statement Exhibit A-5.

\* Governmental fund information is reported on the modified accrual basis of accounting.

(1) Debt service represents debt service principal and interest expenditures presented above.

(2) Noncapital expenditures represents Total Expenditures above and capital outlay expenditures that resulted in capital assets.

MONTGOMERY COUNTY, MARYLAND  
 FINANCIAL TRENDS  
 COMBINED SCHEDULE OF CASH AND INVESTMENTS AND INVESTMENT AND INTEREST INCOME - ALL FUNDS  
 AS OF JUNE 30, 2019 AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Table 5

	Cash and Investments			Investment and Interest Income (Loss)		
	Pooled	Non-Pooled	Total	Pooled	Non-Pooled	Total
Primary Government:						
General Fund	\$ 343,300,856	\$ 4,344,320	\$ 347,645,176	\$ 8,498,082	\$ 85,239	\$ 8,583,321
Debt Service Fund	15,087,384	167,486,332	182,573,716	-	2,715,106	2,715,106
Capital Projects Fund	214,034,865	55,862,097	269,896,962	4,497,861	1,129,452	5,627,313
Special Revenue Funds:						
Recreation	4,832,771	5,750	4,838,521	-	-	-
Fire Tax District	6,909,496	5,000	6,914,496	-	-	-
Mass Transit Facilities	14,624,126	-	14,624,126	-	-	-
Housing Initiative	25,024,230	212,450	25,236,680	676,227	3,001,034	3,677,261
Rehabilitation Loan	2,630,857	-	2,630,857	59,336	39,081	98,417
Cable TV (2)	5,518,350	-	5,518,350	255,025	-	255,025
Grants (1)	4,963,601	-	4,963,601	-	395,471	395,471
Agricultural Transfer Tax	1,950,627	-	1,950,627	29,680	-	29,680
Drug Enforcement Forfeitures	1,610,160	25,000	1,635,160	43,725	-	43,725
Water Quality Protection	22,919,375	-	22,919,375	808,871	-	808,871
Restricted Donations	30,430,140	-	30,430,140	-	-	-
Total Special Revenue Funds	121,413,733	248,200	121,661,933	1,872,864	3,435,586	5,308,450
Enterprise Funds:						
Liquor	2,232,383	1,956,919	4,189,302	65,382	79,912	145,294
Solid Waste Activities	105,709,874	4,800	105,714,674	2,186,211	-	2,186,211
Parking Lot Districts	30,989,556	3,161,831	34,151,387	786,057	66,154	852,211
Permitting Services	39,565,948	-	39,565,948	904,945	-	904,945
Community Use of Public Facilities	11,284,087	-	11,284,087	290,799	-	290,799
Total Enterprise Funds	189,781,848	5,123,550	194,905,398	4,233,394	146,066	4,379,460
Internal Service Funds:						
Motor Pool	17,758,563	300	17,758,863	332,645	-	332,645
Liability & Property Coverage Self-Insurance	171,034,295	-	171,034,295	4,556,909	-	4,556,909
Employee Health Benefits Self-Insurance	13,211,170	-	13,211,170	382,681	-	382,681
Central Duplicating	1,209,929	-	1,209,929	44,785	-	44,785
Total Internal Service Funds	203,213,957	300	203,214,257	5,317,020	-	5,317,020
Pension and Other Employee Benefit Trust Funds (1)	4,127,316	6,460,273,495	6,464,400,811	182,698	480,722,493	480,905,191
Investment Trust Fund	12,841,158	-	12,841,158	315,035	-	315,035
Private Purpose Trust Funds	-	-	-	-	-	-
Agency Funds	45,618,700	168,824	45,787,524	19,610	-	19,610
Total Primary Government	1,149,419,818	6,693,507,118	7,842,926,936	24,936,564	488,233,942	513,170,506
Component Units (Participation in County Pool)	327,587	-	327,587	13,699	-	13,699
Total	\$ 1,149,747,405	\$ 6,693,507,118	\$ 7,843,254,523	\$ 24,950,263	\$ 488,233,942	\$ 513,184,205

NOTES:

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

(1) Non-pooled investment income of these funds includes adjustments to fair value of nonpooled investments.

(2) Pooled investment income of the Cable TV Special Revenue Fund includes \$3,927 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, 2019

**Table 6**

Description	Total
PNC Bank	\$ 21,377,483
Capital One Bank	31,951,332
Congressional Bank	4,077,837
Eagle Bank	34,601,977
Capital Bank	2,874,258
Revere Bank	26,655,506
United Bank	<u>7,500,000</u>
Total Financial Institutions	<u>129,038,393</u>
Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow:	
General Fund	4,344,320
Debt Service Fund	167,486,332
Capital Projects Fund	55,862,097
Special Revenue Funds	248,200
Enterprise Funds	2,015,925
Internal Service Funds	300
Fiduciary Funds	<u>168,824</u>
Total Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow	<u>230,125,998</u>
Total Cash Deposits in Financial Institutions and on Hand	359,164,391
Investments, at carrying value	7,481,888,800
Accrued interest receivable	<u>2,201,332</u>
Total Cash and Investments (1)	<u>\$ 7,843,254,523</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).

MONTGOMERY COUNTY, MARYLAND  
 FINANCIAL TRENDS  
 COMBINED SCHEDULE OF INVESTMENTS  
 JUNE 30, 2019  
**Table 7**

	Pooled	Non-Pooled		Total Carrying Value (2)
		Enterprise	Fiduciary	
Investments, including accrued interest:				
U.S. Agency Securities	\$ 234,154,446	\$ -	\$ -	\$ 234,154,446
U.S. Treasury Securities	4,997,400	-	-	4,997,400
Commercial Paper	88,350,822	-	-	88,350,822
Repurchase Agreements	450,000,000	-	-	450,000,000
Money Market Funds	-	3,107,625	-	3,107,625
Maryland Local Government Investment Pool	241,005,012	-	-	241,005,012
Pension and Other Employee Benefit Trusts	-	-	6,460,273,495	6,460,273,495
Total (1)	<u>\$ 1,018,507,680</u>	<u>\$ 3,107,625</u>	<u>\$ 6,460,273,495</u>	<u>\$ 7,481,888,800</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	Residential (1)		Commercial/Other		Total		Total Direct Tax Rate (3)	Ratio of Total Assessed Value to Total Estimated Market Value *
	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value		
2010	\$ 131,149,193,561	\$ 148,358,816,245	\$ 35,947,649,976	\$ 40,664,762,417	\$ 167,096,843,537	\$ 189,023,578,662	0.904	88.40 %
2011	131,778,908,275	141,850,278,014	36,011,884,254	38,764,138,056	167,790,792,529	180,614,416,070	0.904	92.90
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	92.90
2013	124,783,384,563	136,226,402,361	33,489,446,285	36,560,530,879	158,272,830,848	172,786,933,240	0.990	91.60
2014	125,035,897,087	135,320,234,942	34,855,968,247	37,722,909,358	159,891,865,334	173,043,144,300	1.008	92.40
2015	127,929,975,330	132,432,686,677	35,726,782,876	36,984,247,284	163,656,758,206	169,416,933,961	0.995	96.60
2016	130,228,674,548	139,133,199,303	39,947,771,504	42,679,243,060	170,176,446,052	181,812,442,363	0.986	93.60
2017	136,227,683,441	146,324,042,364	41,267,669,577	44,326,175,700	177,495,353,018	190,650,218,064	1.025	93.10
2018	141,123,298,797	150,291,053,032	42,870,571,864	45,655,561,091	183,993,870,661	195,946,614,123	1.000	93.90
2019	144,227,022,428	153,563,695,089	44,823,996,615	47,725,720,416	189,051,019,043	201,289,415,505	0.980	93.92

Fiscal Year	Business		Public Utility		Total	Total Direct Tax Rate (3)	Real and Personal Property Total	
	Individuals	Corporations	Operating Property	Domestic Shares			Assessed Value	Estimated Actual Value
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	\$ 193,147,575,274
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	184,470,608,022
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
2013	46,638,380	2,092,070,220	1,081,466,940	384,303,210	3,604,478,750	2.463	161,877,309,598	176,391,411,990
2014	42,416,630	2,172,248,760	1,120,973,968	373,688,150	3,709,327,508	2.509	163,601,192,842	176,752,471,808
2015	42,008,150	2,075,584,320	1,181,901,740	355,639,000	3,655,133,210	2.473	167,311,891,416	173,072,067,171
2016	47,898,060	2,234,518,270	1,258,731,007	343,201,680	3,884,349,017	2.450	174,060,795,069	185,696,791,380
2017	58,246,910	2,294,129,160	1,353,826,658	345,169,740	4,051,372,468	2.547	181,546,725,486	194,701,590,532
2018	59,939,710	2,365,219,600	1,415,902,926	347,503,030	4,188,565,266	2.487	188,182,435,927	200,135,179,389
2019	54,351,120	2,165,482,980	1,487,936,178	347,682,480	4,055,452,758	2.439	193,106,471,801	205,344,868,263

NOTES:

- \* Exempt and nontaxable property are not included in this table.
- \* The following classes of property are not taxed: 1) personal property not used in a trade, business, or profession, and 2) business inventories.
- \* Intangible personal property is exempt from taxation except in two instances: shares of stock in certain domestic utilities and oil pipeline corporations (shown above) and intangible personal property of corporations under a contract with the State, granted charter exemptions from property taxation.
- \* Property owned by the Federal/State government, or a subdivision or agency of either, is exempt. Also exempt are real and personal property used for religious, educational, or charitable purposes. Specific exemptions involve historical property, societies and museums, conservation property, cemeteries, certain fraternal and service organizations, continuing care facilities for the aged, nonprofit housing, property, and dwelling houses of disabled veterans and blind persons.
- \* Ratio of total assessed to total estimated actual value were updated according to the State Department of Assessments and Taxation FY2018 Annual report from FY10 to FY17.
- \* Ratio of total assessed to total estimated actual value revised by the State Department of Assessments and Taxation for FY2018.
- \* Ratio of total assessed value to total estimated actual value for FY2019 is the five year average of FY2014-FY2018.

(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.

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)			
	County	Fire Tax District	Transit District	Advance Land Acquisition	Subtotal	Recreation	Storm Drainage	Regional District	Metropolitan District	Prorata Tax Rate	
<b>Real Property:</b>											
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
2016	.7230	.1160	.0600	.0010	.9000	.0230	.0030	.0180	.0552	.0858	.9858
2017	.7734	.1140	.0520	.0010	.9404	.0230	.0030	.0170	.0548	.0845	1.0249
2018	.7484	.1089	.0580	.0010	.9163	.0240	.0000	.0172	.0554	.0833	.9996
2019	.7414	.1065	.0498	.0010	.8987	.0254	.0000	.0156	.0530	.0811	.9798
<b>Personal Property:</b>											
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
2016	1.8075	.2900	.1500	.0025	2.2500	.0575	.0075	.0450	.1380	.1998	2.4498
2017	1.9335	.2850	.1300	.0025	2.3510	.0575	.0075	.0425	.1370	.1959	2.5469
2018	1.8710	.2723	.1450	.0025	2.2908	.0600	.0000	.0430	.1385	.1963	2.4871
2019	1.8535	.2663	.1245	.0025	2.2468	.0635	.0000	.0390	.1325	.1923	2.4391

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, and are due by September 30. They 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: The 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
- (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 (3)	Silver Spring	Bethesda	Wheaton	Bradley	Cabin John	Kingsview Village	West Germantown	White Flint (2)
<b>Real Property:</b>												
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
2016	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0660	.1510	.1111
2017	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0410	.1530	.1150
2018	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0740	.1610	.1125
2019	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0750	.1560	.1105
<b>Personal Property:</b>												
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
2016	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2017	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2018	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2019	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000

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.

(3) Montgomery Hills Parking Lot District was merged with the Silver Spring Parking Lot District effective July 1, 2017.

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>													
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
2016	.2620	.2920	.5850	.0514	.2000	.0000	.2100	.1400	.1360	.0900	.1700	.0800	.2860
2017	.2620	.2920	.5675	.0514	.2000	.0100	.2100	.1400	.1360	.0900	.1756	.1000	.2700
2018	.2620	.2920	.5348	.0514	.1500	.0100	.2100	.1400	.1360	.0900	.1756	.1000	.2550
2019	.2620	.2920	.5291	.0514	.1500	.0100	.2000	.1500	.1360	.0900	.1756	.1000	.2620
<b>Personal Property:</b>													
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
2016	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000	.6500	.3000	.6000	1.0000	.7000
2017	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000	.7000	.3000	.6000	1.0000	.7000
2018	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000	.7000	.3000	.6000	1.0000	.7000
2019	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000	.7500	.3000	.6000	1.0000	.7000

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>										
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
2016	.0500	.0200	.0000	.0220	.0828	.0480	.0400	.0472	.0520	.0400
2017	.0400	.0200	.0000	.0220	.0807	.0480	.0400	.0472	.0520	.0400
2018	.0400	.0200	.0000	.0200	.0819	.0480	.0400	.0472	.0450	.0400
2019	.0400	.0200	.0000	.0200	.0813	.0480	.0400	.0050	.0450	.0400
<b>Personal Property:</b>										
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
2016	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2017	.1000	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2018	.1000	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2019	.1000	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000

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, 2019</b>				
	<b>Assessable Base</b>			<b>Ratio: Taxpayer Base to Total Assessable Base</b>
	<b>Total</b>	<b>Real Property</b>	<b>Personal Property</b>	
Potomac Electric Power Co.	\$ 1,021,674,727	\$ 34,326,567	\$ 987,348,160	0.53 %
Verizon Inc.	853,610,183	35,853,933	817,756,250	0.44
JBG Smith	785,732,116	785,636,536	95,580	0.41
Federal Realty Investments Trust	624,512,399	620,012,569	4,499,830	0.32
Montgomery Mall LLC	438,752,837	435,514,767	3,238,070	0.23
Wash Metro Area Transit Auth	403,932,733	403,932,733	-	0.21
GI Partners	386,124,800	386,124,800	-	0.20
Fishers Lane LLC	372,683,987	372,630,967	53,020	0.19
Wheaton Plaza Reg Shopping Center	364,103,440	363,168,200	935,240	0.19
Street Retail Inc.	349,333,532	349,333,532	-	0.18
<b>Total</b>	<b>\$ 5,600,460,754</b>	<b>\$ 3,786,534,604</b>	<b>\$ 1,813,926,150</b>	<b>2.90 %</b>
<b>Total Assessable Base</b>	<b>\$ 193,106,471,801</b>			<b>100.00 %</b>

<b>For the Fiscal Year Ended June 30, 2010</b>				
	<b>Assessable Base</b>			<b>Ratio: Taxpayer Base to Total Assessable Base</b>
	<b>Total</b>	<b>Real Property</b>	<b>Personal Property</b>	
Verizon - Maryland	\$ 762,804,022	\$ 34,133,332	\$ 728,670,690	0.45 %
Potomac Electric Power Co.	676,189,850	6,099,000	670,090,850	0.39
Montgomery Mall LLC	404,053,458	403,612,698	440,760	0.24
Washington Gas Light Co.	252,714,250	-	252,714,250	0.15
7501 Wisconsin Avenue LLC	220,920,832	220,920,832	-	0.13
Camalier, Anne D et al, Trustee	219,422,703	219,422,703	-	0.13
Federal Realty Investment Trust	210,320,090	208,164,430	2,155,660	0.12
Chevy Chase Land Co	209,028,264	209,028,264	-	0.12
Democracy Associates	203,221,000	203,221,000	-	0.12
Mirant Mid-Atlantic, LLC	200,467,380	75,951,600	124,515,780	0.12
<b>Total</b>	<b>\$ 3,359,141,849</b>	<b>\$ 1,580,553,859</b>	<b>\$ 1,778,587,990</b>	<b>1.96 %</b>
<b>Total Assessable Base</b>	<b>\$ 171,220,840,150</b>			<b>100.00 %</b>

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		Total Collections to Date		
	Total Original Levy for Fiscal Year	Adjustments in Subsequent Years	Total Adjusted Levy	Amount (1)	Percentage of Original Levy	Collections in Subsequent Years (1)	Amount	Percentage of Adjusted Levy
2010	\$ 1,344,626,102	\$ (5,596,936)	\$ 1,339,029,166	\$ 1,343,140,289	99.89 %	\$ (17,220,624)	\$ 1,325,919,665	99.02 %
2011	1,350,416,973	(2,563,196)	1,347,853,777	1,349,698,631	99.95	(4,126,255)	1,345,572,376	99.83
2012	1,365,605,932	(239,375)	1,365,366,557	1,363,217,734	99.83	725,603	1,363,943,337	99.90
2013	1,390,542,228	(1,453,292)	1,389,088,936	1,384,563,178	99.57	784,252	1,385,347,430	99.73
2014	1,437,898,506	(867,639)	1,437,030,867	1,434,787,650	99.78	(1,802,196)	1,432,985,454	99.72
2015	1,447,816,313	1,530,007	1,449,346,320	1,442,602,468	99.64	1,358,515	1,443,960,983	99.63
2016	1,521,343,303	(3,804,699)	1,517,538,604	1,518,519,304	99.81	(8,900,649)	1,509,618,655	99.48
2017	1,663,208,936	(1,430,844)	1,661,778,092	1,661,121,521	99.87	(2,058,184)	1,659,063,337	99.84
2018	1,679,004,512	(1,588,019)	1,677,416,493	1,678,245,742	99.95	(1,788,770)	1,676,456,972	99.94
2019	1,691,044,390	-	1,691,044,390	1,691,091,714	100.00	-	1,691,091,714	100.00

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, 2019

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)
<b>General Fund ***</b>					
Bethesda Urban District	\$ 688,936	\$ 681,113	\$ 2,074	\$ 8,450	\$ 691,637
Silver Spring Urban District	881,959	871,856	1,935	6,032	879,823
Wheaton Urban District	225,350	222,009	1,486	925	224,420
All Other General Fund	1,329,851,746	1,331,752,367	(4,432,186)	(39,251,191)	1,288,068,990
Total General Fund	<u>1,331,647,991</u>	<u>1,333,527,345</u>	<u>(4,426,691)</u>	<u>(39,235,784)</u>	<u>1,289,864,870</u>
<b>Special Revenue Funds: ***</b>					
Recreation	39,614,638	39,558,525	9,318	4,034,832	43,602,675
Mass Transit	89,300,384	89,166,328	(23,040)	8,588,552	97,731,840
Fire Tax District	190,982,073	190,879,026	(42,638)	18,532,432	209,368,820
Water Quality Protection Charges	39,499,304	37,960,490	147,463	199,459	38,307,412
Total Special Revenue Funds	<u>359,396,399</u>	<u>357,564,369</u>	<u>91,103</u>	<u>31,355,275</u>	<u>389,010,747</u>
<b>Enterprise Funds:</b>					
Silver Spring Parking Lot District **	-	-	3,615	(6,091)	(2,476)
Bethesda Parking Lot District **	-	-	1,151	(8,794)	(7,643)
Wheaton Parking Lot District **	-	-	(16)	19	3
Total Enterprise Funds	<u>-</u>	<u>-</u>	<u>4,750</u>	<u>(14,866)</u>	<u>(10,116)</u>
Total Property Tax - Montgomery County	<u>1,691,044,390</u>	<u>1,691,091,714</u>	<u>(4,330,838)</u>	<u>(7,895,375)</u>	<u>1,678,865,501</u>
<b>Tax Bill Items Other than Montgomery County</b>					
<b>Property Taxes:</b>					
<b>M-NCPPC Joint Venture Property Taxes:</b>					
M-NCPPC Administration	24,189,783	24,150,987	5,883	2,335,180	26,492,050 *
M-NCPPC Park	82,181,029	82,078,009	24,590	7,935,376	90,037,975 *
M-NCPPC Land Acquisition	1,792,275	1,791,494	(450)	172,632	1,963,676 *
<b>Agency Relationship Property Taxes:</b>					
State of Maryland	211,865,803	212,071,375	(74,558)	(4,856,837)	207,139,980 *
Municipalities	108,557,776	108,065,181	(136,095)	169,531	108,098,617 *
Development Districts	3,169,958	3,199,911	(7,551)	(29,496)	3,162,864 *
<b>Charges for Services:</b>					
Refuse Disposal - Solid Waste Activities Fund	66,932,444	66,219,009	395,899	(235,862)	66,379,046 *
Refuse Collection - Solid Waste Activities Fund	7,090,025	7,086,965	2,322	507	7,089,794 *
Leaf Vacuuming	7,603,006	7,599,390	2,388	1,239	7,603,017 *
Municipality Refuse Charges	1,372,891	1,372,369	73	-	1,372,442 *
Development District Special Assessments	192,577	192,577	-	-	192,577 *
WSSC FFBC	8,582,587	8,578,666	4,025	31,046	8,613,737 *
Bay Restoration Fund	774,360	775,009	2,781	(7,732)	770,058 *
Total Other Items	<u>524,304,514</u>	<u>523,180,942</u>	<u>219,307</u>	<u>5,515,584</u>	<u>528,915,833</u>
Grand Total	<u>\$ 2,215,348,904</u>	<u>\$ 2,214,272,656</u>	<u>\$ (4,111,531)</u>	<u>\$ (2,379,791)</u>	<u>\$ 2,207,781,334</u>

NOTES:

\* Amounts represent collections, rather than revenues.

\*\* County Council set the real and personal property tax rate for parking lot districts for the levy year 2018 (FY19) to zero.

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

(1) Amounts represent collections received net of refunds.

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

MONTGOMERY COUNTY, MARYLAND  
 REVENUE CAPACITY  
 SCHEDULE OF PROPERTY TAXES RECEIVABLE BY FUND TYPE  
 JUNE 30, 2019  
**Table 13**

Year	General*	Special Revenue*	Enterprise	Other Fiduciary	Total
2010 & Prior	\$ 2,510,125	\$ 679,059	\$ 64,260	\$ 1,119,506	\$ 4,372,950
2011	365,439	98,560	6,109	168,466	638,574
2012	259,752	201,095	5,372	220,547	686,766
2013	418,787	330,085	37,159	487,747	1,273,778
2014	549,088	562,149	37,133	175,122	1,323,492
2015	629,844	977,188	69,855	234,767	1,911,654
2016	629,255	1,391,994	46,715	407,161	2,475,125
2017	1,076,489	1,534,560	43,285	604,266	3,258,600
2018	2,035,866	1,961,720	-	812,690	4,810,276
2019	3,679,237	2,484,938	-	1,494,209	7,658,384
Total Property Taxes Receivable	<u>\$ 12,153,882</u>	<u>\$ 10,221,348</u>	<u>\$ 309,888</u>	<u>\$ 5,724,481</u>	<u>\$ 28,409,599</u>

NOTES:

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

\*\* Beginning in FY19, the West Germantown and Kingsview Village Development Districts are included in the Other Fiduciary Fund.

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	
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
2014	2.00	3.00	4.00	4.75-5.75	3.20
2015	2.00	3.00	4.00	4.75-5.75	3.20
2016	2.00	3.00	4.00	4.75-5.75	3.20
2017	2.00	3.00	4.00	4.75-5.75	3.20

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 2017 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>
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	1,789,843,794	1,207,855,836	2,997,699,630	3.20
2014	413,501	48,591,853,475	40,868,459,662	1,920,372,577	1,283,681,651	3,204,054,228	3.20
2015	414,395	50,116,129,872	42,311,573,366	1,982,448,715	1,319,006,867	3,301,455,582	3.20
2016	421,928	51,599,222,961	43,483,145,210	2,021,966,998	1,346,884,021	3,368,851,019	3.20
2017	428,241	54,374,471,608	46,008,182,086	2,152,096,945	1,422,137,607	3,574,234,552	3.20

NOTES:

- \* See Table 16 for detailed breakout of adjusted gross income level.
- \* 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% for the top bracket.
- \* Tax year 2017 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

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

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

	2013						2012					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
<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 %

(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)**

	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	23.7	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	17.1	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
\$75,000 - 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 - 74,999	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 %

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 2017 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	
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	49,745,063	33,802,447	30,675,000	20,130,000	83,556,016	54,661,870	3,142,553,307
2014	2,085,028,317	100,000,000	339,671,879	500,000,000	55,419,997	32,812,650	24,305,000	16,432,750	112,031,698	90,509,121	3,356,211,412
2015	2,465,315,677	100,000,000	339,516,238	500,000,000	60,499,112	30,251,464	17,685,000	13,817,910	106,941,278	86,711,269	3,720,737,948
2016	2,582,259,186	100,000,000	323,901,913	500,000,000	53,985,826	27,624,182	10,800,000	11,158,430	151,269,640	82,881,644	3,843,880,821
2017	2,722,235,195	90,000,000	308,297,064	500,000,000	82,172,181	24,912,503	29,731,560	8,454,830	144,304,420	78,964,284	3,989,072,037
2018	2,919,530,233	170,000,000	292,692,211	500,000,000	109,283,027	22,123,326	25,620,410	6,106,510	137,180,120	74,929,237	4,257,465,074
2019	3,015,532,116	170,000,000	277,106,496	500,000,000	106,742,226	19,248,603	25,150,845	3,720,000	129,657,044	104,302,530	4,351,459,860

Fiscal Year	Business-type Activities			Ratios		
	Revenue Bonds	Notes Payable	Total Business-Type Activities	Total Primary Government	Debt to Personal Income (1)	Outstanding Debt per Capita (1)
2010	\$ 73,101,676	\$ 252,610	\$ 73,354,286	\$ 2,491,554,120	3.62	\$ 2,552
2011	71,566,044	81,782	71,647,826	2,761,186,693	3.73	2,780
2012	87,674,890	-	87,674,890	2,959,082,476	3.85	2,937
2013	86,295,600	1,976,348	88,271,948	3,230,825,255	4.35	3,170
2014	97,163,694	1,701,104	98,864,798	3,455,076,210	4.52	3,354
2015	91,756,076	4,655,348	96,411,424	3,817,149,372	4.64	3,673
2016	83,929,819	5,756,247	89,686,066	3,933,566,887	4.52	3,752
2017	78,105,420	5,367,645	83,473,065	4,072,545,102	4.47	3,846
2018	72,111,188	6,433,707	78,544,895	4,336,009,969	4.60	4,057
2019	66,097,142	4,891,651	70,988,793	4,422,448,653	4.49	4,099

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)			Total	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
	General Obligation Bonds	Variable Rate Demand Obligations	Taxable BABs General Obligations			
2010	\$ 1,437,839,285	\$ 100,000,000	\$ 232,000,000	\$ 1,769,839,285	0.99 %	\$ 1,813
2011	1,517,280,000	100,000,000	338,320,000	1,955,600,000	1.01	1,969
2012	1,658,970,000	100,000,000	338,320,000	2,097,290,000	1.18	2,082
2013	1,930,155,391	100,000,000	339,827,520	2,369,982,911	1.36	2,325
2014	2,085,028,317	100,000,000	339,671,879	2,524,700,196	1.43	2,451
2015	2,465,315,677	100,000,000	339,516,238	2,904,831,915	1.68	2,795
2016	2,582,259,186	100,000,000	323,901,913	3,006,161,099	1.62	2,868
2017	2,722,235,195	90,000,000	308,297,064	3,120,532,259	1.60	2,947
2018	2,919,530,233	170,000,000	292,692,211	3,382,222,444	1.69	3,165
2019	3,015,532,116	170,000,000	277,106,496	3,462,638,612	1.69	3,210

NOTES:

(1) General Bonded Debt includes all general obligation debt, variable rate demand obligation, regardless of purpose or repayment source, and other bonded debt financed with general government resources. Governmental lease revenue bonds and business-type revenue bonds are excluded because they are repayable from specific resources other than general governmental resources. Other debt is excluded because it is not in the form of bonds.

(2) See Table 8 for estimated actual value of taxable property data.

(3) See Table 23 for population data used in calculating the Per Capita.

MONTGOMERY COUNTY, MARYLAND  
DEBT CAPACITY  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)  
JUNE 30, 2019  
**Table 19**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Debt:			
Towns, Cities, and Villages: (2, 3)			
Garrett Park - bonds	\$ 171,000	100.00 %	\$ 171,000
Poolesville - bonds	2,265,086	100.00	2,265,086
Rockville:			
Bonds	34,902,761	100.00	34,902,761
Certificates or notes	26,000	100.00	26,000
Somerset - bonds	1,240,000	100.00	1,240,000
Takoma Park:			
Bonds	9,651,500	100.00	9,651,500
Certificates or notes	150,000	100.00	150,000
Component Units (2):			
MCPS - Capital leases	64,109,218	100.00	64,109,218
MC - Capital leases	81,934,359	100.00	81,934,359
Joint Venture - M-NCPPC (4):			
Park acquisition and development bonds	172,620,000	35.68	61,590,000
Advance land acquisition bonds	750,000	100.00	750,000
Development Districts (2):			
Kingsview Village Center - bonds	527,084	100.00	527,084
West Germantown - bonds	9,280,000	100.00	<u>9,280,000</u>
Total Overlapping Debt			266,597,008
Montgomery County direct debt (5)			<u>4,351,459,860</u>
Total Direct and Overlapping Debt			<u><u>\$ 4,618,056,868</u></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**

	2010	2011	2012	2013	2014
<b>Assessed Value</b>					
Real property (1, 3)	\$ 167,096,843,537	\$ 167,790,792,529	\$ 162,197,149,758	\$ 158,272,830,848	\$ 159,891,865,334
Personal property (2)	4,123,996,612	3,856,191,952	3,718,945,710	3,604,478,750	3,709,327,508
Total Assessed Value	<u>\$ 171,220,840,149</u>	<u>\$ 171,646,984,481</u>	<u>\$ 165,916,095,468</u>	<u>\$ 161,877,309,598</u>	<u>\$ 163,601,192,842</u>
<b>Legal Debt Margin</b>					
Debt limit - percentage of assessable base:					
For real property at 6%	\$ 10,025,810,612	\$ 10,067,447,552	\$ 9,731,828,985	\$ 9,496,369,851	\$ 9,593,511,920
For personal property at 15%	618,599,492	578,428,793	557,841,857	540,671,813	556,399,126
Legal limitation for the borrowing of funds and the issuance of bonds	<u>10,644,410,104</u>	<u>10,645,876,345</u>	<u>10,289,670,842</u>	<u>10,037,041,664</u>	<u>10,149,911,046</u>
Debt Applicable to Limit:					
General obligation bonds	1,437,839,285	1,517,280,000	1,658,970,000	1,930,155,391	2,085,028,317
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	338,320,000	338,320,000	339,827,520	339,671,879
Bond anticipation notes	425,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Total Debt Applicable to Limit	<u>2,194,839,285</u>	<u>2,455,600,000</u>	<u>2,597,290,000</u>	<u>2,869,982,911</u>	<u>3,024,700,196</u>
Legal Debt Margin	<u>\$ 8,449,570,819</u>	<u>\$ 8,190,276,345</u>	<u>\$ 7,692,380,842</u>	<u>\$ 7,167,058,753</u>	<u>\$ 7,125,210,850</u>
Legal Debt Margin as a Percentage of Debt Limit	79%	77%	75%	71%	70%

	2015	2016	2017	2018	2019
<b>Assessed Value</b>					
Real property (1, 3)	\$ 163,656,758,206	\$ 170,176,446,052	\$ 177,495,353,018	\$ 183,993,870,661	\$ 189,051,019,043
Personal property (2)	3,655,133,210	3,884,349,017	4,051,372,468	4,188,565,266	4,055,452,758
Total Assessed Value	<u>\$ 167,311,891,416</u>	<u>\$ 174,060,795,069</u>	<u>\$ 181,546,725,486</u>	<u>\$ 188,182,435,927</u>	<u>\$ 193,106,471,801</u>
<b>Legal Debt Margin</b>					
Debt limit - percentage of assessable base:					
For real property at 6%	\$ 9,819,405,492	\$ 10,210,586,763	\$ 10,649,721,181	\$ 11,039,632,240	\$ 11,343,061,143
For personal property at 15%	548,269,982	582,652,353	607,705,870	628,284,790	608,317,914
Legal limitation for the borrowing of funds and the issuance of bonds	<u>10,367,675,474</u>	<u>10,793,239,116</u>	<u>11,257,427,051</u>	<u>11,667,917,030</u>	<u>11,951,379,056</u>
Debt Applicable to Limit:					
General obligation bonds	2,465,315,677	2,582,259,186	2,722,235,195	2,919,530,233	3,015,532,116
Variable rate demand obligation	100,000,000	100,000,000	90,000,000	170,000,000	170,000,000
Taxable BABs general obligation	339,516,238	323,901,913	308,297,064	292,692,211	277,106,496
Bond anticipation notes	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Total Debt Applicable to Limit	<u>3,404,831,915</u>	<u>3,506,161,099</u>	<u>3,620,532,259</u>	<u>3,882,222,444</u>	<u>3,962,638,612</u>
Legal Debt Margin	<u>\$ 6,962,843,559</u>	<u>\$ 7,287,078,017</u>	<u>\$ 7,636,658,297</u>	<u>\$ 7,785,694,586</u>	<u>\$ 7,988,740,444</u>
Legal Debt Margin as a Percentage of Debt Limit	67%	68%	68%	67%	67%

NOTES:

- (1) See (1) on Table 8.
- (2) See (2) on Table 8.
- (3) As a Charter County, the legal debt limit is provided by Article 25A, Section 5(P(i)), of the Annotated Code of Maryland. The legal debt margin is a total of 6 percent of the assessable base (presented at 100 percent) of real property of the County and 15 percent of the County's assessable base of personal property and operating real property.

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	
<b>Bethesda Parking Lot District:</b>							
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
2016	17,963,769 (a)	9,024,033	8,939,736	3,245,000	1,575,467	4,820,467	185.45
2017	20,320,118 (a)	9,924,556	10,395,562	3,158,000	1,416,347	4,574,347	227.26
2018	20,803,921 (a)	9,894,949	10,908,972	3,291,000	1,358,910	4,649,910	234.61
2019	20,841,755 (a)	8,792,818	12,048,937	3,441,000	1,212,195	4,653,195	258.94
<b>Liquor Control:</b>							
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
2016	294,621,921	261,015,960	33,605,961	4,865,000	4,972,389	9,837,389	341.61
2017	298,572,068	269,930,631	28,641,437	5,060,000	4,774,889	9,834,889	291.22
2018	296,949,396	263,850,822	33,098,574	5,295,000	4,539,639	9,834,639	336.55
2019	295,973,689	258,484,085	37,489,604	5,520,000	3,634,464	9,154,464	409.52
<b>Metrorail Garage Project:</b>							
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
2016	3,478,613	-	3,478,613	2,160,000	1,318,613	3,478,613	100.00
2017	3,490,613	-	3,490,613	2,280,000	1,210,613	3,490,613	100.00
2018	3,491,613	-	3,491,613	2,395,000	1,096,613	3,491,613	100.00
2019	3,496,863	-	3,496,863	2,520,000	976,863	3,496,863	100.00
<b>Water Quality Protection:</b>							
2013	\$ 25,302,118	\$ 16,937,522	\$ 8,364,596	\$ 915,000	\$ 1,207,601	\$ 2,122,601	394.07 %
2014	26,047,644	17,248,871	8,798,773	1,310,000	1,706,150	3,016,150	291.72
2015	30,745,793	20,016,830	10,728,963	1,340,000	1,678,850	3,018,850	355.40
2016	33,454,313	20,751,317	12,702,996	1,395,000	1,625,250	3,020,250	420.59
2017	38,471,238	22,324,542	16,146,696	3,185,000	2,963,160	6,148,160	262.63
2018	40,928,526	24,983,355	15,945,171	3,245,000	2,900,838	6,145,838	259.45
2019	42,074,583	25,764,744	16,309,839	3,360,000	2,788,588	6,148,588	265.26

NOTES:

- (1) Table includes debt that is secured by a pledge of a specific revenue stream, and is designed to reflect whether the County had to use general (unpledged) revenues to repay debt that was intended to be self-supporting.
- (2) Gross revenues include non-operating investment income. Gross revenues for the parking lot district bonds include all revenues of the district and consist primarily of parking fee charges for services, parking fines, and dedicated property taxes. Gross revenues for the metrorail garage project lease revenue bonds include lease payments from WMATA. Gross revenues for the liquor control bonds come primarily from the sale of beverage alcohol products. Gross revenues for the water quality protection bonds include the water quality protection excise tax that is part of property tax bills and based on the potential for a property to contribute to stormwater runoff.
- (3) Operating expenses do not include interest, depreciation, or amortization expenses.
- (4) Debt service consists of amounts relating to revenue or lease revenue bonds; amounts relating to general obligation bonds are excluded.
- (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 2019			Fiscal Year 2010		
	Rank	Employees (1)	Percentage of Total County Employment (2,3)	Rank	Employees (1)	Percentage of Total County Employment (2,3)
U.S. Department of Health and Human Services	1	25,000 - 30,000	5.81 %	1	>30,000	6.48 %
Montgomery County Public Schools	2	25,000 - 30,000	5.81	2	20,000 - 25,000	4.86
Montgomery County Government	3	10,000-15,000	2.64	4	5,000 - 10,000	1.62
U.S. Department of Defense	4	5,000-10,000	1.59	3	10,000 - 15,000	2.70
Adventist Healthcare	5	5,000-10,000	1.59	6	5,000 - 10,000	1.62
Holy Cross Hospital of Silver Spring	6	2,500-5,000	0.79		*	-
Marriott International Admin Srvs, Inc.	7	2,500-5,000	0.79	8	2,500 - 5,000	0.81
Montgomery Community College	8	2,500-5,000	0.79	10	2,500 - 5,000	0.81
Government Employees Insurance Co.	9	2,500-5,000	0.79		*	-
U.S. Department of Commerce	10	2,500-5,000	0.79	5	5,000 - 10,000	1.62
Lockheed Martin Corporation		*	-	7	5,000 - 10,000	1.62
Giant Food Corporation		*	-	9	2,500 - 5,000	0.81
<b>Total</b>			<u>21.39 %</u>			<u>22.95 %</u>

NOTES:

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

Source: Department of Labor, Licensing and Regulation

Analysis and Information - Major Employer List - 4th quarter CY2018 and CY2010

(1) Information such as the actual number of employees is not available for disclosure.

(2) Percentages are based on the midpoint of the employment range and average total Montgomery County employment of FY19 and FY10 according to Bureau of Labor Statistics, U.S. Department of Labor. Employee counts for federal and military facilities exclude contractors to the extent possible.

(3) Total average payroll employment in FY19 was 472,961, and in FY10, 462,830.

MONTGOMERY COUNTY, MARYLAND  
 DEMOGRAPHIC STATISTICS  
 LAST TEN YEARS  
**Table 23**

Calendar Year	Population (1)	Personal		Civilian Labor Force (4)	Resident Employment (5)	Unemployment Rate (6)	Average Registered Number of Pupils as of September (7)
		Income (\$ thousands) (2)	Per Capita Income (3)				
2010	976,140	\$ 68,848,101	\$ 70,531	532,572	502,733	5.6 %	140,500
2011	993,326	74,120,511	74,619	536,858	508,575	5.3	143,309
2012	1,007,488	76,943,862	76,372	540,440	512,451	5.2	146,497
2013	1,019,291	74,332,805	72,926	543,131	516,271	4.9	149,018
2014	1,030,188	76,405,678	74,167	543,806	519,929	4.4	151,289
2015	1,039,370	82,326,775	79,208	547,058	525,766	3.9	153,852
2016	1,048,332	87,051,154	83,038	545,139	526,217	3.5	156,447
2017	1,058,810	91,202,046	86,136	552,313	533,560	3.4	159,016
2018	1,068,721	94,300,000	88,236	554,989	537,429	3.2	161,936
2019	1,078,725	98,500,000	91,312	556,916	540,217	3.0	163,123

NOTES:

(1) Sources: Data for 2010-2017 is from the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Data for 2018 and 2019 are estimated by the Montgomery County Department of Finance. Data for 2010-2017 was published by BEA.

(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 2010-2017 was published by BEA. Data for 2018 through 2019 are estimates derived by the Montgomery County Department of Finance.

(3) Per capita income is derived by dividing personal income by population.

(4) Source: Bureau of Labor Statistics (BLS), U.S. Department of Labor. Civilian labor force data include all persons in the civilian noninstitutional population classified as either employed or unemployed and counted by place of residence and are published by BLS for 2010-2018. Data for 2019 is estimated by Montgomery County Department of Finance based on the percent change from the average of the first six months of CY2018 to the average of the first six months of CY2019.

(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 2010-2018 was published by BLS. Data for 2019 is estimated by Montgomery County Department of Finance based on the percent change from the average of the first six months of CY2018 to the first six months of CY2019.

(6) The unemployment rates for 2010 through 2018 were published by the Bureau of Labor Statistics, U.S. Department of Labor. Unemployment rate for 2019 is estimated by Montgomery County Department of Finance based on the estimate of the civilian labor force and the estimate of resident employment.

(7) Source: County Executive Recommended FY20 Operating Budget, Office of Management and Budget. Since the school year begins in September, data are represented as enrollment as of September of the calendar year.

MONTGOMERY COUNTY, MARYLAND  
 OPERATING INFORMATION  
 EMPLOYEE FTEs BY FUNCTION (1)  
 LAST TEN FISCAL YEARS  
**Table 24**

	2010 <sup>(4)</sup>	2011 <sup>(4)</sup>	2012 <sup>(4)</sup>	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities:</b>										
General Government:										
Legislative Branch:										
Board of Appeals	5	4	4	4	4	4	4	4	4	4
County Council	75	70	73	75	77	79	82	82	83	83
Inspector General	5	3	4	5	5	5	7	7	7	7
Legislative Oversight	11	9	9	10	11	11	11	11	11	12
Merit System Protection Board	1	1	1	1	1	1	2	2	2	2
People's Counsel	2	2	-	-	-	-	-	-	-	-
Zoning and Administrative Hearings	4	4	4	4	4	4	4	4	4	4
Judicial Branch:										
Circuit Court	110	107	106	117	118	114	114	114	116	117
State's Attorney	122	119	122	129	132	136	140	143	147	153
Executive Branch:										
Agriculture	-	-	-	-	-	-	-	4	4	4
Board of Elections	46	44	40	31	31	51	55	55	56	56
Commission for Women	10	6	-	-	-	-	-	-	-	-
Community Engagement (2)	-	-	24	22	22	22	22	23	24	24
County Attorney	39	37	34	42	43	43	44	43	45	44
County Executive	47	32	26	28	31	32	33	34	37	36
Ethics Commission	2	-	2	3	3	3	3	3	3	3
Finance	108	103	107	114	125	126	126	122	125	127
General Services	199	179	178	184	183	191	162	164	171	170
Human Resources	58	44	49	60	67	66	67	68	70	71
Human Rights	19	15	8	8	8	9	9	9	9	9
Intergovernmental Relations	5	5	5	5	5	5	5	5	5	5
Management and Budget	29	25	25	28	28	29	30	29	32	33
Procurement (5)	-	-	-	-	-	-	33	35	35	35
Public Information	8	42	42	43	42	43	43	42	45	51
Regional Services Centers	29	17	-	-	-	-	-	-	-	-
Technology Services	138	107	102	104	110	110	147	159	168	166
Urban Districts	58	50	52	55	55	58	58	59	59	59
Non-Departmental Accounts	3	3	2	2	4	4	4	4	4	5
Public Safety:										
Consumer Protection	19	15	15	16	17	17	17	16	17	17
Correction and Rehabilitation	599	555	557	512	518	526	527	538	538	538
Emergency Management and Homeland Security	9	10	11	11	12	14	15	15	15	15
Fire and Rescue	1,349	1,267	1,240	1,254	1,282	1,287	1,299	1,303	1,287	1,298
Police	1,789	1,720	1,724	1,744	1,767	1,843	1,868	1,888	1,950	1,958
Sheriff	176	169	166	178	185	183	183	190	190	190
Transportation:										
Fleet Management	202	194	206	205	205	204	204	204	204	206
Transit Services	831	789	831	814	816	836	836	842	874	876
Other (3)	346	305	258	258	273	275	279	283	283	283
Health and Human Services	1,577	1,462	1,484	1,559	1,569	1,589	1,594	1,619	1,649	1,670
Culture and Recreation:										
Cable TV	19	26	27	30	31	31	31	31	33	32
Public Libraries	388	299	273	314	350	385	389	386	395	396
Recreation	422	365	343	375	398	414	417	441	465	467
Community Development and Housing:										
Economic Development	41	32	26	29	31	34	33	1	1	1
Housing and Community Affairs	67	59	58	66	73	77	80	84	97	97
Environmental Protection	52	51	84	91	93	97	102	105	108	108
<b>Business-Type Activities:</b>										
Community Use of Public Facilities	25	22	26	27	27	27	28	29	30	31
Liquor Control	337	313	323	324	339	337	427	432	438	442
Parking Lot Districts	51	46	48	49	49	50	49	49	49	49
Permitting Services	197	173	178	198	201	207	213	244	244	244
Solid Waste Activities	105	99	103	103	102	103	103	106	105	106
Total FTEs	<u>9,734</u>	<u>8,999</u>	<u>9,000</u>	<u>9,231</u>	<u>9,447</u>	<u>9,682</u>	<u>9,899</u>	<u>10,031</u>	<u>10,238</u>	<u>10,304</u>

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 MC.
- (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 FY10 to FY12 still reflect original workyear measurements.
- (5) Effective FY16, The Office of Procurement was established per Expedited Bill No. 7-15.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (1)
<b>Governmental Activities:</b>										
General Government:										
Number of procurement office actions (2)	7,188	6,610	6,750	7,711 (6)	8,396	7,556	8,429 (6)	7,564 (6)	7,824 (6)	8,809
Number of property tax bills processed (5)	361,963	362,971	364,050	365,495	366,847	367,708	371,446	371,866	376,330 (6)	376,259
Number of payments issued	137,856	117,831	111,211	112,507	129,973	121,311	121,366	125,764	128,866	118,086
Investment portfolio return (5)	0.22 %	0.10 %	0.02 %	0.16 %	0.15 %	0.18 %	0.39 %	0.71 %	1.34 %	2.33 %
Public Safety:										
Fire and Rescue:										
Number of responses to incidents	107,527	109,153	109,597	108,996	109,496	115,366	116,915	120,990 (6)	123,544	121,606
Number of fire Fatalities	1	2	4	2	4	4	3	9	1	3
Permitting:										
Number of inspections completed	20,994	13,139 (7)	7,353	6,036	11,644	13,929	16,439	17,405 (6)	14,579	10,340 (8)
Police:										
Number of arrests	13,150	13,567	13,216	12,511	13,153	16,518	20,045	16,707	18,853	18,061
Number of traffic citations (calendar years) (9)	82,119	65,439	55,710	53,540	107,040	106,944	105,607 (6)	100,867	81,202	75,961
Number of warrants served	7,823	7,542	9,598	12,623	8,297	9,763	8,109	7,779	7,318	7,011
Transportation (3):										
Lane-miles of streets resurfaced	377	258	332	442	311	436	405	303 (6)	181	231
Number of passengers transported	27,895,138	26,719,517	27,240,110	26,603,242	26,391,551	25,972,313	24,512,705	22,984,194 (6)	21,594,040	20,596,520
Health and Human Services:										
Number of applicants approved for the Home Energy Program	9,681	9,438	8,778	7,308	7,951	7,440	7,822	7,468 (6)	7,129	7,056
Number of individuals served through the Crisis Center	60,150	50,083	47,075	48,312	45,749 (6)	45,906	47,191	46,202	44,684	43,584
Number of licensed and registered child care slots in the County	35,403	36,426	38,722	39,806	38,506	39,501	40,292	41,768	41,101 (6)	42,697
Number of in-home aide service hours for seniors and people with disabilities	156,634	122,991	101,905	90,000	94,012	110,848	105,000	110,185	92,860	105,370
Culture and Recreation:										
Library:										
Number of items circulated	12,105,851	10,137,952	9,403,471	9,303,918	9,770,776	10,035,027	10,478,360	10,172,487	10,666,538 (6)	11,383,048
Recreation:										
Number of community center visits/contacts	1,315,022	1,299,619	1,320,664	1,178,398	1,127,742	985,527	955,160	1,634,333	1,108,071	971,882 (10)
Number of visits to County pools	2,232,902	2,234,904	2,246,874	2,255,874	2,553,202	2,696,608	1,570,434 (6)	2,482,362	1,467,626 (1)	1,327,182 (11)
Number of persons registered for camps and classes	66,029	51,648	53,746	55,044	55,829	65,762	76,285	85,835	105,011	105,615
Community Development and Housing:										
Housing and Community Affairs:										
Number of housing rental licenses issued	86,267	89,286	91,555	92,527	96,185	98,525	100,379	101,810	103,841	107,283
Number of housing code enforcement cases	7,282	7,186	6,988	6,597	6,998	7,633	8,250	7,917	8,352	9,229
Environment:										
Number of sediment control inspections performed for development sites	17,666	13,472	12,206	12,839	16,287	18,741	19,109	18,259	17,689 (6)	16,778
Education:										
Average number of pupils registered pre-K through 12 (4)	141,777	144,064	146,497	148,779	151,298 (6)	153,852	156,447	159,010	161,470	162,600
College students - credit and non-credit (4)	60,698	60,970	63,837	62,417	59,389	56,228	56,001	55,243	54,335	52,732
<b>Business-Type Activities:</b>										
Land development plans approved	3,432	4,066	4,967	4,517	5,112	5,161	6,048	6,013	6,055	5,543
Refuse collected (tons)	83,826	85,628	86,512	69,568 (6)	71,407	73,996	71,767	69,988 (6)	80,318 (6)	85,000
Waste processed at the Resource Recovery Facility (tons)	535,980	575,000	540,644	546,644	577,787	591,687	620,505	518,687 (6)	592,228 (6)	620,849
Number of cases sold from the Department of Liquor Control retail stores	1,014,804	1,096,702	1,093,554	1,094,530	1,155,544	1,131,073 (6)	1,163,437 (6)	1,139,836	1,104,006	1,094,026
Number of wholesale liquor cases sold to private liquor stores	4,104,740	4,142,590	4,104,574	4,068,430	4,174,541	4,079,000	4,138,371 (6)	4,068,797	3,951,139	3,950,485

NOTES:

- N/A - 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 decrease is due to transitioning from a legacy records management system (FireHouse Software) to the DPS system.
  - (9) Excludes the citations issued by Speed, Redlight, and School Bus Automatic Enforcement.
  - (10) Two community centers were closed in FY19 due to reconstruction.
  - (11) Recreation's MLK Pool was closed for approximately 6 weeks for repairs in FY19.

Source: County departments.

MONTGOMERY COUNTY, MARYLAND  
 OPERATING INFORMATION  
 CAPITAL ASSET STATISTICS BY FUNCTION  
 LAST TEN FISCAL YEARS

Table 26

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<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	8	8	4	4	3	3	3	3	3	3
Police vehicles	1,369	1,327	1,363	1,341	1,345	1,467	1,486	1,509	1,526	1,522
Fire stations	35	36	36	37	37	37	37	37	37	37
Fire apparatus	518	452	464	451	461	447	493	497	502	501
Transportation:										
Streets (miles)	2,621	2,621	2,623	2,627	2,631	2,634	2,640	2,661	2,663	2,664
Ride On buses	462	390	410	412	422	379	403	389	414	424
Administrative vehicles	785	757	734	738	761	764	869	885	876	876
Fire vehicles	122	121	120	115	116	113	94	96	91	98
Heavy equipment	456	454	460	463	482	420	423	481	491	448
Streetlights	66,903	66,962	67,211	67,781	67,931	67,969	68,350	68,675	68,770	68,995
Traffic signals	791	800	814	823	829	836	848	854	867	875
Culture and Recreation:										
Libraries	22	22	22	22	22	22	22	22	22	22
Volumes in library collection	2,809,010	2,660,221	2,564,280	2,500,705	2,834,652	2,060,370	1,993,001	2,235,689	2,447,236	2,388,365
Swimming pools	13	13	13	13	13	13	13	13	13	13
Community Development and Housing:										
Number of low income housing units	101	101	101	101	101	101	101	101	101	101
Environment:										
Storm drains (miles)	874	874	875	877	881	883	888	893	895	896
Education:										
Elementary, Middle and High School buildi	200	200	200	202	202	203	204	205	206	211
College buildings	46	48	48	49	49	49	49	51	51	51
<b>Business-Type Activities:</b>										
Parking spaces in parking lot districts	21,185	21,173	20,470	19,989	19,984	20,970	20,754	20,482	20,425	20,452
Parking garages/lots	41	41	40	40	42	42	41	40	40	41

NOTES:

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

\* Sources: Various County departments, MCPS, and MC.

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\* POEB = Pension and Other Employee Benefits

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Prepared by the:  
Department of Finance  
Division of the Controller  
101 Monroe Street  
Rockville, Maryland 20850  
240-777-8860