

MONTGOMERY COUNTY MARYLAND

Comprehensive Annual Financial Report



Fiscal Year 2009

July 1, 2008 - June 30, 2009
Rockville, Maryland

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Montgomery County
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

MONTGOMERY COUNTY MARYLAND

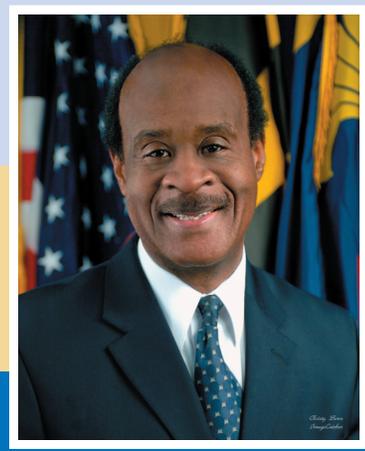
Comprehensive Annual Financial Report



Prepared by the
DEPARTMENT OF FINANCE

Jennifer E. Barrett, Director
101 Monroe Street
Rockville, Maryland 20850
240-777-8860

Fiscal Year 2009
July 1, 2008 - June 30, 2009



Isiah Leggett
ISIAH LEGGETT

Mission Statement

MONTGOMERY COUNTY GOVERNMENT

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

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

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

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

Montgomery County, Maryland
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Fiscal Year Ended June 30, 2009
 TABLE OF CONTENTS

Exhibit	Description	Page	Exhibit	Description	Page
INTRODUCTORY SECTION					
	Transmittal Letter	vii	B-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	126
	Acknowledgments	xix	B-3	Combining Balance Sheet – Nonmajor Governmental Funds - Special Taxing Districts.....	128
	Organization Chart	xx	B-4	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds – Special Taxing Districts	129
	Listing of Officials.....	xxi	B-5	Combining Balance Sheet – Nonmajor Governmental Funds – Other	130
 FINANCIAL SECTION			B-6	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds – Other	131
	Independent Auditors’ Report	1	Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:		
	Management’s Discussion and Analysis	3	B-7	Debt Service	132
 BASIC FINANCIAL STATEMENTS			B-8	Capital Projects.....	133
Government-wide:			B-9	Recreation.....	134
A-1	Statement of Net Assets	24	B-10	Fire Tax District	135
A-2	Statement of Activities	26	B-11	Mass Transit Facilities.....	136
Funds:			B-12	Urban Districts.....	137
A-3	Balance Sheet – Governmental Funds	28	B-13	Noise Abatement Districts.....	139
A-4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	29	B-14	Rehabilitation Loan	140
A-5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds ..	30	B-15	Economic Development	141
A-6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	31	B-16	Cable TV	142
A-7	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	32	B-17	Grants	143
A-8	Statement of Net Assets – Proprietary Funds	36	B-18	Drug Enforcement Forfeitures.....	145
A-9	Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	37	B-19	Water Quality Protection	146
A-10	Statement of Cash Flows – Proprietary Funds.....	38	B-20	Restricted Donations	147
A-11	Statement of Fiduciary Net Assets – Fiduciary Funds	39	Enterprise Funds:		
A-12	Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	40	C-1	Combining Statement of Net Assets – Nonmajor Enterprise Funds.....	150
Component Units:			C-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor Enterprise Funds.....	151
A-13	Statement of Net Assets – Component Units.....	41	C-3	Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	152
A-14	Statement of Activities – Component Units	42	C-4	Schedule of Expenses – Budget and Actual – Enterprise Funds.....	153
Notes to Financial Statements.....			43	Internal Service Funds:	
 Required Supplementary Information:			D-1	Combining Statement of Net Assets – Internal Service Funds	158
	Retiree Health Benefits Trust Supplement	117	D-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds.....	159
	RSI-1 Revenue Stabilization	118	D-3	Combining Statement of Cash Flows – Internal Service Funds	160
	RSI-2 Housing Initiative	119	D-4	Schedule of Expenses – Budget and Actual – Internal Service Funds.....	161
 SUPPLEMENTARY DATA – Combining and Individual Fund Financial Statements and Supplementary Schedules					
Governmental Funds:					
B-1	Combining Balance Sheet – Nonmajor Governmental Funds.....	124			

Montgomery County, Maryland
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Fiscal Year Ended June 30, 2009
 TABLE OF CONTENTS

Exhibit	Description	Page	Exhibit	Description	Page
SUPPLEMENTARY DATA, Continued					
Fiduciary Funds:					
E-1	Combining Statement of Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds	164	9-d	Real and Personal Property Tax Rates – Overlapping Governments – Villages – Last Ten Fiscal Years	192
E-2	Combining Statement of Changes in Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds	165	10	Ten Highest Commercial Property Taxpayers – Current Fiscal Year and Nine Years Ago	193
E-3	Combining Statement of Fiduciary Net Assets – Private Purpose Trust Funds	166	11	Property Tax Levies and Collections – Last Ten Fiscal Years	194
E-4	Combining Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Funds	167	12	Schedule of Fiscal Year Property Tax Levy, Property Tax Revenues, and Additional Items Related to the Property Tax Billing	195
E-5	Combining Statement of Changes in Assets and Liabilities – All Agency Funds	168	13	Schedule of Property Taxes Receivable by Fund Type	196
Component Units:			14	Income Tax Rates – Last Ten Tax Years	197
F-1	Combining Statement of Net Assets – Nonmajor Component Units	172	15	Income Tax Filers Summary Information – Last Ten Tax Years	198
F-2	Combining Statement of Activities – Nonmajor Component Units	173	16	Income Tax Filers, Net Taxable Income, and Liability by Adjusted Gross Income Level – Last Ten Tax Years	199
STATISTICAL SECTION – “Unaudited”			DEBT CAPACITY		
Tables:			17	Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	201
FINANCIAL TRENDS			18	Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	203
1	Net Assets by Component – Government-Wide (Governmental and Business-type Activities) – Last Seven Fiscal Years	178	19	Direct and Overlapping Governmental Activities Debt	204
2-a	Changes in Net Assets – Government-Wide (Governmental and Business-type Activities) – Last Seven Fiscal Years	179	20	Computation of Legal Debt Margin – Last Ten Fiscal Years	205
2-b	General Tax Revenues – Governmental Activities – Last Seven Fiscal Years	181	21	Pledged-Revenue Coverage – Last Ten Fiscal Years	207
3	Fund Balances – Governmental Funds – Last Ten Fiscal Years	182	DEMOGRAPHIC AND ECONOMIC INFORMATION		
4	Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years	183	22	Principal Employers – Current Fiscal Year and Nine Years Ago	208
5	Combined Schedule of "Cash and Investments" and "Investment and Interest Income" – All Funds	185	23	Demographic Statistics – Last Ten Fiscal Years ...	209
6	Combined Schedule of Cash and Investments – By Financial Institution	186	OPERATING INFORMATION		
7	Combined Schedule of Investments	186	24	Employee Workyears by Function – Last Ten Fiscal Years	210
REVENUE CAPACITY			25	Operating Indicators by Function – Last Ten Fiscal Years	211
8	Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	187	26	Capital Asset Statistics by Function	213
9-a	Real and Personal Property Tax Rates – County Direct Rate – Last Ten Fiscal Years	188	INDEX		
9-b	Real and Personal Property Tax Rates – County Special Taxing Districts – Last Ten Fiscal Years ...	189	Fund Titles		
9-c	Real and Personal Property Tax Rates – Overlapping Governments – Cities and Towns – Last Ten Fiscal Years	190	215		



INTRODUCTORY SECTION



DEPARTMENT OF FINANCE

Isiah Leggett
County Executive

Jennifer E. Barrett
Director

December 24, 2009

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, 2009.

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, including 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 control. 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 Clifton Gunderson LLP has performed an independent audit of, and issued an unqualified opinion on, the County's financial statements as of and for the year ended June 30, 2009. 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.

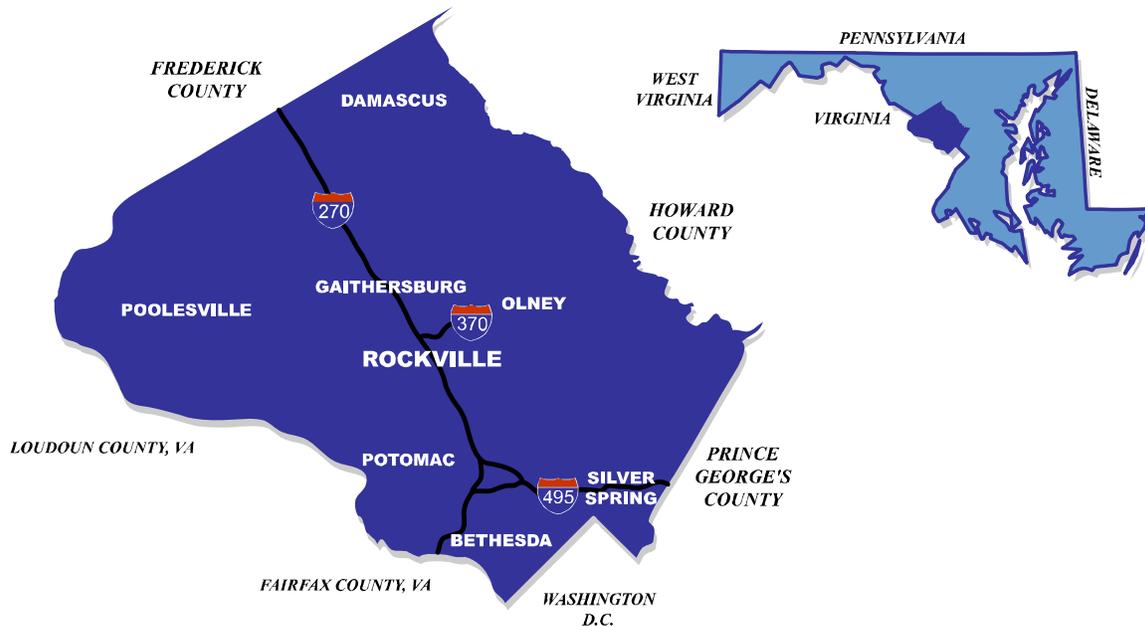
GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can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

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, which gave the County home rule and a council-manager form of government.

Office of the Director

The governing authority of the County, today, is still the charter, which was fully implemented in 1970, with the election of an executive and a council. Currently, Montgomery County is the most populated and affluent jurisdiction in Maryland and enjoys the distinction of being named an All-American community.



Budgetary Overview

The annual budget provides the basis for coordinating and controlling the County government programs and expenditures, which include public safety, public works and transportation, culture and recreation, health and human services, community development and housing, environment, and general government services. Education services, funded in large part by the County (see Note III-I.1), are provided by Montgomery County Public Schools (MCPS) and Montgomery College (MCC). For County government services, the County Executive annually develops and recommends operating budget proposals and the County Council then authorizes expenditures and sets property tax rates. Expenditure authority is provided at the fund and department level in three major categories (personnel costs, operating and capital outlay). Budgets are annually adopted by the County Council for the General Fund, Debt Service Fund, substantially all Special Revenue Funds, Enterprise Funds (except Liquor), and two Internal Service Funds (Liability and Property Coverage Self-Insurance and Employee Health Benefits Self-Insurance). The County Executive has authority to transfer appropriations within departments up to 10 percent of the original appropriation. Transfers between departments are also limited to 10 percent of original appropriation and require County Council action. Additional spending authority, in the form of supplemental or special appropriations, may also be approved by the County Council during the year. The budget of the Liquor Enterprise Fund is approved by the County Executive, since State law provides for the County Executive to determine the amount of working capital required by the Department of Liquor Control (DLC) and to retain from the DLC's net profits, before making any deposit into the General Fund, the funds necessary to service DLC-related debt and provide adequate working capital. The Capital Projects Fund budget is appropriated at the project level on a biennial basis, with an annual reappropriation of unencumbered appropriation.

A budget-to-actual comparison statement for the General Fund is presented on Exhibit A-7 as part of the basic financial statements. Budget-to-actual comparison schedules for other funds with legally adopted budgets are presented in the Supplementary Data portion of the Financial Section.

The Reporting Entity

The following organizations are included as component units in the accompanying financial statements: MCPS, MCC, Housing Opportunities Commission of Montgomery County (HOC), Montgomery County Revenue Authority (MCRA), and Bethesda Urban Partnership, Inc. (BUPI). The County's participation in the following joint ventures 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, Metropolitan Washington Council of Governments, and Northeast Maryland Waste Disposal Authority. Copies of the respective independently audited annual financial reports required by State or County law are available from the above mentioned component units and joint ventures.

INFORMATION USEFUL IN ASSESSING THE COUNTY'S ECONOMIC CONDITION

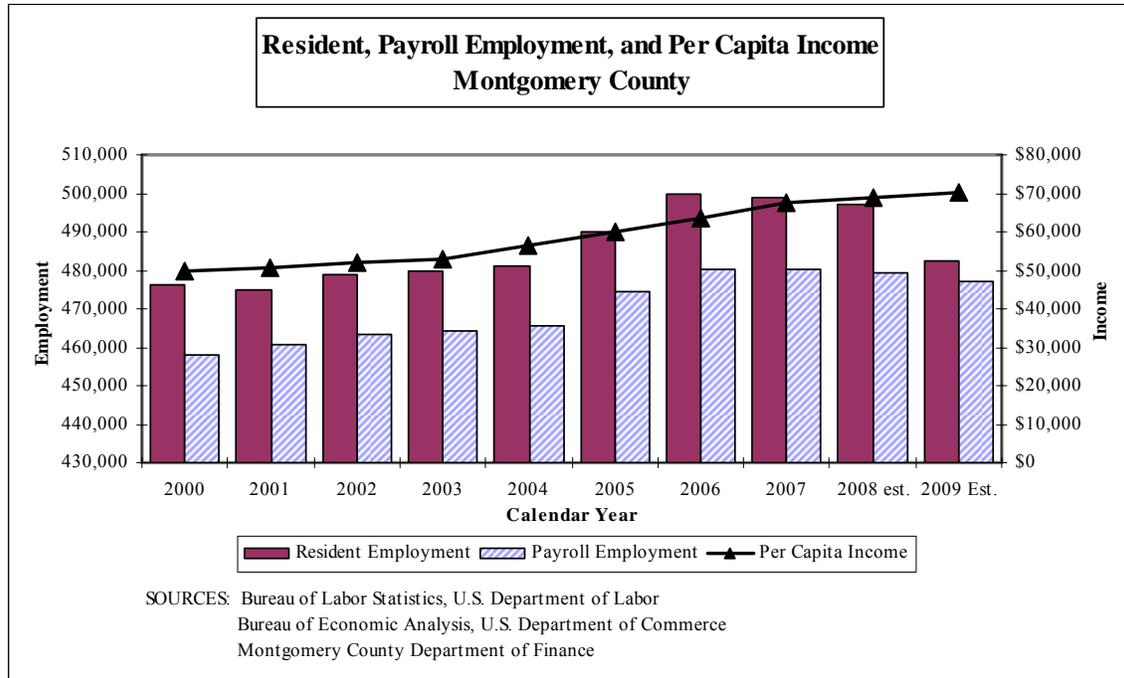
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Montgomery County operates.

The Local Economy

Because the Washington region's economy is dependent on spending by the federal government, the deceleration in the growth of federal procurement between fiscal years 2003 and 2007 has had an effect on the region's economy. According to data from the U.S. Census Bureau, federal procurement increased at an average annual rate of 12.8 percent between federal fiscal year (FFY) 1998 and FFY04. Between FFY04 and FFY07, federal procurement increased from an estimated \$52.8 billion to \$59.1 billion in fiscal year 2007 – an average annual rate of only 3.8 percent. However, in FFY08, federal procurement increased from \$59.1 billion to \$66.5 billion – an increase of 12.4 percent. That increase nearly matches the average annual growth rate between FFY98 and FFY04.

Personal Income and Employment

Income tax revenues for the County represented 50.8 percent of total tax revenues for the General Fund in FY09. Two economic indicators, personal income and employment, are the major contributors that drive income tax receipts. On a calendar year basis, per capita personal income increased from \$49,659 in 2000 to an estimated \$70,059 in 2009 – an average annual rate of 3.9 percent. However, over the past ten years, the rate of growth in per capita personal income experienced two distinct cycles. From 2000 to 2006, per capita income grew at a 4.2 percent average annual rate, while it is estimated to have grown at an annual rate of 3.3 percent from 2006 to 2009.

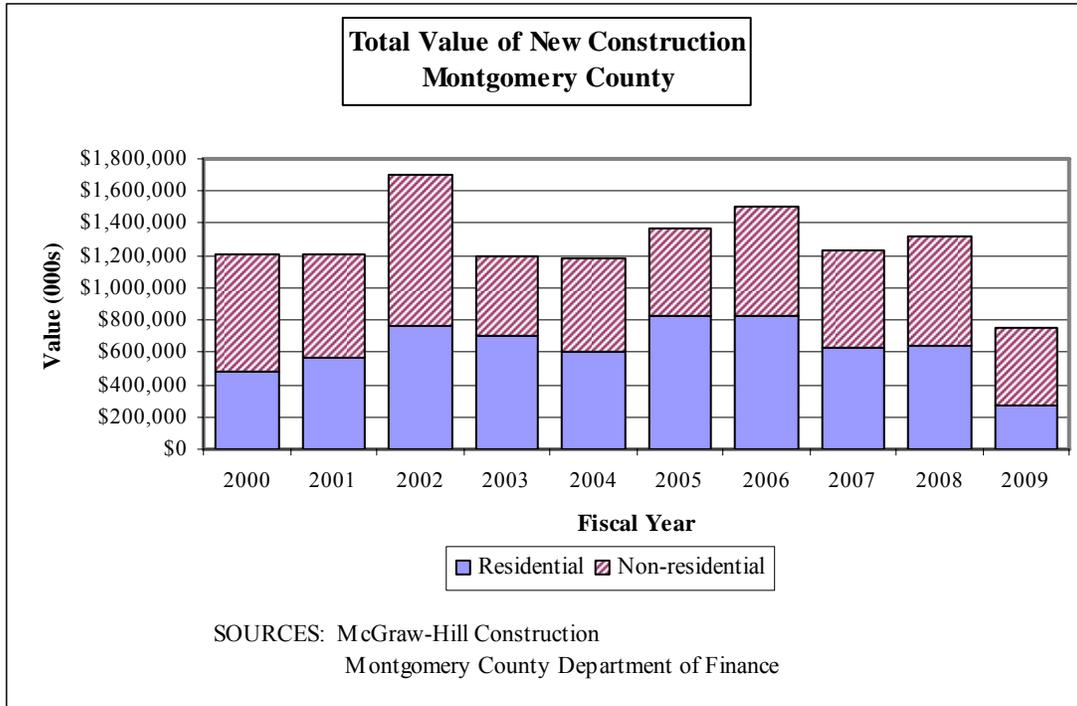


In 2000, resident employment in Montgomery County stood at 476,197. By calendar year 2009, employment is expected to reach 482,255 — an average annual increase of 0.1 percent. However, growth in resident employment experienced two distinct cycles. Between 2000 and 2006, employment grew at an average annual rate of 0.8 percent, while resident employment declined at an estimated average annual rate of 1.2 percent between 2006 and 2009. Payroll employment in the County was approximately 457,900 in 2000 and could reach an estimated 477,200 jobs in 2009 — an average annual growth rate of 0.5 percent. Employment data are not seasonally adjusted.

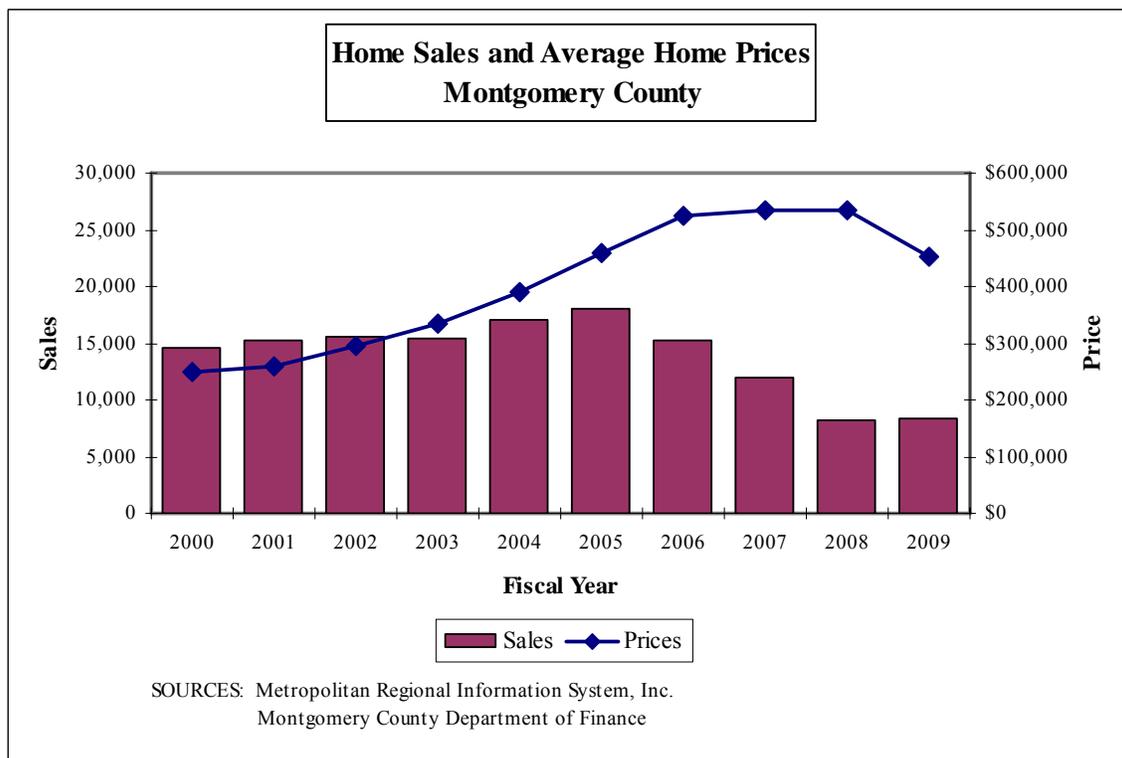
Construction and Real Estate

The property tax (tax-supported) and the transfer and recordation taxes consisted of 37.9 percent and 4.2 percent share, respectively, of total tax revenues for the General Fund in FY09. 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 provide additional capacity to meet increases in employment and new households. Changes in home prices affect both the property tax and the transfer and recordation taxes. The decrease in home values during FY09 did not immediately affect the taxable assessable base for residential property because of the outstanding amount in the homestead tax credit. While average prices were down a dramatic 15.8 percent in FY09, sales of homes increased 2.9 percent largely attributed to increases during the April-June peak sales period. That modest increase in home sales followed declines of 15.7 percent in FY06, 21.4 percent in FY07, and 31.3 percent in FY08. The dramatic decrease in average sales prices more than offset the increase in sales such that transfer taxes from residential sales were down 18.1 percent with the overall receipts from the tax down 19.4 percent in FY09. Recordation taxes collected for the General Fund were also down 22.4 percent over FY09 attributed, in part, to a 37.9 percent decline in refinancing.

During FY09, the value of total new construction in the County stood at nearly \$746.6 million, which was the lowest value since FY97. The value of non-residential construction added \$479.9 million to the County's real estate property and below the average added value of \$614.2 million over the previous five fiscal years. The value of new residential construction was down 58.3 percent from FY08 and was the lowest since FY96.

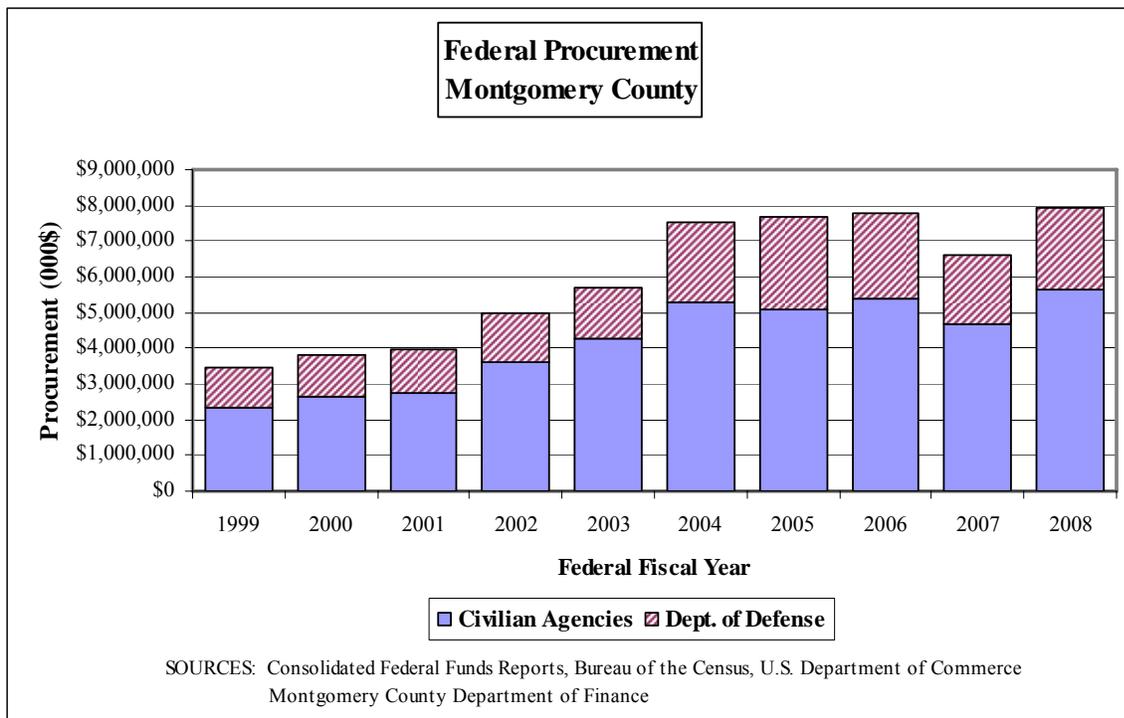


At the same time that the County experienced a drop in the value of residential construction, the residential real estate market experienced a dramatic decline in average sales price (↓15.8%), while sales were up a modest 2.9 percent. The decline in the average sales price of a home in Montgomery County was dramatic in FY09, that decline followed an average annual increase of 15.4 percent from FY01 to FY06.



Federal Procurement Spending

According to data provided by the Bureau of the Census, U.S. Department of Commerce, businesses in Montgomery County received nearly \$8.0 billion in procurement contracts from the federal government in federal fiscal year (FFY) 2008 (October 1, 2007 through September 30, 2008), the latest year for which data are available. This represents an increase of nearly 21 percent over the previous federal fiscal year. From FFY98 to FFY08, federal procurement increased at an average annual rate of nearly 8.6 percent increasing from \$3.5 billion in FFY98 to nearly \$8.0 billion in FFY08. Based on historical data through FFY07, over two-thirds of federal procurement dollars in the County come from federal civilian agencies compared to less than one-third from the Department of Defense (DOD). While federal procurement declined 14.9 percent in FFY07, the dramatic increase in FFY08 to nearly \$8.0 billion restored federal spending to its 2004-2006 levels. Such largess by the federal government in the County’s economy helped create a modest expansion in commercial property during FY08. Therefore, the federal government continues to play a significant role in the County’s economy through direct employment and through the procurement of goods and services from County businesses.

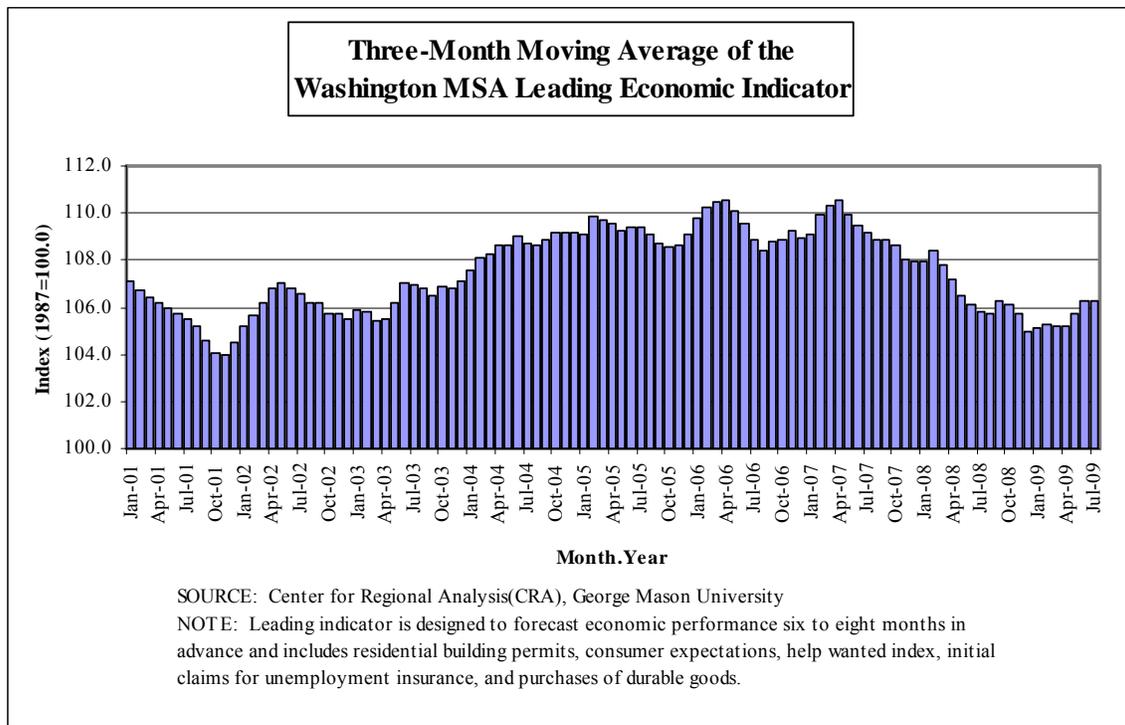


Future Economic Outlook

Following a year in which the County’s economy experienced a decline in employment, modest increases in personal income, and weak construction, the outlook for FY10 is expected to see a further decline in employment and a slight rebound in the real estate market particularly home sales. Based on preliminary data from the real estate market, there has been a dramatic increase in home sales during the first two months of FY10 compared to the same two months in FY09 (↑28.8%), although average prices continued to decline (↓12.1%) albeit at a much slower pace. If the real estate market undertakes a modest rebound in FY10, either through sales or price increases, the revenues from transfer and recordation taxes will experience improvement compared to FY09. Because of the possibility of improvement in the real estate and equity markets in FY10, income taxes from taxpayers who file for an extension may experience a greater increase in FY11 than currently estimated. The revenues from those taxpayers will offset the expected slowdown or decline in withholdings attributed to declines in both resident and

payroll employment through the remainder of FY10 and therefore, the possibility of a decline in total personal income and wages and salaries.

According to the Center for Regional Analysis (CRA), George Mason University, the Washington Area Leading Index, which forecasts the performance of the region’s economy six to eight months in advance, has increased three of the last four months (April 2009 to July 2009) after declining 4.9 percent since reaching its peak in April 2007. This recent pattern in the leading index suggests a sustained recovery. However, the duration of this recovery will depend on consumer confidence in the economy and the sustainability of recent home sales thereby encouraging an improvement in the residential construction sector. The hardest hit sectors – retail trade and construction – have dramatically cut jobs over the past year in response to weak consumer spending and, until the late spring, dismal home sales. According to CRA, “the likelihood that either of these sectors will experience job growth before the end of calendar year 2009 is remote.” (*Metropolitan Washington Area Economic Indices*, September 2009).



Collective Bargaining

The current three year agreement with the Fire and Rescue Bargaining Unit, the International Association of Fire Fighters Local 1664, expires June 30, 2011. This agreement was amended in FY09. Significant economic terms of the agreement as amended include:

- A general wage adjustment of 2 percent effective in the first full pay period after July 1, 2008; a 2 percent adjustment in January 2009; a 4 percent adjustment scheduled for July 2009 postponed per amendment, but salary-based benefits not to be diminished by the postponement; and a 3.5 percent adjustment in July 2010;
- A service increment of 3.5 percent for eligible employees;
- A new longevity adjustment at 28 years of service in July 2009;

- An expansion of the list of illnesses for which an employee is automatically entitled to a service-connected disability retirement; and
- Limitation of employer contribution toward the high option prescription drug plan to 80 percent of the value of the standard option plan.
- Employees can accept a forfeiture of annual leave in lieu of other disciplinary actions; the dollar amount of the forfeited leave is donated to a designated charity.

The current three-year agreement with the Police Bargaining Unit, the Fraternal Order of Police Lodge 35, was set to expire on June 30, 2010. However, the agreement was amended to expire on June 30, 2011. Significant economic terms of the agreement as amended include:

- A general wage adjustment computed by adding \$3,151 at Step 0, Year 1, with increments and promotions for all other steps and pay grades calculated from the new Step 0, Year 1 basis (equates to 7.5 percent) effective July 1, 2007; a 4 percent adjustment in July 2008; and a 4.25 percent adjustment scheduled in July 2009, postponed per amendment; salary-based benefits not to be diminished due to the postponement
- A service increment of 3.5 percent for eligible employees;
- Pension changes that re-establish a retirement DROP plan, increase the maximum credited service to 36 years, and provide for unreduced pension benefits with 25 years of credited service at any age;
- Officers who live outside the County, but within the general commuting area can take assigned vehicles to/from place of domicile; and
- Officers can accept a forfeiture of annual leave in lieu of suspension and the dollar amount of the forfeited leave can be donated to a designated charity.

The three current agreements with the OPT/SLT Bargaining Units, the Municipal and County Government Employees Organization (MCGEO) and the United Food and Commercial Workers Local 1994, expire June 30, 2010. This agreement was amended in FY09. Significant economic terms of the agreements as amended include:

- A general wage adjustment of 4 percent effective the first full pay period after July 1, 2007; a 4.5 percent adjustment in July 2008; and a 4.5 percent adjustment scheduled for July 2009 postponed per amendment;
- A 1 percent increase in longevity (totaling 3 percent) effective the first full pay period after January 1, 2008;
- A service increment of 3.5 percent for eligible employees;
- An increase in the Social Security integration multiplier to 1.65% for ERS Group E members; and
- Introduction of a Guaranteed Retirement Income Plan (GRIP) option effective July 1, 2009.

Long-term Financial Planning

The County will maintain total reserves for tax supported funds that include both an operating margin reserve and the Revenue Stabilization Fund. For tax supported funds, the budgeted total reserve of the operating margin and the Revenue Stabilization Fund should be at least six percent of the total resources (i.e., revenues, transfers, prior year undesignated and designated fund balance). An operating margin reserve will be budgeted for tax supported funds in order to provide sufficient funds for unanticipated revenue shortfalls or unexpected 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. Fifty percent of selected revenues in excess of budgeted amounts must be transferred to the Fund; discretionary contributions may also be made. Withdrawals may be used only to support appropriations which have become unfunded, and, unless decided otherwise by six or more council members, may be made only under certain economic conditions.

As part of the annual operating budget process, the County develops a six-year fiscal plan. This plan addresses long-term structural issues in the budget and maintains the tax supported reserves at the six percent policy level, as well as emphasizing the priorities of education, public safety, affordable housing, transportation, and health and human services.

There are significant challenges, however, that lay ahead including rising retirement and medical costs, recognition of retiree health expenses, 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 FY10-15 period.

Relevant Financial Policies

The financial policies as put forth by the Executive of Montgomery County, which again were 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 manage indebtedness and debt service very carefully. 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 FY09 that are expected to affect future financial position, include the following:

Housing: The Montgomery Housing Initiative Special Revenue Fund provided total resources of over \$25.7 million for the acquisition, preservation, and rehabilitation of affordable housing in the County. In addition, \$2.9 million of new revenue was appropriated to the fund.

Public Safety: The County opened a new Family Justice Center that will house a variety of agencies that provide services to families impacted by domestic violence.

The County opened a completely new fire and rescue station in the Germantown/Kingsview area. Station 22 will include expanded emergency service and is intended to serve the needs of the growing areas of Germantown, Boyds, and Clarksburg.

Public Works and Transportation: The County is expanding the Silver Spring Transit Center into a large 3-story, multi-modal center that is intended to improve pedestrian safety, accommodate high traffic, and improve transit accessibility throughout the Silver Spring area.

Culture and Recreation: The County began construction in early FY09 on the new Silver Spring Civic Building and Veterans Plaza. The Building will be used to host performances, banquets, and other presentations. The Plaza will include a memorial to the service of Montgomery County veterans.

General Government: The County has spent \$16.9 million implementing a new state-of-the-art financial management information system. Concurrently with the project, the County is re-engineering several major business processes.

The County purchased a large warehouse facility in Gaithersburg to house liquor control operations and to accommodate its growing inventory.

In FY09, the County started re-locating several departments to a new office complex it purchased and is renovating in the Gaithersburg area of the County. The \$107 million project will house all of the County's public safety headquarters as well as several other agencies.

AWARDS AND ACKNOWLEDGMENTS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Montgomery County, Maryland, for its CAFR for the fiscal year-ended June 30, 2008. Montgomery County has received the Certificate of Achievement more times than any other county in the nation – thirty-nine times – as early as 1951 and consecutively for thirty-seven years, since 1972.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Department of Finance believes its current report continues to meet the Certificate of Achievement Program's requirements and is submitting it to GFOA to determine its eligibility for another certificate.

Distinguished Budget Presentation

GFOA presented the Distinguished Budget Presentation Award to Montgomery County, Maryland, for its annual budget for the fiscal year beginning July 1, 2009. In order to receive this award, a government must publish a document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The award is valid for a period of one year only. Montgomery County has received this award every year since 1984, the year the program was established. The Office of Management and Budget believes the current budget continues to conform to program requirements and is submitting it to GFOA to determine its eligibility for another award.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the staff of the County's Department of Finance. I express my appreciation to all participants who assisted and contributed to its preparation. I particularly express my sincerest appreciation to Karen Hawkins, Chief Operating Officer, Lenny Moore, Controller during FY09, and his staff, particularly the General Accounting, Grants Accounting, and Administration Sections, for their outstanding performance in the preparation of this report. A list of individuals whose dedicated efforts produced this report is provided separately after this letter. A special appreciation is extended to the finance and accounting managers of the component units whose cooperation greatly facilitated the preparation of this report. I express my appreciation to the County Executive, the members of the County Council, and the Chief Administrative Officer who served the County during the reporting period, and their staffs, for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

USE OF THIS REPORT

This report, and other financial information prepared by the Montgomery County Department of Finance, can be accessed on the County's website at <http://www.montgomerycountymd.gov> (see 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 that reads "Jennifer E. Barrett". The signature is written in a cursive style with a large initial "J" and "B".

Jennifer E. Barrett
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

Lenny Moore	Kyna Carr	Cindy Lee	Perla Campbell
Gerri Davis	Gloria Diaz	Stephen M. O'Malley	Michael Summey
Mauricio Delgado	Michael E. Edelin, Sr.	Nora A. Ravarra	Lih Jiang
Susan E. Kaplan	Aileen Hu	Lal Sangliani	Erin Von Nessen
Jay Narang	Karen J. Jackson	Claudia L. Stalker	Dolores Horne
Felix O. A. Ogunba	Veronica Jaua	Darane Tiev	Yvette Brogden
Danielle R. Snowden	John Ji	Joyce Wallace-Dennis	

Department of General Services

Maggie Orsini
Quinton McHenry
Rick Taylor and the Print Shop

Michelle West

Department of Liquor Control

Melissa Chui
Sunil Pandya

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

Department of Finance

Jennifer Barrett	Robert Hagedoorn	John Swaney
Michael Coveyou	Nancy Moseley	Laleh Shabani
Terry Fleming	David Platt	Glenn Wyman

Department of Environmental Protection

Anthony Skinner	Richard Hands
Tom Kusterer	Scott McClure

Office of Management and Budget

Alex Espinosa	Catherine Patterson
Beryl Fenberg	

Office of Public Information

Thomas Whorton

Department of Transportation

Heidi Metzger	Rick Siebert
Luz Rodriguez	

Component Units

Montgomery County Public Schools

Larry A. Bowers	Susanne G. DeGraba
Robert J. Doody	Susan B. Chen

Housing Opportunities Commission

Cornelia Kent	Eugenia Pascual
	Varun Chawla

Montgomery County Revenue Authority

Michael Boone

Montgomery College

Thomas Sheeran	Ruby Sherman
Kenneth Mullinix	

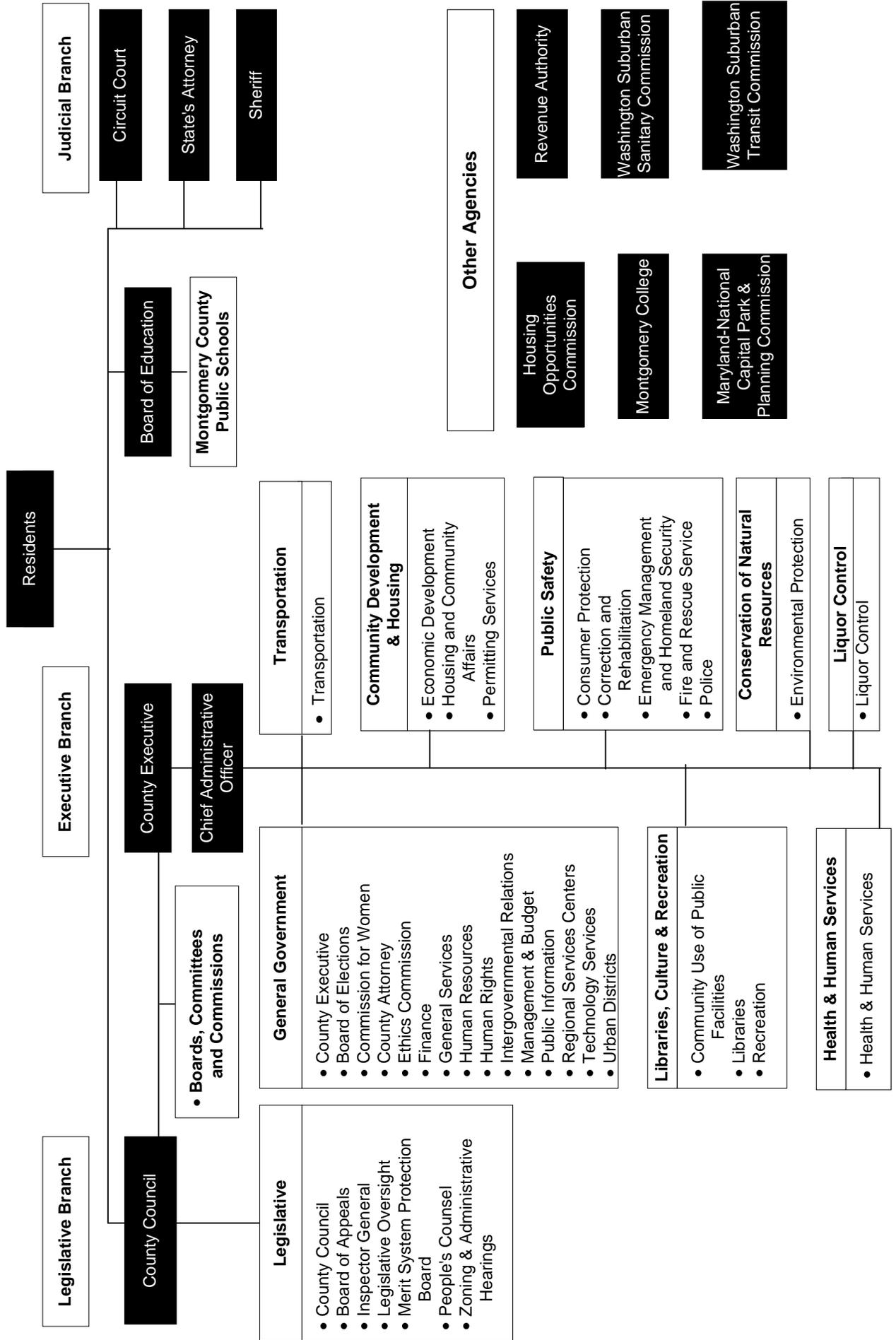
Bethesda Urban Partnership, Inc.

Jeff Oyer

Special thanks is extended to those who contributed significantly to continued implementation of enhanced CAFR production capabilities for FY09, including: Hank Hsu, Gael Le Guellec, Lenny Moore, Mauricio Delgado, Danielle Snowden, Gloria Diaz, Jay Narang, Claudia Stalker, Susan Kaplan, John Ji, and all employees of General Accounting and Grants Accounting who participated in the testing and implementation process.

Appreciation is extended to all those in the County Government who take a leadership role in the year-end closing processes and the audit process, including staff in the Department of Finance (Accounts Payable, Information Technology, and Payroll), Office of Management and Budget, Office of Procurement, Department of Technology Services, and Board of Investment Trustees. Appreciation is also extended to employees in all County departments and agencies who participate in the year-end processes.

Montgomery County, Maryland Functional Organization Chart



MONTGOMERY COUNTY, MARYLAND

ELECTED OFFICIALS

June 30, 2009

COUNTY EXECUTIVE

Isiah Leggett

COUNTY COUNCIL

Phil Andrews	President
Roger Berliner	Vice President
Marc Elrich	George Leventhal
Valerie Ervin	Nancy Navarro
Nancy Floreen	Duchy Trachtenberg
Michael Knapp	

Other Elected Officials

Administrative Judge Circuit Court	Ann S. Harrington
Clerk of the Circuit Court	Loretta Knight
Register of Wills	Joseph M. Griffin
Sheriff	Raymond M. Kight
State's Attorney	John McCarthy

APPOINTED OFFICIALS

Chief Administrative Officer	Timothy L. Firestine
Board of Appeals	Katherine Freeman
Correction and Rehabilitation	Arthur M. Wallenstein
County Attorney	Leon Rodriguez
County Council	Stephen B. Farber
Economic Development	Steven A. Silverman
Emergency Management and Homeland Security	Christopher Voss
Environmental Protection	Bob Hoyt
Finance	Jennifer E. Barrett
Fire and Rescue Service	Richard Bowers
General Services	David Dise
Health and Human Services	Uma Ahluwalia
Housing and Community Affairs	Richard Nelson
Human Resources	Joseph Adler
Inspector General	Thomas J. Dagley
Intergovernmental Relations	Melanie L. Wenger
Legislative Oversight	Karen Orlansky
Liquor Control	George Griffin
Management and Budget	Joseph F. Beach
Merit System Protection Board	Kathleen Taylor
People's Counsel	Martin Klauber
Permitting Services	Carla Reid
Police	J. Thomas Manger
Public Information	Patrick Lacefield
Public Libraries	Parker Hamilton
Recreation	Gabriel Albornoz
Technology Services	E. Steven Emanuel
Transportation	Arthur Holmes, Jr.
Zoning and Administrative Hearings	Francoise Carrier

Montgomery County Officials, Concluded

COMPONENT UNIT OFFICIALS

Montgomery County Public Schools

Board of Education:

Shirley Brandman, President
Patricia O'Neill, Vice President

Laura Berthiaume Phillip Kauffman
Christopher S. Barclay Timothy Hwang, Student Member
Judy Docca
Michael A. Durso

Dr. Jerry D. Weast, Superintendent of Schools

Montgomery County Revenue Authority

Board of Directors:

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

Phillip L. Feliciano Jonathan Powell
Peter L. Gray Diane Schwartz-Jones, Ex-Officio

Keith Miller, Executive Director

Bethesda Urban Partnership, Inc.

Board of Directors:

Jack D. Hayes, Chair
Thomas D. Murphy, Vice Chair
Peter M. Hogdson, Treasurer
Jon Weintraub, Secretary

Richard Blumstein Mark A. Kramer
Christopher Bruch Richard E. Lashley, Past Chair
Michele Horwitz Cornwell Anne C. Martin
Kenneth B. Hartman

W. David Dabney, Executive Director

Montgomery College

Board of Trustees:

Dr. Michael C. Lin, Chair
Stephen Z. Kaufman, First Vice Chair
Georgette W. Godwin, Second Vice Chair

Gloria A. Blackwell Roberta F. Shulman
Reginald Felton Marsha S. Smith
Dr. Owen D. Nichols Kenneth M. Massada, Student
Gene Counihan

Dr. Brian K. Johnson, President and Secretary-Treasurer

Housing Opportunities Commission of Montgomery County

Commissioners:

Michael J. Kator, Chair
Roberto R. Pinero, Vice Chair
Norman Dreyfuss, Chair Pro Tem

Jean Banks Pamela T. Lindstrom
Norman Cohen Sally Roman

Annie B. Alston, Executive Director and Secretary-Treasurer

INDEPENDENT AUDITORS

Clifton Gunderson LLP
9515 Deereco Road, Suite 500
Timonium, MD 21093

Elected Officials

Montgomery County, Maryland



Isiah Leggett
County Executive



Phil Andrews
Council President



Roger Berliner
Council Vice-President



Marc Elrich
Council Member



Valerie Ervin
Council Member



Nancy Floreen
Council Member



Michael Knapp
Council Member



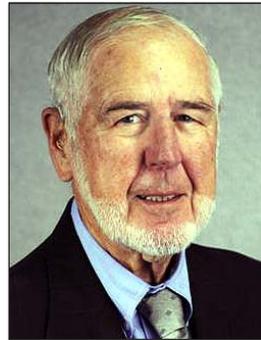
George Leventhal
Council Member



Nancy Navarro
Council Member



Duchy Trachtenberg
Council Member



Donald Praisner
Council Member

“Don Praisner lived a life marked by integrity, commitment to excellence, and duty. We are a richer Montgomery County because Don Praisner lived.” —

Statement from County Executive
Isiah Leggett in memory of
Council Member Donald Praisner



FINANCIAL SECTION

Independent Auditor's Report

The Honorable County Council
of Montgomery County, Maryland

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, 2009 and the budgetary comparison for the general fund for the year ended June 30, 2009 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the component unit financial statements of Montgomery Community College, Montgomery County Revenue Authority and Bethesda Urban Partnership, Inc. which represent 100% of the assets, net assets and revenues of the nonmajor component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned component units, is based solely on the reports 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2009 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the schedule of funding progress, and the budgetary comparison for the housing initiative and revenue stabilization funds as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section; combining and individual fund financial statements and supplementary schedules listed as supplementary data; and statistical section, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplementary schedules, listed as supplementary data has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Baltimore, Maryland
December 24, 2009

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

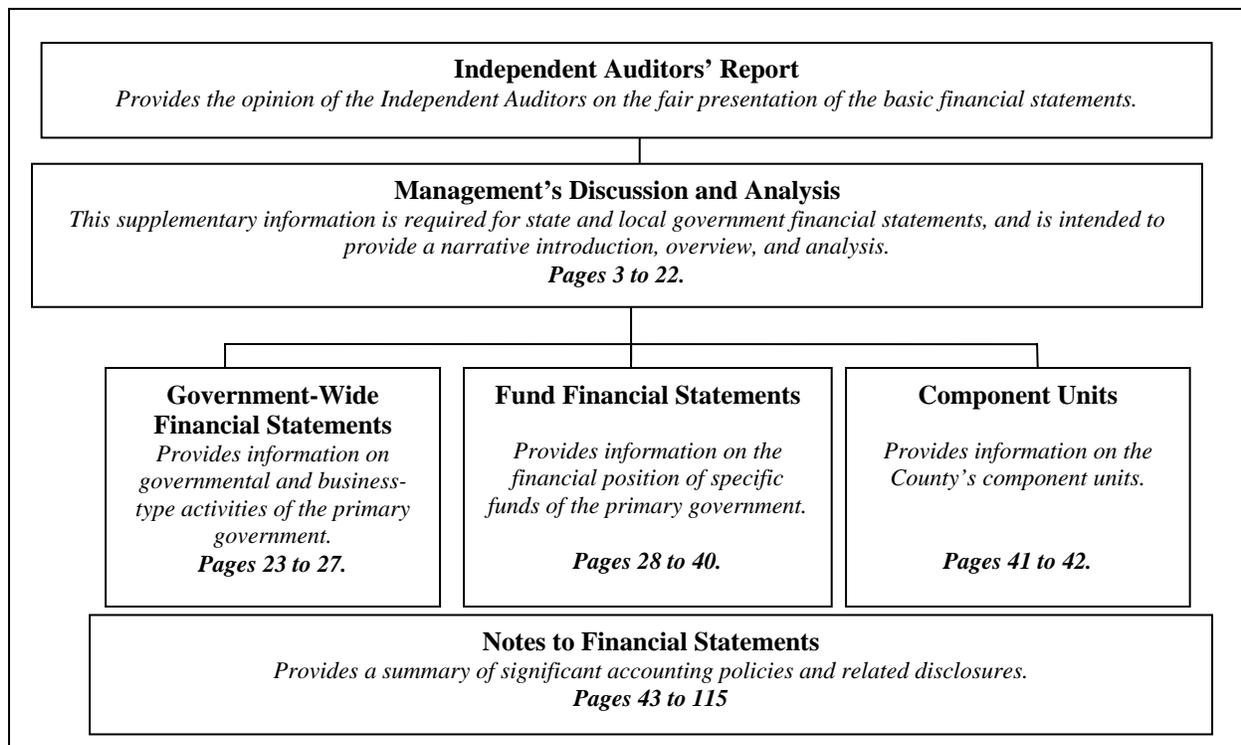
- The government-wide assets of the County exceeded its liabilities at the close of FY09 by \$1,555.7 million. That amount is net of a \$984.5 million unrestricted deficit. The deficit occurs because the County issues debt to fund construction costs for Montgomery County Public Schools (MCPS) and Montgomery College (MCC), two of its component units, and for Maryland-National Capital Park and Planning Commission (M-NCPPC), a joint venture. Debt outstanding for these entities amounted to \$1,123 million at June 30, 2009. Absent the effect of this relationship, the County would have reported government-wide positive unrestricted net assets of \$138.5 million.
- The County's total government-wide net assets decreased by \$356.5 million.
- As of the close of FY09, the County's governmental funds reported combined ending fund balances of \$423.7 million, a decrease of \$158.9 million over the prior year's ending fund balances. Of the total ending fund balances, \$189.7 million is available for spending at the County's discretion.
- At the end of FY09, unreserved fund balance for the General Fund was \$99.5 million, or 3.9 percent of total General Fund expenditures.
- The County's government-wide long-term debt increased by \$227.6 million during FY09. The key factors in this increase are:
 - The issuance of \$250 million in general obligation (GO) bonds, used to retire bond anticipation notes (BANS), and the issuance of an additional \$250 million in BANS
 - Net increase in Other Postemployment Benefits obligation of \$54.9 million; and
 - The retirement of \$120.2 million in GO bonds.
 - Revenue bonds were issued in the amount of 14.6 million for CIP projects.
 - Note in the amount of \$10 million was issued to the Washington Suburban Sanitary Commission.

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 are designed to be corporate-like in that all governmental and business-type activities are reported in columns which add to a total for the primary government. The focus of the statement of net assets is designed to provide bottom line results for the County's governmental and business-type activities. This statement reports governmental funds' current financial resources (i.e., short-term spendable resources) with capital assets and long-term obligations. All infrastructure assets built or purchased by the County, and infrastructure dedicated by developers since 1970, are included in the accompanying government-wide financial statements. The difference between the County's assets and liabilities is reported as net assets. Over time, increases or decreases in net assets 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 statement of activities is focused on both the gross and net cost of various functions, including governmental and business-type activities. This is intended to summarize and simplify the users' analysis of the cost of various governmental services and/or subsidy to various business-type activities. The governmental activities included reflect the County's basic services, including general government, public safety, public works and transportation, health and human services, and others. Taxes, including the property and income tax, license and permit fees, intergovernmental revenues, charges for services, fines and forfeitures, and investment income finance the majority of these services. The business-type activities reflect private sector-type operations, including: liquor control, solid waste activities, four parking lot districts, permitting services, and community use of public facilities, where fees for services or products are required or designed to recover the cost of operation, including depreciation.

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

Fund Financial Statements

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

Governmental Funds – Most of the County’s basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash and how they flow in and out, and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, a reconciliation of the fund financial statements to the government-wide financial statements is presented immediately after the fund financial statements. For example, the fund financial statements will reflect bond proceeds and interfund transfers as other financing sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation will reflect the elimination of these transactions and will incorporate the capital assets and long-term obligations (bonds and others) that are presented in the governmental activities column (in the government-wide statements). The County has five major governmental funds – General, Debt Service, Revenue Stabilization, Housing Initiative, and Capital Projects – and 15 nonmajor funds (15 special revenue funds).

Proprietary Funds – Proprietary funds, which consist of enterprise funds and internal service funds, are used to account for operations that are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Proprietary fund financial statements, like the government-wide financial statements, provide both long-term and short-term financial information. The fund financial statements provide more detail and additional information, such as cash flows, for the County’s enterprise funds. The County has three major enterprise funds – liquor control, solid waste activities, and parking lot districts – and two nonmajor funds. The internal service funds, which are presented in a single, aggregated column in the proprietary fund financial statements, are used to account for the provision of liability and property insurance coverage, employee health benefits, motor pool services, and central duplicating services, to County departments on a cost reimbursement basis. Although both the fund and government-wide financial statements provide a long-term and short-term focus, reconciliations between these two sets of statements are still required. This is due to the fact that the excess income/loss for the internal service funds has been redistributed to the customers, including business-type activities; such reconciliations are reflected on the bottom of the proprietary fund financial statements.

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

**FINANCIAL ANALYSIS OF MONTGOMERY COUNTY, MARYLAND:
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

A comparative analysis of government-wide financial information is presented below.

Statement of Net Assets

The following presents a summary of the Statements of Net Assets for the County as of June 30, 2009 and 2008:

Summary of Net Assets *						
June 30, 2009 and 2008						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and other assets	\$ 1,146,293,058	\$ 1,383,926,199	\$ 154,304,120	\$ 175,201,707	\$ 1,300,597,178	\$ 1,559,127,906
Capital assets, net	2,823,763,425	2,716,099,259	258,246,679	221,507,629	3,082,010,104	2,937,606,888
Total Assets	3,970,056,483	4,100,025,458	412,550,799	396,709,336	4,382,607,282	4,496,734,794
Liabilities:						
Long-term liabilities outstanding	2,290,268,265	2,087,553,294	108,023,280	83,092,973	\$ 2,398,291,545	2,170,646,267
Other liabilities	392,859,692	379,263,571	\$ 35,774,474	34,637,625	428,634,166	413,901,196
Total Liabilities	2,683,127,957	2,466,816,865	143,797,754	117,730,598	2,826,925,711	2,584,547,463
Net assets:						
Invested in capital assets,						
net of related debt	1,937,493,317	1,875,327,937	177,697,087	166,059,652	\$ 2,080,125,833	2,003,119,670
Restricted	393,404,279	410,457,623	66,606,205	76,590,751	460,010,484	487,048,374
Unrestricted (deficit)	(1,043,969,070)	(652,576,967)	24,449,753	36,328,335	(984,454,746)	(577,980,713)
Total Net Assets	\$ 1,286,928,526	\$ 1,633,208,593	\$ 268,753,045	\$ 278,978,738	\$ 1,555,681,571	\$ 1,912,187,331
* Primary Government						

The County's current and other assets decreased by \$258.5 million or 16.6 percent from FY08. The County's assets exceeded its liabilities at the close of FY09 by \$1,555.7 million. By far the largest portion of the County's net assets 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. Governmental capital lease obligations of \$35.1 million, related to business-type activity capital assets, are classified as a component of unrestricted net assets for governmental activities purposes, but reclassified to invested in capital, net of related debt, for total primary government purposes.

It is also important to note that although counties in the state of Maryland issue debt for the construction of schools, those school buildings are owned by each county's Board of Education. The County also funds projects for MCC and M-NCPPC. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. Debt outstanding for these entities amounted to \$1,123 million at June 30, 2009. Absent the effect of this relationship, the County would have reported government-wide positive unrestricted net assets of \$138.5 million. An additional portion of the County's net assets (\$460 million or 29.6

percent) represents resources that are subject to restrictions on how they may be used. This amount includes \$119.6 million in net assets restricted for revenue stabilization for periods of economic downturn.

The County's total net assets decreased by \$356.5 million for FY09 or 18.6 percent over FY08. This decline largely reflects flat total revenues and increased total expenses.

Statement of Activities

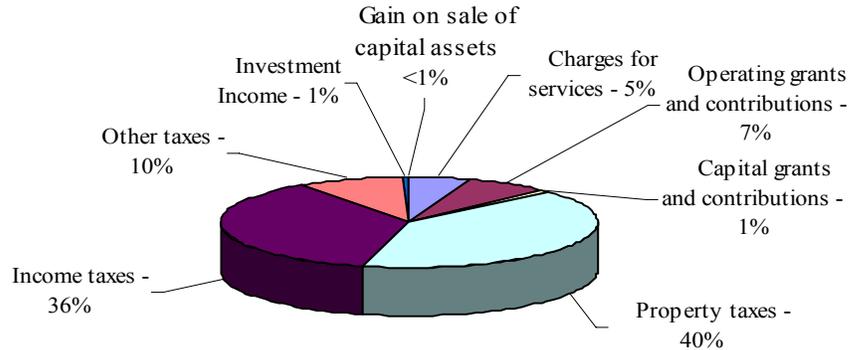
The following table summarizes the County's change in net assets for the years ended June 30, 2009 and 2008:

Summary of Changes in Net Assets *						
For the Fiscal Years Ended June 30, 2009 and 2008						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
REVENUES						
Program Revenues:						
Charges for services**	\$ 166,581,628	\$ 147,895,246	\$ 379,812,860	\$ 378,413,979	\$ 546,394,488	\$ 526,309,225
Operating grants and contributions	228,958,679	216,393,101	8,700	10,000	228,967,379	216,403,101
Capital grants and contributions	34,528,889	33,306,804	-	-	34,528,889	33,306,804
General revenues:						
Property taxes	1,296,974,051	1,146,965,583	11,854,882	11,266,747	1,308,828,933	1,158,232,330
Income taxes	1,169,568,981	1,246,939,067	-	-	1,169,568,981	1,246,939,067
Other taxes	292,977,015	313,132,911	-	-	292,977,015	313,132,911
Investment income	14,173,076	42,586,707	2,599,459	7,330,179	16,772,535	49,916,886
Gain on sale of capital assets	1,604,285	13,309,573	-	-	1,604,285	13,309,573
Total Revenues	<u>3,205,366,604</u>	<u>3,160,528,992</u>	<u>394,275,901</u>	<u>397,020,905</u>	<u>3,599,642,505</u>	<u>3,557,549,897</u>
EXPENSES						
Governmental Activities:						
General government	337,557,085	304,526,806	-	-	337,557,085	304,526,806
Public safety	626,855,553	601,156,598	-	-	626,855,553	601,156,598
Public works and transportation	257,041,963	233,193,597	-	-	257,041,963	233,193,597
Health and human services	288,519,635	286,907,329	-	-	288,519,635	286,907,329
Culture and recreation	116,186,268	118,017,417	-	-	116,186,268	118,017,417
Community development and housing	21,365,597	19,134,520	-	-	21,365,597	19,134,520
Environment	13,618,312	14,967,339	-	-	13,618,312	14,967,339
Education	1,842,962,933	1,783,953,133	-	-	1,842,962,933	1,783,953,133
Interest on long-term debt	92,511,000	95,931,334	-	-	92,511,000	95,931,334
Business-type Activities:						
Liquor control	-	-	197,044,956	190,742,139	197,044,956	190,742,139
Solid waste activities	-	-	96,857,869	98,166,937	96,857,869	98,166,937
Parking lot districts	-	-	29,003,485	27,854,499	29,003,485	27,854,499
Permitting services	-	-	27,878,868	26,977,767	27,878,868	26,977,767
Community use of public facilities	-	-	8,744,741	8,456,433	8,744,741	8,456,433
Total Expenses	<u>3,596,618,346</u>	<u>3,457,788,073</u>	<u>359,529,919</u>	<u>352,197,775</u>	<u>3,956,148,265</u>	<u>3,809,985,848</u>
Increase in Net Assets Before Transfers	(391,251,742)	(297,259,081)	34,745,982	44,823,130	(356,505,760)	(252,435,951)
Transfers	44,971,675	32,444,171	(44,971,675)	(32,444,171)	-	-
Increase in Net Assets	(346,280,067)	(264,814,910)	(10,225,693)	12,378,959	(356,505,760)	(252,435,951)
Net Assets, beginning of year	1,633,208,593	1,898,023,503	278,978,738	266,599,779	1,912,187,331	2,164,623,282
Net Assets, end of year	<u>\$ 1,286,928,526</u>	<u>\$ 1,633,208,593</u>	<u>\$ 268,753,045</u>	<u>\$ 278,978,738</u>	<u>\$ 1,555,681,571</u>	<u>\$ 1,912,187,331</u>
* Primary Government						

Governmental Activities

Revenues for the County's governmental activities were \$3,205.4 million for FY09. Sources of revenue are comprised of the following items:

**Revenues by Source - Governmental Activities
For the Fiscal Year Ended June 30, 2009**

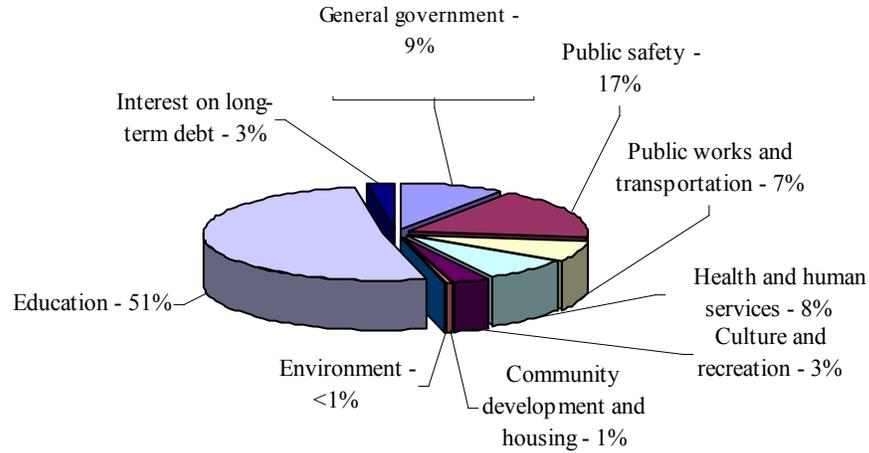


- Taxes constitute the largest source of County revenues, amounting to \$2,759.5 million for FY09. Property and local income tax combined comprise 77 percent of all County revenues. Each County in Maryland sets its income tax rate within parameters established by the State. The local income tax rate was 3.2 percent of the State taxable income for calendar years 2009 and 2008. 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 (\$109.6 million or 47.9 percent), public works and transportation (\$71.5 million or 31.2 percent) and public safety (\$30.1 million or 13.2 percent).

A more detailed discussion of the County's revenue results for FY09 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 FY09 was \$3.597 billion. As the chart below indicates, education constitutes the County's largest program and highest priority; education expenses totaled \$1.8 billion. Public safety expenses totaled \$626.9 million, general government services totaled \$337.6 million, and health and human services, the fourth largest expense for the County, totaled \$288.5 million.

**Expenses by Function - Governmental Activities
For the Fiscal Year Ended June 30, 2009**



The following table presents the cost and program revenues of the County as a whole and each of the County's six largest programs – education, public safety, general government, health and human services, public works and transportation, and culture and recreation – as well as each program's net cost (total cost less fees generated by the activities and program-specific intergovernmental aid).

Net Cost of County's Governmental Activities For the Fiscal Years Ended June 30, 2009 and 2008						
	Expenses		Revenues		Net Cost of Services	
	2009	2008	2009	2008	2009	2008
Education	\$ 1,842,962,933	\$ 1,783,953,133	\$ -	\$ -	\$ 1,842,962,933	\$ 1,783,953,133
Public safety	626,855,553	601,156,598	79,610,411	64,907,226	547,245,142	536,249,372
General government	337,557,085	304,526,806	63,864,253	62,807,609	273,692,832	241,719,197
Health and human services	288,519,635	286,907,329	115,177,823	109,198,818	173,341,812	177,708,511
Public works and transportation	257,041,963	233,193,597	107,411,399	105,746,506	149,630,564	127,447,091
Culture and recreation	116,186,268	118,017,417	42,604,734	36,008,463	73,581,534	82,008,954
Other	127,494,909	130,033,193	21,400,576	18,926,529	106,094,333	111,106,664
Total	\$ 3,596,618,346	\$ 3,457,788,073	\$ 430,069,196	\$ 397,595,151	\$ 3,166,549,150	\$ 3,060,192,922

Of the total cost of governmental activities of \$3,597 million, \$430.1 million was paid by those who directly benefited from the programs (\$166.6 million) and other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$263.5 million). Of the \$3,166.5 million net cost of services, our taxpayers paid for these activities through County taxes which totaled \$2,759.5 million; also available to contribute towards such net costs were investment income and gain on sale of capital assets.

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

- General Government includes:
 - \$2 million increase in expenses for the Presidential General Election and two unplanned special County Council elections;
 - \$9.2 million increase in expenses for snow removal operations and wind and rain storm clean-up; and

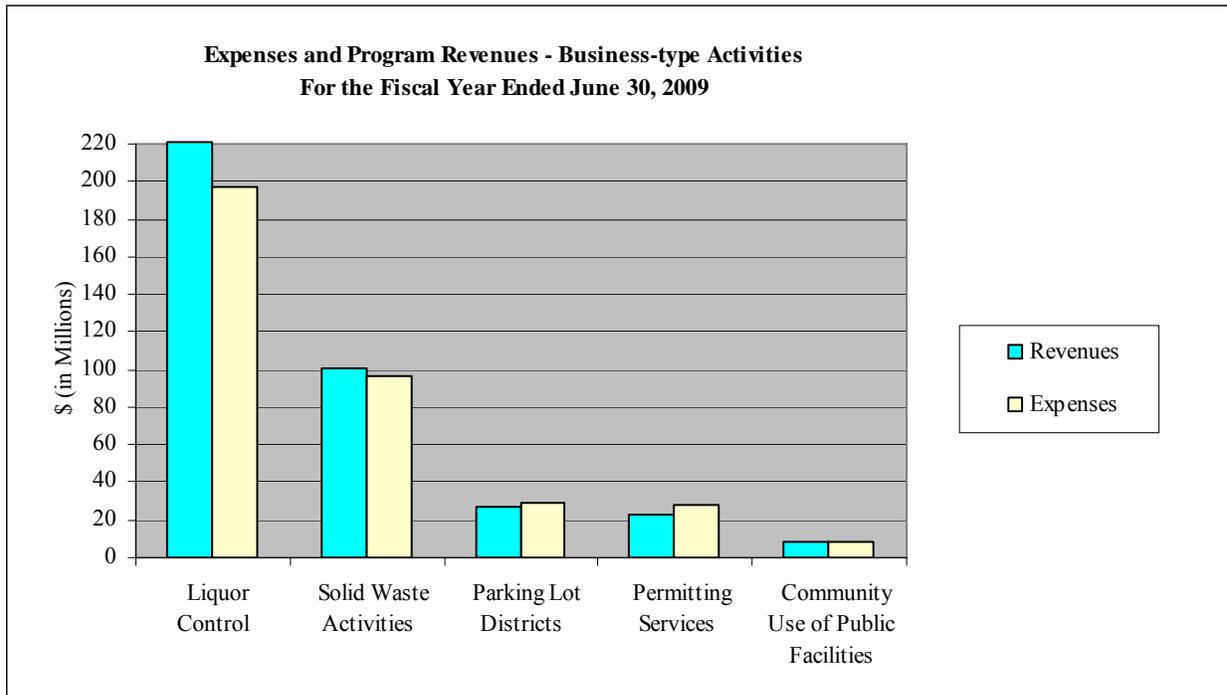
- Decrease in revenue for permitting services of 20% or about \$5.4 million primarily due to the downturn in the construction industry.
- Public Safety includes:
 - \$3 million increase in grants from the U.S. Department of Homeland Security to buy equipment to better evaluate criminal histories of suspects;
 - \$1.4 million increase in interest expense for the Consolidated Fire District due to the financing of over \$30 million in new fire trucks and other emergency equipment ; and
 - \$3.8 million decrease in expenses for Police supplies and uniforms as part of an overall savings plan for the department
- Public Works and Transportation includes:
 - Additional \$3 million in federal grants for transit buses; and
 - Mass Transit revenues decreased by \$22 million due to the delay in the receipt of an annual State of Maryland payment for special bus services while expenses decreased by \$6.3 million from FY 08 as FY08 had several large one-time expense items
- Culture and Recreation includes:
 - \$1.1 million increase in revenues received by the Department of Recreation due to the addition of two new fun centers and the expansion of certain programs for school age children while the Department's expenses decreased by 4% compared to FY08

Business-type Activities

Highlights of the County's business-type activities for FY09 are as follows:

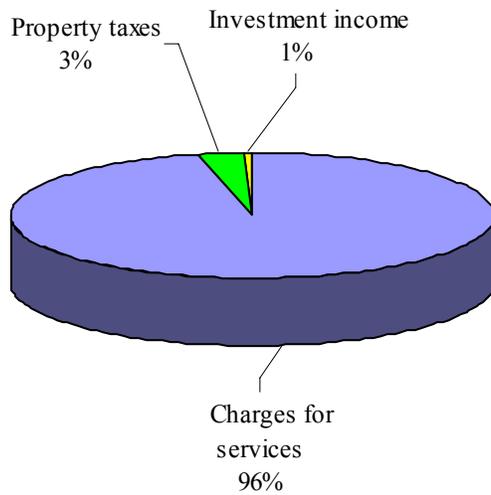
- Business-type activities experienced a decrease in net assets of \$10.2 million for FY09. However, this amount is reported after total net transfers out of \$45 million. The most significant components of this amount include:
 - \$9.8 million in transfers of parking fees from the Parking Lot Districts to the Mass Transit Fund and Urban Districts; and
 - \$30.4 million in FY09 Liquor Enterprise Fund profits transferred to the General Fund. Under State law, the Montgomery County Department of Liquor Control has a monopoly on the distribution of alcoholic beverages, and the sale of spirits, within the County.
- Charges for services to users comprise 96.3 percent of revenues, with \$220.8 million (58.1 percent of charges for services revenue) attributable to liquor control operations and \$100.1 million (26.4 percent) attributable to solid waste activities. The remaining charges for services are generated from operations relating to parking lot districts, permitting services, and community use of public facilities.
- Parking lot district property taxes of \$11.9 million is the second largest source of revenue at only 3.1 percent.
- Investment income of \$2.6 million reflects a decrease of \$4.7 million or 64.5 percent over FY08, primarily because of the decreases in interest rates and 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:

**Revenues by Source - Business-type Activities
For the Fiscal Year Ended June 30, 2009**



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 unreserved 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 FY09, the County's governmental funds reported combined ending fund balances of \$423.7 million, a decrease of \$158.9 million from the end of FY08. Of the total ending fund balances, \$189.7 million constitutes the unreserved fund balance, which is available for spending at the County's discretion. The remainder of the fund balances of \$234 million is unavailable for new spending because it has been reserved for prior period commitments and legal restrictions.

The General Fund is the primary operating fund of the County. At the end of FY09, unreserved and undesignated fund balance of the General Fund was \$28.9 million, while total fund balance was \$108.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 1 percent of the total General Fund expenditures and transfers out, while total fund balance represents 3.8 percent of the same amount.

The fund balance of the County's General Fund decreased by \$64.7 million during FY09, primarily due to reduced income and real property transfer and recordation tax revenues.

The Capital Projects Fund has a total fund balance of \$-46.3 million, a decrease of \$82.4 million from the end of FY08. The decrease was primarily due to a timing difference between capital expenditures and the debt to be issued in FY10 to pay for those expenditures.

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 unreserved fund balance; the reserved fund balance of \$3.3 million represents a debt service reserve account.

A more detailed discussion of General Fund revenues can be found in the General Fund Budgetary Highlights section of MD&A. Other factors concerning the finances of the governmental funds are addressed in the discussion of the County's governmental activities.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide statements, but include more detail.

Unrestricted net assets of the Liquor Fund at the end of FY09 amounted to \$27.4 million, and operating income was \$25.9 million. After a subsidy transfer to the General Fund of \$30.4 million, the fund ended FY09 with a decrease in net assets of \$4.9 million.

The Solid Waste Activities Fund total net assets amounted to \$68.1 million, of which the unrestricted net assets were \$5.2 million. Restricted net assets of \$32.7 million are attributable to required debt service reserve accounts for the Solid Waste Disposal revenue bonds.

The Parking Lot Districts Fund decrease in net assets amounted to \$.1 million in FY09, resulting in total ending net assets of \$169.7 million. Of this amount, \$141.1 million (83.1 percent) is invested in capital net of related debt; \$7.8 million (4.6 percent) is restricted for debt service on revenue bonds; and \$20.9 million (12.3 percent) is unrestricted.

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

General Fund Budgetary Highlights

Revisions to the General Fund expenditure original budget (excluding transfers) to arrive at the final budget amounted to \$10.2 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:

- \$4.1 million for Board of Elections to pay for Presidential General Election, two unplanned County Council elections and to move the Board to new facilities;
- \$1 million increase in personnel costs related to certain public safety activities;
- \$9.2 million for snow removal operations and wind and rain storm clean up; and
- \$4.4 million decrease for a County program to supplement the income of working families.

Actual revenues were less than budget amounts by \$89.7 million, while actual expenditures and net transfers out were less than final budget by \$26.9 million and \$72.1 million, respectively. Highlights of the comparison of final budget to actual figures for expenditures and net transfers for the fiscal year-ended June 30, 2009, include the following:

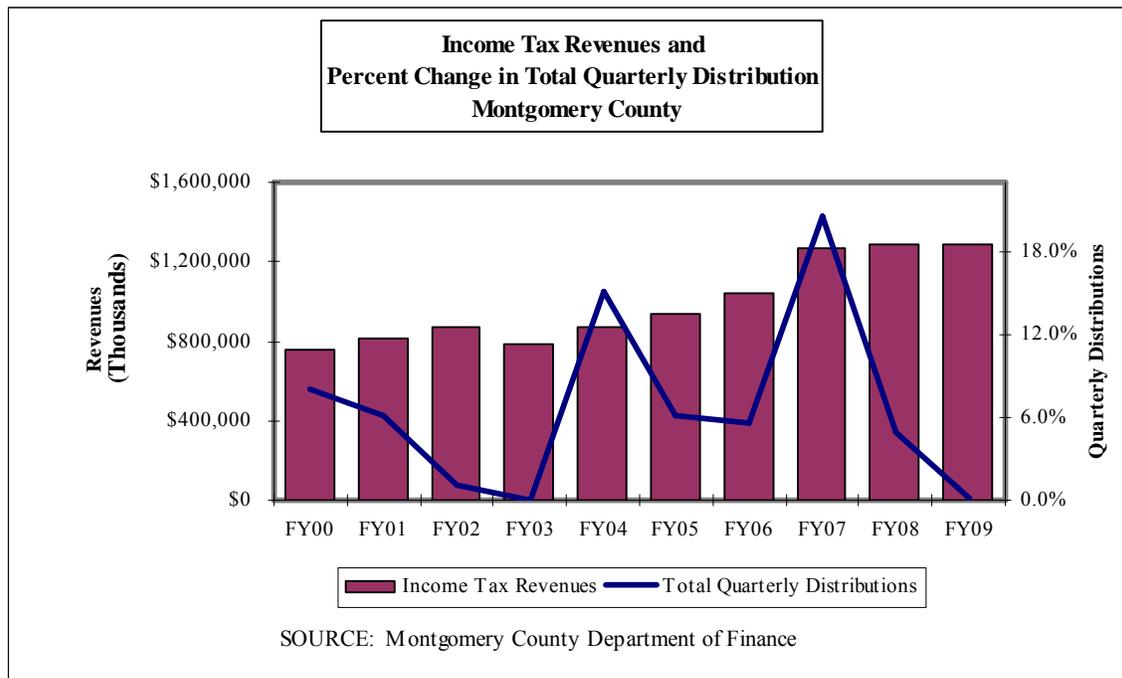
- Actual expenditures of \$933.8 million were \$26.9 million less than the final budget, which represents 2.8 percent of the final budget, and is attributable to savings achieved across numerous departments.
- Actual transfers to the Capital Projects Fund and component units for capital purposes were less than budgeted by \$49.9 million. This is due both to the multi-year nature of capital projects, and to time delays that can be encountered for certain projects.

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

Overview - Actual revenues for the General Fund totaled \$2,700.9 million and were 3.2 percent below the budget estimate for the fiscal year but 4.5 percent above actual revenues for FY08. The three largest contributors to the variance in dollars between the budget estimate and actual revenues were the income tax (↓\$33.7 million below the budget estimate), followed by the recordation tax (↓\$25.6 million below the budget), and finally, the real property transfer tax (↓\$16.1 million below the estimate). Revenues from consumption/excise taxes which include fuel/energy, telephone, hotel/motel, and admissions taxes, were \$179.2 million in FY09. That amount was \$6.5 million or 3.5 percent below the budget estimate. Investment income was approximately \$3.9 million below the budget estimate. Licenses and permits (↑2.2%) and charges for services (↑3.4%) came in above budget estimates. Intergovernmental revenues were 10.4 percent below the budget estimate. Such a decrease was attributed to State reimbursements which came in 13.6 percent below the budget estimate, and other intergovernmental revenue which

were 8.8 percent below the budget estimate. Federal reimbursements, which represent only 20.4 percent of total intergovernmental revenues, came in 4.0 percent above the budget estimate.

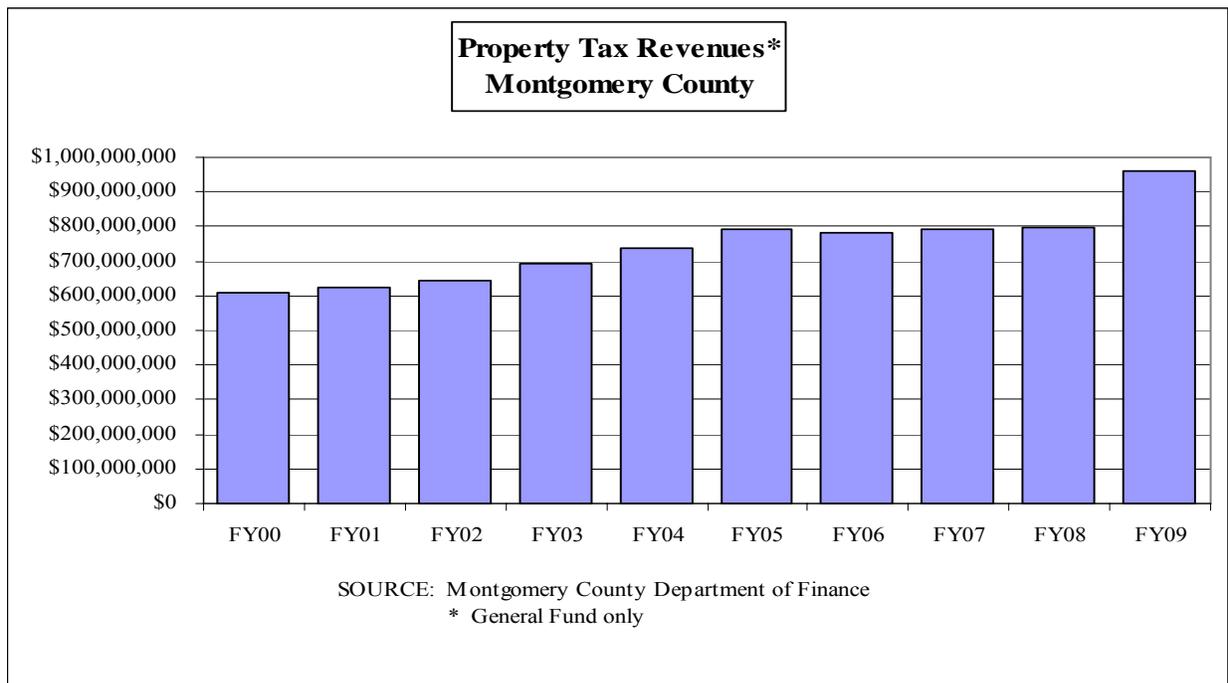
Income Taxes - The largest revenue source for the General Fund is the County income tax. Revenues from the income tax were \$1,291.7 million and represented 50.8 percent of actual tax revenues and 47.8 percent of total actual revenues in FY09. Income tax receipts became the majority source of tax revenues in the General Fund when it surpassed the property tax in size in FY99. The dramatic shift in the reliance on the income tax as a major source of revenue can be attributed to two factors: the expansion of the employment base in the County and growth in capital gains. With a Standard & Poor's 500 index decreasing 38.5 percent in calendar year (CY) 2008 after increasing 3.5 percent in calendar year CY2007, 13.6 percent in CY2006, 3.0 percent in CY2005, and 9.0 percent in CY2004 and an average annual growth rate of 1.4 percent in the County's resident employment during the CY2003-CY2006 period, income tax revenues increased 10.4 percent in FY04, 8.2 percent in FY05, 11.0 percent in FY06, 21.1 percent in FY07, and 2.1 percent in FY08. However, with a decline in the growth in resident employment in CY2007 (↓0.1%) and in CY2008 (↓0.4%) coupled with the dramatic decline in the S&P 500 index in CY2008; there was no increase in FY09. As the chart below illustrates, total quarterly distributions for withholding and estimated payments increased 0.2 percent in FY09, +4.9 percent in FY08, +20.5 percent (FY07), +5.6 percent (FY06), +6.1 percent (FY05), and +15.1 percent (FY04).



Property Taxes - Property tax collections in the General Fund amounted to \$962.3 million in FY09, which were \$2.8 million (↓0.3%) below the budget estimate but 20.8 percent above actual revenues in FY08. Actual property taxes, excluding penalties and interest and other items, were \$960.9 million in FY09 – an increase of 20.9 percent over last year. Collections from penalties and interest were \$1.4 million – a 25.6 percent decrease compared to FY08. The reason for the variance in property tax revenues compared to the budget estimate is attributed to the decline in personal property taxable assessments. The increase in property tax collections for the General Fund was attributed to actions by the County for the FY08 levy which is collected in FY09. Such actions by the County included an income tax offset of \$579 per owner-occupied residence, compared to the \$613 for the prior fiscal year, and an increase in the General Fund tax rate from \$0.627 to \$0.661 per \$100 of assessed value.

The taxable assessments for real property increased 11.1 percent from FY08 to FY09. This was the fourth largest increase in over eighteen years. New construction, which added \$1.4 billion to the base in FY09, was 4.6 percent

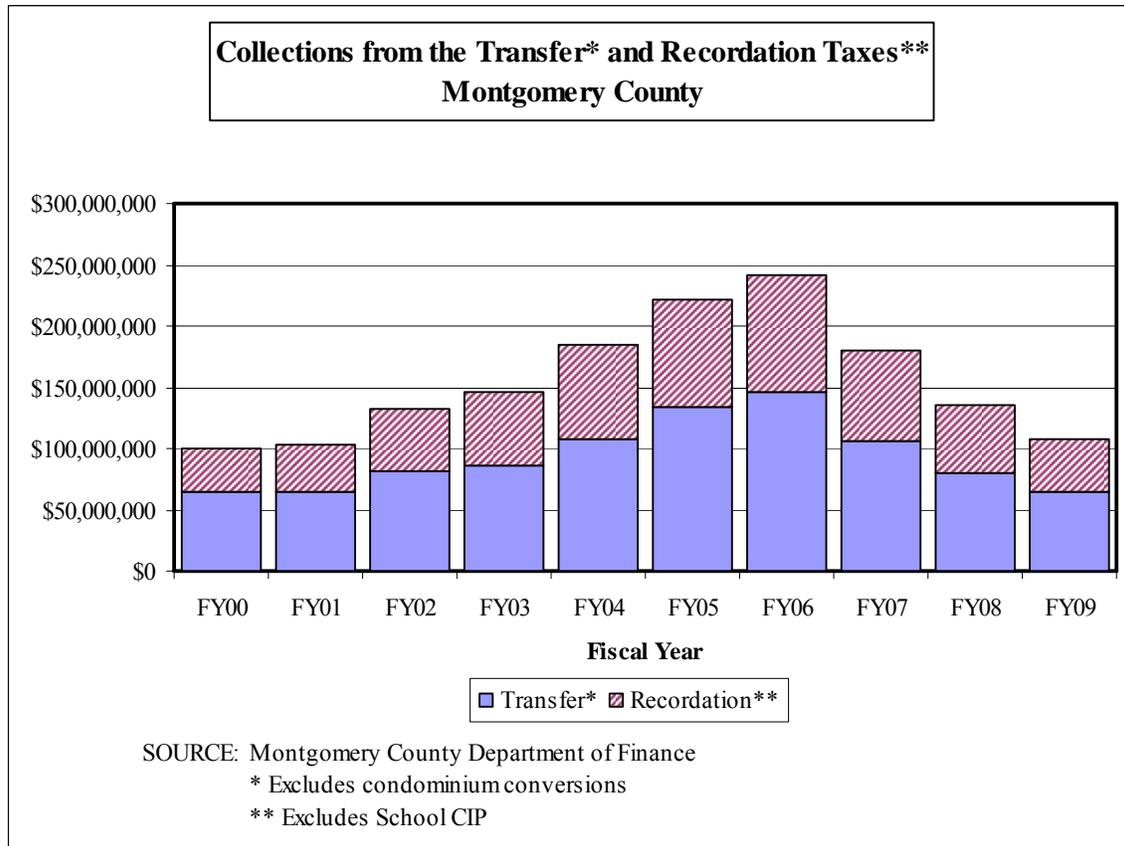
lower than in FY08. The real estate market, particularly the annual double-digit price increases during fiscal years (FY02-FY06), fueled the dramatic increase in the reassessment rate from 21.8 percent to 65.0 percent for Cycle Two reassessments of the County's real property with the three-year phase in starting in Levy Year (LY) 2005, that preceded an increase in the rate from 36.3 percent to 63.3 percent for Cycle Three reassessments in LY06, but declined from 51.8 percent to 43.4 percent for Cycle One in LY07 indicating a significant deceleration in the growth of average sales prices during FY07 (↑2.0%) and FY08 (↑0.4%). With the average sales price for an existing home declining 15.8 percent in FY09, the reassessment rate for Group Two declined from 65.0 percent for LY05 to 16.2 percent for LY08. However, the homestead tax credit limits annual increases in homeowners' taxable assessments to 10 percent per year although other taxable assessments such as commercial and investment residential properties are not limited by this credit. While there were dramatic increases in the reassessment rates, which added over \$16.7 billion to the assessable base in FY09, such increases were potentially offset by the homestead tax credit, which excluded an additional \$2.3 billion from the real property taxable base in FY09.



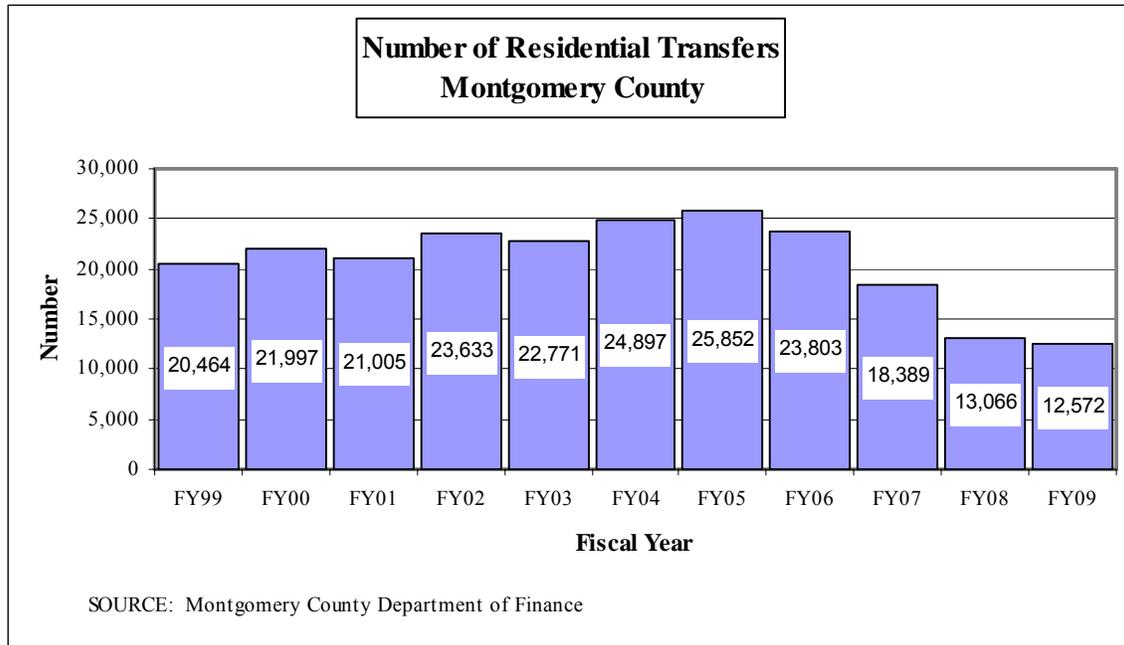
Assessments of personal property increased 3.2 percent in FY00, 5.1 percent in FY01, 3.0 percent in FY02, 0.6 percent in FY03, but declined 6.2 percent in FY04 primarily due to weaknesses in all three categories: individual, public utility, and corporate. Unfortunately, there was no rebound in the subsequent years as illustrated by a 1.5 percent decline in FY05, and another 1.8 percent decline in FY06. The declines in FY05 and FY06 were attributed to adjustments to individual personal property undertaken by the Maryland Department of Assessments and Taxation. Due to a rebound in personal property for public utilities, assessments increased 3.1 percent in FY07 and a modest 0.5 percent in FY08. However, because of declines in individual and corporate personal property and public utility tax assessments, total personal property assessments declined 1.3 percent in FY09. For the past four fiscal years (FY06-FY09), taxable assessments for personal property averaged \$3.918 billion ranging from a low of \$3.832 billion in FY06 to a high of \$3.971 billion in FY08. Despite the weaker trend in personal property since FY04, the total taxable assessment grew 9.6 percent in FY05, 11.9 percent in FY06, 13.4 percent in FY07, 12.8 percent in FY08, and 10.8 percent in FY09.

Transfer and Recordation Taxes - The third major category in the County is the combination of real property transfer and recordation taxes. The combined tax receipts from these sources in FY09 were \$107.2 million (excluding

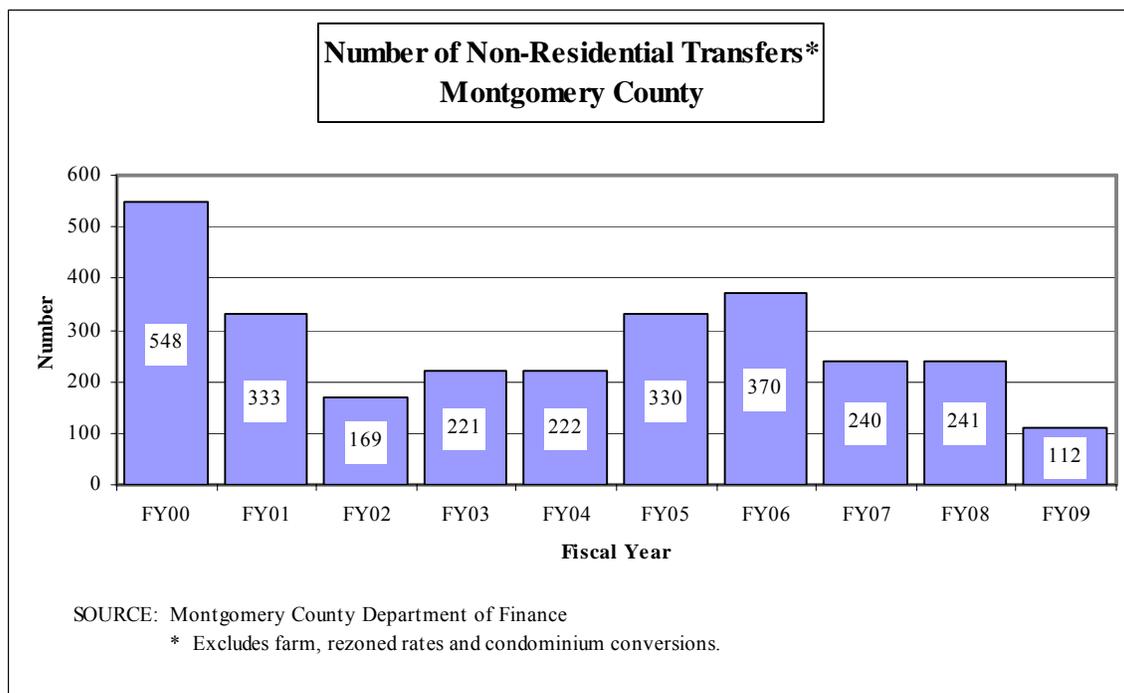
recordation tax revenues earmarked for CIP funding of school construction and transfer tax revenues from condominium conversions), and 28.0 percent below the budget estimate and 20.6 percent below actual revenues in FY08. The FY09 decline in collections from transfer and recordation taxes was the third consecutive decrease which represented a decline of \$134.5 million over the three-year period. The drop in average sales price for existing homes ($\downarrow 15.8\%$) during F09 was the major factor in the decline. As the accompanying chart illustrates, the total amount collected from these taxes increased from \$99.8 million in FY00 to a peak of \$241.7 million in FY06, before declining to \$107.2 in FY09, the lowest amount since the increase in the recordation tax rate beginning in FY03 (from \$4.40 to \$6.90 per \$1,000 of the value of the contract excluding the first \$50,000 exempted from taxation for residential properties).



General Fund revenues from the transfer tax experienced a decline of 19.4 percent in FY09 compared to a 22.4 percent decline from the recordation tax. Because of the decrease attributed to a dramatic reduction in average sales prices in FY09 ($\downarrow 15.8\%$), revenues from the residential sector were \$56.1 million, a decrease of 18.6 percent over FY08 – the third decrease since FY06. The number of residential transfers declined to approximately 12,600 ($\downarrow 3.8\%$) – the lowest level in over nineteen years and reflecting the drop in housing sales during the first eight months of FY09.



The commercial market was weaker in FY09 compared to the residential sector with revenues decreasing 24.1 percent from \$10.1 million to \$7.5 million. The number of transfers (112) in FY09 was 53.5 percent below the number in FY08 – the lowest number in over nineteen years.



Other Taxes - The remaining tax sources – consisting of fuel/energy, telephone, hotel/motel, and admissions and amusement taxes – totaled \$179.2 million and were approximately \$6.5 million, or 3.5 percent, below the budget estimate. Revenues from the telephone tax were 0.2 percent above the budget estimate. That modest increase was attributed to increases in the use of cellular telephones, which represented 66.1 percent of total revenues, and offset the decline in landlines. The remaining consumption/excise taxes were below budget estimates. Revenues from the hotel/motel industry of \$16.8 million in FY09 were 15.3 percent below the budget estimate. The fuel/energy tax was up 9.3 percent compared to FY08 reflecting the higher tax rates on fuel oil, electricity, and natural gas but 2.5 percent below the budget estimate, which was attributed to a mild winter and therefore a decline in revenues from fuel oil (↓10.5%). The decrease in the admissions tax (↓8.1%) from the budget estimate was attributed to the decline in tax receipts from two of the largest sources of revenues which represent nearly 50 percent of total revenues – arcades (↓0.9%), and golf activities (↓20.4%).

Investment Income - In the General Fund, investment income decreased from \$8.9 million in FY08 to \$0.6 million and was 87.1 percent below the budget estimate. The dramatic decrease in FY09 was the result of a significant accommodative policy of the Federal Open Market Committee (FOMC) of the Federal Reserve that reduced interest rates beginning in September 2007. From that time to December 2008, the FOMC decreased the target interest rate for federal funds from 5.25 percent to a range of between 0.00 and 0.25 percent – a decline of 500-525 basis points. The justification for such a decrease was the significant global credit crisis that began in August 2007. Because of this 500+-basis-point decrease over the fifteen-month period, short-term or money market rates decreased as well, hence the average yield on cash equity for the County decreased from 5.21 percent in FY07 to 1.71 percent in FY09. Total pooled investment income on a budgetary basis, which includes all funds and outside participants excluding unrealized gains or losses, was \$11.9 million or 72.5 percent below last fiscal year. With the decrease in investment income coupled with a lesser rate of increase in spending, the average daily portfolio balance decreased from \$971.4 million in FY08 to \$695.7 million in FY09.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets as of June 30, 2009, amounted to \$3,082 million (net of accumulated depreciation and amortization), as summarized below:

Capital Assets, Net of Depreciation				
June 30, 2009				
	Governmental	Business-type	Total	Total
	Activities	Activities	FY09	FY08
Land	\$ 645,547,868	\$ 59,329,889	704,877,757	\$ 658,648,955
Buildings	466,054,900	150,577,069	616,631,969	615,163,870
Improvements other than buildings	28,081,990	28,951,743	57,033,733	55,074,486
Furniture, fixtures, equipment and machinery	83,971,071	8,447,924	92,418,995	111,332,318
Leasehold improvements	9,080,164	-	9,080,164	9,890,909
Automobiles and trucks	127,426,744	1,644,457	129,071,201	112,941,444
Infrastructure	1,110,992,250	12,773	1,111,005,023	1,113,807,434
Other assets	172,207	-	172,207	380,180
Construction in progress	352,436,230	9,282,824	361,719,054	260,367,292
Total	\$ 2,823,763,424	\$ 258,246,679	\$ 3,082,010,103	\$ 2,937,606,888

*Certain amounts have been reclassified to conform with the current year presentation.

Changes in the County's capital assets for FY09 are summarized as follows:

Change in Capital Assets				
For the Fiscal Year Ended June 30, 2009				
	Governmental	Business-type	Total	Total
	Activities	Activities	FY09	FY08
Beginning Balance	\$ 2,716,099,259	\$ 221,507,629	\$ 2,937,606,888	\$ 2,851,846,300
Additions*	203,193,490	49,486,289	252,679,779	190,035,492
Retirements, net*	276,419	9,556	285,975	438,769
Depreciation expense	95,252,906	12,737,683	107,990,589	103,836,135
Ending Balance	\$ 2,823,763,424	\$ 258,246,679	\$ 3,082,010,103	\$ 2,937,606,888

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

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

- Roads, including underlying land, valued at \$2.2 million were transferred to the County by various developers.
- \$6.9 million was spent to replace an existing transit facility with a new 3-story, multi-modal transit center that serves a vital part of the Silver Spring revitalizing initiative.
- \$7.4 million to purchase preservation easements on farmland in agricultural zones and other zones approved by the County Council to preserve farmland not protected by Transferable Development Rights (TDRs) or State agricultural land preservation easements.
- The County incurred \$13.5 million in costs for the acquisition of replacement fire apparatus for various fire stations throughout the County and \$1.3 million for the acquisition of Ride-On buses.

- \$5.4 million was spent to provide for a 30 year maintenance cycle for sidewalks, curbs and gutters in business districts and residential communities throughout the County.
- \$3.5 million was spent on an advanced transportation management system (ATMS) that supports public safety and directly impacts the movement of people and goods throughout the County’s transportation system.
- \$16.9 million was spent in the development of a new information technology system and business process reengineering that will streamline existing business processes and enhance residents’ assistance.

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, 2009:

Long-Term Debt				
June 30, 2009				
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u> <u>FY09</u>	<u>Total</u> <u>FY08</u>
General obligation bonds	\$ 1,496,561,371	\$ -	\$1,496,561,371	\$1,366,758,054
Variable rate demand obligation	100,000,000	-	100,000,000	100,000,000
Bond anticipation notes	300,000,000	-	300,000,000	300,000,000
Revenue bonds	14,463,000	79,567,000	94,030,000	54,685,000
Lease revenue bonds	35,025,000	-	35,025,000	36,670,000
Notes payable *	15,764,265	467,877	16,232,142	10,645,442
Certificates of participation	30,475,000	-	30,475,000	33,580,000
Capital leases	67,929,435	-	67,929,435	74,472,783
Compensated absences	70,023,763	5,275,874	75,299,637	69,933,367
Other post employment benefits	113,534,939	-	113,534,939	58,598,791
Claims and judgements	1,550,000	-	1,550,000	-
Landfill closure costs	-	20,675,923	20,675,923	22,733,923
Total	<u>\$2,245,326,773</u>	<u>\$105,986,674</u>	<u>\$2,351,313,447</u>	<u>\$2,128,077,360</u>

* Notes payable include equipment notes, WSSC note, and HUD loan.

At June 30, 2009, the County had outstanding general obligation (GO) bonds of \$1,496.6 million, with outstanding variable rate demand obligations (VRDOs) of \$100 million and bond anticipation notes (BANs) of \$300 million. Over the last ten years, the County issued its GO bonds once a year, with the exception of FY08, when no GO “new money” bonds were issued. The County adopted a policy in 1988 of initially financing capital construction with BANs. BANs are subsequently paid off by the issuance of the County’s GO bonds. Montgomery County also issues bonds to finance the capital construction of MCPS, MCC, and M-NCPPC not otherwise financed by the State of Maryland. Since FY99, the County sold general obligation bond issues, exclusive of refundings, of up to \$250 million. Over the last ten fiscal years, the County’s annual issues (including the June 2006 issue of \$100 million of VRDOs) averaged \$164.0 million.

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, Inc. 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.

As of June 30, 2009, Montgomery County is one of only nine 'Triple AAA' rated counties in the nation with a population greater than 900,000. According to Standard and Poor's, a deep, diverse, and growing economy; strong financial management; and a low debt burden are the hallmarks of counties rated 'AAA.' 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.

Continuing Disclosure - For purposes of complying with the County's continuing disclosure undertakings, this Comprehensive Annual Financial Report is provided to each nationally recognized municipal securities information repository and to the state information depository, if any, established for Maryland. Through the end of FY09, the County satisfied its disclosure requirements via electronic filings with the Municipal Advisory Council of Texas at <http://www.disclosureusa.org>. Beginning in FY10, the County will submit disclosure filings to the Electronic Municipal Market Access (EMMA) system. Individuals interested in the information to be provided pursuant to such continuing disclosure undertakings should refer to the A Exhibits and Notes to the Financial Statements, as well as Tables 4, 8, 9, 11, 17-21.

Significant bond-related debt activities during FY09 were:

- General Obligation Bonds – This latest installment of the County's annual issue, for \$250 million in July 2008, funds capital expenditures for roads, schools, and government facilities. The proceeds of this bond issue were used to pay off an equivalent amount of the County's BANs.
- Liquor Control Revenue Bonds – In May 2009, the County issued \$46.8 million of revenue bonds, secured by Department of Liquor Control revenues. The proceeds will be used to purchase a warehouse facility for the Department, as well as to fund the County's share of an interchange at the intersection of Maryland Route 355 (Rockville Pike) and Montrose Parkway West.
- Bond Anticipation Notes (BANs) – The County issued \$150 million in BANs in September 2008, and \$100 million in February 2009.

Additional information pertaining to the County's long-term debt can be found in Notes to Financial Statements, Notes I-D7, III-E3, and III-F.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors are reflected in the County's FY10 budget:

- The County's economic projections in the FY10 budget assume weak economic activity in FY10 with the County experiencing high unemployment and a decrease (↓0.4% in calendar year 2009) in total payroll employment.
- On a calendar year basis (CY), total payroll employment decreased 0.2 percent in CY08, the latest year for which data are available. That rate followed an average annual increase of slightly more than 1.4 percent between CY98 and CY07. Following a decline in payroll employment during CY08, the County anticipates a decline in payroll employment in CY09 of 0.4 percent and an increase of 0.3 percent in CY10.
- The projection in the FY10 budget assumes that personal income will increase 2.8 percent in CY09 and 3.6 percent in CY10. Those rates are well below the estimated ten-year annual average growth rate of 6.3 percent between CY98-CY07.

- On a calendar year basis, employment in Montgomery County, based on the labor force series as opposed to payroll employment, is expected to decrease 3.0 percent in CY09 and increase 0.8 percent in CY10. The rate of growth in resident employment is estimated to remain reasonably steady with an average annual rate of 0.8 percent between CY10 and CY15. That estimate is consistent with the estimated growth in County population of 1.2 percent per year through CY15.
- The estimated decline in employment in CY09 and a modest increase in personal income reflects the estimated slowdown in the County's and region's economy and the national recession. That recession is reflected in the efforts of the Federal Open Market Committee (FOMC) of the Board of Governors of the Federal Reserve System (Federal Reserve) to cut the targeted interest for federal funds from 5.25 percent during the summer of 2007 to its current range of 0.00-0.25 percent.
- Inflation, as measured by the Consumer Price Index, is expected to increase 3.2 percent in FY10. Because of the interest rates cuts by the FOMC of the Federal Reserve during FY08 and FY09, the County's economic projections include a decrease in the yield on its investments from 4.40 percent in FY08 to 1.10 percent by FY10.

OTHER SIGNIFICANT MATTERS

The Maryland General Assembly 2009 Session passed House Bill 101 "Budget Reconciliation and Financing Act of 2009". A key provision of this bill requires the State Comptroller to distribute \$366,778,631 from the local reserve account to the State's general fund by June 30, 2009. From fiscal 2013 through 2022, the State Comptroller is required to distribute \$36,677,863 annually in income tax revenues to the local reserve account; and reduce the total amount of income tax revenues distributed to local jurisdictions by a corresponding amount. The effect on the County may be a decrease in income tax revenues in the aforementioned years. The impact of this bill will not result in changes for local governments until FY13.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

MONTGOMERY COUNTY, MARYLAND
STATEMENT OF NET ASSETS
JUNE 30, 2009
Exhibit A-1

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units Total
ASSETS				
Equity in pooled cash and investments	\$ 388,408,646	\$ 75,527,637	\$ 463,936,283	\$ 96,427,073
Cash with fiscal agents	27,777,991	1,529,914	29,307,905	23,465,331
Cash	392,503	235,549	628,052	18,251,895
Investments-cash equivalents	-	-	-	106,554,595
Investments	-	-	-	33,150,132
Receivables (net of allowances for uncollectibles):				
Income taxes	270,812,051	-	270,812,051	-
Property taxes	25,259,214	1,447,216	26,706,430	-
Capital leases	35,025,000	-	35,025,000	31,490,178
Accounts	49,555,385	4,191,470	53,746,855	18,759,672
Special assessments	344	-	344	-
Notes	6,836,025	-	6,836,025	48,315,000
Parking violations	522,208	2,282,575	2,804,783	-
Mortgages receivable	168,536,975	-	168,536,975	346,127,799
Interest	-	-	-	4,795,648
Other	456,905	-	456,905	5,456,251
Internal balances	2,367,858	(2,367,858)	-	-
Due from primary government	-	-	-	80,845,351
Due from component units	68,466,217	432,585	68,898,802	-
Due from other governments	83,078,312	139,456	83,217,768	25,345,112
Inventory of supplies	10,933,503	28,155,649	39,089,152	9,955,589
Prepays	2,237,438	1,008,765	3,246,203	4,891,786
Deferred charges	5,425,534	1,033,962	6,459,496	529,017
Other assets	-	193,843	193,843	63,445,597
Restricted Assets:				
Equity in pooled cash and investments	-	34,896,446	34,896,446	15,423,589
Cash with fiscal agents	-	-	-	5,876,474
Cash	-	-	-	624,213
Cash non pooled	200,949	-	200,949	-
Investments - cash equivalents	-	-	-	121,024,022
Investments	-	5,596,911	5,596,911	115,088,826
Capital Assets:				
Nondepreciable assets	997,984,098	68,612,713	1,066,596,811	397,768,740
Depreciable assets, net	1,825,779,327	189,633,966	2,015,413,293	2,410,212,234
Total Assets	<u>\$ 3,970,056,483</u>	<u>\$ 412,550,799</u>	<u>\$ 4,382,607,282</u>	<u>\$ 3,983,824,124</u>

(Continued)

MONTGOMERY COUNTY, MARYLAND
STATEMENT OF NET ASSETS, CONCLUDED
JUNE 30, 2009
Exhibit A-1

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units Total
LIABILITIES				
Accounts payable	\$ 64,366,086	\$ 17,114,020	\$ 81,480,106	\$ 83,248,439
Interest payable	30,012,530	381,622	30,394,152	20,417,907
Retainage payable	6,215,758	426,850	6,642,608	14,966,690
Accrued liabilities	61,269,606	13,046,760	74,316,366	100,232,622
Claims payable	95,033,747	-	95,033,747	18,501,490
Deposits	246,682	426,457	673,139	10,796,415
Due to primary government	-	-	-	69,059,644
Due to component units	80,176,603	668,748	80,845,351	-
Due to other governments	10,062,103	1,075,557	11,137,660	-
Unearned revenue	45,476,577	2,011,600	47,488,177	29,173,419
Other liabilities	-	622,860	622,860	12,741,088
Noncurrent Liabilities:				
Due within one year	503,711,749	12,787,497	516,499,246	102,639,915
Due in more than one year	1,786,556,516	95,235,783	1,881,792,299	1,244,949,042
Total Liabilities	<u>2,683,127,957</u>	<u>143,797,754</u>	<u>2,826,925,711</u>	<u>1,706,726,671</u>
NET ASSETS				
Invested in capital, net of related debt	1,937,493,317	177,697,087	2,080,125,833	2,225,858,583
Restricted for:				
Capital projects	20,814,842	-	20,814,842	255,894
General government	130,422,777	-	130,422,777	-
Public safety	24,527,646	-	24,527,646	-
Public works and transportation	10,562	66,606,205	66,616,767	-
Recreation	13,309,262	-	13,309,262	-
Community development and housing	195,721,033	-	195,721,033	-
Environment	5,253,117	-	5,253,117	-
Debt service	3,345,040	-	3,345,040	42,896,631
Other purposes	-	-	-	34,539,425
Unrestricted (deficit)	(1,043,969,070)	24,449,753	(984,454,746)	(26,453,080)
Total Net Assets	<u>\$ 1,286,928,526</u>	<u>\$ 268,753,045</u>	<u>\$ 1,555,681,571</u>	<u>\$ 2,277,097,453</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, 2009
Exhibit A-2

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Government Activities:				
General government	\$ 337,557,085	\$ 55,124,011	\$ 6,720,731	\$ 2,019,511
Public safety	626,855,553	44,359,719	30,138,410	5,112,282
Public works and transportation	257,041,963	18,997,028	71,494,515	16,919,856
Health and human services	288,519,635	5,604,372	109,573,451	-
Culture and recreation	116,186,268	29,964,898	4,729,985	7,909,851
Community development and housing	21,365,597	3,937,188	6,300,663	2,567,389
Environment	13,618,312	8,594,412	924	-
Education	1,842,962,933	-	-	-
Interest on long-term debt	92,511,000	-	-	-
Total Governmental Activities	<u>3,596,618,346</u>	<u>166,581,628</u>	<u>228,958,679</u>	<u>34,528,889</u>
Business-type Activities:				
Liquor control	197,044,956	220,795,524	-	-
Solid waste disposal and collection	96,857,869	100,139,024	8,700	-
Parking lot districts	29,003,485	27,303,666	-	-
Permitting services	27,878,868	22,998,323	-	-
Community use of public facilities	8,744,741	8,576,323	-	-
Total Business-type Activities	<u>359,529,919</u>	<u>379,812,860</u>	<u>8,700</u>	<u>-</u>
Total Primary Government	<u>\$ 3,956,148,265</u>	<u>\$ 546,394,488</u>	<u>\$ 228,967,379</u>	<u>\$ 34,528,889</u>
Component Units:				
General government (BUPI)	\$ 4,689,374	\$ 4,410,146	\$ 232,949	\$ -
Culture and recreation (MCRA)	20,738,255	17,210,744	-	147,771
Community development and housing (HOC)	211,000,336	108,757,842	94,688,518	5,697,302
Education:				
Elementary and secondary education (MCPS)	2,357,261,020	33,074,282	100,503,742	49,264,320
Higher education (MCC)	265,994,842	76,324,928	29,930,300	780,845
Total Component Units	<u>\$ 2,859,683,827</u>	<u>\$ 239,777,942</u>	<u>\$ 225,355,509</u>	<u>\$ 55,890,238</u>
General Revenues:				
Property taxes				
County income taxes				
Real property transfer taxes				
Recordation taxes				
Fuel energy taxes				
Hotel-motel taxes				
Telephone taxes				
Other taxes				
Grants and contributions not restricted to specific programs				
Investment income				
Gain on sale of capital assets				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets - Beginning				
Net Assets - Ending				

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (273,692,832)	\$ -	\$ (273,692,832)	\$ -
(547,245,142)	-	(547,245,142)	-
(149,630,564)	-	(149,630,564)	-
(173,341,812)	-	(173,341,812)	-
(73,581,534)	-	(73,581,534)	-
(8,560,357)	-	(8,560,357)	-
(5,022,976)	-	(5,022,976)	-
(1,842,962,933)	-	(1,842,962,933)	-
(92,511,000)	-	(92,511,000)	-
<u>(3,166,549,150)</u>	<u>-</u>	<u>(3,166,549,150)</u>	<u>-</u>
-	23,750,568	23,750,568	-
-	3,289,855	3,289,855	-
-	(1,699,819)	(1,699,819)	-
-	(4,880,545)	(4,880,545)	-
-	(168,418)	(168,418)	-
<u>-</u>	<u>20,291,641</u>	<u>20,291,641</u>	<u>-</u>
<u>(3,166,549,150)</u>	<u>20,291,641</u>	<u>(3,146,257,509)</u>	<u>-</u>
-	-	-	(46,279)
-	-	-	(3,379,740)
-	-	-	(1,856,674)
-	-	-	(2,174,418,676)
-	-	-	(158,958,769)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,338,660,138)</u>
1,296,974,051	11,854,882	1,308,828,933	-
1,169,568,981	-	1,169,568,981	-
64,771,739	-	64,771,739	-
42,437,216	-	42,437,216	-
129,328,307	-	129,328,307	-
16,829,254	-	16,829,254	-
30,906,025	-	30,906,025	-
8,704,474	-	8,704,474	-
-	-	-	2,458,871,781
14,173,076	2,599,459	16,772,535	6,799,476
1,604,285	-	1,604,285	-
44,971,675	(44,971,675)	-	-
<u>2,820,269,083</u>	<u>(30,517,334)</u>	<u>2,789,751,749</u>	<u>2,465,671,257</u>
(346,280,067)	(10,225,693)	(356,505,760)	127,011,119
1,633,208,593	278,978,738	1,912,187,331	2,150,086,334
<u>\$ 1,286,928,526</u>	<u>\$ 268,753,045</u>	<u>\$ 1,555,681,571</u>	<u>\$ 2,277,097,453</u>

MONTGOMERY COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009
Exhibit A-3

	General	Revenue Stabilization	Housing Initiative	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Equity in pooled cash and investments	\$ 17,037,504	\$ 119,647,603	\$ 16,238,822	\$ 73,070	\$ 41,895,502	\$ 60,437,102	\$ 255,329,603
Cash with fiscal agents	1,940,112	-	-	15,397,468	10,440,411	-	27,777,991
Cash	146,953	-	212,450	-	-	32,800	392,203
Cash restricted non pooled	200,949	-	-	-	-	-	200,949
Receivables (net of allowances for uncollectibles):							
Income taxes	270,812,051	-	-	-	-	-	270,812,051
Property taxes	20,570,727	-	-	-	-	4,688,487	25,259,214
Capital leases	-	-	-	35,025,000	-	-	35,025,000
Accounts	42,524,573	-	-	-	515,685	4,584,480	47,624,738
Special assessments	-	-	-	344	-	-	344
Notes	-	-	-	-	12,068	6,823,957	6,836,025
Parking violations	522,208	-	-	-	-	-	522,208
Mortgages receivable	168,002	-	134,235,816	-	300,000	33,833,157	168,536,975
Other	-	-	-	-	4,114	451,577	455,691
Due from other funds	44,683,677	-	-	-	-	5,422,208	50,105,885
Due from component units	936,642	-	41,459,181	-	16,393,449	9,151,315	67,940,587
Due from other governments	19,631,585	-	-	-	23,694,573	39,597,607	82,923,765
Inventory of supplies	5,379,506	-	-	-	1,796,522	-	7,176,028
Prepays	544,113	-	781	-	1,130,485	264,580	1,939,959
Total Assets	<u>\$ 425,098,602</u>	<u>\$ 119,647,603</u>	<u>\$ 192,147,050</u>	<u>\$ 50,495,882</u>	<u>\$ 96,182,809</u>	<u>\$ 165,287,270</u>	<u>\$ 1,048,859,216</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 25,148,188	\$ -	\$ 627,927	\$ 87,684	\$ 20,931,356	\$ 9,171,230	\$ 55,966,385
Retainage payable	20,383	-	-	-	6,190,070	5,305	6,215,758
Accrued liabilities	32,716,149	-	62,383	-	1,336,159	15,453,357	49,568,048
Deposits	-	-	-	-	80,000	166,682	246,682
Due to other funds	11,045,017	-	15,934	12,035,000	30,592,502	12,034,094	65,722,547
Due to component units	10,663,083	-	309,632	-	68,153,552	999,154	80,125,421
Due to other governments	3,070,669	-	235,000	-	2,468,760	4,285,639	10,060,068
Deferred revenue	234,329,051	-	2,213,399	35,028,158	12,742,734	72,913,512	357,226,854
Total Liabilities	<u>316,992,540</u>	<u>-</u>	<u>3,464,275</u>	<u>47,150,842</u>	<u>142,495,133</u>	<u>115,028,973</u>	<u>625,131,763</u>
Fund Balances:							
Reserved for:							
Legal debt restrictions	-	-	-	3,345,040	10,440,411	-	13,785,451
Long-term receivables	-	-	173,481,598	-	16,393,449	5,313,168	195,188,215
Inventory	5,379,505	-	-	-	1,796,522	-	7,176,027
Prepays	544,113	-	781	-	1,130,485	261,603	1,936,982
Fire-Rescue Grant	-	-	-	-	-	1,339,856	1,339,856
Donor-specified purposes	-	-	-	-	-	1,502,623	1,502,623
Other purposes	2,698,310	-	-	-	10,374,431	-	13,072,741
Total Reserved	<u>8,621,928</u>	<u>-</u>	<u>173,482,379</u>	<u>3,345,040</u>	<u>40,135,298</u>	<u>8,417,250</u>	<u>234,001,895</u>
Unreserved, designated for, reported in:							
Encumbrances - Major Funds	18,630,308	-	5,934,438	-	-	8,130,070	32,694,816
General Fund	51,999,830	-	-	-	-	-	51,999,830
Special Revenue Funds	-	-	9,265,958	-	-	25,841,599	35,107,557
Designated for transfers to Capital Projects Fund	-	-	-	-	-	55,173	55,173
Unreserved, undesignated (deficit), reported in:							
General Fund	28,853,996	-	-	-	-	-	28,853,996
Capital Projects Fund	-	-	-	-	(86,447,622)	-	(86,447,622)
Special Revenue Funds	-	119,647,603	-	-	-	7,814,205	127,461,808
Total Unreserved (Deficit)	<u>99,484,134</u>	<u>119,647,603</u>	<u>15,200,396</u>	<u>-</u>	<u>(86,447,622)</u>	<u>41,841,047</u>	<u>189,725,558</u>
Total Fund Balances	<u>108,106,062</u>	<u>119,647,603</u>	<u>188,682,775</u>	<u>3,345,040</u>	<u>(46,312,324)</u>	<u>50,258,297</u>	<u>423,727,453</u>
Total Liabilities and Fund Balances	<u>\$ 425,098,602</u>	<u>\$ 119,647,603</u>	<u>\$ 192,147,050</u>	<u>\$ 50,495,882</u>	<u>\$ 96,182,809</u>	<u>\$ 165,287,270</u>	<u>\$ 1,048,859,216</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 ASSETS
JUNE 30, 2009
Exhibit A-4

Total fund balance - governmental funds (see Exhibit A-3)		\$ 423,727,453
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental fund activities are not financial resources and therefore not reported in the funds:		
Nondepreciable capital assets:		
Land	\$ 645,525,362	
Construction in progress	352,436,230	
Depreciable capital assets:		
Buildings	750,744,300	
Improvements other than buildings	46,164,482	
Furniture, fixtures, equipment and machinery	245,182,186	
Automobiles and trucks	168,643,698	
Infrastructure	1,589,425,226	
Other capital assets	<u>2,079,731</u>	
Total capital assets	3,800,201,215	
Less accumulated depreciation	<u>(1,010,386,285)</u>	2,789,814,930
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	(1,496,561,371)	
Variable rate demand obligations	(100,000,000)	
Bond anticipation notes payable	(300,000,000)	
Lease revenue bonds payable	(35,025,000)	
Accrued interest payable	(30,008,882)	
Capital leases payable	(67,929,435)	
Certificates of participation	(30,475,000)	
Notes payable	(15,389,394)	
Revenue bonds	(14,463,000)	
Other postemployment benefits	(113,534,939)	
Claims and judgements	(1,550,000)	
Compensated absences	<u>(68,084,486)</u>	(2,273,021,507)
Costs incurred from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred in the government-wide statements:		
Unamortized premiums	(64,307,030)	
Deferred amount on refunding	19,365,538	
Deferred issuance costs	<u>5,425,535</u>	(39,515,957)
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 assets:		
Assets:		
Current and noncurrent assets	147,050,904	
Capital assets	79,440,514	
Less accumulated depreciation	(45,492,021)	
Liabilities	(110,492,278)	
Cumulative loss for certain activities of internal service funds that is reported with business-type activities	<u>-</u>	70,507,119
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Income taxes	198,151,500	
Property taxes	24,802,939	
Intergovernmental revenue	46,625,398	
Other revenue	<u>45,836,651</u>	315,416,488
Net assets of governmental activities (see Exhibit A-1)		<u>\$ 1,286,928,526</u>

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

MONTGOMERY COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit A-5

	General	Revenue Stabilization	Housing Initiative	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 2,540,477,984	\$ -	\$ 6,022,355	\$ -	\$ 31,185,481	\$ 294,833,610	\$ 2,872,519,430
Licenses and permits	9,319,612	-	-	-	-	2,225,888	11,545,500
Intergovernmental	90,521,958	-	-	-	23,453,529	112,504,437	226,479,924
Charges for services	32,195,778	-	-	-	88,636	56,942,331	89,226,745
Fines and forfeitures	27,604,483	-	-	-	-	819,292	28,423,775
Investment income	872,126	2,005,903	765,252	6,226,352	213,023	2,032,260	12,114,916
Miscellaneous	12,188,055	-	1,999,827	600	305,582	3,362,559	17,856,623
Total Revenues	<u>2,713,179,996</u>	<u>2,005,903</u>	<u>8,787,434</u>	<u>6,226,952</u>	<u>55,246,251</u>	<u>472,720,377</u>	<u>3,258,166,913</u>
EXPENDITURES							
Current:							
General government	262,977,455	-	-	-	-	14,029,761	277,007,216
Public safety	351,136,405	-	15,549,276	-	-	202,473,073	569,158,754
Public works and transportation	56,035,338	-	-	-	-	120,379,035	176,414,373
Health and human services	200,410,294	-	-	-	-	76,421,532	276,831,826
Culture and recreation	49,876,611	-	-	-	-	43,739,567	93,616,178
Community development and housing	12,734,105	-	-	-	-	6,474,784	19,208,889
Environment	4,220,318	-	-	-	-	6,098,638	10,318,956
Education	1,643,643,553	-	-	-	-	-	1,643,643,553
Debt Service:							
Principal retirement:							
General obligation bonds	-	-	-	120,196,683	-	-	120,196,683
Bond anticipation notes	-	-	-	250,000,000	-	-	250,000,000
Other notes	-	-	-	2,817,609	-	-	2,817,609
Interest:							
General obligation bonds	-	-	-	81,534,678	-	-	81,534,678
Variable rate demand obligations	-	-	-	1,282,778	-	-	1,282,778
Bond anticipation notes	-	-	-	4,121,080	-	-	4,121,080
Other notes	-	-	-	254,366	-	-	254,366
Leases and other obligations	-	-	-	19,857,064	-	-	19,857,064
Issuing costs	-	-	-	2,087,524	-	-	2,087,524
Capital projects	-	-	-	-	447,794,002	-	447,794,002
Total Expenditures	<u>2,581,034,079</u>	<u>-</u>	<u>15,549,276</u>	<u>482,151,782</u>	<u>447,794,002</u>	<u>469,616,390</u>	<u>3,996,145,529</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>132,145,917</u>	<u>2,005,903</u>	<u>(6,761,842)</u>	<u>(475,924,830)</u>	<u>(392,547,751)</u>	<u>3,103,987</u>	<u>(737,978,616)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	54,225,415	-	27,253,837	226,765,510	45,375,483	14,098,369	367,718,614
Transfers (out)	(251,674,728)	(2,005,903)	(1,659,480)	(2,005,903)	(17,471,347)	(49,442,384)	(324,259,745)
Sale of property	-	-	1,629,312	-	-	-	1,629,312
Debt Issued:							
General obligation bonds	-	-	-	250,000,000	-	-	250,000,000
Premium on general obligation bonds	-	-	-	1,018,750	7,001,875	-	8,020,625
Bond anticipation notes	-	-	-	-	250,000,000	-	250,000,000
Lease revenue bonds	596,652	-	-	-	14,463,000	-	15,059,652
Premium on revenue bonds	-	-	-	142,088	754,298	-	896,386
Notes	-	-	-	-	10,000,000	-	10,000,000
Total Other Financing Sources (Uses)	<u>(196,852,661)</u>	<u>(2,005,903)</u>	<u>27,223,669</u>	<u>475,920,445</u>	<u>310,123,309</u>	<u>(35,344,015)</u>	<u>579,064,844</u>
Net Change in Fund Balances	(64,706,744)	-	20,461,827	(4,385)	(82,424,442)	(32,240,028)	(158,913,772)
Fund Balances - Beginning of Year	172,812,806	119,647,603	168,220,948	3,349,425	36,112,118	82,498,325	582,641,225
Fund Balances - End of Year	<u>\$ 108,106,062</u>	<u>\$ 119,647,603</u>	<u>\$ 188,682,775</u>	<u>\$ 3,345,040</u>	<u>\$ (46,312,324)</u>	<u>\$ 50,258,297</u>	<u>\$ 423,727,453</u>

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, 2009

Exhibit A-6

Net change in fund balances - total governmental funds (see Exhibit A-5) \$ (158,913,772)

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 useful lives and reported as depreciation expense:

Capital outlay	\$ 193,133,863	
Depreciation expense	<u>(87,715,481)</u>	105,418,382

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds all proceeds are reported as financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of capital assets sold. (25,027)

Donations of capital assets increase net assets in the statement of activities but do not appear in the governmental funds because they are not financial resources. 2,239,071

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.

Deferred revenues increased (decreased) this year, as follows:

Income taxes	(122,147,954)	
Property taxes	8,731,316	
Intergovernmental revenues	34,462,991	
Other revenues	<u>(1,301,394)</u>	(80,255,040)

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 assets. Also, governmental funds report the effect of issuance costs, 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	(258,917,011)	
Bond anticipation notes	(250,000,000)	
Promissory note	(10,000,000)	
Capital lease financing	-	
Lease revenue bonds	(15,059,652)	
Certificates of participation	-	
Less issuance costs	2,087,523	

Principal repayments:

General obligation bonds	120,196,683	
Bond anticipation notes	250,000,000	
Leases payable	2,843,651	
Capital leases	7,140,000	
Certificates of participation	3,105,000	
Notes payable	<u>2,957,731</u>	(145,646,075)

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	1,469,009	
Compensated absences	(4,809,569)	
Other postemployment benefits	(54,936,148)	
Amortization	<u>6,074,288</u>	(52,202,420)

The current year loss for certain activities of internal service funds is reported with governmental activities. (16,895,186)

Change in net assets of governmental activities (see Exhibit A-2) \$ (346,280,067)

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

MONTGOMERY COUNTY, MARYLAND
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit A-7

	Budget					Actual	Variance Positive (Negative)
	Prior Year Carryover Encumbrances	Current Year	Total Original	Revisions	Final		
Revenues:							
Taxes:							
Property	\$ -	\$ 963,618,115	\$ 963,618,115	\$ -	\$ 963,618,115	\$ 960,942,376	\$ (2,675,739)
Property - penalty and interest	-	1,480,608	1,480,608	-	1,480,608	1,370,122	(110,486)
Other	-	-	-	-	-	6,809	6,809
Total Property Tax	-	965,098,723	965,098,723	-	965,098,723	962,319,307	(2,779,416)
County Income Tax	-	1,325,440,000	1,325,440,000	-	1,325,440,000	1,291,716,935	(33,723,065)
Other Local Taxes:							
Real property transfer	-	80,900,000	80,900,000	-	80,900,000	64,771,739	(16,128,261)
Recordation	-	68,084,500	68,084,500	-	68,084,500	42,437,216	(25,647,284)
Fuel energy	-	132,700,000	132,700,000	-	132,700,000	129,328,307	(3,371,693)
Hotel - motel	-	19,870,000	19,870,000	-	19,870,000	16,829,254	(3,040,746)
Telephone	-	30,850,000	30,850,000	-	30,850,000	30,906,025	56,025
Other	-	2,360,000	2,360,000	-	2,360,000	2,169,201	(190,799)
Total Other Local Taxes	-	334,764,500	334,764,500	-	334,764,500	286,441,742	(48,322,758)
Total Taxes	-	2,625,303,223	2,625,303,223	-	2,625,303,223	2,540,477,984	(84,825,239)
Licenses and Permits:							
Business	-	4,360,400	4,360,400	13,000	4,373,400	4,269,845	(103,555)
Non business	-	4,745,000	4,745,000	-	4,745,000	5,049,767	304,767
Total Licenses and Permits	-	9,105,400	9,105,400	13,000	9,118,400	9,319,612	201,212
Intergovernmental Revenue:							
State Aid and Reimbursements:							
DHR State reimbursement	-	6,788,990	6,788,990	-	6,788,990	7,157,597	368,607
Highway user revenue	-	39,672,000	39,672,000	-	39,672,000	32,011,346	(7,660,654)
Police protection	-	13,487,000	13,487,000	-	13,487,000	13,440,729	(46,271)
Health and human services programs	-	7,103,007	7,103,007	-	7,103,007	7,535,663	432,656
Public libraries	-	5,275,970	5,275,970	-	5,275,970	4,523,994	(751,976)
911 Emergency	-	7,508,000	7,508,000	-	7,508,000	4,551,916	(2,956,084)
Other	-	1,901,641	1,901,641	-	1,901,641	1,419,812	(481,829)
Total State Aid and Reimbursements	-	81,736,608	81,736,608	-	81,736,608	70,641,057	(11,095,551)
Federal Reimbursements:							
Federal financial participation	-	15,598,910	15,598,910	-	15,598,910	16,272,209	673,299
Other	-	2,256,290	2,256,290	-	2,256,290	2,295,860	39,570
Total Federal Reimbursements	-	17,855,200	17,855,200	-	17,855,200	18,568,069	712,869
Other Intergovernmental	-	1,389,630	1,389,630	50,000	1,439,630	1,312,832	(126,798)
Total Intergovernmental Revenue	-	100,981,438	100,981,438	50,000	101,031,438	90,521,958	(10,509,480)
Charges for Services:							
General government	-	1,406,330	1,406,330	(11,990)	1,394,340	1,296,806	(97,534)
Public safety	-	10,222,230	10,222,230	-	10,222,230	11,561,116	1,338,886
Health and human services	-	1,814,020	1,814,020	-	1,814,020	1,547,937	(266,083)
Culture and recreation	-	600	600	-	600	3,634	3,034
Environment	-	649,160	649,160	-	649,160	139,789	(509,371)
Public works and transportation	-	65,000	65,000	-	65,000	82,342	17,342
Total Charges for Services	-	14,157,340	14,157,340	(11,990)	14,145,350	14,631,624	486,274
Fines and forfeitures	-	25,560,760	25,560,760	18,990	25,579,750	27,604,483	2,024,733
Investment Income:							
Pooled investment income	-	4,426,030	4,426,030	-	4,426,030	540,590	(3,885,440)
Other interest income	-	-	-	-	-	28,195	28,195
Total Investment Income	-	4,426,030	4,426,030	-	4,426,030	568,785	(3,857,245)
Miscellaneous Revenue:							
Property rentals	-	5,393,600	5,393,600	-	5,393,600	5,163,376	(230,224)
Sundry	-	5,702,200	5,702,200	(67,110)	5,635,090	12,637,827	7,002,737
Total Miscellaneous Revenue	-	11,095,800	11,095,800	(67,110)	11,028,690	17,801,203	6,772,513
Total Revenues	-	2,790,629,991	2,790,629,991	2,890	2,790,632,881	2,700,925,649	(89,707,232)
Expenditures:							
Departments or Offices:							
County Council:							
Personnel	-	8,619,554	8,619,554	(172,090)	8,447,464	8,126,863	320,601
Operating	65,839	961,150	1,026,989	-	1,026,989	879,733	147,256
Totals	65,839	9,580,704	9,646,543	(172,090)	9,474,453	9,006,596	467,857
Board of Appeals:							
Personnel	-	544,550	544,550	1,380	545,930	545,920	10
Operating	-	74,750	74,750	(2,890)	71,860	65,990	5,870
Totals	-	619,300	619,300	(1,510)	617,790	611,910	5,880
Legislative Oversight:							
Personnel	-	1,291,550	1,291,550	(20,710)	1,270,840	1,254,448	16,392
Operating	-	78,750	78,750	-	78,750	23,323	55,427
Totals	-	1,370,300	1,370,300	(20,710)	1,349,590	1,277,771	71,819
Merit System Protection Board:							
Personnel	-	137,760	137,760	80	137,840	137,839	1
Operating	-	17,700	17,700	(1,740)	15,960	10,925	5,035
Totals	-	155,460	155,460	(1,660)	153,800	148,764	5,036
Zoning and Administrative Hearings:							
Personnel	-	456,472	456,472	(10,390)	446,082	440,811	5,271
Operating	-	95,440	95,440	(6,000)	89,440	43,943	45,497
Totals	-	551,912	551,912	(16,390)	535,522	484,754	50,768

(Continued)

MONTGOMERY COUNTY, MARYLAND
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit A-7

	Budget					Actual	Variance Positive (Negative)
	Prior Year Carryover Encumbrances	Current Year	Total Original	Revisions	Final		
Inspector General:							
Personnel	\$ -	\$ 558,772	\$ 558,772	\$ (68,540)	\$ 490,232	\$ 419,386	\$ 70,846
Operating	5,775	137,950	143,725	60,749	204,474	198,352	6,122
Capital outlay	2,352	4,000	6,352	-	6,352	-	6,352
Totals	8,127	700,722	708,849	(7,791)	701,058	617,738	83,320
People's Counsel:							
Personnel	-	235,780	235,780	-	235,780	232,615	3,165
Operating	-	14,390	14,390	-	14,390	6,732	7,658
Totals	-	250,170	250,170	-	250,170	239,347	10,823
Circuit Court:							
Personnel	-	8,227,401	8,227,401	(119,760)	8,107,641	7,654,326	453,315
Operating	440,889	2,520,230	2,961,119	(82,053)	2,879,066	2,833,281	45,785
Capital outlay	-	-	-	139,804	139,804	139,804	-
Totals	440,889	10,747,631	11,188,520	(62,009)	11,126,511	10,627,411	499,100
State's Attorney:							
Personnel	-	12,053,403	12,053,403	(30,550)	12,022,853	12,022,849	4
Operating	539	542,550	543,089	118,757	661,846	661,844	2
Totals	539	12,595,953	12,596,492	88,207	12,684,699	12,684,693	6
County Executive:							
Personnel	-	6,317,221	6,317,221	(185,049)	6,132,172	5,868,370	263,802
Operating	58,857	662,220	721,077	334,247	1,055,324	1,012,600	42,724
Totals	58,857	6,979,441	7,038,298	149,198	7,187,496	6,880,970	306,526
Commission for Women:							
Personnel	-	1,138,851	1,138,851	(8,080)	1,130,771	1,105,841	24,930
Operating	20,452	178,580	199,032	(18,150)	180,882	169,922	10,960
Totals	20,452	1,317,431	1,337,883	(26,230)	1,311,653	1,275,763	35,890
Regional Service Centers:							
Personnel	-	3,426,341	3,426,341	(139,260)	3,287,081	3,154,424	132,657
Operating	99,492	1,067,761	1,167,253	(5,670)	1,161,583	1,084,499	77,084
Totals	99,492	4,494,102	4,593,594	(144,930)	4,448,664	4,238,923	209,741
Ethics Commission:							
Personnel	-	260,841	260,841	10,060	270,901	270,898	3
Operating	-	3,470	3,470	4,890	8,360	8,359	1
Totals	-	264,311	264,311	14,950	279,261	279,257	4
Intergovernmental Relations:							
Personnel	-	726,760	726,760	38,770	765,530	765,521	9
Operating	332	156,010	156,342	(15,600)	140,742	94,807	45,935
Totals	332	882,770	883,102	23,170	906,272	860,328	45,944
Public Information:							
Personnel	-	1,130,651	1,130,651	15,620	1,146,271	1,146,267	4
Operating	45,026	178,070	223,096	(17,907)	205,189	205,179	10
Totals	45,026	1,308,721	1,353,747	(2,287)	1,351,460	1,351,446	14
Board of Elections:							
Personnel	-	2,835,441	2,835,441	1,149,050	3,984,491	3,984,489	2
Operating	300	4,118,700	4,119,000	2,999,730	7,118,730	5,932,347	1,186,383
Totals	300	6,954,141	6,954,441	4,148,780	11,103,221	9,916,836	1,186,385
County Attorney:							
Personnel	-	5,195,778	5,195,778	(88,670)	5,107,108	5,107,103	5
Operating	58,198	485,080	543,278	203,506	746,784	746,782	2
Totals	58,198	5,680,858	5,739,056	114,836	5,853,892	5,853,885	7
Management and Budget:							
Personnel	-	3,876,831	3,876,831	(81,240)	3,795,591	3,643,332	152,259
Operating	26,233	190,810	217,043	(10,274)	206,769	199,152	7,617
Totals	26,233	4,067,641	4,093,874	(91,514)	4,002,360	3,842,484	159,876
Finance:							
Personnel	-	9,279,514	9,279,514	(294,710)	8,984,804	8,354,324	630,480
Operating	1,580,267	1,447,780	3,028,047	(766,279)	2,261,768	2,050,651	211,117
Totals	1,580,267	10,727,294	12,307,561	(1,060,989)	11,246,572	10,404,975	841,597
Human Resources:							
Personnel	-	5,726,901	5,726,901	(354,180)	5,372,721	4,793,902	578,819
Operating	540,565	3,796,070	4,336,635	68,619	4,405,254	4,405,252	2
Totals	540,565	9,522,971	10,063,536	(285,561)	9,777,975	9,199,154	578,821
Technology Services:							
Personnel	-	18,572,887	18,572,887	(467,390)	18,105,497	17,601,513	503,984
Operating	5,153,347	15,017,870	20,171,217	(1,029,943)	19,141,274	18,794,399	346,875
Capital outlay	-	120,300	120,300	-	120,300	117,487	2,813
Totals	5,153,347	33,711,057	38,864,404	(1,497,333)	37,367,071	36,513,399	853,672
General Services:							
Personnel	-	14,885,448	14,885,448	107,630	14,993,078	14,993,078	-
Operating	-	13,435,830	13,435,830	4,845,923	18,281,753	18,281,746	7
Capital outlay	-	-	-	48,500	48,500	48,492	8
Totals	-	28,321,278	28,321,278	5,002,053	33,323,331	33,323,316	15
Consumer Protection:							
Personnel	-	2,564,211	2,564,211	(65,220)	2,498,991	2,492,287	6,704
Operating	2,023	144,280	146,303	(580)	145,723	76,783	68,940
Totals	2,023	2,708,491	2,710,514	(65,800)	2,644,714	2,569,070	75,644
Corrections and Rehabilitation:							
Personnel	-	58,087,094	58,087,094	550,330	58,637,424	58,637,424	-
Operating	30,530	7,515,720	7,546,250	486,465	8,032,715	8,032,714	1
Totals	30,530	65,602,814	65,633,344	1,036,795	66,670,139	66,670,138	1

(Continued)

MONTGOMERY COUNTY, MARYLAND
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit A-7

	Budget					Actual	Variance Positive (Negative)
	Prior Year Carryover Encumbrances	Current Year	Total Original	Revisions	Final		
Human Relations Commission:							
Personnel	\$ -	\$ 2,311,273	\$ 2,311,273	\$ (178,140)	\$ 2,133,133	\$ 2,112,794	\$ 20,339
Operating	660	190,230	190,890	(2,590)	188,300	188,294	6
Totals	660	2,501,503	2,502,163	(180,730)	2,321,433	2,301,088	20,345
Police:							
Personnel	-	200,918,479	200,918,479	(1,256,960)	199,661,519	197,984,086	1,677,433
Operating	1,396,857	39,394,570	40,791,427	1,689,208	42,480,635	38,601,903	3,878,732
Capital outlay	-	-	-	307,710	307,710	307,704	6
Totals	1,396,857	240,313,049	241,709,906	739,958	242,449,864	236,893,693	5,556,171
Sheriff:							
Personnel	-	18,293,850	18,293,850	(135,522)	18,158,328	18,158,324	4
Operating	197,049	2,239,670	2,436,719	(210,660)	2,226,059	2,226,055	4
Totals	197,049	20,533,520	20,730,569	(346,182)	20,384,387	20,384,379	8
Homeland Security:							
Personnel	-	1,182,287	1,182,287	(77,270)	1,105,017	761,288	343,729
Operating	425,241	471,400	896,641	(280,158)	616,483	616,478	5
Totals	425,241	1,653,687	2,078,928	(357,428)	1,721,500	1,377,766	343,734
Transportation:							
Personnel	-	26,468,761	26,468,761	182,190	26,650,951	26,329,944	321,007
Operating	4,092,899	22,278,270	26,371,169	2,430,843	28,802,012	27,958,806	843,206
Totals	4,092,899	48,747,031	52,839,930	2,613,033	55,452,963	54,288,750	1,164,213
Health and Human Services:							
Personnel	-	109,935,233	109,935,233	(2,958,530)	106,976,703	103,361,909	3,614,794
Operating	2,515,651	91,320,900	93,836,551	(582,166)	93,254,385	88,659,949	4,594,436
Capital outlay	-	-	-	275,850	275,850	275,840	10
Totals	2,515,651	201,256,133	203,771,784	(3,264,846)	200,506,938	192,297,698	8,209,240
Libraries:							
Personnel	-	32,140,814	32,140,814	(1,445,850)	30,694,964	30,554,189	140,775
Operating	1,910,921	8,114,720	10,025,641	(494,090)	9,531,551	8,615,276	916,275
Capital outlay	75,960	-	75,960	-	75,960	75,960	-
Totals	1,986,881	40,255,534	42,242,415	(1,939,940)	40,302,475	39,245,425	1,057,050
Housing and Community Affairs:							
Personnel	-	4,917,767	4,917,767	(140,490)	4,777,277	4,624,056	153,221
Operating	217,194	716,610	933,804	131,412	1,065,216	849,827	215,389
Totals	217,194	5,634,377	5,851,571	(9,078)	5,842,493	5,473,883	368,610
Economic Development:							
Personnel	-	5,077,994	5,077,994	(331,880)	4,746,114	4,746,103	11
Operating	286,982	2,970,590	3,257,572	680,456	3,938,028	3,938,021	7
Totals	286,982	8,048,584	8,335,566	348,576	8,684,142	8,684,124	18
Environmental Protection:							
Personnel	-	3,617,701	3,617,701	(132,290)	3,485,411	3,370,265	115,146
Operating	451,790	783,839	1,235,629	(127,229)	1,108,400	966,523	141,877
Totals	451,790	4,401,540	4,853,330	(259,519)	4,593,811	4,336,788	257,023
Total Departments	19,702,220	792,460,431	812,162,651	4,465,029	816,627,680	794,162,522	22,465,158
Nondepartmental:							
State retirement contribution - operating	-	934,920	934,920	-	934,920	934,919	1
Retirees group insurance - operating	-	26,039,330	26,039,330	-	26,039,330	26,039,330	-
State positions supplement - personnel	-	144,951	144,951	-	144,951	114,954	29,997
Judges special pension contribution - personnel	-	3,740	3,740	10	3,750	3,749	1
Compensation adjustment - personnel	-	2,428,223	2,428,223	(1,639,480)	788,743	166,443	622,300
Compensation adjustment - operating	1,728	642,370	644,098	185,782	829,880	829,878	2
OPEB trust contributions - operating	-	16,391,930	16,391,930	-	16,391,930	16,391,930	-
Productivity Enhancement - personnel	-	(13,000,000)	(13,000,000)	13,000,000	-	-	-
Municipal tax duplication - operating	-	7,488,240	7,488,240	-	7,488,240	7,479,836	8,404
Tax grants to municipalities - operating	-	28,020	28,020	-	28,020	28,012	8
Rebate - Takoma Park police - operating	-	705,570	705,570	11,020	716,590	716,590	-
Rebate - Takoma Park library - operating	-	112,630	112,630	-	112,630	112,352	278
Homeowners' association roadways - operating	-	337,700	337,700	-	337,700	337,549	151
Contribution to risk management - operating	-	9,809,740	9,809,740	-	9,809,740	9,397,551	412,189
Historical activities - operating	-	355,340	355,340	-	355,340	355,340	-
Conference and Visitors Bureau - operating	65,605	695,450	761,055	-	761,055	761,055	-
Arts Council - operating	98,319	5,315,480	5,413,799	(638)	5,413,161	5,404,463	8,698
Community grants - operating	3,005,213	5,783,460	8,788,673	(1,290,309)	7,498,364	7,351,795	146,569
Conference Center - personnel	-	112,790	112,790	-	112,790	73,173	39,617
Conference Center - operating	18,200	454,300	472,500	(714)	471,786	356,277	115,509
English Literacy - operating	-	745,000	745,000	-	745,000	745,000	-
County associations - operating	-	70,450	70,450	-	70,450	69,953	497
Metropolitan Washington C O G - operating	-	742,720	742,720	650	743,370	743,366	4
Public Technology, Inc. - operating	-	27,500	27,500	-	27,500	20,000	7,500
Independent audit - operating	-	394,000	394,000	-	394,000	290,805	103,195
Prisoner medical services - operating	-	10,000	10,000	17,320	27,320	27,313	7
Boards, committees and commissions - operating	-	20,000	20,000	2,960	22,960	22,959	1
Charter Review Commission - operating	-	150	150	-	150	135	15
Closing costs assistance - operating	-	33,790	33,790	-	33,790	33,790	-
Working families income supplement - operating	-	13,667,700	13,667,700	(4,360,060)	9,307,640	9,016,267	291,373
Interagency tech. policy & coord comm - operating	233	30,000	30,233	-	30,233	6,788	23,445
County Leases - personnel	-	-	-	55,290	55,290	55,290	-
County Leases - operating	488,376	18,455,210	18,943,586	(636,170)	18,307,416	16,634,447	1,672,969
County Leases - capital outlay	-	-	-	544,920	544,920	544,912	8
Rockville parking district - operating	-	377,500	377,500	107,610	485,110	485,109	1
Climate Change - operating	-	1,561,000	1,561,000	-	1,561,000	1,262,801	298,199
Desktop computer modernization - operating	680,727	7,136,360	7,817,087	(202,481)	7,614,606	7,326,529	288,077

(Continued)

MONTGOMERY COUNTY, MARYLAND
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), CONCLUDED
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit A-7

	Budget					Actual	Variance Positive (Negative)
	Prior Year Carryover Encumbrances	Current Year	Total Original	Revisions	Final		
Utilities - operating	\$ 97,499	\$ 25,866,880	\$ 25,964,379	\$ (91,519)	\$ 25,872,860	\$ 25,527,000	\$ 345,860
Total - Nondepartmental	4,455,900	133,922,444	138,378,344	5,704,191	144,082,535	139,667,660	4,414,875
Total Expenditures	24,158,120	926,382,875	950,540,995	10,169,220	960,710,215	933,830,182	26,880,033
Excess of Revenues over (under) Expenditures	(24,158,120)	1,864,247,116	1,840,088,996	(10,166,330)	1,829,922,666	1,767,095,467	(62,827,199)
Other Financing Sources (Uses):							
Transfers In:							
Special Revenue Funds:							
Fire Tax District	-	120,750	120,750	-	120,750	120,750	-
Recreation	-	4,938,000	4,938,000	-	4,938,000	4,938,000	-
Mass Transit	-	7,744,000	7,744,000	-	7,744,000	7,744,000	-
Water Quality Protection	-	259,620	259,620	-	259,620	259,620	-
Urban Districts	-	390,970	390,970	-	390,970	390,970	-
Housing Activities	-	178,100	178,100	-	178,100	178,100	-
Grants	-	-	-	632,695	632,695	632,695	-
Cable TV	-	3,435,010	3,435,010	-	3,435,010	3,435,010	-
Total Special Revenue Funds	-	17,066,450	17,066,450	632,695	17,699,145	17,699,145	-
Enterprise Funds:							
Liquor	-	30,410,060	30,410,060	-	30,410,060	30,410,060	-
Parking Lot Districts	-	1,850,890	1,850,890	-	1,850,890	1,850,890	-
Solid Waste Activities	-	2,251,490	2,251,490	-	2,251,490	2,251,490	-
Community Use of Public Facilities	-	370,740	370,740	-	370,740	370,740	-
Permitting Services	-	3,718,570	3,718,570	-	3,718,570	3,718,570	-
Total Enterprise Funds	-	38,601,750	38,601,750	-	38,601,750	38,601,750	-
Total Transfers In	-	55,668,200	55,668,200	632,695	56,300,895	56,300,895	-
Transfers In - Component Units:							
Montgomery County Public Schools	-	328,420	328,420	-	328,420	328,416	(4)
Montgomery College	-	-	-	-	-	262,668	262,668
Total Transfers In - Component Units	-	328,420	328,420	-	328,420	591,084	262,664
Transfers (Out):							
Special Revenue Funds:							
Recreation	-	(1,375,320)	(1,375,320)	-	(1,375,320)	(1,375,320)	-
Urban Districts	-	(751,600)	(751,600)	-	(751,600)	(751,600)	-
Mass Transit	-	(531,310)	(531,310)	-	(531,310)	(531,310)	-
Housing Activities	-	(9,782,490)	(9,782,490)	-	(9,782,490)	(9,782,490)	-
Economic Development	-	(556,160)	(556,160)	-	(556,160)	(556,160)	-
Grants	-	-	-	(543,742)	(543,742)	(440,431)	103,311
Total Special Revenue Funds	-	(12,996,880)	(12,996,880)	(543,742)	(13,540,622)	(13,437,311)	103,311
Internal Service Funds:							
Motor Pool	-	(1,332,650)	(1,332,650)	(48,180)	(1,380,830)	(1,214,928)	165,902
Total Internal Service Funds	-	(1,332,650)	(1,332,650)	(48,180)	(1,380,830)	(1,214,928)	165,902
Enterprise Funds:							
Community Use of Public Facilities	-	(151,860)	(151,860)	-	(151,860)	(151,860)	-
Parking Lot Districts	(87,657)	-	(87,657)	-	(87,657)	(7,317)	80,340
Solid Waste Activities	-	(1,675,670)	(1,675,670)	-	(1,675,670)	(1,675,670)	-
Permitting Services	-	(1,153,770)	(1,153,770)	-	(1,153,770)	(1,153,770)	-
Total Enterprise Funds	(87,657)	(2,981,300)	(3,068,957)	-	(3,068,957)	(2,988,617)	80,340
Debt Service Fund	-	(226,016,610)	(226,016,610)	(122,626)	(226,139,236)	(204,596,878)	21,542,358
Capital Projects Fund	(35,058,941)	(21,993,249)	(57,052,190)	214,996	(56,837,194)	(28,736,385)	28,100,809
Total Transfers (Out)	(35,146,598)	(265,320,689)	(300,467,287)	(499,552)	(300,966,839)	(250,974,119)	49,992,720
Transfers (Out) - Component Units and Joint Ventures:							
Montgomery County Public Schools - operating	-	(1,515,137,977)	(1,515,137,977)	-	(1,515,137,977)	(1,515,137,973)	4
Montgomery County Public Schools - capital	(7,706,141)	(18,283,000)	(25,989,141)	(3,125,000)	(29,114,141)	(12,365,746)	16,748,395
Total Montgomery County Public Schools	(7,706,141)	(1,533,420,977)	(1,541,127,118)	(3,125,000)	(1,544,252,118)	(1,527,503,719)	16,748,399
Montgomery College - operating	-	(106,776,153)	(106,776,153)	-	(106,776,153)	(106,776,153)	-
Montgomery College - capital	(8,966,773)	(4,067,000)	(13,033,773)	(988,774)	(14,022,547)	(9,363,681)	4,658,866
Total Montgomery College	(8,966,773)	(110,843,153)	(119,809,926)	(988,774)	(120,798,700)	(116,139,834)	4,658,866
Housing Opportunity Commission - operating	-	(6,140,640)	(6,140,640)	-	(6,140,640)	(5,987,120)	153,520
Housing Opportunity Commission - capital	-	(1,505,126)	(1,505,126)	-	(1,505,126)	(1,284,392)	220,734
Total Housing Opportunity Commission	-	(7,645,766)	(7,645,766)	-	(7,645,766)	(7,271,512)	374,254
M-NCPPC - operating	-	(92,500)	(92,500)	(19,920)	(112,420)	(79,295)	33,125
Total Transfers (Out) - Component Units and JV	(16,672,914)	(1,652,002,396)	(1,668,675,310)	(4,133,694)	(1,672,809,004)	(1,650,994,360)	21,814,644
Total Other Financing Sources (Uses)	(51,819,512)	(1,861,326,465)	(1,913,145,977)	(4,000,551)	(1,917,146,528)	(1,845,076,500)	72,070,028
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(75,977,632)	2,920,651	(73,056,981)	(14,166,881)	(87,223,862)	(77,981,033)	9,242,829
Fund Balance - Beginning of Year	75,977,632	95,113,308	171,090,940	(6,204,232)	164,886,708	164,886,708	-
Fund Balance - End of Year	\$ -	\$ 98,033,959	\$ 98,033,959	\$ (20,371,113)	\$ 77,662,846	\$ 86,905,675	\$ 9,242,829

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

MONTGOMERY COUNTY, MARYLAND
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009
Exhibit A-8

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Other Enterprise Funds	Totals	
ASSETS						
Current Assets:						
Equity in pooled cash and investments	\$ 8,757,286	\$ 33,422,372	\$ 20,276,040	\$ 13,071,939	\$ 75,527,637	\$ 133,079,043
Cash with fiscal agents	1,529,914	-	-	-	1,529,914	-
Cash	35,825	3,000	196,724	-	235,549	300
Receivables (net of allowances for uncollectibles):						
Property taxes	-	-	1,447,216	-	1,447,216	-
Accounts	2,284,019	1,899,918	5,143	2,390	4,191,470	1,930,647
Parking violations	-	-	2,282,575	-	2,282,575	-
Due from other funds	-	6,339	-	-	6,339	7,305,783
Due from component units	-	55,853	376,732	-	432,585	525,630
Due from other governments	-	139,456	-	-	139,456	154,547
Inventory of supplies	28,155,649	-	-	-	28,155,649	3,757,475
Prepays	1,003,260	928	3,829	748	1,008,765	297,479
Other assets	193,843	-	-	-	193,843	-
Total Current Assets	<u>41,959,796</u>	<u>35,527,866</u>	<u>24,588,259</u>	<u>13,075,077</u>	<u>115,150,998</u>	<u>147,050,904</u>
Noncurrent Assets:						
Restricted Assets:						
Equity in pooled cash and equivalents	-	28,664,452	6,231,994	-	34,896,446	-
Investments	-	4,064,057	1,532,854	-	5,596,911	-
Restricted Assets	-	<u>32,728,509</u>	<u>7,764,848</u>	-	<u>40,493,357</u>	-
Unamortized debt costs	315,360	228,999	489,603	-	1,033,962	-
Capital Assets:						
Land, improved and unimproved	7,033,656	17,834,755	34,461,478	-	59,329,889	22,506
Improvements other than buildings	-	72,849,884	59,966,123	-	132,816,007	268,565
Infrastructure	-	14,351	-	-	14,351	-
Buildings	33,597,257	30,728,728	181,656,717	-	245,982,702	-
Furniture, fixtures, equipment, and machinery	6,495,540	13,265,524	1,060,733	2,064,127	22,885,924	4,104,664
Automobiles and trucks	3,679,373	411,042	131,445	275,258	4,497,118	75,044,779
Construction in progress	-	7,676,117	1,606,707	-	9,282,824	-
Subtotal	50,805,826	142,780,401	278,883,203	2,339,385	474,808,815	79,440,514
Less: Accumulated depreciation	12,005,242	99,344,659	103,428,441	1,783,794	216,562,136	45,492,021
Total Capital Assets (net of accumulated depreciation)	<u>38,800,584</u>	<u>43,435,742</u>	<u>175,454,762</u>	<u>555,591</u>	<u>258,246,679</u>	<u>33,948,493</u>
Total Noncurrent Assets	<u>39,115,944</u>	<u>76,393,250</u>	<u>183,709,213</u>	<u>555,591</u>	<u>299,773,998</u>	<u>33,948,493</u>
Total Assets	<u>81,075,740</u>	<u>111,921,116</u>	<u>208,297,472</u>	<u>13,630,668</u>	<u>414,924,996</u>	<u>180,999,397</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	7,265,866	7,601,355	2,099,438	147,361	17,114,020	8,399,701
Interest payable	-	49,083	332,226	313	381,622	3,648
Retainage payable	-	-	426,850	-	426,850	-
Deposits	426,457	-	-	-	426,457	-
Claims payable	-	-	-	-	-	95,033,747
Accrued liabilities	2,609,140	1,353,317	542,072	11,365,437	15,869,966	3,439,799
Due to other funds	395,215	173,110	54,696	1,638,574	2,261,595	1,846,879
Due to component units	-	-	-	668,748	668,748	51,182
Due to other governments	641,079	406,596	27,882	-	1,075,557	2,035
Equipment notes payable	-	-	152,786	62,481	215,267	145,628
Unearned revenue	-	-	-	2,011,600	2,011,600	855,597
Revenue bonds payable	1,205,324	3,420,000	1,840,000	-	6,465,324	-
Landfill closure costs	-	2,150,000	-	-	2,150,000	-
Other liabilities	-	-	622,860	-	622,860	-
Total Current Liabilities	<u>12,543,081</u>	<u>15,153,461</u>	<u>6,098,810</u>	<u>15,894,514</u>	<u>49,689,866</u>	<u>109,778,216</u>
Noncurrent Liabilities:						
Equipment notes payable	-	-	240,640	11,969	252,609	229,243
Revenue bonds payable	33,077,696	9,900,660	32,159,927	-	75,138,283	-
Landfill closure costs	-	18,525,923	-	-	18,525,923	-
Compensated absences	482,625	251,772	104,699	479,872	1,318,968	484,819
Total Noncurrent Liabilities	<u>33,560,321</u>	<u>28,678,355</u>	<u>32,505,266</u>	<u>491,841</u>	<u>95,235,783</u>	<u>714,062</u>
Total Liabilities	<u>46,103,402</u>	<u>43,831,816</u>	<u>38,604,076</u>	<u>16,386,355</u>	<u>144,925,649</u>	<u>110,492,278</u>
NET ASSETS						
Invested in capital, net of related debt	6,039,455	30,115,082	141,061,409	481,141	177,697,087	33,573,622
Restricted for debt service	1,529,914	32,728,509	7,764,848	-	42,023,271	-
Unrestricted	27,402,969	5,245,709	20,867,139	(3,236,828)	50,278,989	36,933,497
Total Net Assets	<u>\$ 34,972,338</u>	<u>\$ 68,089,300</u>	<u>\$ 169,693,396</u>	<u>(\$ 2,755,687)</u>	<u>269,999,347</u>	<u>\$ 70,507,119</u>
ADJUSTMENTS						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(1,246,302)	
Net assets of business-type activities					<u>\$ 268,753,045</u>	

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

MONTGOMERY COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit A-9

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Other Enterprise Funds	Totals	
OPERATING REVENUES						
Sales - net	\$ 218,787,448	\$ -	\$ -	\$ -	\$ 218,787,448	\$ -
Charges for services	17,010	99,943,176	18,383,673	10,571,545	128,915,404	208,748,892
Licenses and permits	1,583,108	11,005	-	20,778,300	22,372,413	-
Fines and penalties	349,084	86,015	8,314,778	102,020	8,851,897	-
Claim recoveries	-	-	-	-	-	1,949,014
Total Operating Revenues	<u>220,736,650</u>	<u>100,040,196</u>	<u>26,698,451</u>	<u>31,451,865</u>	<u>378,927,162</u>	<u>210,697,906</u>
OPERATING EXPENSES						
Cost of goods sold	156,456,172	-	-	-	156,456,172	-
Personnel costs	23,913,109	12,759,468	4,156,140	24,182,466	65,011,183	25,215,717
Other postemployment contributions	2,209,175	573,525	276,175	1,706,425	4,765,300	1,329,550
Postage	67,460	151,301	8,974	29,986	257,721	1,670,682
Self-insurance incurred and estimated claims	-	-	-	-	-	122,771,134
Insurance	532,380	732,767	14,400	57,630	1,337,177	20,841,935
Supplies and materials	534,966	1,104,658	552,737	366,803	2,559,164	27,548,229
Contractual services	1,719,804	73,263,832	5,722,221	4,536,926	85,242,783	11,689,615
Communications	458,097	217,825	177,304	314,213	1,167,439	633,395
Transportation	695,743	1,772,592	240,708	627,129	3,336,172	565,233
Public utility services	902,335	163,631	3,029,519	1,808,970	5,904,455	1,062,540
Rentals	5,371,530	35,068	1,483,661	2,233,605	9,123,864	379,065
Maintenance	492,434	439,533	2,336,232	404,680	3,672,879	11,376,899
Depreciation	955,637	2,329,449	9,287,998	164,599	12,737,683	7,537,426
Landfill closure expense	-	2,077,000	-	-	2,077,000	-
Other	478,282	520,347	11,379	87,526	1,097,534	97,788
Total Operating Expenses	<u>194,787,124</u>	<u>96,140,996</u>	<u>27,297,448</u>	<u>36,520,958</u>	<u>354,746,526</u>	<u>232,719,208</u>
Operating Income (Loss)	<u>25,949,526</u>	<u>3,899,200</u>	<u>(598,997)</u>	<u>(5,069,093)</u>	<u>24,180,636</u>	<u>(22,021,302)</u>
NONOPERATING REVENUES (EXPENSES)						
Property taxes	-	-	11,854,882	-	11,854,882	-
Intergovernmental	-	8,700	-	-	8,700	-
Gain (loss) on disposal of capital assets	(1,496,903)	179,653	-	-	(1,317,250)	175,862
Investment income	78,116	1,641,495	609,760	270,088	2,599,459	2,199,902
Interest expense	(398,110)	(812,506)	(1,665,589)	(5,913)	(2,882,118)	(17,331)
Other revenue	5,333	62,266	638,295	141,923	847,817	1,942,137
Insurance recoveries	-	36,562	-	1,223	37,785	224,286
Total Nonoperating Revenues (Expenses)	<u>(1,811,564)</u>	<u>1,116,170</u>	<u>11,437,348</u>	<u>407,321</u>	<u>11,149,275</u>	<u>4,524,856</u>
Income (Loss) Before Capital Contributions and Transfers	<u>24,137,962</u>	<u>5,015,370</u>	<u>10,838,351</u>	<u>(4,661,772)</u>	<u>35,329,911</u>	<u>(17,496,446)</u>
Capital Contributions	-	-	596,652	-	596,652	-
Transfers In (Out):						
Transfers in	1,325,505	344,115	173,022	1,048,855	2,891,497	2,109,458
Transfers out	(30,410,060)	(2,251,490)	(11,708,964)	(4,089,310)	(48,459,824)	-
Total Transfers In (Out)	<u>(29,084,555)</u>	<u>(1,907,375)</u>	<u>(11,535,942)</u>	<u>(3,040,455)</u>	<u>(45,568,327)</u>	<u>2,109,458</u>
Change in Net Assets	(4,946,593)	3,107,995	(100,939)	(7,702,227)	(9,641,764)	(15,386,988)
Total Net Assets - Beginning of Year	<u>39,918,931</u>	<u>64,981,305</u>	<u>169,794,335</u>	<u>4,946,540</u>		<u>85,894,107</u>
Total Net Assets - End of Year	<u>\$ 34,972,338</u>	<u>\$ 68,089,300</u>	<u>\$ 169,693,396</u>	<u>\$ (2,755,687)</u>		<u>\$ 70,507,119</u>
Adjustment to reflect the consolidation of internal service fund activities relating to enterprise funds					(583,929)	
Change in net assets of business-type activities					<u>\$ (10,225,693)</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, 2009
Exhibit A-10

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Other Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 226,180,636	\$ 97,813,568	\$ 26,111,311	\$ 30,446,010	\$ 380,551,525	\$ 210,305,722
Payments to suppliers	(178,024,420)	(80,773,335)	(12,625,532)	(12,059,076)	(283,482,363)	(79,890,331)
Payments to employees	(23,686,373)	(12,787,324)	(4,092,115)	(23,974,319)	(64,540,131)	(25,301,286)
Internal activity - operating payments from other funds	-	2,948,090	-	1,153,770	4,101,860	-
Other operating receipts	-	-	-	3,046,164	3,046,164	513,560
Other operating payments	-	-	-	(3,652,496)	(3,652,496)	-
Claims paid	-	-	-	-	-	(114,852,822)
Other revenue	5,333	98,828	638,295	143,146	885,602	1,942,137
Net Cash Provided (Used) by Operating Activities	<u>24,475,176</u>	<u>7,299,827</u>	<u>10,031,959</u>	<u>(4,896,801)</u>	<u>36,910,161</u>	<u>(7,283,020)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Property tax collections	-	-	11,854,882	-	11,854,882	-
Operating subsidies, transfers and receipts from other funds	1,325,505	344,115	173,022	2,248,855	4,091,497	64,215
Operating subsidies, transfers and payments to other funds	(30,410,060)	(2,251,490)	(11,708,964)	(4,089,310)	(48,459,824)	-
Intergovernmental revenue	-	8,700	-	-	8,700	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(29,084,555)</u>	<u>(1,898,675)</u>	<u>318,940</u>	<u>(1,840,455)</u>	<u>(32,504,745)</u>	<u>64,215</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	33,967,660	-	-	-	33,967,660	-
Proceeds from sale of capital assets	-	179,653	-	-	179,653	651,540
Purchases of capital assets	(33,833,267)	(8,902,208)	(7,560,651)	(80,860)	(50,376,986)	(8,832,007)
Principal paid on capital debt	-	(3,255,000)	(4,311,945)	(109,974)	(7,676,919)	(140,121)
Interest paid on capital debt	(398,110)	(751,750)	(1,617,361)	(6,100)	(2,773,321)	(18,694)
Internal activity - payments from other funds	-	-	-	-	-	2,045,243
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(263,717)</u>	<u>(12,729,305)</u>	<u>(13,489,957)</u>	<u>(196,934)</u>	<u>(26,679,913)</u>	<u>(6,294,039)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income from pooled investments	78,116	1,279,696	509,975	270,088	2,137,875	2,196,209
Investment income from nonpooled investments	-	12,868	-	-	12,868	3,693
Net Cash Provided (Used) by Investing Activities	<u>78,116</u>	<u>1,292,564</u>	<u>509,975</u>	<u>270,088</u>	<u>2,150,743</u>	<u>2,199,902</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(4,794,980)</u>	<u>(6,035,589)</u>	<u>(2,629,083)</u>	<u>(6,664,102)</u>	<u>(20,123,754)</u>	<u>(11,312,942)</u>
Balances - Beginning of Year	15,118,005	68,125,413	29,333,841	19,736,041	132,313,300	144,392,285
Balances - End of Year	<u>\$ 10,323,025</u>	<u>\$ 62,089,824</u>	<u>\$ 26,704,758</u>	<u>\$ 13,071,939</u>	<u>\$ 112,189,546</u>	<u>\$ 133,079,343</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 25,949,526	\$ 3,899,200	\$ (598,997)	\$ (5,069,093)	\$ 24,180,636	\$ (22,021,302)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	955,637	2,329,449	9,287,998	164,599	12,737,683	7,537,426
Other revenue	5,333	98,828	638,295	143,146	885,602	1,942,137
Changes in assets and liabilities:						
Receivables, net	682,445	692,234	(588,900)	8,772	794,551	121,375
Inventories, prepaids and other assets	(442,993)	471	1,761	-	(440,761)	(239,921)
Accounts payable and other liabilities	(2,941,030)	222,880	1,231,201	253,961	(1,232,988)	5,380,045
Accrued expenses	266,258	56,765	60,601	(398,186)	(14,562)	(2,780)
Net Cash Provided (Used) by Operating Activities	<u>\$ 24,475,176</u>	<u>\$ 7,299,827</u>	<u>\$ 10,031,959</u>	<u>\$ (4,896,801)</u>	<u>\$ 36,910,161</u>	<u>\$ (7,283,020)</u>
Noncash investing, capital and financing activities:						
Capital asset disposals	\$ 1,587,320	\$ 1,104,513	\$ -	\$ 7,708	\$ 2,699,541	\$ -
Assets acquired through transfers from governmental activities	-	-	596,652	-	596,652	-
Change in fair value of investments that are not cash equivalents	-	196,921	99,785	-	296,706	-

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

MONTGOMERY COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009
Exhibit A-11

	Pension and Other Employee Benefit Trusts	Investment Trust	Private- Purpose Trusts	Agency Funds
ASSETS				
Current Assets:				
Equity in pooled cash and investments	\$ 1,098,366	\$ 45,809,029	\$ 224,619	\$ 42,016,416
Cash	-	-	-	190,281
Investments:				
U.S. Government and agency obligations	316,739,428	-	-	-
Asset-backed securities	12,163,832	-	-	-
Corporate bonds	322,886,763	-	-	-
Collateralized mortgage obligations	9,104,627	-	-	-
Commercial mortgage-backed securities	15,131,578	-	-	-
Common and preferred stock	995,018,436	-	-	-
Mutual and commingled funds	432,851,218	-	-	-
Short-term investments	195,559,877	-	-	-
Cash collateral received under securities lending agreements	138,201,569	-	-	-
Real estate	72,158,654	-	-	-
Private equity	139,209,558	-	-	-
Total investments	<u>2,649,025,540</u>	-	-	-
Receivables (net of allowances for uncollectibles):				
Dividends and accrued interest	11,080,736	-	-	-
Property taxes	-	-	-	6,297,134
Accounts	98,097	-	25,000	178,114
Due from other funds	12,415,315	-	-	-
Due from component units	160,842	-	-	-
Due from other governments	2,552,469	-	-	-
Total Current Assets	<u>2,676,431,365</u>	<u>45,809,029</u>	<u>249,619</u>	<u>48,681,945</u>
Total Assets	<u>2,676,431,365</u>	<u>45,809,029</u>	<u>249,619</u>	<u>\$ 48,681,945</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	163,094,086	-	-	17,917
Accrued liabilities	241,914	-	-	-
Deposits	-	-	-	463,011
Claims payable	3,978,471	-	-	-
Due to other funds	2,301	-	-	-
Due to other governments	-	-	-	5,394,106
Uncollected property taxes due to governments	-	-	-	5,970,697
Undistributed taxes and refunds	-	-	-	13,183,260
Unearned revenue	83,660	-	-	-
Tax sale surplus and redemptions payable	-	-	-	2,602,118
Other liabilities	-	-	-	21,050,836
Total Current Liabilities	<u>167,400,432</u>	-	-	<u>48,681,945</u>
Noncurrent Liabilities:				
Compensated absences	49,112	-	-	-
Total Liabilities	<u>167,449,544</u>	-	-	<u>\$ 48,681,945</u>
NET ASSETS				
Held in trust for pension and other postemployment benefits, external investment pool participants, and other purposes	<u>\$ 2,508,981,821</u>	<u>\$ 45,809,029</u>	<u>\$ 249,619</u>	

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

MONTGOMERY COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit A-12

	Pension and Other Employee Benefit	Investment	Private- Purpose
ADDITIONS			
Contributions:			
Employers	\$ 187,097,727	\$ -	\$ -
Members	60,873,265	-	24,993
Federal government - Medicare Part D	1,297,204	-	-
Share purchases	-	31,292,283	-
Total Contributions	<u>249,268,196</u>	<u>31,292,283</u>	<u>24,993</u>
Investment income (loss)	(486,868,516)	648,556	2,748
Less: Investment expenses	15,208,750	-	-
Net Investment Income (Loss)	<u>(502,077,266)</u>	<u>648,556</u>	<u>2,748</u>
Other income - forfeitures	<u>371,852</u>	-	-
Total Additions, net	<u>(252,437,218)</u>	<u>31,940,839</u>	<u>27,741</u>
DEDUCTIONS			
Benefits:			
Annuities:			
Retirees	123,560,071	-	-
Survivors	7,333,268	-	-
Disability	37,724,912	-	-
Claims	48,389,690	-	-
Total Benefits	<u>217,007,941</u>	-	-
Share redemptions	-	24,420,000	-
Member refunds	17,728,063	-	-
Program expenses	-	-	1,270
Administrative expenses	<u>6,945,424</u>	-	-
Total Deductions	<u>241,681,428</u>	<u>24,420,000</u>	<u>1,270</u>
Net Increase (Decrease)	(494,118,646)	7,520,839	26,471
Net Assets - Beginning of Year	<u>3,003,100,467</u>	<u>38,288,190</u>	<u>223,148</u>
Net Assets - End of Year	<u>\$ 2,508,981,821</u>	<u>\$ 45,809,029</u>	<u>\$ 249,619</u>

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

MONTGOMERY COUNTY, MARYLAND
STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2009
Exhibit A-13

	MCPS	HOC	Nonmajor Component Units	Total
ASSETS				
Equity in pooled cash and investments	\$ 71,300,827	\$ 8,158,997	\$ 16,967,249	\$ 96,427,073
Cash with fiscal agents	-	20,349,325	3,116,006	23,465,331
Cash	13,597,637	17,698	4,636,560	18,251,895
Investments-cash equivalents	34,797,610	42,185,919	29,571,066	106,554,595
Investments	5,572,786	-	27,577,346	33,150,132
Receivables (net of allowances for uncollectibles):				
Capital leases	-	-	31,490,178	31,490,178
Accounts	12,169,437	2,432,992	4,157,243	18,759,672
Notes	-	-	48,315,000	48,315,000
Mortgages receivable	-	346,127,799	-	346,127,799
Interest	-	4,795,648	-	4,795,648
Other	480,205	4,156,662	819,384	5,456,251
Due from primary government	60,755,697	3,164,839	16,924,815	80,845,351
Due from other governments	16,265,945	1,158,806	7,920,361	25,345,112
Inventory of supplies	7,598,665	271,752	2,085,172	9,955,589
Prepays	346,766	2,753,000	1,792,020	4,891,786
Deferred charges	-	-	529,017	529,017
Other assets	-	43,077,438	20,368,159	63,445,597
Restricted Assets:				
Equity in pooled cash and investments	-	234,372	15,189,217	15,423,589
Cash with fiscal agents	-	5,876,474	-	5,876,474
Cash	-	-	624,213	624,213
Investments - cash equivalents	-	117,340,185	3,683,837	121,024,022
Investments	-	115,088,826	-	115,088,826
Capital Assets:				
Nondepreciable assets	245,371,691	90,792,843	61,604,206	397,768,740
Depreciable assets, net	1,685,357,615	409,913,074	314,941,545	2,410,212,234
Total Assets	<u>2,153,614,881</u>	<u>1,217,896,649</u>	<u>612,312,594</u>	<u>3,983,824,124</u>
LIABILITIES				
Accounts payable	45,364,834	10,288,276	27,595,329	83,248,439
Interest payable	-	19,472,403	945,504	20,417,907
Retainage payable	12,287,657	-	2,679,033	14,966,690
Accrued liabilities	90,981,809	8,318,169	932,644	100,232,622
Claims payable	18,501,490	-	-	18,501,490
Deposits	-	10,764,847	31,568	10,796,415
Due to primary government	101,307	67,937,246	1,021,091	69,059,644
Unearned revenue	3,927,863	20,020,263	5,225,293	29,173,419
Other liabilities	-	12,741,088	-	12,741,088
Noncurrent Liabilities:				
Due within one year	24,901,795	71,809,952	5,928,168	102,639,915
Due in more than one year	256,377,723	803,438,540	185,132,779	1,244,949,042
Total Liabilities	<u>452,444,478</u>	<u>1,024,790,784</u>	<u>229,491,409</u>	<u>1,706,726,671</u>
NET ASSETS				
Invested in capital, net of related debt	1,905,292,815	37,261,363	283,304,405	2,225,858,583
Restricted for:				
Capital projects	-	-	255,894	255,894
Debt service	-	38,960,018	3,936,613	42,896,631
Other purposes	1,094,713	11,013,299	22,431,413	34,539,425
Unrestricted (deficit)	(205,217,125)	105,871,185	72,892,860	(26,453,080)
Total Net Assets	<u>\$ 1,701,170,403</u>	<u>\$ 193,105,865</u>	<u>\$ 382,821,185</u>	<u>\$ 2,277,097,453</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, 2009
Exhibit A-14

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	MCPS	HOC	Nonmajor Component Units	Total
Component units:								
General government	\$ 4,689,374	\$ 4,410,146	\$ 232,949	\$ -	\$ -	\$ -	\$ (46,279)	\$ (46,279)
Culture and recreation	20,738,255	17,210,744	-	147,771	-	-	(3,379,740)	(3,379,740)
Community development and housing	211,000,336	108,757,842	94,688,518	5,697,302	-	(1,856,674)	-	(1,856,674)
Education:								
Secondary education	2,357,261,020	33,074,282	100,503,742	49,264,320	(2,174,418,676)	-	-	(2,174,418,676)
Higher education	265,994,842	76,324,928	29,930,300	780,845	-	-	(158,958,769)	(158,958,769)
Total component units	<u>\$ 2,859,683,827</u>	<u>\$ 239,777,942</u>	<u>\$ 225,355,509</u>	<u>\$ 55,890,238</u>	<u>(2,174,418,676)</u>	<u>(1,856,674)</u>	<u>(162,384,788)</u>	<u>(2,338,660,138)</u>
General revenues:								
Grants and contributions not restricted to specific programs					2,256,121,693	-	202,750,088	2,458,871,781
Investment income					845,745	1,528,681	4,425,050	6,799,476
Total general revenues					<u>2,256,967,438</u>	<u>1,528,681</u>	<u>207,175,138</u>	<u>2,465,671,257</u>
Change in net assets					82,548,762	(327,993)	44,790,350	127,011,119
Net assets - beginning					1,618,621,641	193,433,858	338,030,835	2,150,086,334
Net assets - ending					<u>\$ 1,701,170,403</u>	<u>\$ 193,105,865</u>	<u>\$ 382,821,185</u>	<u>\$ 2,277,097,453</u>

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

MONTGOMERY COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A REPORTING ENTITY
- B GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
- C MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION
- D ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY
- E ACCOUNTING CHANGES

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

- A BUDGETARY INFORMATION
- B DEFICIT FUND EQUITY

NOTE III – DETAILED NOTES ON ALL FUNDS

- A CASH AND INVESTMENTS
- B RECEIVABLES
- C CAPITAL ASSETS
- D INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS
- E LEASES
- F LONG-TERM DEBT
- G SEGMENT INFORMATION
- H FUND EQUITY
- I SIGNIFICANT TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS

NOTE IV – OTHER INFORMATION

- A RISK MANAGEMENT
- B SIGNIFICANT COMMITMENTS AND CONTINGENCIES
- C SUBSEQUENT EVENTS
- D JOINT VENTURES
- E EMPLOYEE BENEFITS
- F PENSION PLAN OBLIGATIONS
- G OTHER POSTEMPLOYMENT BENEFITS

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County conform to accounting principles generally accepted in the United States of America (GAAP) applicable to local government entities. The following is a summary of significant policies:

A) Reporting Entity

Background

Montgomery County, Maryland (County) is a charter government under the constitution and general laws of the State of Maryland (State). The charter provides for separate legislative and executive branches with legislative responsibility vested in an elected nine-member county council and executive responsibility vested in an elected county executive. The County provides its citizens with services in areas of general government, public safety, public works and transportation, health and human services, education, culture and recreation, community development and housing, and environment.

As required by GAAP, these financial statements present the primary government and its component units, which are entities for which the primary government is considered financially accountable. The County reporting entity is determined by criteria established by the Governmental Accounting Standards Board (GASB). The judgment to include or exclude activities is dependent on evaluation of the GASB criteria. Various departments and agencies governed directly by the County Executive and the County Council of Montgomery County are included in the reporting entity as the primary government and are referred to hereafter as the Primary Government. The component units (as discussed below) are included in the reporting entity because the Primary Government approves the budget requests, provides a significant amount of funding for each of these units, and/or appoints the governing boards.

Discretely Presented Component Units

The financial data of the County's component units are discretely presented in a column separate from the financial data of the primary government, to emphasize that the component units are legally separate from the Primary Government. Financial information regarding the component units is included in the component units' combining statements. The following are the County's component units, each of which has a June 30 fiscal year-end:

Montgomery County Public Schools (MCPS) provides public education in kindergarten through twelfth grade to children residing within Montgomery County. Members of the Board of Education are elected by the voters. (One nonvoting student member is elected by secondary students.) However, MCPS is fiscally dependent upon the Primary Government because the Primary Government approves the budget, levies taxes to provide the majority of the fiscal support, and issues debt for construction of school facilities.

Montgomery Community College (Montgomery College or MCC) provides educational services to County citizens by offering two-year associate degrees and a continuing education program. MCC is responsible for post secondary education within the government's jurisdiction. The Montgomery County Board of Community College trustees is the governing authority. The State Governor appoints the trustees from a list of candidates supplied by a nominating committee. The nominating committee is controlled by the County Executive and the County Council. Therefore, essentially the Primary Government and the State Governor must agree upon the trustees to serve on the College's Governing Board. In addition, the County Council reviews and approves both the operating and capital budgets and budgetary amendments

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

Montgomery County Revenue Authority (MCRA) is governed by a five-member Board of Directors. All members are appointed by the County Executive subject to the confirmation of the County Council. The County Council approves the capital budget of MCRA. MCRA approves its own operating budget. MCRA is an instrumentality of the Primary Government for the purpose of constructing, improving, and maintaining self-sustaining projects devoted to public use, good or welfare.

Housing Opportunities Commission of Montgomery County (HOC) is governed by seven commissioners who are appointed by the County Executive with the approval of the County Council. In addition, the County Council provides for a subsidy to the operating budget of HOC and guarantees a relatively small portion of its debt (up to \$50,000,000). The HOC operating budget approval occurs on a project basis, with the County Council having authority to approve project budgets that include County funding. HOC presents its proposed budget to the Council for review and comment only, as required by Article 44A, Section 2 of the Annotated Code of Maryland. Even though there is a large dependence on the U.S. Department of Housing and Urban Development (HUD), HOC has sufficient financial accountability to the Primary Government to be included as a component unit.

Bethesda Urban Partnership, Inc (BUPI) has its entire eleven-member Board of Directors appointed by the County Executive with the approval of the County Council. The primary purpose of BUPI, a not-for-profit corporation, is to execute service contracts for the benefit of one of the Primary Government's special taxing districts (Bethesda Urban District). Substantially all of BUPI's funding is granted through the Primary Government's operating budget. The County Council annually approves the BUPI operating budget and is able to modify it in a manner similar to the way Primary Government agency budgets are modified.

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

Montgomery County Public Schools 850 Hungerford Drive Rockville, MD 20850	Montgomery College 900 Hungerford Drive Rockville, MD 20850	Montgomery County Revenue Authority 101 Monroe Street, 4 th Floor Rockville, MD 20850
Housing Opportunities Commission of Montgomery County, Maryland 10400 Detrick Avenue Kensington, MD 20895-2484	Bethesda Urban Partnership, Inc. 7700 Old Georgetown Road Bethesda, MD 20814	

Joint Ventures

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), Metropolitan Washington Council of Governments (COG), and Northeast Maryland Waste Disposal Authority (NEMWDA). Disclosure of the County's participation in these joint ventures is presented in Note IV-D. Complete financial statements can be obtained at the joint ventures' offices listed below:

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

Metropolitan Washington Council
of Governments
777 N. Capitol Street, NE, #300
Washington, DC 20002

Northeast Maryland Waste
Disposal Authority
100 South Charles St, Tower II-Suite 402
Baltimore, MD 21201

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 being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities of the Primary Government, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Statement of Net Assets – 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 Assets and report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. Net assets are divided into three categories – 1) invested in capital assets, net of related debt; 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 assets, liabilities, fund balance/net assets, revenues, and expenditures/expenses.

General Fund Budget-to-Actual Comparison Statement - 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. For this reason, the County has chosen to make its General Fund budget-to-actual comparison statement part of the basic financial statements. The County and many other governments revise their original budgets over the course of the year for a variety of reasons; such revisions are reflected in a separate column in this statement.

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 also use the accrual basis of accounting to recognize assets and liabilities.

Modified Accrual Basis Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. In the governmental funds, revenues are recorded as soon as they are susceptible to accrual (both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment has matured and is due. Similarly, expenditures related to claims and judgments and compensated absences are recorded only to the extent that they are expected to be liquidated with expendable available financial resources. Also, capital assets and related depreciation and long-term liabilities are not recorded in these statements.

In applying the susceptible to accrual concept to income taxes (distributed by the State), property taxes, and intergovernmental revenues other than grants, the County defines "available" to mean received within 30 days after year-end.

In the State of Maryland, the State has assumed the responsibility for the collection of all income taxes and for distributing those collections to the respective counties. The counties set their individual tax rates within limits provided by State law. However, collections and pursuit of delinquent taxes are the responsibility of the State. The County records estimated receivables relating to income taxes when the underlying income is earned. Amounts not received within 30 days are reported as deferred revenue. At year-end, deferred 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. Deferred revenue relating to income taxes primarily includes amounts related to late filers, delinquent returns and audits, and remaining unallocated withholding.

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 deferred revenue.

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 deferred revenue.

Financial Statement Presentation

The County reports the following 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.

Revenue Stabilization Fund - This fund is used to account for the accumulation of resources during periods of economic growth and prosperity, when revenue collections exceed estimates. Funds may then be drawn upon during periods of economic slowdown, when collections fall short of revenue estimates.

Housing Initiative Fund - This fund is used to account for the fiscal activity for financing, supplementing, and constructing affordable residential facilities for eligible participants.

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. Special assessment activities are accounted for in the Debt Service Fund for practical purposes because they differ significantly from traditional special assessment practices. The principal and interest collected annually on such assessments are used as a partial source of funding for debt service on all outstanding general obligation road and storm drainage bonds. The remaining debt service requirement is financed from current governmental revenues and transfers, generally from the General Fund.

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).

The County reports the following major enterprise funds:

Liquor Enterprise Fund - This fund accounts for the operations of twenty-four liquor stores and the Montgomery County Liquor Warehouse. Under State law, the Montgomery County Department of Liquor Control has a monopoly on 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, for the County. 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 downcounty residents during the late fall/winter months.

Parking Lot Districts Enterprise Fund - This fund accounts for the fiscal activity related to serving the parking needs of the people who work and shop in the four central business districts zoned for commercial or industrial use identified as Silver Spring, Bethesda, Wheaton, and Montgomery Hills.

Additionally, the County reports the following fund types:

Other Governmental Funds - The other governmental fund types used by the County are special revenue and permanent. Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes. Permanent funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's programs.

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or to other governmental units, on a cost-reimbursement basis. There are four internal service funds reported by the County: Motor Pool, Liability and Property Coverage Self-Insurance, Employee Health Benefits Self-Insurance, and Central Duplicating.

The County reports the following 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 and/or other benefits and administrative costs.

Investment Trust Fund - This fund accounts for the portion of the external investment pool, sponsored by the County, that belongs to participating governments that are not part of the County reporting entity.

Private-Purpose Trust Funds - These funds account for arrangements under which principal and interest are legally held in trust for parties outside of the County, such as court appointed guardians, and others, and must be expended in accordance with their designated purposes.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds should be 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 Assets. 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 nonoperating 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 nonoperating 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, Liabilities, and Net Assets or Equity

1) Cash and Investments

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

Non-pooled Investments:

Governmental Fund Types – Investments of the Housing Opportunities Commission (HOC) Treasury Bonds Permanent Fund (a primary government fund) matured during the year. In accordance with agreements between HOC and the County, proceeds from the matured investments, which represented the net assets of the Fund, were transferred to the Housing Initiative Special Revenue Fund.

Proprietary Fund Types – The Solid Waste Activities and the Parking Lot District enterprise funds investment 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, 2009. Fair value for real estate investments is determined using unit values supplied by the issuers, which are based upon the issuers' appraisals of underlying real estate values. Such values involve subjective judgment and may differ from amounts which would be realized if such real estate was actually sold. The fair value of limited partnership investments are based on valuations of the underlying assets of the limited partnerships as reported by the general partner. Cash received as collateral on

securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

Cash and Cash Equivalents – For Statement of Cash Flows reporting purposes, “cash equivalents” are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less 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 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, the reserve for inventory is equal to the amount of inventory to indicate that portion of fund balance which is not available for funding other expenditures.

Prepaids – Payments made to vendors for services that will benefit periods beyond the end of the fiscal year are recorded as prepaids.

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, 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

\$5,000 or more, and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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) 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, 75 percent and 25 percent of such accrued leave is classified as current and long-term, respectively. 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.

7) 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 assets. 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. Bond issuance costs are generally reported as a deferred asset and amortized over the term of the related debt using the straight-line method.

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.

8) Fund Equity/Net Assets

In the government-wide financial statements, the County has reported negative unrestricted net assets. This is due to the fact that the County issues general obligation bonded debt for purposes of capital construction on behalf of MCPS, MCC, and M-NCPPC. The capital assets related to component units are reported on the financial statements of MCPS and MCC, and this amount is also classified as net assets invested in capital, net of related debt (of which there is none) in the Component Units column of the government-wide Statement of Net Assets (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 assets (deficit) in the Governmental Activities column of the government-wide Statement of Net Assets. At June 30, 2009, the County has reported outstanding general obligation bond and variable rate demand obligation debt related to MCPS, MCC, and M-NCPPC amounting to \$1,122,854,267. Absent the effect of this relationship, the County would have reported positive unrestricted net assets of governmental activities in the amount of \$78,885,197.

In the government-wide Statement of Net Assets (Exhibit A-1), the amount reported in the Business-type Activities column for net assets invested in capital, net of related debt, includes \$50,560,997 in capital assets acquired by the Silver Spring Parking Lot District. Since the related capital lease liability of \$35,064,571 at June 30, 2009, is an obligation of the Governmental Activities (see Note III-E3), and the debt does not relate to a governmental capital asset, the impact of such debt is reported in the unrestricted portion of net assets in the Governmental Activities column. However, in the Total Primary Government column, the impact of such debt has been reclassified and reflected with the associated capital asset, in net assets invested in capital, net of related debt.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. However, long-term receivables in the Grants Special Revenue Fund, a nonmajor governmental fund, have not met the "available" criteria for revenue recognition, and are, therefore, offset by deferred revenue rather than reserved fund balance. In the Capital Projects Fund, fund balance reserved for other purposes represents recordation and impact tax collections on hand that are legally restricted for use on projects of other component unit and municipality governments. In the General Fund, the net revenue streams from the Landlord-Tenant Mediation program and Commission on Common Ownership Communities represent reserved for other purposes. These amounts are legally restricted by Montgomery County Code.

Designations of fund balances represent tentative management plans that are subject to change, which are described more fully in Note III-H.

9) 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 FY09. Following the Fairness in Taxation (FIT) legislation, the County Charter requires an affirmative vote of seven 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 2008 (i.e., FY09), in conjunction with an enhanced homeowner's tax credit program and a one-time income tax offset credit, met 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 property owners pay their tax on a semi-annual schedule, with the first and second installments due on September 30 and December 31, respectively. Taxpayers may opt to make both semi-annual payments on or before September 30.

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

E) Accounting Changes

The County has adopted GASB Statements No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* and No. 52, *Land and Other Real Estate Held as Investments by Endowments*. Neither statement has an impact on the County's financial statements for the current fiscal year.

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A) 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 except for those related to Federal and State grants and those related to the Capital Projects Fund lapse at year-end.

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 a designation 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.

For FY07 through FY09, as a pilot program, the Department of Public Libraries is appropriated by program; the three programs within the Department of Public Libraries' budget to actual expenditures are as follows:

	Budget	Actual	Variance Positive (Negative)
Administration, Outreach and Support Services:			
Personnel	\$ 2,237,788	\$ 2,235,119	\$ 2,669
Operating	1,729,713	1,556,008	173,705
Totals	<u>3,967,501</u>	<u>3,791,127</u>	<u>176,374</u>
Library Services to the Public:			
Personnel	25,627,815	25,489,713	138,102
Operating	321,040	271,114	49,926
Capital Outlay	75,960	75,960	-
Totals	<u>26,024,815</u>	<u>25,836,787</u>	<u>188,028</u>
Collection Management:			
Personnel	2,829,361	2,829,357	4
Operating	7,480,798	6,788,154	692,644
Totals	<u>10,310,159</u>	<u>9,617,511</u>	<u>692,648</u>
Total Personnel	30,694,964	30,554,189	140,775
Total Operating	9,531,551	8,615,276	916,275
Total Capital Outlay	75,960	75,960	-
Grand Total	<u>\$ 40,302,475</u>	<u>\$ 39,245,425</u>	<u>\$ 1,057,050</u>

For FY10, the appropriation of the Department of Public Libraries is by the same major categories referenced in the next section.

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 three major categories (personnel costs, operating, and capital outlay) with the unencumbered appropriation authority expiring the following June 30. Encumbered appropriations are reappropriated and carried forward to the subsequent fiscal year. With the exception of the Grants Special Revenue Fund (see Note III-H1), such encumbrances are designated as part of the current fiscal year's fund balance. The annual budget must be consistent with the six-year program for public services and fiscal policy. Multi-year planning provides a framework to make informed decisions about the levels of public services and project the impact of what may happen as a result of current decisions and policies. For the capital projects budget, the annual resolution provides spending authority at the project level. The unencumbered appropriation of the CIP budget is reappropriated in the following year's budget unless specifically closed out by County Council action.

The County Executive has authority to transfer appropriations within departments up to 10 percent of the original appropriation. Transfers between departments are also limited to 10 percent of original appropriation and require County Council action. During the operating year the County Council may adopt a supplemental appropriation if recommended by the County Executive and after holding a public hearing. Supplemental appropriations enacted during the first half of the fiscal year require: five Councilmember votes if they are to avail the County of, or put into effect the provision of Federal, State, or local legislation or regulation; or six Councilmember votes for any other purpose. During the operating year the County Council may also adopt, with six Councilmember votes, special appropriations to meet an unforeseen disaster or other emergency or to act without delay in the public interest. Special appropriations require only public notice by news release. During FY09, the County Council increased the operating budget through supplemental and special appropriations by \$50.4 million. In addition, supplemental appropriations increased the CIP budget by \$80.2 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 activity, such as unrealized gains (losses), is not budgeted due to its nature.
- Certain interfund revenues/expenditures are classified as transfers for budget purposes.
- Proprietary fund budgets do not include depreciation and bad debts, however they do include debt service payments and capital outlay.
- Year-end incurred but not reported (IBNR) adjustments in the self-insurance internal service funds are not budgeted for, as they are incorporated into the budget preparation process of the following fiscal year.
- Mortgages and loans made and related repayments are generally accounted for as expenditures/other financial uses and revenues/other financing sources, respectively.
- Retirement of commercial paper bond anticipation notes through the issuance of general obligation bonds is not budgeted.
- Proceeds under certain capital lease financing are not budgeted.
- Certain activity is not budgeted by the County, since it is included in the budget of a component unit that is legally adopted by the County Council, such as certain pass-through expenditures, and bond proceeds and related transfers to MCPS and MCC.

Adjustments necessary to reconcile the General Fund budgetary and GAAP statements are as follows:

	Revenues	Expenditures and Encumbrances	Other Financing Sources (Uses)	Effect on Fund Balance
General Fund:				
As reported - budgetary basis	\$ 2,700,925,649	\$ 933,830,182	\$ (1,845,076,500)	\$ (77,981,033)
Reconciling items:				
Cancellation of prior year encumbrances	(6,204,232)	-	-	(6,204,232)
Elimination of encumbrances outstanding	-	(18,630,308)	-	18,630,308
Unrealized gains (losses)	303,341	-	-	303,341
Financing under capital lease	-	596,652	596,652	-
Other postemployment contributions	-	(3,656,910)	(3,656,910)	-
Conference Center activity	15,488,674	14,943,804	-	544,870
Interfund activities budgeted as transfers:				
Recreation facility maintenance costs	2,075,480	-	(2,075,480)	-
Public agency permits	-	1,153,770	1,153,770	-
Solid waste tipping fees	-	1,675,670	1,675,670	-
Community use of public facilities for elections	-	126,860	126,860	-
Component Unit activities budgeted as transfers:				
Component Units - Transfer in	591,084	-	(591,084)	-
Component Units - Transfer out	-	1,650,994,360	1,650,994,360	-
As reported - GAAP basis	<u>\$ 2,713,179,996</u>	<u>\$ 2,581,034,079</u>	<u>\$ (196,852,661)</u>	<u>\$ (64,706,744)</u>

B) Deficit Fund Equity

Capital Projects – The \$46,312,324 deficit in the Capital Projects Fund represents a timing difference between the construction of capital assets and the planned FY10 issuance of debt to fund that construction.

Mass Transit Facilities – The \$8,019,271 unreserved deficit in the Mass Transit Facilities Special Revenue Fund is caused by a delay in receiving FY09 state aid amounting to \$22.1 million for the County's Ride-on program. This amount, which is reflected as a receivable and deferred revenue in the accompanying financial statements, was received in October 2009.

Permitting Services – The \$4,778,897 unrestricted deficit in the Permitting Services Fund is caused by a sharp reduction in permit revenue primarily in the second half of FY09 due to the severe economic downturn in the construction industry. The deficit will be recovered by reducing personnel and operating costs in FY10 and FY11. Costs will be kept at a minimum until revenue improves to cover this deficit.

NOTE III. DETAILED NOTES ON ALL FUNDS

A) Cash and Investments

1) Overview

The Montgomery County reporting entity total cash and investments as of June 30, 2009, totaled \$3,808,816,947 of which \$3,272,930,797 is related to the Primary Government, as presented below and in the government-wide financial statements. These funds are held in several pools, various non-pooled investments, and cash funds. The following is a schedule of total cash and investments:

	Primary Government	Component Units	Total Reporting Entity
<u>Statement of Net Asset Amounts:</u>			
Equity in pooled cash and investments	\$ 553,084,713	\$ 96,427,073	\$ 649,511,786
Cash with fiscal agents	29,307,905	23,465,331	52,773,236
Cash	818,333	18,251,895	19,070,228
Investments - cash equivalents	-	106,554,595	106,554,595
Investments	2,649,025,540	33,150,132	2,682,175,672
Restricted equity in pooled cash and investments	34,896,446	15,423,589	50,320,035
Restricted cash with fiscal agents	-	5,876,474	5,876,474
Restricted cash	200,949	624,213	825,162
Restricted investments - cash equivalents	-	121,024,022	121,024,022
Restricted investments	5,596,911	115,088,826	120,685,737
Total	<u>\$ 3,272,930,797</u>	<u>\$ 535,886,150</u>	<u>\$ 3,808,816,947</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 179,371,374	\$ 43,027,420	\$ 222,398,794
Investments	3,063,433,185	338,561,531	3,401,994,716
Cash on hand, fiscal agents, safe deposit escrow	30,126,238	154,297,199	184,423,437
Total	<u>\$ 3,272,930,797</u>	<u>\$ 535,886,150</u>	<u>\$ 3,808,816,947</u>

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

Government-wide	\$ 534,566,546
Fiduciary funds	<u>2,738,364,251</u>
Total	<u>\$ 3,272,930,797</u>

PRIMARY GOVERNMENT

2) External Investment Pool

Overview:

The County maintains an external investment pool that is subject to oversight by the County's Internal Investment Committee, but is not subject to regulatory oversight by the Securities and Exchange Commission (SEC). Participants in the pool include the County, certain component unit agencies, and other legally separate entities. The equity position of each fund and component unit is reported as an asset by the funds and component units. The external portion of the pool (i.e., participation by legally separate entities) is reported as the Investment Trust Fund in the accompanying financial statements. Participants' shares redeemed during the year are based on actual cost; participants' shares are then

adjusted to fair value at year-end. The County has not provided or obtained any legally binding guarantees during the year to support the value of shares.

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

Investment income during the year, and the 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 for the current year related to all County funds (exclusive of legally separate entities’ accounts reflected in the Investment Trust Fund) is recorded in the General Fund, since this amount is not material.

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

	Primary Government	Component Units	Total Reporting Entity
<u>Balance Sheet Amounts:</u>			
Equity in pooled cash and investments	\$ 553,084,713	\$ 14,195,365	\$ 567,280,078
Restricted equity in pooled cash and investments	34,896,446	-	34,896,446
Total	<u>\$ 587,981,159</u>	<u>\$ 14,195,365</u>	<u>\$ 602,176,524</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 179,170,425	\$ -	\$ 179,170,425
Investments, including accrued interest	408,810,734	14,195,365	423,006,099
Total	<u>\$ 587,981,159</u>	<u>\$ 14,195,365</u>	<u>\$ 602,176,524</u>

Deposits:

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statute requires that securities underlying certificates of deposit have a market value that equals or exceeds the cost of the deposit while County investment policy requires a market value of at least 102 percent of the cost of the deposit. Appropriate sections of these cited statutes also require that funds on deposit in financial institutions be fully secured. The form of such security shall be in compliance with State statute and the County Code. Collateral pledged for protection of these banking deposits is held in the County’s name at a third party depository, in the trust department of pledging banks, or insured by a surety bond by a State approved insurance company.

Deposits include bank accounts and non-negotiable certificates of deposit. Deposits at financial institutions were fully insured or collateralized at year-end.

Investments:

The County, through its external investment pool, maintains an active and sophisticated cash and investment management program. The primary objectives of the program are the preservation of capital, providing liquidity to meet financial obligations, and maximization of the investment yield on short-term working capital. Working capital is managed pursuant to the Annotated Code of Maryland, the County Code, and the County's investment policies as approved by the County Council. There were no unusual variations in the mix or volume of the investment portfolio throughout the year. The County was in compliance with all applicable investment statutes throughout the fiscal year.

<u>Investment Type:</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Maturity Range</u>	<u>Interest Range</u>
U. S. Government securities	\$ 202,677,694	\$ 202,670,212	July 09 - August 09	0.01 - 0.44 %
Bankers' acceptances	24,138,843	24,099,479	August 09	1.48
Money market mutual funds	98,977,485	98,977,485	n/a	0.15 - 0.26
State pool	97,047,956	97,047,956	n/a	0.38
Total	<u>\$ 422,841,978</u>	<u>\$ 422,795,132</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. As of June 30, 2009, the County's investment maturities are as follows:

<u>Investment Type:</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1-2</u>
U. S. Government securities	\$ 202,677,694	\$ 202,677,694	-
Bankers' acceptances	24,138,843	24,138,843	-
Money market mutual funds	98,977,485	98,977,485	-
State pool	97,047,956	97,047,956	-
Total	<u>\$ 422,841,978</u>	<u>\$ 422,841,978</u>	<u>\$ -</u>

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 Maryland Local Government Investment Pool (MLGIP), and money market mutual funds that are registered and operate in accordance with Rule 2a-7 and in accordance with Maryland State Code. State statutes and County policies require that these money market mutual funds invest only in obligations of U.S. Treasuries, U.S. agencies and repurchase agreements collateralized by an obligation of the United States, its agencies or instrumentalities.

As of June 30, 2009, the County's investments were rated as follows:

<u>Investment Type</u>	<u>Ratings</u>		
	<u>Standard & Poor's</u>	<u>Fitch</u>	<u>Moody's</u>
Repurchase agreements ¹	N/R	N/R	N/R
U.S. Government securities ² :			
Agency discounts	A-1+	F1+	P-1
Other U.S. Government securities	AAA	AAA	Aaa
Bankers' acceptances ³	N/R	N/R	N/R
Certificates of deposit ⁴	N/R	N/R	N/R
Money market mutual funds	AAA	AAA	Aaa

N/R-Not Rated

- 1** Disclosure of the credit risk for the County's repurchase agreements is required since the underlying securities are not issued or explicitly guaranteed by the U.S. Government.
- 2** Only includes securities implicitly guaranteed by the U.S. Government.
- 3** While the bankers' acceptances are not rated, County policy requires that the underlying issuer is of the highest short-term investment grade.
- 4** While the certificates of deposit are not rated, County policy requires that the underlying issuer is of the highest short-term investment grade.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, the County will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, or not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the government's name. County and State statutes require that securities underlying repurchase agreements have a market value of at least 102 percent of the cost of the investment. County policies require that a third party custodian hold investment securities and the collateral underlying all repurchase agreements. At June 30, 2009, the County's investments were not exposed to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. It is the County's policy to diversify by investment type and institution in order to avoid unreasonable risks, with maximum limits as follows:

<u>Diversification by Investment Type</u>	<u>Maximum percent of Portfolio*</u>
U. S. Treasury obligations	100 %
U. S. Government agencies	50
Repurchase agreements	50
Bankers' acceptances	50
Money market mutual fund	25
Local government investment pool	25
Collateralized certificates of deposit**	25
Commercial paper	5

<u>Diversification by Institution</u>	<u>Maximum percent of Portfolio*</u>
Approved broker/dealers	50 %
Money market mutual funds by fund	25
Bankers' acceptances by country	25
Bankers' acceptances by institution	10
Commercial banks (certificates of deposit)**	10
U.S. Government agencies by agency	20

* At time of purchase

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

As of June 30, 2009, five percent or more of the County's investments, excluding amounts issued or explicitly guaranteed by the U.S. Government, mutual funds, and pooled investments, are invested in:

<u>Issuer</u>	<u>Fair Value</u>
Bank of America	\$ 24,138,843
BB&T	50,000,000
Federal Agricultural Mortgage Corp.	69,989,253
Federal Home Loan Bank	56,465,700
Federal Home Loan Mortgage Corp.	76,222,741
JPMorgan Funds	97,676,091
MD Locat Govt. Investment Pool	97,047,956

External Investment Pool Condensed Financial Statements:

The condensed financial statements of the County's external investment pool at June 30, 2009, are as follows:

Statement of Net Assets
June 30, 2009

Assets:	
Investment in securities, at fair value	\$ 422,841,978
Cash	179,170,425
Accrued interest receivable	164,121
Total assets and net assets	<u>\$ 602,176,524</u>
Net assets consist of:	
Internal participants' units outstanding (\$1.00 par)	\$ 556,367,495
External participants' units outstanding (\$1.00 par)	45,809,029
Net assets	<u>\$ 602,176,524</u>
Participants net asset value, offering price and redemption price per share (\$602,176,524 / 602,507,889 units)	<u>\$ 1.00</u>

Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2009

Investment Income *	\$ 12,161,107
Distributions to participants:	
Distributions paid and payable	(12,161,107)
Share transactions at net asset value of \$1.00 per share:	
Purchase of units	\$ 3,617,458,243
Redemption of units	<u>(3,809,153,512)</u>
Net decrease in net assets and shares resulting from share transactions	<u>(191,695,269)</u>
Total decrease in net assets	(191,695,269)
Net assets, July 1, 2008	793,871,793
Net assets, June 30, 2009	<u>\$ 602,176,524</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. Major funds with significant cash and investments comprised of other than the external investment pool include the following:

Debt Service Fund - Cash with fiscal agents of \$15,397,468 includes \$12,035,000 which is held for approximately one day in bank accounts that are not in the County's name and are not collateralized. Per the Montgomery County Code, banks receiving County funds in trust, for the purpose of paying principal and interest on bonds or other County obligations, need not furnish security for those funds. The remaining balance of \$3,347,854 represents lease revenue bond debt service reserve funds which are held in money market mutual funds and U.S Government securities. These funds, originally held in the Capital Projects Fund, were transferred to the Debt Service Fund during FY09.

Capital Projects Fund - Cash with fiscal agents of \$10,440,411 is held in money market mutual funds and U.S. Government securities.

Liquor – Cash with fiscal agents of \$1,529,914 at the end of FY09 was held in money market funds for the purpose of disbursement of design and planning costs for a warehouse.

There are no cash and investments in nonmajor funds with significantly greater risk exposures than those described above or those relating to the external investment pool.

4) **Fiduciary Funds**

Employees' Retirement System:

Investment Overview

Section 33-61C of the County Code (Code), authorizes the Board of Investment Trustees (Board) (see Note IV-F) to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the Employees' Retirement System (System) is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the System's asset allocation and the investment managers hired by the System. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing. Section 33-60 of the Code prohibits the Board from investing in any bonds, notes, or debt instruments issued by the County, any political subdivision within the County, any agency supported or financed wholly or partly by taxes levied by the Montgomery County Council, or any agency supported by bond issues underwritten by the County.

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 limit the percentage of each investment manager's account that may be allocated to any one security, position, issuer or affiliated issuer, to less than 5 percent of the fair value of the investment manager's account. The System does not have investments (other than those issued or explicitly guaranteed by the U.S. Government or pooled investments) in any one company that represents 5 percent or more of net assets held in trust for pension benefits.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2009, are as follows:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AAA	\$ 181,736,282	22.08 %
	A	4,480,518	0.54
Foreign Government Obligations	AAA	106,081,252	12.89
	A	21,048,518	2.56
	BBB	3,086,308	0.37
	BB	306,550	0.04
Asset-Backed Securities	AAA	8,632,740	1.05
	A	103,938	0.01
	BBB	2,826,489	0.34
	B	112,631	0.01
	CCC	277,116	0.03
	CC	53,208	0.01
Commercial Mortgage-Backed Securities	Unrated	157,710	0.02
	AAA	13,579,593	1.65
	AA	259,040	0.03
Collateralized Mortgage Obligations	Unrated	1,292,945	0.16
	AAA	4,901,184	0.60
	BBB	677,848	0.08
	BB	116,888	0.01
	B	1,433,422	0.17
	CCC	1,809,435	0.22
Corporate Bonds	Unrated	165,850	0.02
	AAA	5,125,516	0.62
	AA	13,895,216	1.69
	A	54,728,478	6.65
	BBB	42,775,814	5.20
	BB	52,873,906	6.42
	B	57,606,155	7.00
	CCC	27,721,842	3.37
	CC	2,799,458	0.34
	C	874,244	0.11
Fixed Income Pooled Funds	Unrated	2,893,627	0.35
	Unrated	59,215,507	7.19
Short-term Investments and Other	N/A	147,195,584	17.88
Total Fixed Income Securities		\$ 823,221,812	100.00 %

*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, 2009, the System's fixed income portfolio had the following sensitivity to changes in interest rates:

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	4.95	\$ 186,216,800	22.62 %
Foreign Government Obligations	7.14	130,522,628	15.85
Asset-Backed Securities	2.10	12,163,832	1.48
Commercial Mortgage-Backed Securities	3.09	15,131,578	1.84
Collateralized Mortgage Obligations	0.51	9,104,627	1.11
Corporate Bonds	4.99	263,671,256	32.03
Fixed Income Pooled Funds	N/A	59,215,507	7.19
Short-term Investments and Other	N/A	147,195,584	17.88
Total Fixed Income Securities		\$ 823,221,812	100.00 %

Foreign Currency Risk

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

International Securities	Equity	Fixed Income	Short-term and Other	Total Non-U.S. Dollar
Japanese Yen	\$ 94,751,685	\$ -	\$ 5,513,828	\$ 100,265,513
European Currency Unit	91,772,005	65,680,067	(78,224,119)	79,227,953
Australian Dollar	3,391,425	-	20,863,608	24,255,033
New Zealand Dollar	304,966	294,016	20,436,997	21,035,979
British Pound Sterling	41,303,329	33,196,684	(54,258,615)	20,241,398
Hong Kong Dollar	15,556,860	-	6,510	15,563,370
Swedish Krona	8,071,891	11,170,334	(11,628,062)	7,614,163
Danish Krone	6,761,798	-	-	6,761,798
Swiss Franc	19,540,446	-	(15,160,313)	4,380,133
Indonesian Rupiah	1,398,608	1,277,425	-	2,676,033
Other Currencies	14,678,071	22,338,424	(25,794,546)	11,221,949
Total International Securities	\$297,531,084	\$133,956,950	\$(138,244,712)	\$ 293,243,322

Derivatives

The System invests in derivative instruments on a limited basis in accordance with the Board's Derivatives Policy. During FY09, the System invested directly in various derivatives including asset-backed securities, collateralized mortgage obligations, exchange-traded future contracts, forward currency contracts, swaps, and floating rate securities. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. The System

entered into these investments either to increase earnings or to hedge against potential losses. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Board's Derivatives Policy seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits and exposure monitoring procedures. In addition, the System has indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments.

As permitted by the Board's policies, the System holds off-financial statement derivatives in the form of exchange-traded financial futures and options. The futures and options with fair values of approximately \$10,683,141 are held for investment purposes and included within the financial statements at June 30, 2009. Gains and losses on futures and options are determined based upon fair values and recorded in the Statement of Changes in Plan Net Assets.

Interest rate swaps, foreign currency exchange swaps, and forward foreign currency exchange contracts are held for investment purposes. At June 30, 2009, the System had approximately \$107,860,000 net exposure in foreign currency exchange and interest rate swaps and \$111,823,210 negative net exposure in forward foreign currency exchange contracts.

Securities Lending

Board policy permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodian is the agent in lending the System's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the System, in a short-term investment pool in the name of the System, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the System cannot determine. The System records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of net assets. On November 21, 2008, the Board began restricting the amount of loans the lending agent could make on its behalf. This restriction remained in place as of June 30, 2009. The agent indemnifies the System by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. On September 15, 2008, Lehman Brothers International Europe (LBIE) and on September 18, 2008, Lehman Brothers Inc (LBI) were called into default on obligations under the terms of one or more of the Securities Borrowing Agreements. The System was compensated for any security that was not returned from loan in accordance with the contractual obligations. There were no other 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, 2009, the fair value of securities on loan was \$136,504,992. Cash received as collateral and the related liability of \$138,201,569 as of June 30, 2009, is shown on the Statement of Plan Net Assets. Securities received as collateral are not reported as assets since the System does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to \$4,295,939 and \$2,490,951, respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions at June 30, 2009:

<u>Securities Lent</u>	<u>Underlying Securities</u>	<u>Non-Cash Collateral Value</u>	<u>Cash Collateral Investment Value</u>
Lent for Cash Collateral:			
U.S. Government Obligations	\$ 46,081,308	\$ -	\$ 47,123,316
Corporate Bonds	22,149,159	-	22,724,237
Equities	65,813,462	-	68,354,016
Lent for Non-Cash Collateral:			
U.S. Government Obligations	2,158,598	2,218,642	-
Corporate Bonds	1	1	-
Equities	302,464	317,230	-
Total	<u>\$136,504,992</u>	<u>\$ 2,535,873</u>	<u>\$ 138,201,569</u>

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

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2009, there were no funds held by a counterparty that was acting as the System's agent in securities lending transactions.

Employees' Retirement Savings Plan:

Section 33-125 of the Code authorizes the Board to establish a diversified slate of mutual and commingled investment funds from which participants may select an option. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2009, the fair value of the mutual and commingled investment funds was \$127,577,002. The fair value of the investments in international mutual funds was \$15,002,729.

Employees' Deferred Compensation Plan:

The Board is required to establish a diversified slate of mutual and commingled funds from which participants may select investment options. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2009, the fair value of the mutual and commingled investment funds was \$201,253,401. The fair value of the investments in international mutual funds included in the County Plan was \$25,168,150.

Retiree Health Benefits Trust:

Section 33-163 of the Code authorizes the Board 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 System is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit

risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the System's asset allocation and the investment managers hired by the System. Section 33-162 of the Code prohibits the Board from investing in any bonds, notes, or debt instruments issued by Montgomery County, any political subdivision within Montgomery County, any agency supported or financed wholly or partly by taxes levied by the Montgomery County Council, or any agency supported by bond issues underwritten by Montgomery County.

As of June 30, 2009, the fair value of the mutual and commingled investment funds was \$30,965,128. The fair value of the investments in international mutual funds was \$9,545,587.

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, 2009, were entirely insured or collateralized with securities held by HOC's agent in HOC's name. HOC and its discretely presented component units investments are subject to interest rate, credit, and custodial risk as described below:

Interest Rate Risk

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

Credit Risk

HOC's investment policy for the General Fund, Public Fund and the Opportunity Housing Fund permits the following investment types: U.S. government and federal agencies; repurchase agreements; banker's acceptances; money market mutual funds; Maryland local government investment pool; Montgomery County investment pool; certificate of deposits and time deposits; and commercial paper. Bankers Acceptances of domestic banks and commercial paper must maintain the highest rating from one of the Nationally Recognized Statistical Rating Organizations (NRSRO) as designated by the SEC or State Treasurer. Repurchase agreements require collateralization at 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities provided the collateral is held by a custodian, other than the seller. Certificates of deposit or time deposits must be collateralized at 102% of the fair value and held by a custodian other than the seller. HOC invests in the Montgomery County Local Government Investment Pool (County external investment pool) and 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 obligation issued by government agencies or corporations; (iii) time deposits or certificate of deposits insured by the Federal Deposit Insurance Corporation; (iv) repurchase agreements backed by obligations described in (i) and (ii) above; (v) investment agreements; (vi) tax exempt obligations; and (vii) money market funds.

Custodial Risk

Amounts held in trust accounts and other demand accounts are covered by federal depository insurance, or collateralized at a level of at least 102% of fair value of principal and accrued interest. Repurchase agreement collateral for the MLGIP is segregated and held in the name of Mercantile-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, 2009 was P-1.

At June 30, 2009, HOC had the following cash, cash equivalents, investments and maturities:

<u>Cash Equivalents</u>	<u>Fair Value</u>	<u>Rating</u>
<u>Cash Equivalents:</u>		
General Fund:		
Money Market Accounts	9,172,287	N/A
Opportunity Housing Fund:		
Investment in County External Investment Pool	8,158,997	N/A
Investment in MLGIP	393,053	AAA
Money Market Accounts	12,496,718	N/A
Public Fund:		
Investment in MLGIP	5,230,653	AAA
Money Market Accounts	15,915,796	N/A
Multi-Family Fund		
Money Market Accounts	45,911,058	N/A
Certificate of Deposit	240,000	N/A
Single Family Fund - Money Market Accounts	69,172,913	AAA
Total	<u>\$ 166,691,475</u>	
<u>Short-term Investments:</u>		
Multi-Family Fund:		
US Treasuries	1,226,621	AAA
Total	<u>\$ 1,226,621</u>	

<u>Long-Term Investments</u>	<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 Fund:					
U. S. Treasuries	\$ 1,467,998	\$ -	\$ -	\$ 1,467,998	AAA
Fannie Mae	3,856,662	-	-	3,856,662	AAA
Freddie Mac	3,739,901	2,267,808	-	1,472,093	AAA
GNMA Pool	73,603,088	-	-	73,603,088	AAA
Bank One Investment Agreement	591,525	-	-	591,525	AA/Aa2
Single Family Fund:					
Federal Farm Credit Banks	5,636,054	-	-	5,636,054	AAA
Federal Home Loan Banks	8,853,895	156,102	-	8,697,793	AAA
U. S. Treasuries	8,543,549	-	2,812,453	5,731,096	AAA
Fannie Mae	923,095	-	-	923,095	AAA
Solomon Repurchase Agreement	2,345,800	-	2,345,800	-	AAA
Tennessee Valley Authority	5,768,635	-	2,462,453	3,306,182	AAA
Total long-term investments	<u>115,330,202</u>	<u>2,423,910</u>	<u>7,620,706</u>	<u>105,285,586</u>	
Cash balances	<u>26,003,499</u>				
Total Cash, Cash Equivalents and Investments	<u>\$ 309,251,797</u>				

B) Receivables

1) Accounts Receivable

The allowance for doubtful accounts at June 30, 2009, reported in the enterprise funds, amounted to:

Liquor	\$ 431,382
Solid Waste Activities	12,064
Parking Lot Districts	2,459,793
	<u>\$ 2,903,239</u>

2) Due from/to Component Units

The balances at June 30, 2009, were:

Due from Component Units /
Due to Primary Government:

Due from Component Units:	MCPS	MCC	MCRA	HOC	BUPI	Total
Due to Primary Government:						
General	\$ -	\$ 900,000	\$ -	\$ 36,642	\$ -	\$ 936,642
Major Governmental				41,459,181		41,459,181
Capital Projects	-	-	-	16,393,449	-	16,393,449
Solid Waste Activities Enterprise	51,649	684	-	426	3,094	55,853
Nonmajor Governmental	-	-	-	9,151,315	-	9,151,315
Major Enterprise	-	-	-	376,732	-	376,732
Internal Service	49,658	6,862	66,648	387,434	15,028	525,630
Fiduciary	-	-	28,775	132,067	-	160,842
Total Due to Primary Government	<u>\$ 101,307</u>	<u>\$ 907,546</u>	<u>\$ 95,423</u>	<u>\$ 67,937,246</u>	<u>\$ 18,122</u>	<u>\$ 69,059,644</u>

Due to Component Units /
Due from Primary Government:

Due to Component Units:	MCPS	MCC	MCRA	HOC	BUPI	Total
Due from Primary Government:						
General	\$ 8,260,864	\$ -	\$ -	\$ 2,402,219	\$ -	\$ 10,663,083
Major Governmental				309,632		309,632
Capital Projects	50,932,758	16,847,522	-	373,272	-	68,153,552
Nonmajor Governmental	842,145	57,140	-	79,716	20,153	999,154
Nonmajor Enterprise	668,748	-	-	-	-	668,748
Internal Service	51,182	-	-	-	-	51,182
Total Due from Primary Government	<u>\$ 60,755,697</u>	<u>\$ 16,904,662</u>	<u>\$ -</u>	<u>\$ 3,164,839</u>	<u>\$ 20,153</u>	<u>\$ 80,845,351</u>

In the major governmental funds, \$41,459,181 due from HOC to the Housing Initiative Special Revenue Fund represents mortgage loans, which are generally repayable based on project cash flows, specified future dates, or sales of the respective properties. Included in this amount is a loan of \$2,213,324, for which payments are based on cash flows. Terms of the note stipulate that the balance of the note will be forgiven at the termination of the ground lease in December 2035. To date the project has not generated cash flows. This loan is offset by deferred revenue. Also included in the amount above is a ground lease, upon which is located affordable housing owned by HOC. The ground lease provides for lease payments from HOC for \$1 per year for 83 years. Fund balance has been reserved for the remaining loans.

3) Due From Other Governments

The total amount due from other governments at June 30, 2009, was comprised of the following:

	<u>General</u>	<u>Capital Projects</u>	<u>Solid Waste Activities</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>	<u>Fiduciary</u>	<u>Total</u>
Federal government	\$ -	\$ 2,151,476	\$ -	\$ 10,929,253	\$ -	\$ 2,516,851	\$ 15,597,580
State of Maryland	19,631,585	20,869,886	4,084	27,898,667	42,904	27,156	68,474,282
Other	-	673,211	135,372	769,687	111,643	8,462	1,698,375
Total	<u>\$ 19,631,585</u>	<u>\$ 23,694,573</u>	<u>\$ 139,456</u>	<u>\$ 39,597,607</u>	<u>\$ 154,547</u>	<u>\$ 2,552,469</u>	<u>\$ 85,770,237</u>

C) Capital Assets

PRIMARY GOVERNMENT

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance		Balance	
	July 1, 2008	Increases	Decreases	June 30, 2009
Governmental Activities				
Nondepreciable Capital Assets:				
Land	\$ 605,871,292	\$ 39,676,576	\$ -	\$ 645,547,868
Construction in progress	257,837,176	129,531,702	34,932,648	352,436,230
Total Nondepreciable Capital Assets	863,708,468	169,208,278	34,932,648	997,984,098
Depreciable Capital Assets:				
Buildings	749,736,077	1,008,223	-	750,744,300
Improvements other than buildings	45,984,295	448,751	-	46,433,046
Furniture, fixtures, equipment and machinery	232,836,007	3,977,849	304,907	236,508,949
Leasehold improvements	12,777,902	-	-	12,777,902
Automobiles and trucks	219,180,350	34,644,645	10,136,520	243,688,476
Infrastructure	1,560,586,835	28,838,392	-	1,589,425,227
Other assets	2,079,731	-	-	2,079,731
Total Capital Assets being Depreciated	2,823,181,197	68,917,860	10,441,426	2,881,657,631
Less Accumulated Depreciation for:				
Buildings	265,392,804	19,296,596	-	284,689,400
Improvements other than buildings	17,010,344	1,340,713	-	18,351,057
Furniture, fixtures, equipment and machinery	129,223,744	23,607,234	293,100	152,537,878
Leasehold improvements	2,886,993	810,745	-	3,697,738
Automobiles and trucks	107,784,222	18,349,417	9,871,907	116,261,732
Infrastructure	446,792,748	31,640,228	-	478,432,976
Other assets	1,699,551	207,973	-	1,907,524
Total Accumulated Depreciation	970,790,406	95,252,906	10,165,007	1,055,878,305
Total Depreciable Assets, net	1,852,390,791	(26,335,046)	276,419	1,825,779,326
Governmental Activities Capital Assets, net	\$ 2,716,099,259	\$ 142,873,232	\$ 35,209,068	\$ 2,823,763,424
Business-Type Activities				
Nondepreciable Capital Assets:				
Land	\$ 52,777,663	\$ 6,552,226	\$ -	\$ 59,329,889
Construction in progress	2,530,116	14,642,501	7,889,793	9,282,824
Total Nondepreciable Capital Assets	55,307,779	21,194,727	7,889,793	68,612,713
Depreciable Capital Assets:				
Buildings	218,911,392	27,071,310	-	245,982,702
Improvements other than buildings	126,516,890	6,299,117	-	132,816,007
Furniture, fixtures, equipment and machinery	21,622,708	2,427,240	1,164,024	22,885,924
Infrastructure	14,351	-	-	14,351
Automobiles and trucks	4,161,599	383,688	48,169	4,497,118
Total Capital Assets being Depreciated	371,226,940	36,181,355	1,212,193	406,196,102
Less Accumulated Depreciation for:				
Buildings	88,090,795	7,314,838	-	95,405,633
Improvements other than buildings	100,416,355	3,447,909	-	103,864,264
Furniture, fixtures, equipment and machinery	13,902,653	1,689,815	1,154,468	14,438,000
Infrastructure	1,004	574	-	1,578
Automobiles and trucks	2,616,283	284,547	48,169	2,852,661
Total Accumulated Depreciation	205,027,090	12,737,683	1,202,637	216,562,136
Total Depreciable Assets, net	166,199,850	23,443,673	9,556	189,633,966
Business-Type Activities Capital Assets, net	\$ 221,507,629	\$ 44,638,400	\$ 7,899,349	\$ 258,246,679

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

Governmental activities:

General government	\$	10,617,196
Public safety		29,226,926
Public works and transportation		44,665,263
Health and human services		8,208,527
Culture and recreation		1,347,798
Community development and housing		986,818
Environment		200,378
Total depreciation expense-governmental activities	\$	<u>95,252,906</u>

Business-type activities:

Liquor	\$	955,637
Solid waste activities		2,329,449
Parking lot districts		9,287,998
Permitting services		157,882
Community use of public facilities		6,717
Total depreciation expense-business-type activities	\$	<u>12,737,683</u>

Construction commitments as of June 30, 2009, are as follows:

	<u>Construction Commitments</u>
General Government	46,713,046
Public Safety	17,910,195
Public Works and Transportaion	132,095,915
Health and Human Services	19,279
Culture & Recreation	10,825,078
Community Development & Housing	20,875,724
Environment	2,340,124
Total	<u>230,779,361</u>

COMPONENT UNITS

Capital assets of MCPS, amounting to \$1,930,729,306 at June 30, 2009, are significant in relation to the total component unit capital assets.

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Governmental Activities				
Nondepreciable capital assets:				
Land	\$ 68,861,249	\$ -	\$ 3,930	\$ 68,857,319
Construction in progress	155,190,542	186,537,930	165,214,100	176,514,372
Total nondepreciable capital assets	<u>224,051,791</u>	<u>186,537,930</u>	<u>165,218,030</u>	<u>245,371,691</u>
Depreciable capital assets:				
Buildings and improvements	2,016,306,229	145,533,363	3,589,308	2,158,250,284
Site improvements	167,468,261	22,991,838	-	190,460,099
Vehicles and equipment	147,329,742	8,848,339	11,082,246	145,095,835
Total depreciable capital assets	<u>2,331,104,232</u>	<u>177,373,540</u>	<u>14,671,554</u>	<u>2,493,806,218</u>
Less accumulated depreciation for:				
Buildings and improvements	643,415,471	48,137,636	3,213,341	688,339,766
Site improvements	34,584,151	3,804,167	-	38,388,318
Vehicles and equipment	82,673,299	12,925,647	9,494,870	86,104,076
Total accumulated depreciation	<u>760,672,921</u>	<u>64,867,450</u>	<u>12,708,211</u>	<u>812,832,160</u>
Total depreciable capital assets, net	<u>1,570,431,311</u>	<u>112,506,090</u>	<u>1,963,343</u>	<u>1,680,974,058</u>
Government activities capital assets, net	<u>\$1,794,483,102</u>	<u>\$299,044,020</u>	<u>\$167,181,373</u>	<u>1,926,345,749</u>
Business-Type Activities				
Depreciable capital assets:				
Buildings	\$ 17,831	\$ -	\$ -	17,831
Vehicles and equipment	18,743,228	412,869	2,561,849	16,594,248
Total depreciable capital assets	<u>18,761,059</u>	<u>412,869</u>	<u>2,561,849</u>	<u>16,612,079</u>
Less accumulated depreciation for:				
Buildings	15,156	1,783	-	16,939
Vehicles and equipment	13,392,607	1,086,332	2,267,356	12,211,583
Total accumulated depreciation	<u>13,407,763</u>	<u>1,088,115</u>	<u>2,267,356</u>	<u>12,228,522</u>
Business-type activities capital assets, net	<u>\$ 5,353,296</u>	<u>\$ (675,246)</u>	<u>\$ 294,493</u>	<u>4,383,557</u>
Total MCPS government-wide capital assets				<u>\$ 1,930,729,306</u>

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

Governmental activities:	
Regular instruction	\$ 53,798,111
Special education	264,390
School administration	54,882
Student personnel services	5,468
Student transportation	8,662,515
Operation of plant	162,065
Maintenance of plant	861,349
Administration	1,058,670
Total depreciation expense-governmental activities	<u>\$ 64,867,450</u>
Business-type activities:	
Food services	\$ 1,067,931
Entrepreneurial	17,660
Real estate management	2,524
Total depreciation expense-business type activities	<u>\$ 1,088,115</u>

Commitments for ongoing construction in progress at June 30, 2009, were \$87,563,310.

D) Interfund Receivables, Payables, and Transfers

The composition of interfund receivables and payables as of June 30, 2009, is as follows:

	Due From Fund					Total
	General	Solid Waste Activities	Nonmajor Governmental	Internal Service	Fiduciary	
<u>Due To Fund</u>						
General	\$ -	\$ 1,609	\$ -	\$ 4,331,576	\$ 6,711,832	\$ 11,045,017
Montgomery Housing Initiative	-	-	-	7,065	8,869	15,934
Debt Service	11,553,103	-	481,897	-	-	12,035,000
Capital Projects	25,368,987	-	4,940,311	128,050	155,154	30,592,502
Liquor	-	1,869	-	210,629	182,717	395,215
Solid Waste Activities	-	-	-	75,871	97,239	173,110
Parking Lot Districts	-	2,766	-	23,701	28,229	54,696
Nonmajor Governmental	6,561,587	95	-	2,146,858	3,325,554	12,034,094
Nonmajor Enterprise	1,200,000	-	-	179,666	258,908	1,638,574
Internal Service	-	-	-	201,153	1,645,726	1,846,879
Fiduciary	-	-	-	1,214	1,087	2,301
Total	<u>\$ 44,683,677</u>	<u>\$ 6,339</u>	<u>\$ 5,422,208</u>	<u>\$ 7,305,783</u>	<u>\$ 12,415,315</u>	<u>\$ 69,833,322</u>

Included in the amounts presented above are the following short-term loans from the General Fund that were or will be repaid during FY10:

- \$25.4 million to the Capital Projects Fund to cover construction payments, due primarily to the timing of reimbursements from Federal, State and other agencies, and to lag time between programming and collection of certain impact taxes; and
- \$12.0 million to the Debt Service Fund relating to a debt service payment due on the first day of the next fiscal year, that must be remitted to the County's fiscal agent one working day prior to the debt service due date.

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, and (3) payments between funds are made.

Interfund transfers for the year ended June 30, 2009, consisted of the following:

	Transfers In Fund								Subtotal Major
	General	Revenue Stabilization	Housing Initiative	Debt Service	Capital Projects	Liquor	Solid Waste	Parking Lot Districts	
Transfers Out Fund									
General	\$ -	\$ -	\$ 9,782,490	\$ 204,596,877	\$ 28,736,385	\$ 1,325,505	\$ 344,115	\$ 173,022	\$ 244,958,394
Revenue Stabilization	-	-	-	2,005,903	-	-	-	-	2,005,903
Housing Initiative	178,100	-	-	76,862	1,404,518	-	-	-	1,659,480
Debt Service	-	-	-	-	2,005,903	-	-	-	2,005,903
Capital Projects	-	-	17,471,347	-	-	-	-	-	17,471,347
Liquor	30,410,060	-	-	-	-	-	-	-	30,410,060
Solid Waste Activities	2,251,490	-	-	-	-	-	-	-	2,251,490
Parking Lot Districts	1,850,890	-	-	-	23,079	-	-	-	1,873,969
Nonmajor Governmental	15,445,565	-	-	20,085,868	13,205,598	-	-	-	48,737,031
Nonmajor Enterprise	4,089,310	-	-	-	-	-	-	-	4,089,310
Internal Service Funds	-	-	-	-	-	-	-	-	-
Total	\$ 54,225,415	\$ -	\$ 27,253,837	\$ 226,765,510	\$ 45,375,483	\$ 1,325,505	\$ 344,115	\$ 173,022	\$ 355,462,887

	Transfers In Fund				Subtotal Major	Total
	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Subtotal		
Transfers Out Fund						
General	\$ 3,654,821	\$ 1,048,855	\$ 2,012,658	\$ 244,958,394	\$ 251,674,728	
Revenue Stabilization	-	-	-	2,005,903	2,005,903	
Housing Initiative	-	-	-	1,659,480	1,659,480	
Debt Service	-	-	-	2,005,903	2,005,903	
Capital Projects	-	-	-	17,471,347	17,471,347	
Liquor	-	-	-	30,410,060	30,410,060	
Solid Waste Activities	-	-	-	2,251,490	2,251,490	
Parking Lot Districts	9,834,995	-	-	1,873,969	11,708,964	
Nonmajor Governmental	608,553	-	96,800	48,737,031	49,442,384	
Nonmajor Enterprise	-	-	-	4,089,310	4,089,310	
Internal Service Funds	-	-	-	-	-	
Total	\$ 14,098,369	\$ 1,048,855	\$ 2,109,458	\$ 355,462,887	\$ 372,719,569	

Primary activities include:

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

Transfers at the government-wide financial statement level include \$596,652 associated with the General Fund and Silver Spring Parking Lot District (SSPLD) relating to general governmental capital lease obligations for capital assets accounted for in the SSPLD. At the fund level, such transfers are classified as capital contributions in the SSPLD, and expenditures and an other financing source in the General Fund, in accordance with generally accepted accounting principles (see Note III-E3).

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 \$16,004,000 for FY09. Future minimum lease payments under significant non-cancelable operating leases are as follows:

Fiscal Year Ending June 30	
2010	\$ 21,678,000
2011	17,757,000
2012	16,155,000
2013	12,235,000
2014	10,355,000
2015 - 2019	36,046,000
2020 - 2024	17,717,000
2025 - 2027	<u>62,000</u>
Total	<u><u>\$ 132,005,000</u></u>

2) **Capital Lease Receivable**

Pursuant to the issue of the 2002 Lease Revenue Bonds and 2004 Lease Revenue Bonds (See Note III-F7), 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.

The composition of the capital lease receivable is as follows:

	<u>Shady Grove</u>	<u>Grosvenor</u>	<u>Total</u>
Minimum lease payments receivable	\$ 24,965,828	\$24,546,810	\$ 49,512,638
Unearned lease income	<u>(7,300,605)</u>	<u>(7,187,033)</u>	<u>(14,487,638)</u>
Net investment in direct financing leases	<u><u>\$ 17,665,223</u></u>	<u><u>\$17,359,777</u></u>	<u><u>\$ 35,025,000</u></u>

At June 30, 2009, the minimum future lease payments due under the direct financing capital lease agreements are as follows:

Fiscal Year Ending June 30	
2010	\$ 3,294,214
2011	3,292,009
2012	3,296,303
2013	3,300,252
2014	3,300,640
2015-2019	16,580,305
2020-2024	16,448,915
Total minimum lease payments	<u>\$ 49,512,638</u>

3) Capital Lease Obligations

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

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

Land	\$ 13,449,033
Land improvements	1,673,621
Buildings	53,783,181
Furniture, fixtures, equipment and machinery	159,291
Subtotal	<u>69,065,126</u>
Less accumulated depreciation	<u>(21,666,486)</u>
Total asset value under capital leases	<u>\$ 47,398,640</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, are as follows:

Fiscal Year Ending June 30	
2010	\$ 5,203,801
2011	4,859,933
2012	4,862,605
2013	3,955,329
2014	3,465,929
2015-2019	16,073,222
2020-2023	3,982,500
Total minimum lease payments	<u>42,403,319</u>
Less: amount representing interest	<u>(9,983,319)</u>
Present value of minimum lease payments	<u>\$ 32,420,000</u>

Included in the schedules above 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.

The County has entered into a lease agreement as lessee with the Maryland Economic Development Corporation (MEDCO) to lease from MEDCO the Town Square Garage 61 and Wayne Avenue Garages, located in the Silver Spring Parking Lot District (SSPLD). The construction of these garages is being funded through the issuance of lease revenue bonds by MEDCO. The ownership of the garages will transfer to the County at the end of the lease term. Although this capital lease is a general governmental obligation, the asset is reflected in the SSPLD, as required by law, and is offset by a capital contribution. For government-wide financial statement purposes, the capital lease obligation in the governmental activities and capital asset in the business-type activities are offset by transfers out and transfers in, respectively, since any amounts that ultimately may be repaid by the SSPLD are not expected to be repaid within a reasonable time.

The assets acquired through this capital lease are as follows:

	<u>Town Square</u>	<u>Wayne Avenue</u>	<u>Total</u>
Buildings	\$30,485,144	\$ 29,685,533	\$60,170,677
Less accumulated depreciation	<u>(4,733,517)</u>	<u>(4,876,163)</u>	<u>(9,609,680)</u>
Total asset value under capital leases	<u><u>\$25,751,627</u></u>	<u><u>\$ 24,809,370</u></u>	<u><u>\$50,560,997</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, are as follows:

Fiscal Year Ending June 30	<u>Town Square</u>	<u>Wayne Ave</u>	<u>Total</u>
2010	\$ 2,476,851	\$ 3,113,475	\$ 5,590,326
2011	2,470,554	3,073,775	5,544,329
2012	2,469,739	3,084,425	5,554,164
2013	2,461,668	3,113,219	5,574,887
2014	2,451,011	3,110,394	5,561,405
2015-2017	<u>7,337,867</u>	<u>9,300,362</u>	<u>16,638,229</u>
Total minimum lease payments	19,667,690	24,795,650	44,463,340
Less: amount representing interest	<u>(3,142,690)</u>	<u>(4,430,650)</u>	<u>(7,573,340)</u>
Present value of minimum lease payments	<u><u>\$ 16,525,000</u></u>	<u><u>\$ 20,365,000</u></u>	<u><u>\$ 36,890,000</u></u>

F) Long-Term Debt

PRIMARY GOVERNMENT

1) General Obligation Bonds Payable

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

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

In November 2001, \$143,000,000 in general obligation bonds, which mature in FY09 and beyond, were defeased. In November 2002, \$95,750,000 in general obligation bonds, which mature in FY07 and beyond, were defeased. These defeasances were effected by placing the proceeds of general obligation refunding 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 these financial statements. As of June 30, 2009, \$45,500,000, and \$6,500,000 respectively, in general obligation bonds referred to above are considered to be defeased.

General obligation bond issues outstanding as of June 30, 2009, are as follows:

Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2009	Unamortized Premium **	Unamortized		Carrying Value June 30, 2009
						Deferred Difference		
07/01/92 *	1993-10	2.75 - 5.8	\$ 273,038,054	\$ 5,541,371	\$ -	\$ -	\$ 5,541,371	
04/01/99	2000-19	4.0 - 5.0	120,000,000	6,000,000	-	-	6,000,000	
01/01/00	2001-20	5.0 - 6.0	130,000,000	13,000,000	-	-	13,000,000	
02/01/01	2002-21	4.0 - 5.0	140,000,000	28,000,000	-	-	28,000,000	
11/15/01 *	2003-19	3.6 - 5.25	146,375,000	120,470,000	3,254,022	(4,168,533)	119,555,489	
02/01/02	2003-22	3.0 - 5.0	160,000,000	48,000,000	717,940	-	48,717,940	
11/15/02 *	2005-13	2.75 - 5.25	93,595,000	55,145,000	1,827,115	(1,381,259)	55,590,856	
05/01/03	2004-23	1.5 - 4.0	155,000,000	108,500,000	688,584	-	109,188,584	
05/01/03*	2004-11	2.0 - 5.0	49,505,000	16,955,000	302,167	(136,393)	17,120,774	
03/15/04	2005-24	3.0 - 5.0	154,600,000	115,950,000	5,943,791	-	121,893,791	
08/15/04*	2008-17	3.0 - 5.25	97,690,000	93,285,000	3,601,317	(4,409,002)	92,477,315	
05/15/05	2006-25	4.0 - 5.0	200,000,000	160,000,000	9,340,971	-	169,340,971	
06/01/05*	2005-16	3.781	120,355,000	120,355,000	9,762,231	(8,013,829)	122,103,402	
05/01/06	2006-17	3.871	100,000,000	70,000,000	2,662,233	-	72,662,233	
05/01/07	2007-27	4.082	250,000,000	225,000,000	15,071,514	-	240,071,514	
3/12/08*	2009-15	2.750 - 5.0	70,295,000	60,360,000	2,861,589	(1,256,522)	61,965,067	
07/15/08	2009-29	3.0 - 5.0	250,000,000	250,000,000	7,288,877	-	257,288,877	
Total			<u>\$ 2,510,453,054</u>	<u>\$ 1,496,561,371</u>	<u>\$ 63,322,351</u>	<u>\$ (19,365,538)</u>	<u>\$ 1,540,518,184</u>	

* Issue represents refunding bonds.

** GAAP require amortization of premiums and issue costs to occur prospectively, beginning with the year of GASB-34 implementation. As a result, unamortized premiums and issue costs for issues prior to FY02, are not reflected above.

Changes in general obligation bonds during FY09 are as follows:

	Balance July 1, 2009	Bonds Issued	Bonds Retired	Bonds Refunded	Balance June 30, 2009
Governmental Activities:					
General County	\$ 222,939,148	\$ 16,500,000	\$ 18,344,504	\$ -	\$ 221,094,644
Roads and Storm Drainage	318,763,809	73,000,000	28,424,144	-	363,339,665
Parks	49,724,507	7,000,000	4,212,236	-	52,512,271
Public Schools	684,003,495	127,000,000	61,329,010	-	749,674,485
Community College	58,293,032	18,000,000	4,625,521	-	71,667,511
Consolidated Fire Tax District	23,637,217	6,000,000	1,956,994	-	27,680,223
Mass Transit	9,280,718	2,500,000	1,238,019	-	10,542,699
Public Housing	116,128	-	66,255	-	49,873
	<u>\$ 1,366,758,054</u>	<u>\$ 250,000,000</u>	<u>\$ 120,196,683</u>	<u>\$ -</u>	<u>\$ 1,496,561,371</u>

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

Fiscal Year Ending June 30	General Obligation Bond Requirements		
	Principal	Interest	Total
2010	\$ 133,287,086	\$ 77,536,602	\$ 210,823,688
2011	130,139,285	66,241,352	196,380,637
2012	125,430,000	57,408,906	182,838,906
2013	122,330,000	51,576,425	173,906,425
2014	116,215,000	45,463,256	161,678,256
2015-2019	470,325,000	149,605,280	619,930,280
2020-2024	288,835,000	60,705,502	349,540,502
2025-2029	110,000,000	11,637,500	121,637,500
Total	<u>\$ 1,496,561,371</u>	<u>\$ 520,174,823</u>	<u>\$2,016,736,194</u>

Article 25A, Section 5(P), of the Annotated Code of Maryland, authorizes borrowing of funds and issuance of bonds to a maximum of 6 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, 2009 is \$8,179,473,770.

General obligation bonds authorized and unissued as of June 30, 2009, are as follows:

Purpose	Authority			Amount Unissued
	Chapter	Act	Amount	
General County, Parks, and Consolidated Fire Tax District	17	2003	\$ 63,600,000	\$ 3,090,000
	18	2004	31,200,000	31,200,000
	19	2005	44,100,000	44,100,000
	43	2006	92,000,000	92,000,000
	12	2007	51,300,000	51,300,000
	36	2008	68,200,000	68,200,000
			<u>350,400,000</u>	<u>289,890,000</u>
Roads and Storm Drainage	19	2005	53,500,000	19,940,000
	43	2006	66,700,000	66,700,000
	12	2007	45,800,000	45,800,000
	36	2008	36,000,000	36,000,000
			<u>202,000,000</u>	<u>168,440,000</u>
Public Schools and Community College	43	2005	157,100,000	83,368,000
	12	2006	118,900,000	118,900,000
	36	2008	222,500,000	222,500,000
			<u>498,500,000</u>	<u>424,768,000</u>
Mass Transit	17	2001	6,700,000	2,705,000
	21	2002	1,600,000	1,600,000
	17	2003	900,000	900,000
	12	2007	2,400,000	2,400,000
	36	2008	800,000	800,000
			<u>12,400,000</u>	<u>8,405,000</u>
Public Housing	17	1981	2,650,000	2,590,000
	13	1982	995,000	995,000
	8	1983	230,000	230,000
	20	1985	900,000	900,000
	13	1986	855,000	855,000
			<u>5,630,000</u>	<u>5,570,000</u>
Parking Districts: Silver Spring	9	1983	2,945,000	2,045,000
	6	1984	1,220,000	1,220,000
			<u>4,165,000</u>	<u>3,265,000</u>
Bethesda	19	1981	7,325,000	3,040,000
	14	1982	775,000	775,000
	10	1983	1,050,000	1,050,000
			<u>9,150,000</u>	<u>4,865,000</u>
Total Parking Districts			<u>13,315,000</u>	<u>8,130,000</u>
Total General Obligation Bonds			<u>\$1,082,245,000</u>	<u>\$ 905,203,000</u>

Bond authority and related amounts unissued, presented above, include amounts related to variable rate demand obligations (see Note III-F2). 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.

2) Variable Rate Demand Obligations

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

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

In connection with these obligations, the County entered into a standby note purchase agreement on June 7, 2006 with Dexia Credit Local, acting through its New York Branch. Under the agreement, Dexia is obligated to purchase, through the registrar and paying agent, obligations that are tendered by their owners and have not been remarketed by the remarketing agent. The standby note purchase agreement will expire on June 7, 2011. 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 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, 2009, are as follows:

<u>Dated</u> <u>Date</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Originally</u> <u>Issued</u>	<u>Balance</u> <u>June 30, 2009</u>
06/07/06	2017-26	Variable	\$ 50,000,000	\$ 50,000,000
06/07/06	2017-26	Variable	50,000,000	50,000,000
Total			<u>\$ 100,000,000</u>	<u>\$ 100,000,000</u>

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

Changes in VRDOs during FY09 are as follows:

	Balance July 1, 2008	VRDOs Issued	VRDOs Retired	Balance June 30, 2009
Governmental Activities:				
General County	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000
Roads and Storm Drainage	26,000,000	-	-	26,000,000
Parks	1,000,000	-	-	1,000,000
Public Schools	64,000,000	-	-	64,000,000
Community College	4,000,000	-	-	4,000,000
Consolidated Fire Tax District	2,100,000	-	-	2,100,000
Mass Transit	400,000	-	-	400,000
Total	\$ 100,000,000	-	\$ -	\$ 100,000,000

VRDO requirements to maturity are as follows:

Fiscal Year Ending June 30	Variable Rate Demand Obligation Requirements		
	Principal	Interest*	Total
2010	\$ -	\$ 315,000	\$ 315,000
2011	-	315,000	315,000
2012	-	315,000	315,000
2013	-	315,000	315,000
2014	-	315,000	315,000
2015-2019	30,000,000	1,386,000	31,386,000
2020-2024	50,000,000	630,000	50,630,000
2025-2026	20,000,000	31,500	20,031,500
Total	\$ 100,000,000	\$ 3,622,500	\$ 103,622,500

* Includes interest on VRDOs at estimated rates of .450 percent for Series A and .180 percent for series B respectively, for the June 7, 2006 issue; the interest rate on the notes is calculated daily and due monthly. The estimated rates used for this calculation were based on the rates at year-end.

3) Revenue Bonds Payable

Revenue bonds are authorized, issued, and outstanding to finance specific projects such as parking garages for the Bethesda and Silver Spring Parking Lot Districts and Solid Waste facilities. Net revenues of Bethesda and Silver Spring Parking Lot Districts including parking fees, fines and dedicated property taxes and net revenues of the Solid Waste Disposal fund are pledged against the timely repayment of principal and interest of the outstanding revenue bonds of the respective funds.

In May 2009, the County issued \$46.8 million of revenue bonds, secured by Department of Liquor Control revenues. The proceeds will be used to purchase a warehouse facility for the Department, as well as to fund the County's share of an interchange at the intersection of Maryland Route 355 (Rockville Pike) and Montrose Parkway West.

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

	<u>Terms of Commitment</u>	<u>Approximate amount of Pledge</u>
Bethesda Parking Lot District	17	\$ 45,763,214
Solid Waste Disposal Fund	4	14,847,750
Liquor Control	20	73,155,232
Total		<u>\$ 133,766,196</u>

The pledged net revenues recognized during FY09 for the payment of the outstanding principal and interest of the revenue bonds are as follows:

	<u>Net Available Revenue for Debt Service</u>	<u>Debt Service</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Parking Lot District:				
Bethesda Parking Lot District	\$ 14,128,734	\$ 3,340,000	\$ 1,566,585	\$ 4,906,585
Silver Spring Parking Lot District	6,945,175	825,000	30,938	855,938
Solid Waste Disposal Fund:	7,794,551	3,255,000	751,750	4,006,750

Revenue bond issues outstanding as of June 30, 2009, are as follows:

	<u>Dated Date</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Originally Issued</u>	<u>Balance June 30, 2009</u>	<u>Unamortized Premium/ (Discount)</u>	<u>Unamortized Deferred Difference</u>	<u>Carrying Value June 30, 2009</u>
Parking Revenue 2002A:								
Bethesda Parking Lot District	06/01/02	2003-21	3.00 - 4.75	\$ 26,000,000	\$ 18,615,000	\$ (12,233)	\$ -	\$ 18,602,767
Solid Waste Refunding 2003A	04/03/03	2004-13	3.00 - 5.00	31,075,000	13,345,000	256,781	(281,121)	13,320,660
Parking Revenue 2005:								
Bethesda Parking Lot District	08/31/05	2007-25	3.62 - 5.00	16,495,000	15,305,000	92,160	-	15,397,160
Liquor Control Revenue 2009:								
Liquor Control & Transportation	05/12/09	2010-29	3.00 - 5.00	46,765,000	46,765,000	2,868,008	-	49,633,008
Total				<u>\$ 120,335,000</u>	<u>\$ 94,030,000</u>	<u>\$ 3,204,716</u>	<u>\$ (281,121)</u>	<u>\$ 96,953,595</u>

Changes in revenue bond principal during FY09 are as follows:

	<u>Balance July 1, 2008</u>	<u>Bonds Issued</u>	<u>Bonds Retired</u>	<u>Balance June 30, 2009</u>
Bethesda Parking Lot District	\$ 37,260,000	\$ -	\$ 3,340,000	\$ 33,920,000
Silver Spring Parking Lot District	825,000	-	825,000	-
Solid Waste Disposal	16,600,000	-	3,255,000	13,345,000
Liquor Control	-	46,765,000	-	46,765,000
Total	<u>\$ 54,685,000</u>	<u>\$ 46,765,000</u>	<u>\$ 7,420,000</u>	<u>\$ 94,030,000</u>

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
2010	\$ 1,840,000	\$ 1,429,335	\$ 1,745,000	\$ 1,914,532
2011	1,915,000	1,355,235	1,550,000	2,108,250
2012	1,995,000	1,278,135	1,605,000	2,051,750
2013	2,085,000	1,194,010	1,670,000	1,987,550
2014	2,180,000	1,105,025	1,735,000	1,920,750
2015-2019	12,450,000	4,058,512	10,060,000	8,234,550
2020-2024	9,065,000	1,321,971	12,560,000	5,728,350
2025-2029	2,390,000	100,991	15,840,000	2,444,500
Total	\$33,920,000	\$ 11,843,214	\$ 46,765,000	\$ 26,390,232

Fiscal Year Ending June 30	Solid Waste Disposal		Total Revenue Bond Requirements		
	Principal	Interest	Principal	Interest	Total
2010	\$ 3,420,000	\$ 589,000	\$ 7,005,000	\$ 3,932,867	\$ 10,937,867
2011	3,550,000	460,750	7,015,000	3,924,235	10,939,235
2012	3,690,000	318,750	7,290,000	3,648,635	10,938,635
2013	2,685,000	134,250	6,440,000	3,315,810	9,755,810
2014	-	-	3,915,000	3,025,775	6,940,775
2015-2019	-	-	22,510,000	12,293,062	34,803,062
2020-2024	-	-	21,625,000	7,050,321	28,675,321
2025-2029	-	-	18,230,000	2,545,491	20,775,491
Total	\$13,345,000	\$ 1,502,750	\$ 94,030,000	\$ 39,736,196	\$ 133,766,196

Revenue bonds authorized and unissued as of June 30, 2009, are as follows:

Purpose	Resolution Number	Year	Amount Authorized	Amount Unissued
Parking Lot Districts	11-1383	1989	\$ 51,163,000	\$ 25,593,000
Parking Lot Districts	14-921	2001	35,000,000	9,000,000
Solid Waste Disposal	12-1010	1993	56,935,000	6,255,000
Public Housing	16-675	2008	50,000,000	50,000,000
Liquor & Transportation	16-676	2008	78,000,000	31,235,000
Liquor & Transportation	16-863	2009	60,000,000	60,000,000
Total			\$331,098,000	\$ 182,083,000

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

Purpose	Bethesda Parking Lot District	Silver Spring Parking Lot District	Solid Waste Disposal
Operation and Maintenance Account - Available to pay current expenses	\$ 1,267,081	\$ 1,691,402	\$ -
Debt Service Account - Used to pay debt service on bonds	273,511	-	-
Debt Service Reserve Account - (including accrued interest) - Available to pay debt service on bonds if there is insufficient money available	1,532,854	-	4,064,057
Renewal and Renovation Account - Available for payment of renewals, replacements, renovations, and unusual and extraordinary repairs	1,500,000	1,500,000	4,441,989
Rate Covenant Cash Reserve - Available to fund operating activities for a minimum of three months	-	-	22,928,263
Rate Stabilization Account - In case of short-term extraordinary expenses	-	-	1,294,200
Total	\$ 4,573,446	\$ 3,191,402	\$ 32,728,509

In lieu of Debt Service Reserve Accounts, the 2002 Series Parking Refunding Bonds and the 2002 Series A Parking Revenue Bonds are being secured with a municipal bond insurance policy. The County is in compliance with all significant financial bond covenants.

4) 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 FY09 are as follows:

	Balance July 1, 2008	BANs Issued	BANs Retired	Balance June 30, 2009
BAN Series 2002-K	\$ 150,000,000	\$ -	\$ 150,000,000	\$ -
BAN Series 2002-L	150,000,000	-	100,000,000	50,000,000
BAN Series 2002-M	-	150,000,000	-	150,000,000
BAN Series 2002-N	-	100,000,000	-	100,000,000
Total	\$ 300,000,000	\$ 250,000,000	\$ 250,000,000	\$ 300,000,000

The interest rate changes based on market conditions; during FY09, the rate of interest varied from .35 to 6.0 percent. Interest earned on BAN proceeds totaled \$1,416,608 during FY09, which was accounted for in the Debt Service Fund.

BANs totaling \$250 million were issued during FY09 at varying maturities to a maximum of 270 days, under a program whose authority was adopted on June 11, 2002, and was amended on July 16, 2002, July 29, 2003, July 27, 2004, July 26, 2005, November 30, 2006, September 18, 2007, and October 28, 2008 to consolidate additional authority to borrow money and incur indebtedness. The County reissued the notes upon maturity and will continue to do so, until they are replaced with long-term bonds. The County will issue long-term bonds in FY10, and intends to use the proceeds for capital construction and improvements. In connection with these BANs, the County entered into a line of credit agreement on June 15, 2005, with Fortis Bank S.A./N.V., acting through its Connecticut branch, under which the County may borrow, on a revolving basis, up to \$300 million to pay the principal on the notes, and up to \$22,191,781 to pay the 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 FY09, the County passed Resolution No. 16-763 dated October 28, 2008 to increase the County's authority to issue BANS by \$327.5 million. Cumulative BANs authorized and unissued as of June 30, 2009, including amounts authorized and unissued from prior years, is \$594,803,000.

5) Certificates of Participation

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

The certificates were issued at interest rates ranging from 4.0 to 5.0 percent and have maturity schedules as follows:

Fiscal Year Ending June 30	Certificates of Participation		
	Principal	Interest	Total
2010	\$ 3,220,000	\$ 1,322,000	\$ 4,542,000
2011	3,335,000	1,174,225	4,509,225
2012	3,455,000	1,004,475	4,459,475
2013	3,590,000	828,350	4,418,350
2014	3,120,000	660,600	3,780,600
2015 - 2018	13,755,000	1,143,500	14,898,500
Total	<u>\$ 30,475,000</u>	<u>\$ 6,133,150</u>	<u>\$ 36,608,150</u>

6) **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 five years with interest rates identified in the agreements. Arrangements provide that proceeds are to be held by a trustee and disbursed to vendors. If assets are acquired prior to the note agreement, the trustee reimburses the County. The following is a schedule by fiscal year for the agreements as of June 30, 2009:

Fiscal Year Ending June 30	Equipment Notes Requirements		
	Principal	Interest	Total
2010	2,939,165	\$ 162,321	\$ 3,101,486
2011	1,905,237	62,943	1,968,180
2012	264,863	5,041	269,904
Total	<u>\$ 5,109,265</u>	<u>\$ 230,305</u>	<u>\$ 5,339,570</u>

7) **WSSC Promissory Note**

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

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

The following is a schedule by fiscal year for the debt service requirement at 06/30/2009:

Fiscal Year Ending June 30	Promissory Note Requirements		
	Principal	Interest	Total
2010	400,000	\$ -	\$ 400,000
2011	(25,280)	425,280	400,000
2012	(26,400)	426,400	400,000
2013	(27,569)	427,569	400,000
2014	(28,791)	428,791	400,000
2015 - 2019	(164,254)	2,164,254	2,000,000
2020 - 2024	(204,006)	2,204,006	2,000,000
2025	10,076,300	223,189	10,299,489
Total	<u>\$10,000,000</u>	<u>\$ 6,299,489</u>	<u>\$16,299,489</u>

8) Lease Revenue Bonds

In June 2002, the County issued Lease Revenue Bonds dated June 1, 2002, in the amount of \$37.88 million for its Metrorail garage projects. These bonds were issued to finance the costs of the planning, design, construction, and placing into commercial operation, of garages at the Shady Grove and Grosvenor Metrorail Stations. The County has leased these metrorail garage projects to the Washington Metropolitan Area Transit Authority (WMATA). The 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 \$49,512,638. 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. WMATA is not obligated to pay the principal or interest on the bonds. In the event that the County's Reserve Subfund of \$3,345,040, included in Capital Projects 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.

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 in June 1, 2024. In FY09, pledged revenue of \$3,295,276 equals the principal and interest on the lease revenue bonds.

Lease revenue bonds outstanding as of June 30, 2009, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2009	Unamortized Premium	Carrying Value June 30, 2009
Lease Revenue Bonds	06/01/02	2005-24	4.6064%	\$ 37,880,000	\$ 31,180,000	\$ 81,885	\$ 31,261,885
Lease Revenue Bonds	09/01/04	2005-24	3.7908%	4,745,000	3,845,000	15,806	3,860,806
Total				\$ 42,625,000	\$ 35,025,000	\$ 97,691	\$ 35,122,691

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

Fiscal Year Ending June 30	Lease Revenue Bond Requirements		
	Principal	Interest	Total
2010	\$ 1,705,000	\$ 1,589,214	\$ 3,294,214
2011	1,770,000	1,522,009	3,292,009
2012	1,845,000	1,451,303	3,296,303
2013	1,925,000	1,375,252	3,300,252
2014	2,005,000	1,295,640	3,300,640
2015-2019	11,475,000	5,105,305	16,580,305
2020-2024	14,300,000	2,148,915	16,448,915
Total	\$ 35,025,000	\$14,487,638	\$49,512,638

9) Taxable Term Loans

During FY04, the County entered into two taxable term loan agreements with U.S. Bank. The first term loan of \$4,000,000, which commenced on February 2, 2004, was used to finance the purchase of the Kay property in Germantown, which will be used for development of a biotechnology and information technology business park. The repayment period is 5 years, requiring semi-annual payments of principal and interest at 3.24 percent. The second term loan of \$1,332,000, which commenced on March 30, 2004, was used to purchase kitchen and audio-visual equipment to be used in the County's conference center project which opened in November 2004. The repayment period is 5 years, requiring semi-annual payments of principal and interest at 2.91 percent. On November 15, 2005, the County borrowed an additional \$95,432 for conference center furniture which was combined with the first term loan above. All other terms of the first term loan remain unchanged. In January 2009 the loans were paid in full.

10) HUD Loan

During 2002, the County Council authorized the Department of Housing and Community Affairs (DHCA) to participate in the HUD Section 108 program for the purpose of acquiring twenty-one units at the Chelsea Tower which provides affordable housing for income qualified persons. On July 16, 2003, the County signed a loan agreement with HUD in the amount of \$870,000. The County subsequently received approval from the County Council to disburse and re-loan these funds to HOC. HOC will repay the County, through the Housing Initiative Special Revenue Fund, the principal of \$870,000 with interest thereon on a semi-annual basis at 4.59 percent over a twenty-year period, which is consistent with the HUD repayment terms. The principal amount payable at June 30, 2009, for this loan is \$655,000.

11) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due within one year
Governmental Activities					
Bonds and Notes Payable:					
General obligation bonds	\$ 1,366,758,054	\$ 250,000,000	\$ (120,196,683)	\$ 1,496,561,371	\$ 133,287,086
Variable rate demand obligations	100,000,000	-	-	100,000,000	-
Bond anticipation notes	300,000,000	250,000,000	(250,000,000)	300,000,000	300,000,000
Lease revenue bonds	36,670,000	-	(1,645,000)	35,025,000	1,705,000
Equipment notes	8,066,996	-	(2,957,731)	5,109,265	2,939,165
Taxable term loans	1,155,651	-	(1,155,651)	-	-
HUD loan	698,000	-	(43,000)	655,000	43,000
WSSC Promissory Note	-	10,000,000	-	10,000,000	400,000
Revenue Bonds	-	14,463,000	-	14,463,000	539,676
Subtotal	1,813,348,701	524,463,000	(375,998,065)	1,961,813,636	438,913,927
Add remaining original issue premium	65,845,455	8,917,011	(10,455,436)	64,307,030	-
Less deferred amount on refundings	(23,314,730)	-	3,949,192	(19,365,538)	-
Total Bonds and Notes Payable	1,855,879,426	533,380,011	(382,504,309)	2,006,755,128	438,913,927
Other Liabilities:					
Certificates of participation	33,580,000	-	(3,105,000)	30,475,000	3,220,000
Compensated absences	65,022,294	53,424,377	(48,422,908)	70,023,763	52,517,822
Other postemployment benefits	58,598,791	54,936,148	-	113,534,939	-
Capital leases	74,472,783	596,652	(7,140,000)	67,929,435	7,510,000
Claims and judgments	-	1,550,000	-	1,550,000	1,550,000
Total Other Liabilities	231,673,868	110,507,177	(58,667,908)	283,513,137	64,797,822
Governmental Activities Long-Term Liabilities	\$ 2,087,553,294	\$ 643,887,188	\$ (441,172,217)	\$ 2,290,268,265	\$ 503,711,749
Business-Type Activities					
Revenue Bonds:					
Liquor Control	-	32,302,000	-	32,302,000	1,205,324
Parking revenue bonds	38,085,000	-	(4,165,000)	33,920,000	1,840,000
Solid waste disposal revenue refunding bonds	16,600,000	-	(3,255,000)	13,345,000	3,420,000
Subtotal	54,685,000	32,302,000	(7,420,000)	79,567,000	6,465,324
Add remaining original issue premium	512,742	2,002,009	(184,790)	2,329,961	-
Less remaining original issue discount	(14,090)	-	1,857	(12,233)	-
Less deferred amount on refundings	(460,470)	-	179,349	(281,121)	-
Total General Obligation and Revenue Bonds	54,723,182	34,304,009	(7,423,584)	81,603,607	6,465,324
Other Liabilities:					
Compensated absences	4,911,073	371,875	(7,074)	5,275,874	3,956,906
Equipment notes	724,795	-	(256,918)	467,877	215,267
Landfill closure costs	22,733,923	2,077,000	(4,135,000)	20,675,923	2,150,000
Total Other Liabilities	28,369,791	2,448,875	(4,398,992)	26,419,674	6,322,173
Business-Type Activities Long-Term Liabilities	\$ 83,092,973	\$ 36,752,884	\$ (11,822,576)	\$ 108,023,281	\$ 12,787,497

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$1,939,277 (\$1,454,458 due within one year and \$484,819 due in more than one year) of internal service fund compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences and claims and judgments are generally liquidated by the governmental fund to which the liability relates.

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 has issued Industrial Revenue Bonds and Economic Development Revenue Bonds for the purposes of financing or refinancing costs of acquiring facilities for third party facility users or of refunding outstanding bonds. Facility users may be individuals, public or private corporations, or other entities. The bonds are secured by the facilities financed 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, 2009, there were 34 issues of Industrial Revenue Bonds and Economic Development Revenue Bonds outstanding. Of these, 16 were issued prior to July 1, 1996. The aggregate principal amount payable at June 30, 2009, for bonds issued prior to July 1, 1996, could not be determined; however, their original issue amounts totaled \$175,875,000. The principal amount payable at June 30, 2009, for bonds issued after July 1, 1996, totaled \$318,785,202.

13) Special Taxing Districts

The County created three development districts: Kingsview Village Center, West Germantown, and Clarksburg Town Center. These development districts were created in accordance with Chapter 14 of the Montgomery County Code, the Montgomery County Development District Act enacted in 1994. 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, special taxes and/or special assessments may be levied to fund the costs of bonds or other obligations issued on behalf of the respective district. Any bond issued under Chapter 14 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.

In December 1999, the County issued \$2.4 million in special obligation bonds for the Kingsview Village Center Development District. Special taxes and assessments were levied beginning in FY01 to repay this 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. Bonds have not yet been issued for the Clarksburg Town Center development district.

COMPONENT UNITS

At June 30, 2009, HOC’s noncurrent liabilities are comprised of the following:

	Due within one year	Long-Term	Total
Revenue bonds payable	\$ 51,440,530	\$617,826,562	\$ 669,267,092
Capital leases payable	240,812	20,253,242	20,494,054
Notes payable	20,128,610	165,358,736	185,487,346
Total	<u>\$ 71,809,952</u>	<u>\$803,438,540</u>	<u>\$ 875,248,492</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	\$ 399,106,060
Single Family Mortgage Purchase Program Fund	270,161,032
Total	<u>\$ 669,267,092</u>

Interest rates on the HOC Multi-Family and Single Family Mortgage Purchase Program Fund bonds ranged from 4.45 to 9.15 percent and 0.875 to 8.5 percent, respectively, as of June 30, 2009.

Pursuant to Section 2-103 of Article 44A of the Annotated Code of Maryland, the County may, by local law, provide its full faith and credit as guarantee of bonds issued by HOC in principal amount not exceeding \$50,000,000. Section 20-32 of the Montgomery County Code provides the method by which the County has implemented the guarantee. The debt service requirements by fiscal year for the HOC debt guaranteed by the Primary Government are as follows:

Fiscal Year Ending June 30	Guaranteed Revenue Bond Requirements		
	Principal	Interest	Total
2010	\$33,375,000	\$ 1,208,219	\$ 34,583,219
2011	340,000	496,022	836,022
2012	355,000	480,555	835,555
2013	370,000	464,057	834,057
2014	385,000	446,500	831,500
2015-2019	405,000	2,100,694	2,505,694
2020-2024	2,880,000	1,587,075	4,467,075
2025-2029	5,430,000	1,233,968	6,663,968
Total	<u>\$43,540,000</u>	<u>\$ 8,017,090</u>	<u>\$ 51,557,090</u>

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

Fiscal Year Ending June 30	Total Revenue Bond Requirements		
	Principal	Interest	Total
2010	\$ 51,440,530	\$ 26,511,138	\$ 77,951,668
2011	16,556,741	25,320,879	41,877,620
2012	17,678,104	24,764,218	42,442,322
2013	17,634,619	24,188,794	41,823,413
2014	18,111,304	23,602,089	41,713,393
2015-2019	81,314,601	109,691,711	191,006,312
2020-2024	74,923,081	97,067,207	171,990,288
2025-2029	103,691,018	81,392,816	185,083,834
2030-2034	141,213,157	39,347,631	180,560,788
2035-2039	87,245,000	17,984,897	105,229,897
2040-2044	49,650,000	6,417,885	56,067,885
2044-2049	10,165,000	557,707	10,722,707
Unamortized Bond Discount	(600,717)	-	(600,717)
Total	<u>\$ 669,022,438</u>	<u>\$ 476,846,972</u>	<u>\$ 1,145,869,410</u>

Changes in the HOC revenue bonds during FY09 are as follows:

Purpose	Balance	Bonds	Bonds	Balance
	July 1, 2008	Issued*	Retired	June 30, 2009
Multi-Family Mortgage Purchase Program Fund	\$ 410,272,322	\$ 33,178,737	\$ 44,345,000	\$ 399,106,059
Single Family Mortgage Purchase Program Fund	331,896,799	36,552,986	98,288,752	270,161,033
Total	<u>\$ 742,169,121</u>	<u>\$ 69,731,723</u>	<u>\$ 142,633,752</u>	<u>\$ 669,267,092</u>

* Includes accretions and bond discounts.

HOC has issued a number of individual bonds for financing multi-family developments for which HOC has no legal liability for repayment or administration (conduit debt), and 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, 2008	\$ 337,798,905
Issuances during the year	6,600,000
Redemptions during the year	(74,320,239)
Bonds outstanding, June 30, 2009	<u>\$ 270,078,666</u>

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

G) Segment Information

The County has issued revenue bonds to finance activities relating to Solid Waste Disposal operations, including recycling, and the Silver Spring and Bethesda Parking Lot districts (PLDs). The Solid Waste Disposal operations and the Silver Spring and Bethesda PLDs are accounted for within the Solid Waste Activities Fund and the Parking Lot Districts Fund, respectively. However, investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for each activity as of and for the year ended June 30, 2009, is presented below:

Condensed Statements of Net Assets

	Solid Waste Disposal *	Silver Spring PLD	Bethesda PLD
ASSETS			
Current assets	\$ 33,279,336	\$ 6,533,263	\$ 16,692,964
Due from component units	55,853	-	376,732
Other assets	32,957,508	3,191,402	5,063,049
Capital assets	43,422,491	87,979,893	81,129,273
Total Assets	<u>109,715,188</u>	<u>97,704,558</u>	<u>103,262,018</u>
LIABILITIES			
Current liabilities	14,375,820	1,547,680	4,346,939
Due to other funds	160,686	22,416	29,258
Long-term liabilities	28,639,751	257,768	32,241,619
Total Liabilities	<u>43,176,257</u>	<u>1,827,864</u>	<u>36,617,816</u>
NET ASSETS			
Invested in capital assets, net of related debt	30,101,831	87,586,467	47,129,346
Restricted for debt service	32,728,509	3,191,402	4,573,446
Unrestricted	3,708,591	5,098,825	14,941,410
Total Net Assets	<u>\$ 66,538,931</u>	<u>\$ 95,876,694</u>	<u>\$ 66,644,202</u>

* Includes Solid Waste Leafing

Condensed Statements of Revenues, Expenses, and Changes in Fund Net Assets

	Solid Waste Disposal *	Silver Spring PLD	Bethesda PLD
OPERATING REVENUES (EXPENSES):			
Operating Revenues:			
Charges for services	\$ 93,338,281	\$ 8,498,701	\$ 9,011,929
Licenses and permits	11,005	-	-
Fines and penalties	86,015	2,303,774	5,490,665
Total Operating Revenues (pledged against bonds)	<u>93,435,301</u>	<u>10,802,475</u>	<u>14,502,594</u>
Depreciation	(2,327,462)	4,485,808	4,386,805
Other operating expenses	92,181,238	9,386,842	7,409,414
Operating Income (Loss)	<u>3,581,525</u>	<u>(3,070,175)</u>	<u>2,706,375</u>
NONOPERATING REVENUES (EXPENSES):			
Property taxes	-	5,181,271	6,152,777
Intergovernmental	8,700	-	-
Gain (loss) on disposal of capital assets	179,653	-	-
Investment income	1,598,383	149,833	443,920
Interest expense	(812,506)	(66,414)	(1,599,175)
Other revenue	98,828	198,438	438,857
Capital contributions	-	596,652	-
Transfers in	305,880	75,297	84,975
Transfers out	(2,074,400)	(4,086,870)	(6,538,065)
Change in Net Assets	<u>2,886,063</u>	<u>(1,021,968)</u>	<u>1,689,664</u>
Beginning Net Assets	63,652,868	96,898,662	64,954,538
Ending Net Assets	<u>\$ 66,538,931</u>	<u>\$ 95,876,694</u>	<u>\$ 66,644,202</u>

Condensed Statements of Cash Flows

	Solid Waste Disposal *	Silver Spring PLD	Bethesda PLD
Net Cash Provided (Used) By:			
Operating activities	\$ 7,006,243	\$ 1,588,540	\$ 8,229,742
Noncapital financing activities	(1,759,820)	1,169,698	(300,313)
Capital and related financing activities	(12,729,305)	(4,053,589)	(9,359,369)
Investing activities	1,249,452	149,833	344,135
Net Increase (Decrease)	(6,233,430)	(1,145,518)	(1,085,805)
Beginning Cash and Cash Equivalents	66,139,133	8,699,033	19,526,023
Ending Cash and Cash Equivalents	<u>\$ 59,905,703</u>	<u>\$ 7,553,515</u>	<u>\$ 18,440,218</u>

* Includes Solid Waste Leafing

H) **Fund Equity**

1) **Designated Fund Balances**

Designated fund balances include amounts encumbered at year-end, which are reported separately in the accompanying financial statements. Designated fund balances also include committed amounts which have been appropriated as part of the next year's original budget where the source of funds is the fund balance as of the end of the current year, and amounts appropriated but unexpended in the Capital Projects Fund where the source of funds is current receipts in the governmental funds. Such amounts are as follows at June 30, 2009:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Designated for next year's budget	\$ 2,183,370	\$ 23,811,039	\$ 25,994,409
Designated for transfers to Capital Projects Fund	49,816,460	11,296,518	61,112,978
Total	<u>\$ 51,999,830</u>	<u>\$ 35,107,557</u>	<u>\$ 87,107,387</u>

Designated fund balance does not include the following commitments, which otherwise meet the criteria for designation, but for which unrestricted fund balance is not available to designate:

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Encumbrances *	\$ 490,913	\$ 230,779,361	\$ 7,824,873	\$239,095,147
Next year's budget	-	-	4,788,705	4,788,705
Transfers to Capital Projects Fund	-	-	3,682,426	3,682,426
Total	<u>\$ 490,913</u>	<u>\$ 230,779,361</u>	<u>\$16,296,004</u>	<u>\$247,566,278</u>

* Encumbrances relating to special revenue funds include \$6,490,079 relating to the Grants Fund, where appropriation and spending on Federal and State grants is contingent on receipt of the grant funds. When the expenditure occurs in the subsequent year, revenue will be earned based on the grant agreements, and resources will then be made available.

2) **Net Assets Restricted by Enabling Legislation**

Net assets 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 assets 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 other component unit and municipal governments, ending fund balances of substantially all special revenue funds, and ending unrestricted net assets of the Solid Waste Activities and Parking Lot Districts enterprise funds. Such amounts, which are included with restricted net assets in the government-wide Statement of Net Assets, are as follows at year-end:

Governmental activities	\$ 378,115,377
Business-type activities	<u>26,112,848</u>
Total	<u>\$ 404,228,225</u>

I) Significant Transactions with Discretely Presented Component Units

1) Operating and Capital Funding

Expenditures incurred for operating and capital funding of discretely presented component units amounted to the following for the year ended June 30, 2009:

	<u>General Fund</u>			<u>Capital</u>	
	<u>Operating</u>	<u>Capital *</u>	<u>Total</u>	<u>Projects</u>	<u>Total</u>
MCPS	\$1,515,137,973	\$ 12,365,746	\$1,527,503,719	\$ 170,338,983	\$1,697,842,702
MCC	106,776,153	9,363,681	116,139,834	28,980,398	145,120,232
HOC	5,987,120	1,284,392	7,271,512	-	7,271,512
Total	<u>\$1,627,901,246</u>	<u>\$ 23,013,819</u>	<u>\$1,650,915,065</u>	<u>\$ 199,319,381</u>	<u>\$1,850,234,446</u>

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

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

2) Other Transactions

BUPI charges for services revenue includes \$4,132,936 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.

NOTE IV. OTHER INFORMATION

A) Risk Management

The County, for itself and certain component units and other governments, maintains two self-insurance internal service funds. County management believes it is more economical to manage its risks internally and set aside assets for claim settlements in these internal service funds.

One fund is maintained for Liability and Property Coverage under which participants share the costs of workers' compensation; comprehensive general; automobile and professional liability (errors and omissions); property coverage including fire and theft; and other selected areas which require coverage. Commercial insurance is purchased for claims in excess of coverage provided by the self-insurance fund and for other risks not covered by the fund. In addition to all funds of the County, participants in this program include MCPS, HOC, MCC, MCRA, BUPI, M-NCPPC, the City of Rockville, the independent fire/rescue corporations, the Bethesda-Chevy Chase Rescue Squad, the Rockville Housing Enterprises, the Town of Somerset, the Village of Martin's Additions, the City of Gaithersburg, the Village of Drummond, the City of Takoma Park, and the Village of Friendship Heights. The liability for claims with respect to all participants transfers to the self-insurance fund, except for M-NCPPC which retains ultimate liability for its own claims.

The second fund is maintained for Employee Health Benefits under which participants share medical, prescription, dental, vision, and life insurance. While the majority of coverage is self-insured, certain fully

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

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

Changes in the balances of Claims Payable for the self-insurance funds for FY09 and FY08 are as follows:

	<u>Liability and Property Coverage</u>	<u>Employee Health Benefits</u>
Balance July 1, 2007	\$75,499,000	\$ 10,573,292
Claims and changes in estimates	31,229,416	74,483,466
Claim payments ¹	<u>(25,897,416)</u>	<u>(78,869,861)</u>
Balance June 30, 2008	80,831,000	6,186,897
Claims and changes in estimates	36,547,713	86,223,421
Claim payments ¹	<u>(29,242,713)</u>	<u>(85,610,110)</u>
Balance June 30, 2009 ^{2,3}	<u><u>\$88,136,000</u></u>	<u><u>\$ 6,800,208</u></u>

1 Includes non-monetary settlements.

2 Includes incurred but not reported (IBNR) claims of \$46,446,000 and \$6,897,747 for the Liability and Property Coverage and the Employee Health Benefits Self-Insurance Funds, respectively.

3 Life Insurance is covered by a third-party provider, but the County is required to hold a reserve with the provider proportionate to claims incurred. The Life Insurance IBNR of \$97,539 is not included in the schedule. Claims payable including Life IBNR is \$6,897,747.

B) Significant Commitments and Contingencies

1) Landfill

The County, in its effort to provide for estimated landfill capping and postclosure maintenance costs, accrues such costs and recognizes those costs as expenses as the landfill is utilized. The October 9, 1991 U.S. Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Criteria," established closure requirements for all municipal solid waste landfills (MSWLFs) that receive waste after October 9, 1991. The County has been accruing closure expenses since FY91 in an attempt to match the costs of closure against the revenues associated with the use of the landfill. GASB Statement No. 18, issued in August 1993, expanded the items considered in the original EPA calculation of closure costs. The expanded requirements include postclosure care for thirty years for landfills accepting refuse materials after October 1991. The Oaks Landfill closed on October 22, 1997, and the County began using out-of-County waste hauling during FY98. At the time the landfill was closed, total cumulative capacity used was 6,990,437 tons. The total closure and postclosure costs are estimated at \$61,997,000, which has been fully accrued through June 30, 2009. Of the total amount accrued, \$37,186,077 in actual costs has been paid out in prior years, and \$4,135,000 was paid in FY09, resulting in a net liability of \$20,675,923 at June 30, 2009. The current and non-current portions of the adjusted liability at year-end are estimated at \$2,150,000 and \$18,525,923 respectively. These costs are subject to change based on cost differences, changes in technology, or applications of laws and regulations. The County plans to use primarily operating cash to pay for these closure and postclosure costs as they are incurred in the future.

2) Pollution Remediation

As discussed in Note 1E "Accounting Changes", the County has adopted GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement requires that the County disclose in the notes of the financial statements any contingent liability related to a pollution remediation event. The County has a contingent liability with respect to the Gude Landfill. This landfill was used for the disposal of County municipal solid waste from 1965 to 1982. The landfill received approximately 4.8 million tons of municipal waste from 1965 until the site was closed in 1982. A contingent liability currently exists because the Gude Landfill has been identified as a site which will require pollution remediation or additional post-closure costs due to ground water and surface water contamination. The County is still investigating the extent to which this site needs remediation, therefore no reasonable estimable costs can be reported for FY09 and may not be until the latter part of FY10. In light of this determination, GASB 49 dictates that the potential financial liability be disclosed only in the footnote section and not the financial statements.

3) Litigation

In addition to those suits in which claims for liability are adequately covered by insurance, the County is 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 \$1,550,000. In accordance with general accepted accounting principles, none of this amount has been reflected as a liability in the accompanying financial statements, as the County's liability on none of the claims are determined to be 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, 2009, have not yet been completed. In accordance with the provisions of the Single Audit Act of 1984 and Circular A-133, issued by the U.S. Office of Management and Budget, the County participates in single audits of federally assisted programs. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although management does not believe amounts ultimately disallowed, if any, would be material.

5) Other Commitments

County proprietary funds have entered into contract commitments that remain uncompleted as of year-end. The amounts of outstanding commitments at June 30, 2009, are as follows:

<u>Enterprise Funds:</u>	<u>Operating</u>	<u>Capital</u>	<u>Inventory</u>	<u>Total</u>
Major Funds:				
Liquor	\$ 789,491	\$ -	\$ 3,227,285	\$ 4,016,776
Solid Waste Activities:				
Disposal operations	7,411,097	3,814,093	-	11,225,190
Collection operations	-	-	-	-
Parking Lot Districts:				
Silver Spring	247,794	2,573,061	-	2,820,855
Bethesda	221,563	2,109,695	-	2,331,258
Wheaton	41,770	316,042	-	357,812
Montgomery Hills	2,792	-	-	2,792
Subtotal	<u>8,714,507</u>	<u>8,812,891</u>	<u>3,227,285</u>	<u>20,754,683</u>
Nonmajor Funds:				
Permitting Services	341,488	-	-	341,488
Community Use of Public Facilities	-	-	-	-
Subtotal	<u>341,488</u>	<u>-</u>	<u>-</u>	<u>341,488</u>
Total Enterprise Funds	<u>9,055,995</u>	<u>8,812,891</u>	<u>3,227,285</u>	<u>21,096,171</u>
<u>Internal Service Funds:</u>				
Motor Pool	675,208	-	21,774,229	22,449,437
Central Duplicating	218,548	-	-	218,548
Liability and Property Coverage Self-Insurance	61,115	-	-	61,115
Employee Health Benefits Self-Insurance	596,630	-	-	596,630
Total Internal Service Funds	<u>1,551,501</u>	<u>-</u>	<u>21,774,229</u>	<u>23,325,730</u>
Total Proprietary Funds	<u>\$ 10,607,496</u>	<u>\$ 8,812,891</u>	<u>\$ 25,001,514</u>	<u>\$ 44,421,901</u>

As of June 30, 2009, the County has \$600,000 in outstanding offers of loans and/or grants that have been extended to various companies under its Economic Development Fund programs. To help fund such offers, the designated fund balance of the Economic Development Special Revenue Fund at the end of the year is typically reappropriated in the following year.

Subsequent Events

On July 31, 2009, the County issued two master lease agreements totaling \$1,350,446 to purchase fire and rescue equipment. On August 25, 2009, the County issued commercial paper bond anticipation notes (BANS) totaling \$200,000,000. On September 15, 2009, the County Council approved legislation to increase the level of authorized general obligation bond principal by \$453,900,000. On November 17, 2009, the County issued General Obligation Bonds in the amount of \$78,000,000; Build America Bonds totaling \$232,000,000; and General Obligation Refunding Bonds amounting to \$161,755,000. On December 2, 2009, the County retired BANS totaling \$315,000,000; \$50,000,000 for 2002 series L, \$33,000,000 for 2002 series M, \$32,000,000 for 2002 series N, and \$200,000,000 for 2009 series A.

C) Joint Ventures

The Primary Government participates in six joint ventures 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 joint venture 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, 2009, M-NCPPC had outstanding notes payable and bonds payable in the amount of \$129,463,651, of which \$4,522,821 was self-supporting. Of the total amount payable, \$16,504,721 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, 2009, is \$37,630,367, 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, 2009, WSSC had outstanding notes payable and bonds payable in the amount of \$1,351,717,000, of which \$1,350,972,000 was self-supporting. Of the total amount payable, \$340,581,000 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, 2009, all WSSC debt relating to the County is self-supporting.

Washington Suburban Transit Commission (WSTC)

The Washington Suburban Transit District (WSTD), encompassing Prince George's and Montgomery Counties, Maryland, was chartered by the State of Maryland in 1965 to, among other things, coordinate and participate in the formulation of the transit plan of the Washington Metropolitan Area Transit Authority for WSTD. 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 State 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 \$90,408 to WSTC during FY09. The FY09 WSTC Annual Financial Report was not available when this report was published.

Washington Metropolitan Area Transit Authority (WMATA)

WMATA was created in 1967 by interstate compact among the states of Maryland and 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 twelve-member Board of Directors. Maryland, Virginia, and the District of Columbia 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 Metro Rail and Metro Bus 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 and bus operating 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, effective in FY00, that the State provides 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 FY09, which are fully funded by the State and not reflected in the accompanying financial statements, is as follows:

Bus operating subsidy	\$ 49,405,915
Rail operating subsidy	25,161,943
Americans with Disabilities Act service	15,863,582
Other operating subsidy	2,142,744
MetroMatters program	30,445,000
Project Development	506,000
Debt service on WMATA revenue bonds	4,867,500
Local bus program	<u>22,089,042</u>
Total	<u>\$150,481,726</u>

At June 30, 2009, WMATA had outstanding bonds payable of \$418,760,000, of which \$41,689,755 represented bonds payable due within one year. All of this debt is payable from resources of WMATA.

Metropolitan Washington Council of Governments (COG)

COG is a multi-governmental regional planning organization in which local governments work together, 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 12 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 FY09 membership dues and fees for services amounting to \$743,366.

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 and 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, Baltimore County, Anne Arundel County, Frederick County, Harford County, Howard County, Carroll County, and City of Baltimore. The Maryland Environmental Service is an ex-officio member.

NEMWDA issued bonds in 1993 to fund the construction of the Montgomery County Resource Recovery Project (Project). In April 2003, NEMWDA refinanced \$205,078,908 of the 1993 bonds. At June 30, 2009, NEMWDA had outstanding bonds payable in the amount of \$180,685,000 of which \$19,955,000 represented debt due within one year. Of these amounts, \$171,080,000 related to the Project, \$18,055,000 of which represented debt due within one year. These bonds are limited obligations of NEMWDA, payable solely from the Project revenues and other sources. Since the Project is owned and operated by NEMWDA, the bonds and related activities are included in the financial statements of NEMWDA.

This Project became operational in August 1995. NEMWDA has entered into a service contract with the County under which the County pays a waste disposal fee calculated in accordance with the agreement. The waste disposal fee is comprised of an amount equal to debt service, facility fees, alternative disposal

costs, NEMWDA administrative costs, operating costs, and NEMWDA component revenue. Waste disposal fee expense incurred by the Solid Waste Activities Enterprise Fund during FY09 amounted to \$31,109,395.

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

2) Annual, Sick Leave, and Other Compensated Absences

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

3) Group Insurance Benefits

The County provides comprehensive group insurance programs to its employees. These benefits include, but are not limited to, medical, dental, and vision benefits, long-term disability, term life, and accidental death and dismemberment insurance. The cost of each insurance program is shared between the employer and the employees. During FY09, the County and its employees contributed \$73,142,895 and \$25,388,682, respectively. Employees of MCRA, HOC, and BUPI participate in the comprehensive insurance program of the County. Employer contributions totaled \$671,459, \$3,417,533, and \$58,905 for these component units, respectively, for FY09.

E) 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. The Board of Investment Trustees (Board) has the exclusive authority to manage the assets of the System. The Board 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/bit>, or can be obtained by writing the Board of Investment Trustees, Montgomery County Government, 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. Substantially all employees hired prior to October 1, 1994, of the County, MCRA, HOC, the independent fire/rescue corporations, the Town of Chevy Chase, the Strathmore Hall Foundation, Inc., WSTC, Montgomery County Employees Federal Credit Union, certain employees of the State Department of Assessments and Taxation, and the District Court of Maryland are provided retirement benefits under the System. The System, established under Section 33 of Montgomery County Code, 2001, as amended, is a contributory plan with employees contributing a percentage of their base annual salary, depending on their group classification which determines retirement eligibility.

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

Members who retire early receive normal retirement benefits reduced by a minimum of 2 percent to a maximum of 60 percent depending on the number of years early retirement precedes normal retirement. Disability benefits are contingent upon service-connected or nonservice-connected occurrences and total or partial permanent disablement. Death benefits are contingent upon service-connected or nonservice-connected occurrences. Effective July 1, 1989, when members terminate employment before their retirement date and after completion of five years of credited service, they may elect to leave their member contributions in the System and receive a pension upon reaching their normal retirement date, based on the amount of their normal retirement pension that has accrued to the date of termination. Vested benefits and eligibility requirements are described under Section 33-45 of the Montgomery County Code of 2001, as amended. A member who terminates employment prior to five years of credited service is refunded their accumulated contributions with interest.

Deferred Retirement Option (DROP) Plans, established in FY00, allow any employee who is a member of a specified membership class or bargaining unit, and who meets certain eligibility requirements, to elect to “retire” but continue to work for a specified time period, during which pension payments are deferred. When the member’s participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member’s credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff.

Funding Policy - Required employee contribution rates varying from 4 to 9.25 percent of regular earnings are fixed and specified under Section 33-39 (a) of the Montgomery County Code of 2001, as amended. 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 forty-year period.

Annual Pension Cost and Net Pension Obligation - The annual required contributions (ARC) for FY09 were based on an actuarial valuation as of June 30, 2007, the latest valuation available on the date the County Council was required to approve the appropriation resolution. The ARC, or annual pension cost (APC), were the same as contributions actually made.

The APC and the net pension obligation (NPO) of the County and the participating agencies and political subdivisions for FY09 were as follows:

Fiscal Year	APC	Percentage of	
		APC Contributed	NPO
2007	\$109,436,001	100 %	\$ -
2008	117,686,375	100	-
2009	109,567,014	100	-

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 - 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. 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 employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Section 33-117 of the Code requires the County to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively. Employee contributions are always vested under this Plan and employer contributions 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 FY09 were \$20,625,065 and \$11,262,814, respectively.

3) **Other**

The County contributed \$934,919 during FY09 for pension costs for a limited number of employees/retirees who elected to remain in the State plan. This amount includes the current service costs plus an amount sufficient to amortize the prior service cost over a forty-year period ending June 30, 2020.

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

Under Section 21-21 of the Montgomery County Code, the County has established a Length of Service Award Program (LOSAP) for the County's Department of Fire and Rescue Service volunteers who meet certain age and service criteria. Benefit expenditures amounting to \$1,137,186 in FY09 also include disability and survivor annuities and lump-sum death benefits, and are reported in the Fire Tax District Special Revenue Fund on a "pay-as-you-go" basis. There were 470 recipients comprising former volunteers and their beneficiaries at the end of FY09. Based on the latest available valuation, the unfunded actuarial accrued liability for the LOSAP plan is \$20,740,159.

F) Other Postemployment Benefits (OPEB)

Plan Description – During FY08, the Montgomery County Council enacted legislation (Bill No. 28-07) to establish a new trust effective July 1, 2007 to fund certain County retiree benefit plans. The Retiree Health Benefits Trust (Retiree Trust) 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 Investment Trustees (Board) has the exclusive authority to manage the assets of the Retiree Trust. The Board consists of thirteen trustees and functions as part of the County. Separate financial statements are not issued for the Retiree Trust.

Substantially all retirees of the County, MCRA, HOC, the independent fire/rescue corporations, and WSTC, 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 is eligible for group insurance upon separation from service based upon the member's age and credited service at the time of separation. Postemployment benefit provisions and eligibility requirements for retirees are described under the Montgomery County Group Insurance Summary Plan Description.

Plan membership at June 30, 2008 consisted of the following:

Retirees and beneficiaries receiving benefits	7,490
Active plan members	<u>9,949</u>
Total	<u><u>17,439</u></u>

Condensed FY09 financial statements for the Retiree Health Benefits Trust are as follows:

Condensed Statement of Fiduciary Net Assets		Condensed Statement of Changes in Fiduciary Net Assets	
ASSETS		ADDITIONS	
Cash and investments	\$ 31,017,862	Contributions	\$ 71,510,737
Other assets	<u>3,978,472</u>	Net investment income (loss)	<u>(1,980,135)</u>
Total Assets	<u>34,996,334</u>	Total Additions, net	<u>69,530,602</u>
LIABILITIES		DEDUCTIONS	
Claims payable	3,978,471	Benefits	48,389,690
Other liabilities	<u>9,411</u>	Administrative	<u>3,842,017</u>
Total Liabilities	<u>3,987,882</u>	Total Deductions	<u>52,231,707</u>
NET ASSETS:		Change in Net Assets	17,298,895
Held in trust for other		Beginning Net Assets	<u>13,709,557</u>
postemployment benefits	<u>\$ 31,008,452</u>	Ending Net Assets	<u>\$ 31,008,452</u>

Contributions – The County Council has the authority to establish and amend contribution requirements of the plan members and the County. The Plan is a contributory plan in which the County and the retired members and beneficiaries contribute, based on an actuarial valuation, certain amounts toward the current cost of healthcare benefits. During FY09, plan members and beneficiaries receiving benefits contributed \$13,307,885 (approximately 26 percent of current contributions). The County and other contributing entities contributed \$58,202,852, including \$38,622,982 (approximately 74 percent of current contributions) for current premiums, claims and administrative expenses, and \$19,579,870 toward prefunding future benefits.

Funding Status and Funding Progress – As of June 30, 2008, the most recent actuarial valuation, the actuarial accrued liability (AAL) was \$1,161,222,000 and there were \$35,279,000 actuarial plan assets, therefore the unfunded AAL (UAAL) was \$1,125,943,000. The annual covered payroll of active employees covered by the Plan was \$667,400,000 and the ratio of the UAAL to covered payroll was 168.7 percent.

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

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

Annual OPEB Cost and Net OPEB Obligation - The ARC, or annual OPEB cost (AOC), for FY09 was based on an actuarial valuation as of June 30, 2007, the latest valuation available on the date the County Council was required to approve the FY09 budget.

The AOC and the net OPEB obligation of the County as of June 30, 2009 were as follows:

Annual required contribution (ARC)	\$ 111,677,000
Interest on net OPEB obligation	4,687,903
Adjustment to ARC	<u>(3,225,903)</u>
Annual OPEB cost	113,139,000
Contributions made	<u>58,202,852</u>
Increase in net OPEB obligation	54,936,148
Net OPEB obligation - beginning of year	<u>58,598,791</u>
Net OPEB obligation - end of year	<u><u>\$ 113,534,939</u></u>

The percentage of AOC contributed in FY09 was 51.4 percent.

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

Actuarial assumptions used in the actuarial valuation were:

Valuation date	June 30, 2008
Actuarial method	Projected unit credit
Amortization method	Level percentage of projected payroll
Amortization period	30 years
Investment rate of return	8.0%
Salary scale	4.25%
Mortality	RP 2000 projected 10 years, separate tables for males and females
Health care cost trend rates:	(initial, ultimate)
Medical (excluding Indemnity plan) pre-65	10.0%, 5.0%
Medical (excluding Indemnity plan) post-65	8.5%, 5.0%
Medical (Indemnity plan)	11.0%, 5.0%
Prescription drugs	10.0%, 5.0%
Dental	6.5%, 4.5%

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

RETIREE HEALTH BENEFITS TRUST

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
6/30/2007	\$ -	\$ 1,176,000,000	\$ 1,176,000,000	0 %	\$ 602,006,000	195.3 %
6/30/2008	\$ 35,279,000	\$ 1,161,222,000	\$ 1,125,943,000	3.0 %	\$ 667,400,000	168.7 %

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

SCHEDULE OF EMPLOYER AND OTHER CONTRIBUTING ENTITIES CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contributions	Percentage Contributed		Net OPEB Obligation
		Employers	Other Contributing Entities	
2008	\$ 102,320,000	38.6 %	4.1 %	\$ 58,598,791
2009	\$ 113,139,000	50.3 %	1.1 %	\$ 113,534,939

MONTGOMERY COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 REVENUE STABILIZATION SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
RSI-1

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
Revenues - Investment income	\$ -	\$ 2,005,903	\$ 2,005,903	\$ 2,005,903	\$ -
Expenditures	-	-	-	-	-
Excess of Revenues over (under) Expenditures	-	2,005,903	2,005,903	2,005,903	-
Other Financing Sources (Uses):					
Transfers In (Out):					
To Debt Service Fund	-	(2,005,903)	(2,005,903)	(2,005,903)	-
Total Other Financing Sources (Uses)	-	(2,005,903)	(2,005,903)	(2,005,903)	-
Fund Balance - Beginning of Year	-	119,647,603	119,647,603	119,647,603	-
Fund Balance - End of Year	\$ -	\$ 119,647,603	\$ 119,647,603	\$ 119,647,603	\$ -

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOUSING INITIATIVE SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
RSI-2

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
Revenues:					
Taxes - transfer	\$ -	\$ 5,615,500	\$ 5,615,500	\$ 6,022,355	\$ 406,855
Charges for services	-	50,000	50,000	-	(50,000)
Investment income:					
Pooled	-	210,000	210,000	303,086	93,086
Nonpooled	-	-	-	462,166	462,166
Total Investment Income	-	210,000	210,000	765,252	555,252
Miscellaneous:					
Property rentals, MPDU and other contributions	-	25,000,000	25,000,000	2,169,698	(22,830,302)
Total Miscellaneous	-	25,000,000	25,000,000	2,169,698	(22,830,302)
Total Revenues	-	30,875,500	30,875,500	8,957,305	(21,918,195)
Expenditures:					
Personnel costs	-	1,273,910	1,273,910	1,273,906	4
Operating	6,332,549	37,570,636	43,903,185	26,829,745	17,073,440
Total Expenditures	6,332,549	38,844,546	45,177,095	28,103,651	17,073,444
Excess of Revenues over (under) Expenditures	(6,332,549)	(7,969,046)	(14,301,595)	(19,146,346)	(4,844,751)
Other Financing Sources (Uses):					
Transfers In (Out):					
From General Fund	-	9,782,490	9,782,490	9,782,490	-
To General Fund	-	(178,100)	(178,100)	(178,100)	-
To Debt Service Fund	-	(1,926,862)	(1,926,862)	(76,862)	1,850,000
To Capital Projects Fund	-	(1,404,518)	(1,404,518)	(1,404,518)	-
Mortgage repayment	-	5,500,000	5,500,000	712,929	(4,787,071)
Disposition of property	-	3,000,000	3,000,000	1,629,312	(1,370,688)
Total Other Financing Sources (Uses)	-	14,773,010	14,773,010	10,465,251	(4,307,759)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(6,332,549)	6,803,964	471,415	(8,681,095)	(9,152,510)
Fund Balance - Beginning of Year	6,332,549	10,117,904	16,450,453	16,450,453	-
Fund Balance - End of Year	\$ -	\$ 16,921,868	\$ 16,921,868	\$ 7,769,358	\$ (9,152,510)

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

Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (8,681,095)
Reconciling items:	
Cancellation of prior year encumbrances	(169,870)
Elimination of encumbrances outstanding	5,934,438
Reconciling item - Change in notes receivable	23,378,354
GAAP - Net Change in Fund Balance	<u>\$ 20,461,827</u>



SUPPLEMENTARY DATA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Special Taxing Districts:

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

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

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

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

NOISE ABATEMENT DISTRICTS - Bradley and Cabin John: Accounts for the fiscal activity related to the accumulation of resources to pay debt service on bonds issued to finance the construction of noise abatement barriers along Interstate 495 (the "beltway").

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

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

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

GRANTS - Accounts for the Federal and State grant-funded activities of the tax-supported General Fund and special revenue funds.

Other:

AGRICULTURAL TRANSFER TAX - Accounts for agricultural transfer tax revenues to be used for an approved agricultural land preservation program.

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

WATER QUALITY PROTECTION - Accounts for the fiscal activity relating to maintenance of certain storm water management facilities.

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

MAJOR GOVERNMENTAL FUNDS

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

DEBT SERVICE
CAPITAL PROJECTS

MONTGOMERY COUNTY, MARYLAND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009
Exhibit B-1

	Special Taxing Districts	Rehabilitation Loan	Economic Development
ASSETS			
Equity in pooled cash and investments	\$ 38,074,792	\$ 430,515	\$ 1,517,026
Cash	7,800	-	-
Receivables (net of allowances for uncollectibles):			
Property taxes	4,688,487	-	-
Accounts	181,263	-	-
Notes	-	-	1,088,478
Mortgages receivable	-	3,949,433	-
Other	451,577	-	-
Due from other funds	5,422,208	-	-
Due from component units	-	-	-
Due from other governments	23,745,569	-	-
Prepays	256,330	-	-
Total Assets	<u>\$ 72,828,026</u>	<u>\$ 4,379,948</u>	<u>\$ 2,605,504</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,945,746	\$ 40,000	\$ -
Retainage payable	-	-	-
Accrued liabilities	11,927,176	-	6,567
Deposits	3,274	-	-
Due to other funds	8,392,311	-	1,453
Due to component units	18,599	-	-
Due to other governments	529,112	-	-
Deferred revenue	27,836,545	-	-
Total Liabilities	<u>51,652,763</u>	<u>40,000</u>	<u>8,020</u>
Fund Balances:			
Reserved for:			
Long-term receivables	176,716	3,949,433	1,088,478
Prepays	256,330	-	-
Fire-Rescue Grant	1,339,856	-	-
Donor-specified purposes	-	-	-
Total Reserved	<u>1,772,902</u>	<u>3,949,433</u>	<u>1,088,478</u>
Unreserved, designated for, reported in:			
Encumbrances	4,154,573	-	-
Special Revenue Funds	15,033,910	390,515	1,509,006
Designated for transfers to Capital Projects Fund	-	-	-
Unreserved, undesignated reported in:			
Special Revenue Funds	213,878	-	-
Total Unreserved	<u>19,402,361</u>	<u>390,515</u>	<u>1,509,006</u>
Total Fund Balances	<u>21,175,263</u>	<u>4,339,948</u>	<u>2,597,484</u>
Total Liabilities and Fund Balances	<u>\$ 72,828,026</u>	<u>\$ 4,379,948</u>	<u>\$ 2,605,504</u>

Cable TV	Grants	Other	Total Nonmajor Governmental Funds
\$ 4,307,177	\$ -	\$ 16,107,592	\$ 60,437,102
-	-	25,000	32,800
-	-	-	4,688,487
4,165,228	67,847	170,142	4,584,480
-	5,735,479	-	6,823,957
-	29,883,724	-	33,833,157
-	-	-	451,577
-	-	-	5,422,208
-	9,151,315	-	9,151,315
170,400	15,681,638	-	39,597,607
-	2,977	5,273	264,580
<u>\$ 8,642,805</u>	<u>\$ 60,522,980</u>	<u>\$ 16,308,007</u>	<u>\$ 165,287,270</u>
\$ 1,155,585	\$ 3,977,647	\$ 1,052,252	\$ 9,171,230
-	-	5,305	5,305
91,471	3,340,054	88,089	15,453,357
163,408	-	-	166,682
19,812	3,598,412	22,106	12,034,094
-	980,555	-	999,154
135,581	3,620,946	-	4,285,639
-	45,005,366	71,601	72,913,512
<u>1,565,857</u>	<u>60,522,980</u>	<u>1,239,353</u>	<u>115,028,973</u>
-	-	98,541	5,313,168
-	-	5,273	261,603
-	-	-	1,339,856
-	-	1,502,623	1,502,623
-	-	1,606,437	8,417,250
2,097,257	-	1,878,240	8,130,070
1,810,223	-	7,097,945	25,841,599
-	-	55,173	55,173
3,169,468	-	4,430,859	7,814,205
7,076,948	-	13,462,217	41,841,047
7,076,948	-	15,068,654	50,258,297
<u>\$ 8,642,805</u>	<u>\$ 60,522,980</u>	<u>\$ 16,308,007</u>	<u>\$ 165,287,270</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-2

	Special Taxing Districts	Rehabilitation Loan	Economic Development
REVENUES			
Taxes	\$ 294,737,947	\$ -	\$ -
Licenses and permits	2,225,888	-	-
Intergovernmental	4,769,571	-	-
Charges for services	30,885,677	-	-
Fines and forfeitures	420,877	-	-
Investment income (loss)	1,285,875	119,208	72,876
Miscellaneous	141,952	-	102,805
Total Revenues	<u>334,467,787</u>	<u>119,208</u>	<u>175,681</u>
EXPENDITURES			
General government	7,496,694	-	404,617
Public safety	190,950,531	40,000	-
Public works and transportation	109,442,455	-	-
Health and human services	-	-	-
Culture and recreation	32,211,363	-	-
Community development and housing	-	-	-
Environment	-	-	-
Total Expenditures	<u>340,101,043</u>	<u>40,000</u>	<u>404,617</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(5,633,256)</u>	<u>79,208</u>	<u>(228,936)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	12,493,225	-	556,160
Transfers (out)	(34,600,892)	-	-
Total Other Financing Sources (Uses)	<u>(22,107,667)</u>	<u>-</u>	<u>556,160</u>
Net Change in Fund Balances	<u>(27,740,923)</u>	<u>79,208</u>	<u>327,224</u>
Fund Balances - Beginning of Year	48,916,186	4,260,740	2,270,260
Fund Balances - End of Year	<u>\$ 21,175,263</u>	<u>\$ 4,339,948</u>	<u>\$ 2,597,484</u>

Cable TV	Grants	Other	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 95,663	\$ 294,833,610
-	-	-	2,225,888
-	107,730,693	4,173	112,504,437
17,482,108	-	8,574,546	56,942,331
-	-	398,415	819,292
67,830	141,744	344,727	2,032,260
-	2,419,134	698,668	3,362,559
<u>17,549,938</u>	<u>110,291,571</u>	<u>10,116,192</u>	<u>472,720,377</u>
-	5,553,059	575,391	14,029,761
-	11,006,508	476,034	202,473,073
-	10,936,580	-	120,379,035
-	76,421,532	-	76,421,532
11,213,757	314,447	-	43,739,567
-	6,474,784	-	6,474,784
-	950	6,097,688	6,098,638
<u>11,213,757</u>	<u>110,707,860</u>	<u>7,149,113</u>	<u>469,616,390</u>
<u>6,336,181</u>	<u>(416,289)</u>	<u>2,967,079</u>	<u>3,103,987</u>
-	1,048,984	-	14,098,369
<u>(5,229,708)</u>	<u>(632,695)</u>	<u>(8,979,089)</u>	<u>(49,442,384)</u>
<u>(5,229,708)</u>	<u>416,289</u>	<u>(8,979,089)</u>	<u>(35,344,015)</u>
1,106,473	-	(6,012,010)	(32,240,028)
5,970,475	-	21,080,664	82,498,325
<u>\$ 7,076,948</u>	<u>\$ -</u>	<u>\$ 15,068,654</u>	<u>\$ 50,258,297</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS
 JUNE 30, 2009
Exhibit B-3

	Recreation	Fire Tax District	Mass Transit Facilities	Urban Districts	Noise Abatement Districts	Total
ASSETS						
Equity in pooled cash and investments	\$ 8,419,169	\$ 28,272,527	\$ 6,422	\$ 1,366,112	\$ 10,562	\$ 38,074,792
Cash	5,450	-	2,350	-	-	7,800
Receivables (net of allowances for uncollectibles):						
Property taxes	472,093	2,355,461	1,731,983	128,950	-	4,688,487
Accounts	-	99,774	-	81,489	-	181,263
Other	76,942	-	374,635	-	-	451,577
Due from other funds	-	5,109,298	312,910	-	-	5,422,208
Due from other governments	-	943,635	22,801,934	-	-	23,745,569
Prepays	12,554	181,917	61,859	-	-	256,330
Total Assets	<u>\$ 8,986,208</u>	<u>\$ 36,962,612</u>	<u>\$ 25,292,093</u>	<u>\$ 1,576,551</u>	<u>\$ 10,562</u>	<u>\$ 72,828,026</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 617,118	\$ 988,625	\$ 1,247,428	\$ 92,575	\$ -	\$ 2,945,746
Accrued liabilities	1,377,313	7,375,184	2,988,226	186,453	-	11,927,176
Deposits	3,274	-	-	-	-	3,274
Due to other funds	234,821	3,503,313	4,626,324	27,853	-	8,392,311
Due to component units	-	-	18,599	-	-	18,599
Due to other governments	52,593	-	476,519	-	-	529,112
Deferred revenue	468,775	3,265,046	23,892,409	210,315	-	27,836,545
Total Liabilities	<u>2,753,894</u>	<u>15,132,168</u>	<u>33,249,505</u>	<u>517,196</u>	<u>-</u>	<u>51,652,763</u>
Fund Balances:						
Reserved for:						
Long-term receivables	76,942	99,774	-	-	-	176,716
Prepays	12,554	181,917	61,859	-	-	256,330
Fire-Rescue Grant	-	1,339,856	-	-	-	1,339,856
Total Reserved	<u>89,496</u>	<u>1,621,547</u>	<u>61,859</u>	<u>-</u>	<u>-</u>	<u>1,772,902</u>
Unreserved, designated for, reported in:						
Encumbrances	153,779	3,868,298	-	132,496	-	4,154,573
Special Revenue Funds	2,004,370	12,392,581	-	636,959	-	15,033,910
Unreserved, undesignated, reported in:						
Special Revenue Funds	3,984,669	3,948,018	(8,019,271)	289,900	10,562	213,878
Total Unreserved	<u>6,142,818</u>	<u>20,208,897</u>	<u>(8,019,271)</u>	<u>1,059,355</u>	<u>10,562</u>	<u>19,402,361</u>
Total Fund Balances	<u>6,232,314</u>	<u>21,830,444</u>	<u>(7,957,412)</u>	<u>1,059,355</u>	<u>10,562</u>	<u>21,175,263</u>
Total Liabilities and Fund Balances	<u>\$ 8,986,208</u>	<u>\$ 36,962,612</u>	<u>\$ 25,292,093</u>	<u>\$ 1,576,551</u>	<u>\$ 10,562</u>	<u>\$ 72,828,026</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Exhibit B-4

	Recreation	Fire Tax District	Mass Transit Facilities	Urban Districts	Noise Abatement Districts	Total
REVENUES						
Taxes	\$ 32,033,658	\$ 194,640,798	\$ 66,853,002	\$ 1,172,654	\$ 37,835	\$ 294,737,947
Licenses and permits	-	1,654,449	571,439	-	-	2,225,888
Intergovernmental	-	2,825,992	1,943,579	-	-	4,769,571
Charges for services	11,084,762	1,715,458	17,827,490	257,967	-	30,885,677
Fines and forfeitures	-	-	420,877	-	-	420,877
Investment income	226,431	735,080	307,479	16,475	410	1,285,875
Miscellaneous	58,300	68,801	14,851	-	-	141,952
Total Revenues	43,403,151	201,640,578	87,938,717	1,447,096	38,245	334,467,787
EXPENDITURES						
General government	-	-	-	7,496,694	-	7,496,694
Public safety	-	190,950,531	-	-	-	190,950,531
Public works and transportation	-	-	109,442,455	-	-	109,442,455
Culture and recreation	32,211,363	-	-	-	-	32,211,363
Total Expenditures	32,211,363	190,950,531	109,442,455	7,496,694	-	340,101,043
Excess (Deficiency) of Revenues over (under) Expenditures	11,191,788	10,690,047	(21,503,738)	(6,049,598)	38,245	(5,633,256)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,375,320	-	4,521,335	6,596,570	-	12,493,225
Transfers (out)	(10,198,909)	(9,455,900)	(14,517,751)	(390,970)	(37,362)	(34,600,892)
Total Other Financing Sources (Uses)	(8,823,589)	(9,455,900)	(9,996,416)	6,205,600	(37,362)	(22,107,667)
Net Change in Fund Balances	2,368,199	1,234,147	(31,500,154)	156,002	883	(27,740,923)
Fund Balances - Beginning of Year	3,864,115	20,596,297	23,542,742	903,353	9,679	48,916,186
Fund Balances - End of Year	\$ 6,232,314	\$ 21,830,444	\$ (7,957,412)	\$ 1,059,355	\$ 10,562	\$ 21,175,263

MONTGOMERY COUNTY, MARYLAND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - OTHER
 JUNE 30, 2009
 Exhibit B-5

	Agricultural Transfer Tax	Drug Enforcement Forfeitures	Water Quality Protection	Restricted Donations	Totals
ASSETS					
Equity in pooled cash and investments	\$ 5,612,900	\$ 2,658,379	\$ 6,201,902	\$ 1,634,411	\$ 16,107,592
Cash	-	25,000	-	-	25,000
Receivables (net of allowances for uncollectibles):					
Accounts	-	98,501	71,601	40	170,142
Prepays	-	4,485	-	788	5,273
Total Assets	<u>\$ 5,612,900</u>	<u>\$ 2,786,365</u>	<u>\$ 6,273,503</u>	<u>\$ 1,635,239</u>	<u>\$ 16,308,007</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 86,496	\$ 835,952	\$ 129,804	\$ 1,052,252
Retainage payable	-	-	5,305	-	5,305
Accrued liabilities	-	2,667	85,422	-	88,089
Due to other funds	-	-	22,106	-	22,106
Deferred revenue	-	-	71,601	-	71,601
Total Liabilities	<u>-</u>	<u>89,163</u>	<u>1,020,386</u>	<u>129,804</u>	<u>1,239,353</u>
Fund Balances:					
Reserved for:					
Long-term receivables	-	98,501	-	40	98,541
Prepays	-	4,485	-	788	5,273
Donor-specified purposes	-	-	-	1,502,623	1,502,623
Total Reserved	<u>-</u>	<u>102,986</u>	<u>-</u>	<u>1,503,451</u>	<u>1,606,437</u>
Unreserved, designated for, reported in:					
Encumbrances	-	45,283	1,830,973	1,984	1,878,240
Special Revenue Funds	4,875,953	-	2,221,992	-	7,097,945
Designated for transfers to Capital Projects Fund	-	-	55,173	-	55,173
Unreserved, undesignated reported in:					
Special Revenue Funds	736,947	2,548,933	1,144,979	-	4,430,859
Total Unreserved	<u>5,612,900</u>	<u>2,594,216</u>	<u>5,253,117</u>	<u>1,984</u>	<u>13,462,217</u>
Total Fund Balances	<u>5,612,900</u>	<u>2,697,202</u>	<u>5,253,117</u>	<u>1,505,435</u>	<u>15,068,654</u>
Total Liabilities and Fund Balances	<u>\$ 5,612,900</u>	<u>\$ 2,786,365</u>	<u>\$ 6,273,503</u>	<u>\$ 1,635,239</u>	<u>\$ 16,308,007</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - OTHER
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Exhibit B-6

	Agricultural Transfer Tax	Drug Enforcement Forfeitures	Water Quality Protection	Restricted Donations	Totals
REVENUES					
Taxes	\$ 95,663	\$ -	\$ -	\$ -	\$ 95,663
Intergovernmental	-	-	-	4,173	4,173
Charges for services	-	-	8,574,546	-	8,574,546
Fines and forfeitures	-	398,415	-	-	398,415
Investment income	171,552	44,699	120,732	7,744	344,727
Miscellaneous - contributions	-	4,950	-	693,718	698,668
Total Revenues	<u>267,215</u>	<u>448,064</u>	<u>8,695,278</u>	<u>705,635</u>	<u>10,116,192</u>
EXPENDITURES					
General government	38,266	-	-	537,125	575,391
Public safety	-	476,034	-	-	476,034
Environment	-	-	6,097,688	-	6,097,688
Total Expenditures	<u>38,266</u>	<u>476,034</u>	<u>6,097,688</u>	<u>537,125</u>	<u>7,149,113</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>228,949</u>	<u>(27,970)</u>	<u>2,597,590</u>	<u>168,510</u>	<u>2,967,079</u>
OTHER FINANCING SOURCES (USES)					
Transfers (out)	(7,382,414)	-	(1,596,675)	-	(8,979,089)
Total Other Financing Sources (Uses)	<u>(7,382,414)</u>	<u>-</u>	<u>(1,596,675)</u>	<u>-</u>	<u>(8,979,089)</u>
Net Change in Fund Balances	(7,153,465)	(27,970)	1,000,915	168,510	(6,012,010)
Fund Balances - Beginning of Year	<u>12,766,365</u>	<u>2,725,172</u>	<u>4,252,202</u>	<u>1,336,925</u>	<u>21,080,664</u>
Fund Balances - End of Year	<u>\$ 5,612,900</u>	<u>\$ 2,697,202</u>	<u>\$ 5,253,117</u>	<u>\$ 1,505,435</u>	<u>\$ 15,068,654</u>

MONTGOMERY COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-7

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
Revenues:					
Charges for Services - Special street assessments	-	-	-	600	600
Investment Income:					
Pooled investment income	\$ -	\$ 2,700,000	\$ 2,700,000	\$ 1,412,223	\$ (1,287,777)
Other interest income	-	575,000	575,000	1,518,853	943,853
Total Investment Income	-	3,275,000	3,275,000	2,931,076	(343,924)
Miscellaneous	-	-	-	96,310	96,310
Total Revenues	-	3,275,000	3,275,000	3,027,986	(247,014)
Expenditures:					
Operating:					
Principal and Interest for General Obligation Bonds:					
General county	-	26,072,025	26,072,025	26,072,025	-
Roads and storm drainage	-	56,963,150	56,963,150	49,276,790	7,686,360
Parks and recreation	-	7,798,110	7,798,110	7,064,767	733,343
Public schools	-	113,641,915	113,641,915	102,354,007	11,287,908
College	-	9,157,530	9,157,530	7,912,457	1,245,073
Public housing	-	175,010	175,010	175,005	5
Recreation	-	4,995,540	4,995,540	4,676,758	318,782
Fire and rescue	-	4,176,900	4,176,900	3,416,221	760,679
Mass transit	-	2,259,520	2,259,520	2,028,746	230,774
Bradley noise abatement district	-	30,120	30,120	28,810	1,310
Cabin John noise abatement district	-	8,940	8,940	8,553	387
Issuing costs	361,548	1,198,140	1,559,688	1,417,599	142,089
Bond anticipation note interest	-	4,121,080	4,121,080	4,121,080	-
Principal and interest on long-term equipment notes	-	3,071,979	3,071,979	3,071,975	4
Long-term leases:					
General Fund	-	10,164,650	10,164,650	9,268,460	896,190
Recreation	-	2,662,970	2,662,970	2,662,966	4
Montgomery Housing Initiative	-	1,926,862	1,926,862	76,862	1,850,000
Fire and rescue	-	4,553,500	4,553,500	4,553,500	-
Total Expenditures	361,548	252,977,941	253,339,489	228,186,581	25,152,908
Excess of Revenues over (under) Expenditures	(361,548)	(249,702,941)	(250,064,489)	(225,158,595)	24,905,894
Other Financing Sources (Uses):					
Transfers In (Out):					
From General Fund	-	226,139,236	226,139,236	204,596,877	(21,542,359)
From Special Revenue Funds:					
Recreation	-	7,658,510	7,658,510	7,336,389	(322,121)
Mass Transit	-	4,041,865	4,041,865	3,827,098	(214,767)
Bradley Noise Abatement District	-	30,120	30,120	28,810	(1,310)
Cabin John Noise Abatement District	-	8,940	8,940	8,552	(388)
Fire Tax District	-	9,897,408	9,897,408	8,885,019	(1,012,389)
Montgomery Housing Initiative	-	1,926,862	1,926,862	76,862	(1,850,000)
Revenue Stabilization	-	2,005,903	2,005,903	2,005,903	-
To Capital Projects Fund	-	(2,005,903)	(2,005,903)	(2,005,903)	-
Total Other Financing Sources (Uses)	-	249,702,941	249,702,941	224,759,607	(24,943,334)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(361,548)	-	(361,548)	(398,988)	(37,440)
Fund Balance - Beginning of Year	361,548	2,891,567	3,253,115	3,253,115	-
Fund Balance (Deficit) - End of Year	\$ -	\$ 2,891,567	\$ 2,891,567	\$ 2,854,127	\$ (37,440)
Reconciliation of budgetary schedule to GAAP basis Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:					
	Revenues	Expenditures and Encumbrances	Other Financing Sources (Uses)	Effect on Fund Balance	
As reported - budgetary basis	\$ 3,027,986	\$ 228,186,581	\$ 224,759,607	\$ (398,988)	
Reconciling items:					
Elimination of encumbrances outstanding	-	(490,913)	-	490,913	
Cancellation of prior year encumbrances	(96,310)	-	-	(96,310)	
Bond anticipation note activity	-	250,000,000	-	(250,000,000)	
Lease revenue bond activity not required to be budgeted	3,295,276	3,295,276	-	-	
Issuing costs for:					
General obligation bonds	-	1,018,750	1,018,750	-	
Revenue bonds	-	142,088	142,088	-	
Proceeds of:					
General obligation bonds	-	-	250,000,000	250,000,000	
As reported - GAAP basis	\$ 6,226,952	\$ 482,151,782	\$ 475,920,445	\$ (4,385)	

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-8

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
Revenues:					
Taxes	\$ -	\$ 46,060,637	\$ 46,060,637	\$ 31,185,481	\$ (14,875,156)
Intergovernmental	256,660	141,184,075	141,440,735	23,745,657	(117,695,078)
Charges for services	-	4,572,562	4,572,562	88,636	(4,483,926)
Investment income:					
Pooled investment income	-	-	-	362,281	362,281
Other investment income	-	-	-	(149,258)	(149,258)
Miscellaneous - Contributions	-	12,951,896	12,951,896	305,582	(12,646,314)
Total Revenues	256,660	204,769,170	205,025,830	55,538,379	(149,487,451)
Expenditures - Capital Projects	110,954,653	843,835,313	954,789,966	469,546,110	485,243,856
Excess of Revenues over (under) Expenditures	(110,697,993)	(639,066,143)	(749,764,136)	(414,007,731)	335,756,405
Other Financing Sources (Uses):					
Transfers in	-	89,789,644	89,789,644	45,375,483	(44,414,161)
Transfers (out)	-	-	-	(17,471,347)	(17,471,347)
Transfers (out) - component units	-	-	-	(3,031,275)	(3,031,275)
Disposition of property	-	23,807,864	23,807,864	-	(23,807,864)
Proceeds of commercial paper	-	104,609,565	104,609,565	81,000,000	(23,609,565)
Proceeds of revenue bonds	-	14,463,000	14,463,000	14,463,000	-
Proceeds of general obligation bonds	-	374,501,641	374,501,641	-	(374,501,641)
Proceeds of certificates of participation	-	-	-	-	-
Total Other Financing Sources (Uses)		607,171,714	607,171,714	120,335,861	(486,835,853)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(110,697,993)	(31,894,429)	(142,592,422)	(293,671,870)	(151,079,448)
Fund Balance (Deficit) - Beginning of Year	110,697,993	(115,814,075)	(5,116,082)	(5,116,082)	-
Fund Balance (Deficit) - End of Year	\$ -	\$ (147,708,504)	\$ (147,708,504)	\$ (298,787,952)	\$ (151,079,448)

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

	Revenues	Expenditures and Encumbrances	Other Financing Sources (Uses)	Effect on Fund Balance
As reported - budgetary basis	\$ 55,538,379	\$ 469,546,110	\$ 120,335,861	\$ (293,671,870)
Reconciling Items:				
Elimination of encumbrances outstanding	-	(230,779,361)	-	230,779,361
Reclassification of loans	-	-	3,031,275	3,031,275
Bond proceeds for projects budgeted by others	-	-	176,756,173	176,756,173
Expenditures of bond proceeds for component units	-	199,319,381	-	(199,319,381)
Grants	(292,128)	(292,128)	-	-
As reported - GAAP Basis	\$ 55,246,251	\$ 437,794,002	\$ 300,123,309	\$ (82,424,442)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RECREATION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-9

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
Revenues:					
Taxes - property	\$ -	\$ 31,979,460	\$ 31,979,460	\$ 32,033,658	\$ 54,198
Intergovernmental	-	50,000	50,000	-	(50,000)
Charges for services - activity fees	-	10,859,187	10,859,187	11,084,762	225,575
Investment income	-	380,000	380,000	226,431	(153,569)
Miscellaneous	-	-	-	100,111	100,111
Total Revenues	<u>-</u>	<u>43,268,647</u>	<u>43,268,647</u>	<u>43,444,962</u>	<u>176,315</u>
Expenditures:					
Personnel costs	-	20,853,110	20,853,110	20,467,734	385,376
Operating	177,609	10,990,357	11,167,966	9,821,929	1,346,037
Total Expenditures	<u>177,609</u>	<u>31,843,467</u>	<u>32,021,076</u>	<u>30,289,663</u>	<u>1,731,413</u>
Excess of Revenues over (under) Expenditures	<u>(177,609)</u>	<u>11,425,180</u>	<u>11,247,571</u>	<u>13,155,299</u>	<u>1,907,728</u>
Other Financing Sources (Uses):					
Transfers In (Out):					
From General Fund	-	1,375,320	1,375,320	1,375,320	-
To General Fund	-	(4,938,000)	(4,938,000)	(4,938,000)	-
To Debt Service Fund	-	(7,658,510)	(7,658,510)	(7,336,389)	322,121
Total Other Financing Sources (Uses)	<u>-</u>	<u>(11,221,190)</u>	<u>(11,221,190)</u>	<u>(10,899,069)</u>	<u>322,121</u>
Excess of Revenues and					
Other Financing Sources over (under)					
Expenditures and Other Financing Uses	(177,609)	203,990	26,381	2,256,230	2,229,849
Fund Balance - Beginning of Year	177,609	3,749,157	3,926,766	3,926,766	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 3,953,147</u>	<u>\$ 3,953,147</u>	<u>\$ 6,182,996</u>	<u>\$ 2,229,849</u>

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

	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 2,256,230
Reconciling items:	
Cancellation of prior year encumbrances	(41,810)
Elimination of encumbrances outstanding	153,779
GAAP - Net Change in Fund Balance	<u>\$ 2,368,199</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIRE TAX DISTRICT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-10

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
Revenues:					
Taxes - property	\$ -	\$ 193,905,290	\$ 193,905,290	\$ 194,640,798	\$ 735,508
Licenses and Permits	-	2,802,000	2,802,000	1,654,449	(1,147,551)
Intergovernmental	-	3,858,940	3,858,940	2,825,992	(1,032,948)
Charges for services	-	1,565,410	1,565,410	1,715,458	150,048
Investment income	-	1,130,000	1,130,000	735,080	(394,920)
Miscellaneous	-	360,000	360,000	623,442	263,442
Total Revenues	-	<u>203,621,640</u>	<u>203,621,640</u>	<u>202,195,219</u>	<u>(1,426,421)</u>
Expenditures:					
Personnel costs	-	161,489,949	161,489,949	160,658,773	831,176
Operating	4,287,275	30,393,682	34,680,957	33,949,962	730,995
Capital Outlay	165,920	47,100	213,020	210,094	2,926
Total Expenditures	<u>4,453,195</u>	<u>191,930,731</u>	<u>196,383,926</u>	<u>194,818,829</u>	<u>1,565,097</u>
Excess of Revenues over (under) Expenditures	<u>(4,453,195)</u>	<u>11,690,909</u>	<u>7,237,714</u>	<u>7,376,390</u>	<u>138,676</u>
Other Financing Sources (Uses):					
Transfers In (Out):					
To General Fund	-	(120,750)	(120,750)	(120,750)	-
To Special Revenue Funds	-	(678,712)	(678,712)	(354,268)	324,444
To Debt Service Fund	-	(9,897,408)	(9,897,408)	(8,885,019)	1,012,389
To Internal Service Funds	-	(82,509)	(82,509)	(71,494)	11,015
To Capital Projects Fund	-	(3,602,000)	(3,602,000)	(24,369)	3,577,631
Total Other Financing Sources (Uses)	-	<u>(14,381,379)</u>	<u>(14,381,379)</u>	<u>(9,455,900)</u>	<u>4,925,479</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses					
	(4,453,195)	(2,690,470)	(7,143,665)	(2,079,510)	5,064,155
Fund Balance - Beginning of Year	<u>4,453,195</u>	<u>15,588,462</u>	<u>20,041,657</u>	<u>20,041,657</u>	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 12,897,992</u>	<u>\$ 12,897,992</u>	<u>\$ 17,962,147</u>	<u>\$ 5,064,155</u>

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

Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	Total
	\$ (2,079,510)
Reconciling items:	
Cancellation of prior year encumbrances	(554,641)
Elimination of encumbrances outstanding	3,868,298
GAAP - Net Change in Fund Balance	<u>\$ 1,234,147</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MASS TRANSIT FACILITIES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-11

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
Revenues:					
Taxes:					
Property	\$ -	\$ 66,863,890	\$ 66,863,890	\$ 66,853,002	\$ (10,888)
Licenses and permits	-	538,950	538,950	571,439	32,489
Intergovernmental:					
State aid	-	27,795,080	27,795,080	1,943,579	(25,851,501)
Total Intergovernmental	-	27,795,080	27,795,080	1,943,579	(25,851,501)
Charges for Services:					
Fare receipts	-	17,211,850	17,211,850	17,287,416	75,566
Parking fees	-	1,421,410	1,421,410	540,074	(881,336)
Total Charges for Services	-	18,633,260	18,633,260	17,827,490	(805,770)
Fines and forfeitures	-	-	-	420,877	420,877
Investment Income:					
Pooled	-	450,000	450,000	307,479	(142,521)
Miscellaneous	-	-	-	189,741	189,741
Total Revenues	-	114,281,180	114,281,180	88,113,607	(26,167,573)
Expenditures:					
Division of Transit Services:					
Personnel costs	-	59,860,470	59,860,470	59,860,468	2
Operating	1,256,549	50,574,955	51,831,504	49,681,141	2,150,363
Capital outlay	1,317,078	16,090	1,333,168	1,145,233	187,935
Total Division of Transit Services	2,573,627	110,451,515	113,025,142	110,686,842	2,338,300
Washington Suburban Transit Commission:					
Operating	-	94,370	94,370	90,408	3,962
Total Expenditures	2,573,627	110,545,885	113,119,512	110,777,250	2,342,262
Excess of Revenues over (under) Expenditures	(2,573,627)	3,735,295	1,161,668	(22,663,643)	(23,825,311)
Other Financing Sources (Uses):					
Transfers In (Out):					
From General Fund	-	531,310	531,310	531,310	-
From Enterprise Funds	-	4,111,170	4,111,170	3,990,025	(121,145)
To General Fund	-	(7,744,000)	(7,744,000)	(7,744,000)	-
To Special Revenue Funds	-	(285,000)	(285,000)	(254,285)	30,715
To Debt Service Fund	-	(4,041,865)	(4,041,865)	(3,827,098)	214,767
To Capital Projects Fund	-	(7,474,794)	(7,474,794)	(2,692,368)	4,782,426
Total Other Financing Sources (Uses)	-	(14,903,179)	(14,903,179)	(9,996,416)	4,906,763
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses					
	(2,573,627)	(11,167,884)	(13,741,511)	(32,660,059)	(18,918,548)
Fund Balance (Deficit) - Beginning of Year	2,573,627	20,794,226	23,367,853	23,367,853	-
Fund Balance (Deficit) - End of Year	\$ -	\$ 9,626,342	\$ 9,626,342	\$ (9,292,206)	\$ (18,918,548)

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

	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (32,660,059)
Reconciling items:	
Cancellation of prior year encumbrances	(174,889)
Elimination of encumbrances outstanding	1,334,794
GAAP - Net Change in Fund Balance	\$ (31,500,154)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
URBAN DISTRICT SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-12

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
BETHESDA URBAN DISTRICT					
Revenues:					
Taxes - property	\$ -	\$ 459,050	\$ 459,050	\$ 460,839	\$ 1,789
Charges for services - maintenance fees	-	147,350	147,350	137,559	(9,791)
Investment income	-	10,000	10,000	4,174	(5,826)
Miscellaneous	-	-	-	904	904
Total Revenues	<u>-</u>	<u>616,400</u>	<u>616,400</u>	<u>603,476</u>	<u>(12,924)</u>
Expenditures:					
Personnel costs	-	59,621	59,621	59,620	1
Operating	2,985	3,337,416	3,340,401	3,339,846	555
Total Expenditures	<u>2,985</u>	<u>3,397,037</u>	<u>3,400,022</u>	<u>3,399,466</u>	<u>556</u>
Excess of Revenues over (under) Expenditures	<u>(2,985)</u>	<u>(2,780,637)</u>	<u>(2,783,622)</u>	<u>(2,795,990)</u>	<u>(12,368)</u>
Other Financing Sources (Uses):					
Transfers In (Out):					
From Enterprise Funds	-	2,774,850	2,774,850	2,774,850	-
To General Fund	-	(8,070)	(8,070)	(8,070)	-
To Capital Projects Fund	-	(318,739)	(318,739)	-	318,739
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,448,041</u>	<u>2,448,041</u>	<u>2,766,780</u>	<u>318,739</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses					
	(2,985)	(332,596)	(335,581)	(29,210)	306,371
Fund Balance - Beginning of Year	<u>2,985</u>	<u>361,573</u>	<u>364,558</u>	<u>364,558</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 28,977</u>	<u>\$ 28,977</u>	<u>\$ 335,348</u>	<u>\$ 306,371</u>
SILVER SPRING URBAN DISTRICT					
Revenues:					
Taxes - property	\$ -	\$ 629,220	\$ 629,220	\$ 551,700	\$ (77,520)
Charges for services - maintenance fees	-	144,500	144,500	120,408	(24,092)
Investment income	-	10,000	10,000	6,007	(3,993)
Miscellaneous	-	-	-	6,387	6,387
Total Revenues	<u>-</u>	<u>783,720</u>	<u>783,720</u>	<u>684,502</u>	<u>(99,218)</u>
Expenditures:					
Personnel costs	-	1,771,369	1,771,369	1,649,437	121,932
Operating	57,866	1,068,654	1,126,520	1,009,353	117,167
Total Expenditures	<u>57,866</u>	<u>2,840,023</u>	<u>2,897,889</u>	<u>2,658,790</u>	<u>239,099</u>
Excess of Revenues over (under) Expenditures	<u>(57,866)</u>	<u>(2,056,303)</u>	<u>(2,114,169)</u>	<u>(1,974,288)</u>	<u>139,881</u>
Other Financing Sources (Uses):					
Transfers In (Out):					
From Enterprise Funds	-	2,381,630	2,381,630	2,381,630	-
To General Fund	-	(233,870)	(233,870)	(233,870)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,147,760</u>	<u>2,147,760</u>	<u>2,147,760</u>	<u>-</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses					
	(57,866)	91,457	33,591	173,472	139,881
Fund Balance - Beginning of Year	<u>57,866</u>	<u>(182,609)</u>	<u>(124,743)</u>	<u>(124,743)</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ (91,152)</u>	<u>\$ (91,152)</u>	<u>\$ 48,729</u>	<u>\$ 139,881</u>

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL, CONCLUDED
URBAN DISTRICT SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-12

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
WHEATON URBAN DISTRICT					
Revenues:					
Taxes - property	\$ -	\$ 178,020	\$ 178,020	\$ 160,115	\$ (17,905)
Investment income	-	10,000	10,000	6,294	(3,706)
Miscellaneous	-	-	-	6,683	6,683
Total Revenues	<u>-</u>	<u>188,020</u>	<u>188,020</u>	<u>173,092</u>	<u>(14,928)</u>
Expenditures:					
Personnel costs	-	1,125,289	1,125,289	1,054,412	70,877
Operating	30,872	496,737	527,609	516,522	11,087
Total Expenditures	<u>30,872</u>	<u>1,622,026</u>	<u>1,652,898</u>	<u>1,570,934</u>	<u>81,964</u>
Excess of Revenues over (under) Expenditures	<u>(30,872)</u>	<u>(1,434,006)</u>	<u>(1,464,878)</u>	<u>(1,397,842)</u>	<u>67,036</u>
Other Financing Sources (Uses):					
Transfers In (Out):					
From General Fund	-	751,600	751,600	751,600	-
From Enterprise Funds	-	688,490	688,490	688,490	-
To General Fund	-	(149,030)	(149,030)	(149,030)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,291,060</u>	<u>1,291,060</u>	<u>1,291,060</u>	<u>-</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses					
	(30,872)	(142,946)	(173,818)	(106,782)	67,036
Fund Balance - Beginning of Year	30,872	169,717	200,589	200,589	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 26,771</u>	<u>\$ 26,771</u>	<u>\$ 93,807</u>	<u>\$ 67,036</u>

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

	Bethesda	Silver Spring	Wheaton	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (29,210)	\$ 173,472	\$ (106,782)	\$ 37,480
Reconciling items:				
Cancellation of prior year encumbrances	(904)	(6,387)	(6,683)	(13,974)
Elimination of encumbrances outstanding	4,771	71,828	55,897	132,496
Total	<u>\$ (25,343)</u>	<u>\$ 238,913</u>	<u>\$ (57,568)</u>	<u>\$ 156,002</u>
GAAP - Net Change in Fund Balance				<u>\$ 156,002</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NOISE ABATEMENT DISTRICT SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-13

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
BRADLEY NOISE ABATEMENT DISTRICT					
Revenues:					
Taxes - property	\$ -	\$ 29,970	\$ 29,970	\$ 29,372	\$ (598)
Investment income	-	-	-	306	306
Total Revenues	-	29,970	29,970	29,678	(292)
Expenditures:					
Excess of Revenues over (under) Expenditures	-	29,970	29,970	29,678	(292)
Other Financing Sources (Uses):					
Transfers In (Out):					
To Debt Service Fund	-	(30,120)	(30,120)	(28,810)	1,310
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	-	(150)	(150)	868	1,018
Fund Balance - Beginning of Year	-	6,732	6,732	6,732	-
Fund Balance - End of Year	\$ -	\$ 6,582	\$ 6,582	\$ 7,600	\$ 1,018

CABIN JOHN NOISE ABATEMENT DISTRICT

Revenues:					
Taxes - property	\$ -	\$ 8,720	\$ 8,720	\$ 8,463	\$ (257)
Investment income	-	-	-	104	104
Total Revenues	-	8,720	8,720	8,567	(153)
Expenditures:					
Excess of Revenues over (under) Expenditures	-	8,720	8,720	8,567	(153)
Other Financing Sources (Uses):					
Transfers In (Out):					
To Debt Service Fund	-	(8,940)	(8,940)	(8,552)	388
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	-	(220)	(220)	15	235
Fund Balance - Beginning of Year	-	2,947	2,947	2,947	-
Fund Balance - End of Year	\$ -	\$ 2,727	\$ 2,727	\$ 2,962	\$ 235

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

	Bradley	Cabin John	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 868	\$ 15	\$ 883
GAAP - Net Change in Fund Balance			\$ 883

MONTGOMERY COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 REHABILITATION LOAN SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-14

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
Revenues:					
Investment income:					
Pooled investment income	\$ -	\$ -	\$ -	\$ 8,042	\$ 8,042
Other interest income	-	-	-	111,166	111,166
Total Revenues	-	-	-	119,208	119,208
Expenditures - Operating	-	40,000	40,000	40,000	-
Excess of Revenues over (under) Expenditures	-	(40,000)	(40,000)	79,208	119,208
Other Financing Sources (Uses):					
Loan repayments	-	-	-	120,822	120,822
Mortgage loans	-	(472,341)	(472,341)	(281,856)	190,485
Total Other Financing Sources (Uses)	-	(472,341)	(472,341)	(161,034)	311,307
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	-	(512,341)	(512,341)	(81,826)	430,515
Fund Balance - Beginning of Year	-	512,341	512,341	512,341	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ 430,515	\$ 430,515

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

	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (81,826)
Reconciling item - Change in mortgages and notes receivable	161,034
GAAP - Net Change in Fund Balance	\$ 79,208

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-15

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
Revenues:					
Pooled investment income	\$ -	\$ -	\$ -	\$ 21,184	\$ 21,184
Other interest income	-	84,600	84,600	51,692	(32,908)
Miscellaneous	-	-	-	102,805	102,805
Total Revenues	<u>-</u>	<u>84,600</u>	<u>84,600</u>	<u>175,681</u>	<u>91,081</u>
Expenditures:					
Personnel costs	-	122,390	122,390	119,192	3,198
Operating	-	1,494,385	1,494,385	285,425	1,208,960
Total Expenditures	<u>-</u>	<u>1,616,775</u>	<u>1,616,775</u>	<u>404,617</u>	<u>1,212,158</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>(1,532,175)</u>	<u>(1,532,175)</u>	<u>(228,936)</u>	<u>1,303,239</u>
Other Financing Sources (Uses):					
Transfers In (Out):					
From General Fund	-	556,160	556,160	556,160	-
Loan repayments	-	211,680	211,680	298,386	86,706
Loan disbursements	-	(269,575)	(269,575)	(269,575)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>498,265</u>	<u>498,265</u>	<u>584,971</u>	<u>86,706</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses					
	-	(1,033,910)	(1,033,910)	356,035	1,389,945
Fund Balance - Beginning of Year	-	1,152,971	1,152,971	1,152,971	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 119,061</u>	<u>\$ 119,061</u>	<u>\$ 1,509,006</u>	<u>\$ 1,389,945</u>

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

	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 356,035
Reconciling item - Change in notes receivable	(28,811)
GAAP - Net Change in Fund Balance	<u>\$ 327,224</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CABLE TV SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-16

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
Revenues:					
Charges for services	\$ -	\$ 15,699,000	\$ 15,699,000	\$ 17,482,108	\$ 1,783,108
Investment income	-	80,000	80,000	67,830	(12,170)
Miscellaneous	-	-	-	73,278	73,278
Total Revenues	<u>-</u>	<u>15,779,000</u>	<u>15,779,000</u>	<u>17,623,216</u>	<u>1,844,216</u>
Expenditures:					
Personnel costs	-	1,774,650	1,774,650	1,626,464	148,186
Operating	1,499,377	10,185,180	11,684,557	11,684,550	7
Total Expenditures	<u>1,499,377</u>	<u>11,959,830</u>	<u>13,459,207</u>	<u>13,311,014</u>	<u>148,193</u>
Excess of Revenues over (under) Expenditures	<u>(1,499,377)</u>	<u>3,819,170</u>	<u>2,319,793</u>	<u>4,312,202</u>	<u>1,992,409</u>
Other Financing Sources (Uses):					
Transfers In (Out):					
To General Fund	-	(3,435,010)	(3,435,010)	(3,435,010)	-
To Capital Projects Fund	-	(3,038,761)	(3,038,761)	(1,794,698)	1,244,063
Total Other Financing Sources (Uses)	<u>-</u>	<u>(6,473,771)</u>	<u>(6,473,771)</u>	<u>(5,229,708)</u>	<u>1,244,063</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses					
	(1,499,377)	(2,654,601)	(4,153,978)	(917,506)	3,236,472
Fund Balance - Beginning of Year	<u>1,499,377</u>	<u>4,397,820</u>	<u>5,897,197</u>	<u>5,897,197</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 1,743,219</u>	<u>\$ 1,743,219</u>	<u>\$ 4,979,691</u>	<u>\$ 3,236,472</u>

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

Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	Total
	\$ (917,506)
Reconciling items:	
Cancellation of prior year encumbrances	(73,278)
Elimination of encumbrances outstanding	2,097,257
GAAP - Net Change in Fund Balance	<u>\$ 1,106,473</u>

MONTGOMERY COUNTY, MARYLAND
 GRANTS - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-17

	Budget			Actual	Variance Positive (Negative)
	Prior Year Carryover (1)	Current Year	Total		
Revenues:					
Intergovernmental:					
Federal grants	\$ 7,469,245	\$ 85,616,924	\$ 93,086,169	\$ 52,702,461	\$ (40,383,708)
State grants	2,423,124	94,378,420	96,801,544	62,791,774	(34,009,770)
Other non-state and non-federal reimbursements	242,945	298,080	541,025	457,523	(83,502)
Total Intergovernmental	10,135,314	180,293,424	190,428,738	115,951,758	(74,476,980)
Investment income:					
Pooled investment income	-	-	-	-	-
Other interest income	-	-	-	141,744	141,744
Total Investment Income	-	-	-	141,744	141,744
Miscellaneous	-	3,313,125	3,313,125	2,419,134	(893,991)
Total Revenues	10,135,314	183,606,549	193,741,863	118,512,636	(75,229,227)
Expenditures:					
General Government:					
Circuit Court:					
Personnel costs	-	2,369,302	2,369,302	2,186,809	182,493
Operating	14,696	559,359	574,055	489,075	84,980
Totals	14,696	2,928,661	2,943,357	2,675,884	267,473
Office of State's Attorney:					
Personnel costs	-	362,880	362,880	334,611	28,269
Operating	-	4,154	4,154	3,749	405
Totals	-	367,034	367,034	338,360	28,674
Office of the County Executive:					
Personnel costs	-	522,508	522,508	265,371	257,137
Operating	-	392,735	392,735	146,328	246,407
Totals	-	915,243	915,243	411,699	503,544
Regional Service Centers:					
Personnel costs	-	149,782	149,782	108,816	40,966
Operating	-	105,020	105,020	65,817	39,203
Totals	-	254,802	254,802	174,633	80,169
Intergovernmental Relations:					
Operating	6,000	34,000	40,000	40,000	-
Totals	6,000	34,000	40,000	40,000	-
Department of Technology Services:					
Personnel costs	-	-	-	-	-
Operating	-	581,375	581,375	-	581,375
Totals	-	581,375	581,375	-	581,375
Total General Government	20,696	5,081,115	5,101,811	3,640,576	1,461,235
Public Safety:					
Department of Corrections and Rehabilitation:					
Personnel costs	-	75,000	75,000	-	75,000
Operating	-	3,069	3,069	-	3,069
Totals	-	78,069	78,069	-	78,069
Department of Fire and Rescue Services:					
Personnel costs	-	3,617,724	3,617,724	2,034,745	1,582,979
Operating	116,468	4,448,162	4,564,630	1,817,112	2,747,518
Capital outlay	-	325,270	325,270	-	325,270
Totals	116,468	8,391,156	8,507,624	3,851,857	4,655,767
Department of Police:					
Personnel costs	-	1,263,018	1,263,018	854,148	408,870
Operating	2,513,154	9,689,325	12,202,479	7,654,646	4,547,833
Capital outlay	247,768	473,723	721,491	564,142	157,349
Totals	2,760,922	11,426,066	14,186,988	9,072,936	5,114,052
Office of the County Sheriff:					
Personnel costs	-	2,118,035	2,118,035	1,128,459	989,576
Operating	9,205	713,177	722,382	277,960	444,422
Capital outlay	-	-	-	-	-
Totals	9,205	2,831,212	2,840,417	1,406,419	1,433,998
Office of Emergency Management & Homeland Security:					
Personnel costs	-	528,510	528,510	443,795	84,715
Operating	-	1,191,833	1,191,833	590,322	601,511
Capital outlay	-	1,720,343	1,720,343	1,034,117	686,226
Totals	-	3,440,686	3,440,686	2,068,234	1,372,452
Total Public Safety	2,886,595	24,446,846	27,333,441	15,365,329	11,968,112
Transportation:					
Department of Public Works and Transportation:					
Personnel costs	\$ -	\$ 1,875,977	\$ 1,875,977	\$ 1,699,504	\$ 176,473
Operating	61,895	3,660,987	3,722,882	2,754,713	968,169
Capital outlay	5,870,006	3,905,977	9,775,983	7,032,823	2,743,160
Total Transportation	5,931,901	9,442,941	15,374,842	11,487,040	3,887,802

(Continued)

MONTGOMERY COUNTY, MARYLAND
 GRANTS - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL, CONCLUDED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-17

	Budget			Actual	Variance Positive (Negative)
	Prior Year Carryover (1)	Current Year	Total		
Department of Economic Development:					
Personnel costs	-	-	-	-	-
Operating	182,416	5,119,435	5,301,851	2,510,613	2,791,238
Total Economic Development	182,416	5,119,435	5,301,851	2,510,613	2,791,238
Health and Human Services:					
Department of Health and Human Services:					
Personnel costs	-	46,858,309	46,858,309	42,464,727	4,393,582
Operating	495,139	36,003,469	36,498,608	30,749,750	5,748,858
Capital outlay	-	476	476	-	476
Total Health and Human Services	495,139	82,862,254	83,357,393	73,214,477	10,142,916
Culture and Recreation:					
Department of Libraries:					
Personnel costs	-	145,773	145,773	139,547	6,226
Operating	-	56,868	56,868	37,927	18,941
Totals	-	202,641	202,641	177,474	25,167
Department of Recreation:					
Personnel costs	-	68,246	68,246	18,372	49,874
Operating	-	122,812	122,812	98,560	24,252
Totals	-	191,058	191,058	116,932	74,126
Total Culture and Recreation	-	393,699	393,699	294,406	99,293
Housing:					
Department of Housing and Community Affairs:					
Personnel costs	-	3,842,968	3,842,968	2,103,239	1,739,729
Operating	618,567	32,957,328	33,575,895	10,248,021	23,327,874
Capital outlay	-	634	634	-	634
Total Housing	618,567	36,800,930	37,419,497	12,351,260	25,068,237
Environment:					
Department of Environmental Protection:					
Personnel costs	-	-	-	-	-
Operating	-	33,000	33,000	950	32,050
Capital outlay	-	410,000	410,000	-	410,000
Total Environmental Protection	-	443,000	443,000	950	442,050
Department of Liquor Control:					
Personnel costs	-	22,275	22,275	13,839	8,436
Operating	-	50,978	50,978	30,155	20,823
Total Liquor Control	-	73,253	73,253	43,994	29,259
Nondepartmental:					
NDA Historical Activities - Operating	-	25,000	25,000	20,280	4,720
NDA Miscellaneous Community Grants - Operating	-	-	-	-	-
Future Grants - Operating	-	19,959,534	19,959,534	-	19,959,534
Total Nondepartmental	-	19,984,534	19,984,534	20,280	19,964,254
Total Expenditures	10,135,314	184,648,007	194,783,321	118,928,925	75,854,396
Excess of Revenues over (under) Expenditures	-	(1,041,458)	(1,041,458)	(416,289)	625,169
Other Financing Sources (Uses):					
Transfers In:					
General Fund	-	694,641	694,641	440,431	(254,210)
Mass Transit Special Revenue Fund	-	979,512	979,512	254,285	(725,227)
Fire Tax District Special Revenue Fund	-	-	-	354,268	354,268
Total Transfers In	-	1,674,153	1,674,153	1,048,984	(625,169)
Transfers Out - Internal Service Funds	-	(632,695)	(632,695)	(632,695)	-
Total Transfers Out	-	(632,695)	(632,695)	(632,695)	-
Total Other Financing Sources (Uses)	-	1,041,458	1,041,458	416,289	625,169
Excess of Revenues and Other Financing Sources over/ (under) Expenditures and Other Financing Uses	-	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-	-
Fund Balance - End of Year	-	-	-	-	-

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

Reconciliation of Budgetary Schedule to GAAP Basis Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:

	Revenues	Expenditures & Encumbrances	Other Financing Sources (Uses)	Effect on Fund Balance
As reported - budgetary basis	\$ 118,512,636	\$ 118,928,925	\$ 416,289	-
Reconciling items:				
Elimination of encumbrances outstanding	(6,490,079)	(6,490,079)	-	-
Loan expenditures	(5,110,384)	(5,110,384)	-	-
Indirect costs	(996,040)	(996,040)	-	-
Pass-through expenditures	4,375,438	4,375,438	-	-
As reported - GAAP basis	\$ 110,291,571	\$ 110,707,860	\$ 416,289	\$ -

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DRUG ENFORCEMENT FORFEITURES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-18

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
Revenues:					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ 398,415	\$ 398,415
Investment income	-	-	-	44,699	44,699
Miscellaneous	-	-	-	13,758	13,758
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>456,872</u>	<u>456,872</u>
Expenditures:					
Personnel costs	-	20,000	20,000	18,615	1,385
Operating	22,181	2,366,145	2,388,326	480,902	1,907,424
Capital Outlay	-	300,000	300,000	21,800	278,200
Total Expenditures	<u>22,181</u>	<u>2,686,145</u>	<u>2,708,326</u>	<u>521,317</u>	<u>2,187,009</u>
Excess of Revenues over (under) Expenditures	<u>(22,181)</u>	<u>(2,686,145)</u>	<u>(2,708,326)</u>	<u>(64,445)</u>	<u>2,643,881</u>
Fund Balance - Beginning of Year	22,181	2,694,182	2,716,363	2,716,363	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 8,037</u>	<u>\$ 8,037</u>	<u>\$ 2,651,918</u>	<u>\$ 2,643,881</u>

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

	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (64,445)
Reconciling items:	
Cancellation of prior year encumbrances	(8,808)
Elimination of encumbrances outstanding	45,283
GAAP - Net Change in Fund Balance	<u>\$ (27,970)</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WATER QUALITY PROTECTION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-19

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
Revenues:					
Charges for services - activity fees	\$ -	\$ 8,465,140	\$ 8,465,140	\$ 8,574,546	\$ 109,406
Investment income	-	150,000	150,000	120,732	(29,268)
Miscellaneous	-	-	-	296,459	296,459
Total Revenues	<u>-</u>	<u>8,615,140</u>	<u>8,615,140</u>	<u>8,991,737</u>	<u>376,597</u>
Expenditures:					
Personnel costs	-	1,789,770	1,789,770	1,643,690	146,080
Operating	1,388,545	5,196,870	6,585,415	6,284,971	300,444
Total Expenditures	<u>1,388,545</u>	<u>6,986,640</u>	<u>8,375,185</u>	<u>7,928,661</u>	<u>446,524</u>
Excess of Revenues over (under) Expenditures	<u>(1,388,545)</u>	<u>1,628,500</u>	<u>239,955</u>	<u>1,063,076</u>	<u>823,121</u>
Other Financing Sources (Uses):					
Transfers In (Out):					
To General Fund	-	(259,620)	(259,620)	(259,620)	-
To Internal Service Funds	-	(25,310)	(25,310)	(25,306)	4
To Capital Projects Fund	-	(2,647,053)	(2,647,053)	(1,311,749)	1,335,304
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,931,983)</u>	<u>(2,931,983)</u>	<u>(1,596,675)</u>	<u>1,335,308</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>(1,388,545)</u>	<u>(1,303,483)</u>	<u>(2,692,028)</u>	<u>(533,599)</u>	<u>2,158,429</u>
Fund Balance - Beginning of Year	<u>1,388,545</u>	<u>1,994,664</u>	<u>3,383,209</u>	<u>3,383,209</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 691,181</u>	<u>\$ 691,181</u>	<u>\$ 2,849,610</u>	<u>\$ 2,158,429</u>

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

	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (533,599)
Reconciling items:	
Cancellation of prior year encumbrances	(296,459)
Elimination of encumbrances outstanding	1,830,973
GAAP - Net Change in Fund Balance	<u>\$ 1,000,915</u>

MONTGOMERY COUNTY, MARYLAND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 RESTRICTED DONATIONS SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit B-20

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ 4,173	\$ 4,173
Investment income	-	-	-	7,744	7,744
Miscellaneous	-	-	-	693,718	693,718
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>705,635</u>	<u>705,635</u>
Expenditures:					
Personnel costs	-	10,000	10,000	10,000	-
Operating	4,391	1,326,925	1,331,316	529,109	802,207
Total Expenditures	<u>4,391</u>	<u>1,336,925</u>	<u>1,341,316</u>	<u>539,109</u>	<u>802,207</u>
Excess of Revenues over (under) Expenditures	<u>(4,391)</u>	<u>(1,336,925)</u>	<u>(1,341,316)</u>	<u>166,526</u>	<u>1,507,842</u>
Fund Balance - Beginning of Year	4,391	1,332,534	1,336,925	1,336,925	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ (4,391)</u>	<u>\$ (4,391)</u>	<u>\$ 1,503,451</u>	<u>\$ 1,507,842</u>

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

Budgetary - Excess of Revenues over (under) Expenditures	Total
	\$ 166,526
Reconciling items:	
Elimination of encumbrances outstanding	1,984
GAAP - Net Change in Fund Balance	<u>\$ 168,510</u>



NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations where:

- The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity;
- Laws or regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues; or
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

PERMITTING SERVICES - Accounts for most of the fiscal activity of permitting programs within the County, such as building permits, construction code enforcement, flood plain management, land use compliance, plan review, sediment control, stormwater 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 ASSETS
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2009
Exhibit C-1

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Equity in pooled cash and investments	\$ 8,811,514	\$ 4,260,425	\$ 13,071,939
Receivables:			
Accounts	2,084	306	2,390
Prepays	-	748	748
Total Current Assets	<u>8,813,598</u>	<u>4,261,479</u>	<u>13,075,077</u>
Noncurrent Assets:			
Capital Assets:			
Furniture, fixtures, equipment, and machinery	1,844,353	219,774	2,064,127
Automobiles and trucks	275,258	-	275,258
Subtotal	<u>2,119,611</u>	<u>219,774</u>	<u>2,339,385</u>
Less: Accumulated depreciation	<u>1,600,081</u>	<u>183,713</u>	<u>1,783,794</u>
Total Capital Assets (net of accumulated depreciation)	<u>519,530</u>	<u>36,061</u>	<u>555,591</u>
Total Assets	<u>9,333,128</u>	<u>4,297,540</u>	<u>13,630,668</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	106,485	40,876	147,361
Interest payable	313	-	313
Accrued liabilities	11,139,675	225,762	11,365,437
Due to other funds	1,597,755	40,819	1,638,574
Due to component units	-	668,748	668,748
Equipment notes payable	62,481	-	62,481
Unearned revenue	309,427	1,702,173	2,011,600
Total Current Liabilities	<u>13,216,136</u>	<u>2,678,378</u>	<u>15,894,514</u>
Noncurrent Liabilities:			
Equipment notes payable	11,969	-	11,969
Compensated absences	438,840	41,032	479,872
Total Noncurrent Liabilities	<u>450,809</u>	<u>41,032</u>	<u>491,841</u>
Total Liabilities	<u>13,666,945</u>	<u>2,719,410</u>	<u>16,386,355</u>
NET ASSETS			
Invested in capital, net of related debt	445,080	36,061	481,141
Unrestricted	(4,778,897)	1,542,069	(3,236,828)
Total Net Assets	<u>(\$ 4,333,817)</u>	<u>\$ 1,578,130</u>	<u>(\$ 2,755,687)</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit C-2

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 1,995,301	\$ 8,576,244	\$ 10,571,545
Licenses and permits	20,778,300	-	20,778,300
Fines and penalties	102,020	-	102,020
Total Operating Revenues	<u>22,875,621</u>	<u>8,576,244</u>	<u>31,451,865</u>
OPERATING EXPENSES			
Personnel costs	22,015,735	2,166,731	24,182,466
Other postemployment contributions	1,515,250	191,175	1,706,425
Postage	26,787	3,199	29,986
Insurance	57,630	-	57,630
Supplies and materials	141,881	224,922	366,803
Contractual services	523,517	4,013,409	4,536,926
Communications	261,246	52,967	314,213
Transportation	621,752	5,377	627,129
Public utility services	-	1,808,970	1,808,970
Rentals	1,980,683	252,922	2,233,605
Maintenance	396,554	8,126	404,680
Depreciation	157,882	6,717	164,599
Other	85,924	1,602	87,526
Total Operating Expenses	<u>27,784,841</u>	<u>8,736,117</u>	<u>36,520,958</u>
Operating Income	<u>(4,909,220)</u>	<u>(159,873)</u>	<u>(5,069,093)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	200,491	69,597	270,088
Interest expense	(5,913)	-	(5,913)
Other revenue	141,844	79	141,923
Insurance recoveries	1,223	-	1,223
Total Nonoperating Revenues	<u>337,645</u>	<u>69,676</u>	<u>407,321</u>
Income Before Transfers	<u>(4,571,575)</u>	<u>(90,197)</u>	<u>(4,661,772)</u>
Transfers In (Out):			
Transfers in	909,150	139,705	1,048,855
Transfers out	(3,718,570)	(370,740)	(4,089,310)
Total Transfers In (Out)	<u>(2,809,420)</u>	<u>(231,035)</u>	<u>(3,040,455)</u>
Change in Net Assets	(7,380,995)	(321,232)	(7,702,227)
Total Net Assets - Beginning of Year	<u>3,047,178</u>	<u>1,899,362</u>	<u>4,946,540</u>
Total Net Assets - End of Year	<u>\$ (4,333,817)</u>	<u>\$ 1,578,130</u>	<u>\$ (2,755,687)</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit C-3

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 21,864,221	\$ 8,581,789	\$ 30,446,010
Payments to suppliers	(5,810,155)	(6,248,921)	(12,059,076)
Payments to employees	(21,823,041)	(2,151,278)	(23,974,319)
Internal activity - operating payments from other funds	1,153,770	-	1,153,770
Other operating receipts	3,046,164	-	3,046,164
Other operating payments	(3,652,496)	-	(3,652,496)
Other revenue	143,067	79	143,146
Net Cash Provided (Used) by Operating Activities	<u>(5,078,470)</u>	<u>181,669</u>	<u>(4,896,801)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies, transfers and receipts from other funds	2,109,150	139,705	2,248,855
Operating subsidies, transfers and payments to other funds	(3,718,570)	(370,740)	(4,089,310)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,609,420)</u>	<u>(231,035)</u>	<u>(1,840,455)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(61,547)	(19,313)	(80,860)
Principal paid on capital debt	(109,974)	-	(109,974)
Interest paid on capital debt	(6,100)	-	(6,100)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(177,621)</u>	<u>(19,313)</u>	<u>(196,934)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income from pooled investments	200,491	69,597	270,088
Net Cash Provided (Used) by Investing Activities	<u>200,491</u>	<u>69,597</u>	<u>270,088</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,665,020)	918	(6,664,102)
Balances - Beginning of Year	15,476,534	4,259,507	19,736,041
Balances - End of Year	<u>\$ 8,811,514</u>	<u>\$ 4,260,425</u>	<u>\$ 13,071,939</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (4,909,220)	\$ (159,873)	\$ (5,069,093)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	157,882	6,717	164,599
Other revenue	143,067	79	143,146
Changes in assets and liabilities:			
Receivables, net	3,227	5,545	8,772
Accounts payable and other liabilities	(59,787)	313,748	253,961
Accrued expenses	(413,639)	15,453	(398,186)
Net Cash Provided (Used) by Operating Activities	<u>\$ (5,078,470)</u>	<u>\$ 181,669</u>	<u>\$ (4,896,801)</u>
Noncash investing, capital and financing activities:			
Capital asset disposals	<u>\$ 7,708</u>	<u>\$ -</u>	<u>\$ 7,708</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit C-4

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
LIQUOR					
Personnel costs	\$ -	\$ 24,788,720	\$ 24,788,720	\$ 23,913,109	\$ 875,611
Other operating	1,185,338	13,732,680	14,918,018	13,232,079	1,685,939
Capital outlay	403,608	34,150,729	34,554,337	33,925,490	628,847
Total	<u>\$ 1,588,946</u>	<u>\$ 72,672,129</u>	<u>\$ 74,261,075</u>	71,070,678	<u>\$ 3,190,397</u>
Reconciliation to GAAP expenses:					
Additions:					
Depreciation and amortization				955,637	
Other postemployment contributions				1,325,505	
Cost of goods sold				156,456,172	
Interest expense				398,110	
Other operating costs from the Capital Budget				-	
Deductions:					
Capital outlay expenditures				(33,833,267)	
Encumbrances outstanding at year-end				(789,491)	
Cash interest payments				(398,110)	
GAAP Expenses				<u>\$ 195,185,234 *</u>	
PERMITTING SERVICES					
Personnel costs	\$ -	\$ 23,650,940	\$ 23,650,940	\$ 22,015,735	\$ 1,635,205
Other operating	791,294	5,894,790	6,686,084	5,159,636	1,526,448
Capital outlay	-	112,000	112,000	61,547	50,453
Total	<u>\$ 791,294</u>	<u>\$ 29,657,730</u>	<u>\$ 30,449,024</u>	27,236,918	<u>\$ 3,212,106</u>
Reconciliation to GAAP expenses:					
Additions:					
Depreciation and amortization				157,882	
Other postemployment contributions				909,150	
Interest expense				5,913	
Deductions:					
Capital outlay expenditures				(61,547)	
Encumbrances outstanding at year-end				(341,488)	
Equipment notes payable reduction				(109,974)	
Cash interest payments				(6,100)	
GAAP Expenses				<u>\$ 27,790,754 *</u>	
COMMUNITY USE OF PUBLIC FACILITIES					
Personnel costs	\$ -	\$ 2,357,887	\$ 2,357,887	\$ 2,166,731	\$ 191,156
Other operating	-	6,719,383	6,719,383	6,447,964	271,419
Capital outlay	5,838	15,300	21,138	19,313	1,825
Total	<u>\$ 5,838</u>	<u>\$ 9,092,570</u>	<u>\$ 9,098,408</u>	8,634,008	<u>\$ 464,400</u>
Reconciliation to GAAP expenses:					
Additions:					
Depreciation and amortization				6,717	
Other postemployment contributions				114,705	
Deductions:					
Capital outlay expenditures				(19,313)	
GAAP Expenses				<u>\$ 8,736,117 *</u>	

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit C-4

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
SOLID WASTE DISPOSAL					
Personnel costs	\$ -	\$ 8,903,430	\$ 8,903,430	\$ 8,845,091	\$ 58,339
Other operating	3,638,085	83,500,565	87,138,650	83,070,524	4,068,126
Capital outlay	94,689	1,702,595	1,797,284	1,794,129	3,155
Total	<u>\$ 3,732,774</u>	<u>\$ 94,106,590</u>	<u>\$ 97,839,364</u>	93,709,744	<u>\$ 4,129,620</u>
Reconciliation to GAAP expenses:					
Additions:					
Depreciation and amortization				2,327,462	
Other postemployment contributions				305,880	
Interest expense				812,506	
Accrued landfill closing costs				2,077,000	
Deductions:					
Capital outlay expenditures				(1,780,675)	
Encumbrances outstanding at year-end				(7,411,097)	
Bond principal reduction				(3,255,000)	
Cash interest payments				(751,750)	
Adjustment of landfill closure costs				(1,114,000)	
GAAP Expenses				<u>\$ 84,920,070 *</u>	
SOLID WASTE COLLECTION					
Personnel costs	\$ -	\$ 1,172,350	\$ 1,172,350	\$ 1,069,195	\$ 103,155
Other operating	-	5,583,550	5,583,550	5,177,803	405,747
Total	<u>\$ -</u>	<u>\$ 6,755,900</u>	<u>\$ 6,755,900</u>	6,246,998	<u>\$ 508,902</u>
Reconciliation to GAAP expenses:					
Additions:					
Depreciation and amortization				1,987	
Other postemployment contributions				38,235	
Encumbrances outstanding at year-end				-	
GAAP Expenses				<u>\$ 6,287,220 *</u>	
SOLID WASTE LEAFING					
Personnel costs	\$ -	\$ 3,343,360	\$ 3,343,360	\$ 2,845,182	\$ 498,178
Other operating	-	1,934,500	1,934,500	1,934,490	10
Total	<u>\$ -</u>	<u>\$ 5,277,860</u>	<u>\$ 5,277,860</u>	4,779,672	<u>\$ 498,188</u>
Reconciliation to GAAP expenses:					
Additions:					
Interfund activities budgeted as transfers - solid waste tipping fees				966,540	
GAAP Expenses				<u>\$ 5,746,212 *</u>	
Reconciliation of GAAP expenses to statement of Revenues, Expenses, and Changes in Fund Net Assets:					
GAAP expenses:					
Solid Waste Disposal				\$ 84,920,070	
Solid Waste Collection				6,287,220	
Solid Waste Leafing				5,746,212	
Total Solid Waste Activities				<u>\$ 96,953,502 *</u>	

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit C-4

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
SILVER SPRING PARKING					
Personnel costs	\$ -	\$ 2,043,250	\$ 2,043,250	\$ 1,979,325	\$ 63,925
Other operating	98,367	8,940,100	9,038,467	8,610,052	428,415
Capital outlay	-	21,000	21,000	19,047	1,953
Total	<u>\$ 98,367</u>	<u>\$ 11,004,350</u>	<u>\$ 11,102,717</u>	10,608,424	<u>\$ 494,293</u>
Reconciliation to GAAP expenses:					
Additions:					
Depreciation and amortization				4,485,808	
Other postemployment contributions				67,980	
Interest expense				66,414	
Deductions:					
Capital outlay expenditures				(19,047)	
Encumbrances outstanding at year-end				(247,794)	
Bond principal reduction				(825,000)	
Equipment notes payable reduction				(146,945)	
Cash interest payments				(50,776)	
GAAP Expenses				<u>\$ 13,939,064 *</u>	
BETHESDA PARKING					
Personnel costs	\$ -	\$ 1,898,710	\$ 1,898,710	\$ 1,863,923	\$ 34,787
Other operating	74,721	10,591,800	10,666,521	10,588,664	77,857
Capital outlay	-	18,560	18,560	17,064	1,496
Total	<u>\$ 74,721</u>	<u>\$ 12,509,070</u>	<u>\$ 12,583,791</u>	12,469,651	<u>\$ 114,140</u>
Reconciliation to GAAP expenses:					
Additions:					
Depreciation and amortization				4,386,805	
Other postemployment contributions				84,975	
Interest expense				1,599,175	
Deductions:					
Capital outlay expenditures				(17,064)	
Encumbrances outstanding at year-end				(221,563)	
Bond principal reduction				(3,340,000)	
Cash interest payments				(1,566,585)	
GAAP Expenses				<u>\$ 13,395,394 *</u>	

(Continued)

MONTGOMERY COUNTY, MARYLAND
 SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit C-4

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
WHEATON PARKING					
Personnel costs	\$ -	\$ 275,870	\$ 275,870	\$ 275,370	\$ 500
Other operating	25,404	952,070	977,474	869,576	107,898
Capital outlay	-	4,100	4,100	3,571	529
Total	<u>\$ 25,404</u>	<u>\$ 1,232,040</u>	<u>\$ 1,257,444</u>	1,148,517	<u>\$ 108,927</u>
Reconciliation to GAAP expenses:					
Additions:					
Depreciation and amortization				415,385	
Other postemployment contributions				12,750	
Deductions:					
Capital outlay expenditures				(3,571)	
Encumbrances outstanding at year-end				(41,770)	
GAAP Expenses				<u>\$ 1,531,311 *</u>	
MONTGOMERY HILLS PARKING					
Personnel costs	\$ -	\$ 37,900	\$ 37,900	\$ 37,522	\$ 378
Other operating	1,390	75,410	76,800	62,538	14,262
Total	<u>\$ 1,390</u>	<u>\$ 113,310</u>	<u>\$ 114,700</u>	100,060	<u>\$ 14,640</u>
Reconciliation to GAAP expenses:					
Deductions:					
Encumbrances outstanding at year-end				(2,792)	
GAAP Expenses				<u>\$ 97,268 *</u>	
Reconciliation of GAAP expenses to statement of Revenues, Expenses, and Changes in Fund Net Assets:					
GAAP expenses:					
Silver Spring Parking				\$ 13,939,064	
Bethesda Parking				13,395,394	
Wheaton Parking				1,531,311	
Montgomery Hills Parking				97,268	
Total Parking Lot Districts				<u>\$ 28,963,037 *</u>	

* Includes operating and interest 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 ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2009
Exhibit D-1

	Motor Pool	Liability and Property Coverage Self Insurance	Employee Health Benefits Self Insurance	Central Duplicating	Total Internal Service Funds
ASSETS					
Current Assets:					
Equity in pooled cash and investments	\$ 1,051,951	\$ 89,916,798	\$ 41,511,477	\$ 598,817	\$ 133,079,043
Cash	300	-	-	-	300
Receivables (net of allowances for uncollectibles):					
Accounts	43,116	183,850	1,703,681	-	1,930,647
Due from other funds	-	-	7,305,783	-	7,305,783
Due from component units	67,452	-	447,439	10,739	525,630
Due from other governments	23,052	69,413	58,360	3,722	154,547
Inventory of supplies	3,757,475	-	-	-	3,757,475
Prepays	17,250	708	-	279,521	297,479
Total Current Assets	<u>4,960,596</u>	<u>90,170,769</u>	<u>51,026,740</u>	<u>892,799</u>	<u>147,050,904</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	2,141,203	-	-	1,963,461	4,104,664
Automobiles and trucks	75,044,779	-	-	-	75,044,779
Subtotal	<u>77,477,053</u>	<u>-</u>	<u>-</u>	<u>1,963,461</u>	<u>79,440,514</u>
Less: Accumulated depreciation	43,924,097	-	-	1,567,924	45,492,021
Total Capital Assets (net of accumulated depreciation)	<u>33,552,956</u>	<u>-</u>	<u>-</u>	<u>395,537</u>	<u>33,948,493</u>
Total Assets	<u>38,513,552</u>	<u>90,170,769</u>	<u>51,026,740</u>	<u>1,288,336</u>	<u>180,999,397</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	2,920,016	759,111	4,656,248	64,326	8,399,701
Interest payable	-	-	-	3,648	3,648
Claims payable	-	88,136,000	6,897,747	-	95,033,747
Accrued liabilities	2,125,190	389,491	664,382	260,736	3,439,799
Due to other funds	309,801	45,301	1,461,621	30,156	1,846,879
Due to component units	-	-	-	51,182	51,182
Due to other governments	2,035	-	-	-	2,035
Equipment notes payable	-	-	-	145,628	145,628
Unearned revenue	-	-	855,597	-	855,597
Total Current Liabilities	<u>5,357,042</u>	<u>89,329,903</u>	<u>14,535,595</u>	<u>555,676</u>	<u>109,778,216</u>
Noncurrent Liabilities:					
Equipment notes payable	-	-	-	229,243	229,243
Compensated absences	353,306	70,418	13,731	47,364	484,819
Total Noncurrent Liabilities	<u>353,306</u>	<u>70,418</u>	<u>13,731</u>	<u>276,607</u>	<u>714,062</u>
Total Liabilities	<u>5,710,348</u>	<u>89,400,321</u>	<u>14,549,326</u>	<u>832,283</u>	<u>110,492,278</u>
NET ASSETS					
Invested in capital, net of related debt	33,552,956	-	-	20,666	33,573,622
Unrestricted	(749,752)	770,448	36,477,414	435,387	36,933,497
Total Net Assets (Deficit)	<u>\$ 32,803,204</u>	<u>\$ 770,448</u>	<u>\$ 36,477,414</u>	<u>\$ 456,053</u>	<u>\$ 70,507,119</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit D-2

	Motor Pool	Liability and Property Coverage Self Insurance	Employee Health Benefits Self Insurance	Central Duplicating	Total Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 63,323,959	\$ 32,061,588	\$ 106,950,795	\$ 6,412,550	\$ 208,748,892
Claim recoveries	1,435,454	513,560	-	-	1,949,014
Total Operating Revenues	<u>64,759,413</u>	<u>32,575,148</u>	<u>106,950,795</u>	<u>6,412,550</u>	<u>210,697,906</u>
OPERATING EXPENSES					
Personnel costs	18,873,293	3,389,831	764,736	2,187,857	25,215,717
Other postemployment contributions	1,182,475	40,050	-	107,025	1,329,550
Postage	3,556	774	12,204	1,654,148	1,670,682
Self-insurance incurred and estimated claims	-	36,547,713	86,223,421	-	122,771,134
Insurance	1,310,010	2,858,804	16,673,121	-	20,841,935
Supplies and materials	26,488,386	6,873	131,022	921,948	27,548,229
Contractual services	439,117	5,222,499	5,832,236	195,763	11,689,615
Communications	145,709	11,352	14,737	461,597	633,395
Transportation	504,580	23,404	693	36,556	565,233
Public utility services	1,062,540	-	-	-	1,062,540
Rentals	36,619	1,785	-	340,661	379,065
Maintenance	11,333,350	2,630	-	40,919	11,376,899
Depreciation	7,340,365	-	-	197,061	7,537,426
Other	86,811	9,507	1,404	66	97,788
Total Operating Expenses	<u>68,806,811</u>	<u>48,115,222</u>	<u>109,653,574</u>	<u>6,143,601</u>	<u>232,719,208</u>
Operating Income (Loss)	<u>(4,047,398)</u>	<u>(15,540,074)</u>	<u>(2,702,779)</u>	<u>268,949</u>	<u>(22,021,302)</u>
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of capital assets	175,862	-	-	-	175,862
Investment income	14,594	1,740,521	441,225	3,562	2,199,902
Interest expense	-	-	-	(17,331)	(17,331)
Other revenue	-	-	1,942,137	-	1,942,137
Insurance recoveries	-	224,286	-	-	224,286
Total Nonoperating Revenues (Expenses)	<u>190,456</u>	<u>1,964,807</u>	<u>2,383,362</u>	<u>(13,769)</u>	<u>4,524,856</u>
Income (Loss) Before Transfers	<u>(3,856,942)</u>	<u>(13,575,267)</u>	<u>(319,417)</u>	<u>255,180</u>	<u>(17,496,446)</u>
Transfers In (Out):					
Transfers in	2,021,213	24,030	-	64,215	2,109,458
Total Transfers In (Out)	<u>2,021,213</u>	<u>24,030</u>	<u>-</u>	<u>64,215</u>	<u>2,109,458</u>
Change in Net Assets	(1,835,729)	(13,551,237)	(319,417)	319,395	(15,386,988)
Total Net Assets - Beginning of Year	<u>34,638,933</u>	<u>14,321,685</u>	<u>36,796,831</u>	<u>136,658</u>	<u>85,894,107</u>
Total Net Assets - End of Year	<u>\$ 32,803,204</u>	<u>\$ 770,448</u>	<u>\$ 36,477,414</u>	<u>\$ 456,053</u>	<u>\$ 70,507,119</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit D-3

	Motor Pool	Liability and Property Coverage Self Insurance	Employee Health Benefits Self Insurance	Central Duplicating	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 64,865,412	\$ 32,177,742	\$ 106,854,170	\$ 6,408,398	\$ 210,305,722
Payments to suppliers	(44,733,425)	(8,008,469)	(23,296,344)	(3,852,093)	(79,890,331)
Payments to employees	(19,005,108)	(3,352,633)	(780,038)	(2,163,507)	(25,301,286)
Other operating receipts	-	513,560	-	-	513,560
Claims paid	-	(29,242,713)	(85,610,109)	-	(114,852,822)
Other revenue	-	-	1,942,137	-	1,942,137
Net Cash Provided (Used) by Operating Activities	<u>1,126,879</u>	<u>(7,912,513)</u>	<u>(890,184)</u>	<u>392,798</u>	<u>(7,283,020)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies, transfers and receipts from other funds	-	-	-	64,215	64,215
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,215</u>	<u>64,215</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	427,254	224,286	-	-	651,540
Purchases of capital assets	(8,758,397)	-	-	(73,610)	(8,832,007)
Principal paid on capital debt	-	-	-	(140,121)	(140,121)
Interest paid on capital debt	-	-	-	(18,694)	(18,694)
Internal activity - payments from other funds	2,021,213	24,030	-	-	2,045,243
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,309,930)</u>	<u>248,316</u>	<u>-</u>	<u>(232,425)</u>	<u>(6,294,039)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income from pooled investments	14,594	1,736,828	441,225	3,562	2,196,209
Investment income from nonpooled investments	-	3,693	-	-	3,693
Net Cash Provided (Used) by Investing Activities	<u>14,594</u>	<u>1,740,521</u>	<u>441,225</u>	<u>3,562</u>	<u>2,199,902</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,168,457)	(5,923,676)	(448,959)	228,150	(11,312,942)
Balances - Beginning of Year	6,220,708	95,840,474	41,960,436	370,667	144,392,285
Balances - End of Year	<u>\$ 1,052,251</u>	<u>\$ 89,916,798</u>	<u>\$ 41,511,477</u>	<u>\$ 598,817</u>	<u>\$ 133,079,343</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (4,047,398)	\$ (15,540,074)	\$ (2,702,779)	\$ 268,949	\$ (22,021,302)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	7,340,365	-	-	197,061	7,537,426
Other revenue	-	-	1,942,137	-	1,942,137
Changes in assets and liabilities:					
Receivables, net	105,999	116,154	(96,625)	(4,153)	121,375
Inventories, prepaids and other assets	(183,449)	1,701	-	(58,173)	(239,921)
Accounts payable and other liabilities	(1,967,052)	7,474,258	(95,292)	(31,869)	5,380,045
Accrued expenses	(121,586)	35,448	62,375	20,983	(2,780)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,126,879</u>	<u>\$ (7,912,513)</u>	<u>\$ (890,184)</u>	<u>\$ 392,798</u>	<u>\$ (7,283,020)</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit D-4

	Budget			Actual	Variance Positive (Negative)
	Prior Year Encumbrances	Current Year	Total		
LIABILITY AND PROPERTY COVERAGE SELF-INSURANCE					
Personnel costs	\$ -	\$ 3,790,890	\$ 3,790,890	\$ 3,389,831	\$ 401,059
Other Operating	29,500	39,639,500	39,669,000	37,457,476	2,211,524
Total	<u>\$ 29,500</u>	<u>\$ 43,430,390</u>	<u>\$ 43,459,890</u>	40,847,307	<u>\$ 2,612,583</u>
Reconciliation to GAAP expenses:					
Additions:					
Portion of incurred but not reported claims not required to be budgeted				7,305,000	
Other postemployment contributions				24,030	
Deductions:					
Encumbrances outstanding at year-end				<u>(61,115)</u>	
GAAP Expenses				<u>\$ 48,115,222</u>	
EMPLOYEE HEALTH BENEFITS SELF-INSURANCE					
Personnel costs	\$ -	\$ 1,327,480	\$ 1,327,480	\$ 721,413	\$ 606,067
Other Operating	3,808,270	160,949,920	164,758,190	108,308,904	56,449,286
Total	<u>\$ 3,808,270</u>	<u>\$ 162,277,400</u>	<u>\$ 166,085,670</u>	109,030,317	<u>\$ 57,055,353</u>
Reconciliation to GAAP expenses:					
Additions:					
Portion of incurred but not reported claims not required to be budgeted				1,219,887	
Deductions:					
Encumbrances outstanding at year-end				<u>(596,630)</u>	
GAAP Expenses				<u>\$ 109,653,574</u>	



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

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

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

Private Contributions
Court Appointed Guardians

Tricentennial

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

Recreation Activities
Property Tax
Miscellaneous

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
 JUNE 30, 2009

Exhibit E-1

	Employees' Retirement System	Employees' Retirement Savings Plan	Deferred Compensation Plan	Retiree Health Benefits	Total
ASSETS					
Current Assets:					
Equity in pooled cash and investments	\$ 523,857	\$ 521,775	\$ -	\$ 52,734	\$ 1,098,366
Investments:					
U.S. Government and agency obligations	316,739,428	-	-	-	316,739,428
Asset-backed securities	12,163,832	-	-	-	12,163,832
Corporate bonds	322,886,763	-	-	-	322,886,763
Collateralized mortgage obligations	9,104,627	-	-	-	9,104,627
Commercial mortgage-backed securities	15,131,578	-	-	-	15,131,578
Common and preferred stock	995,018,436	-	-	-	995,018,436
Mutual and commingled funds	73,055,687	127,577,002	201,253,401	30,965,128	432,851,218
Short-term investments	195,559,877	-	-	-	195,559,877
Cash collateral received under securities lending agreements	138,201,569	-	-	-	138,201,569
Real estate	72,158,654	-	-	-	72,158,654
Private equity	139,209,558	-	-	-	139,209,558
Total Investments	<u>2,289,230,009</u>	<u>127,577,002</u>	<u>201,253,401</u>	<u>30,965,128</u>	<u>2,649,025,540</u>
Receivables (net of allowances for uncollectibles):					
Dividends and accrued interest	11,080,736	-	-	-	11,080,736
Accounts	11,218	86,879	-	-	98,097
Due from other funds	8,441,779	1,458,377	1,053,538	1,461,621	12,415,315
Due from component units	100,004	60,838	-	-	160,842
Due from other governments	31,564	4,054	-	2,516,851	2,552,469
Total Current Assets	<u>2,309,419,167</u>	<u>129,708,925</u>	<u>202,306,939</u>	<u>34,996,334</u>	<u>2,676,431,365</u>
Total Assets	<u>2,309,419,167</u>	<u>129,708,925</u>	<u>202,306,939</u>	<u>34,996,334</u>	<u>2,676,431,365</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	163,063,351	21,382	-	9,353	163,094,086
Accrued liabilities	225,611	16,249	-	54	241,914
Claims payable	-	-	-	3,978,471	3,978,471
Due to other funds	256	2,041	-	4	2,301
Unearned revenue	83,660	-	-	-	83,660
Total Current Liabilities	<u>163,372,878</u>	<u>39,672</u>	<u>-</u>	<u>3,987,882</u>	<u>167,400,432</u>
Noncurrent Liabilities:					
Compensated absences	47,094	2,018	-	-	49,112
Total Liabilities	<u>163,419,972</u>	<u>41,690</u>	<u>-</u>	<u>3,987,882</u>	<u>167,449,544</u>
NET ASSETS					
Held in trust for pension and other postemployment benefits	<u>\$ 2,145,999,195</u>	<u>\$ 129,667,235</u>	<u>\$ 202,306,939</u>	<u>\$ 31,008,452</u>	<u>\$ 2,508,981,821</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit E-2

	Employees' Retirement System	Employees' Retirement Savings Plan	Deferred Compensation Plan	Retiree Health Benefits	Total
ADDITIONS					
Contributions:					
Employers	\$ 109,567,014	\$ 20,625,065	\$ -	\$ 56,905,648	\$ 187,097,727
Members	18,244,976	11,262,814	18,057,590	13,307,885	60,873,265
Federal government - Medicare Part D	-	-	-	1,297,204	1,297,204
Total Contributions	<u>127,811,990</u>	<u>31,887,879</u>	<u>18,057,590</u>	<u>71,510,737</u>	<u>249,268,196</u>
Investment income (loss)	(413,364,251)	(27,068,724)	(44,478,616)	(1,956,925)	(486,868,516)
Less: Investment expenses	15,160,355	25,185	-	23,210	15,208,750
Net Investment Income (Loss)	<u>(428,524,606)</u>	<u>(27,093,909)</u>	<u>(44,478,616)</u>	<u>(1,980,135)</u>	<u>(502,077,266)</u>
Other income - forfeitures	-	371,852	-	-	371,852
Total Additions, net	<u>(300,712,616)</u>	<u>5,165,822</u>	<u>(26,421,026)</u>	<u>69,530,602</u>	<u>(252,437,218)</u>
DEDUCTIONS					
Benefits:					
Annuities:					
Retirees	123,560,071	-	-	-	123,560,071
Survivors	7,333,268	-	-	-	7,333,268
Disability	37,724,912	-	-	-	37,724,912
Claims	-	-	-	48,389,690	48,389,690
Total Benefits	<u>168,618,251</u>	<u>-</u>	<u>-</u>	<u>48,389,690</u>	<u>217,007,941</u>
Member refunds	668,160	3,669,059	13,390,844	-	17,728,063
Administrative expenses	2,803,217	300,190	-	3,842,017	6,945,424
Total Deductions	<u>172,089,628</u>	<u>3,969,249</u>	<u>13,390,844</u>	<u>52,231,707</u>	<u>241,681,428</u>
Net Increase (Decrease)	(472,802,244)	1,196,573	(39,811,870)	17,298,895	(494,118,646)
Net Assets - Beginning of Year	<u>2,618,801,439</u>	<u>128,470,662</u>	<u>242,118,809</u>	<u>13,709,557</u>	<u>3,003,100,467</u>
Net Assets - End of Year	<u>\$ 2,145,999,195</u>	<u>\$ 129,667,235</u>	<u>\$ 202,306,939</u>	<u>\$ 31,008,452</u>	<u>\$ 2,508,981,821</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2009
Exhibit E-3

	Private Contributions	Court Appointed Guardians	Tri- centennial	Total
ASSETS				
Equity in pooled cash and investments	\$ 186,817	\$ 30,809	\$ 6,993	\$ 224,619
Accounts receivable	25,000	-	-	25,000
Total Assets	<u>211,817</u>	<u>30,809</u>	<u>6,993</u>	<u>249,619</u>
LIABILITIES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS				
Held in trust	<u><u>\$ 211,817</u></u>	<u><u>\$ 30,809</u></u>	<u><u>\$ 6,993</u></u>	<u><u>\$ 249,619</u></u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit E-4

	Private Contributions	Court Appointed Guardians	Tri- centennial	Total
ADDITIONS				
Contributions:				
Members	\$ 24,993	\$ -	\$ -	\$ 24,993
Investment Income:				
Investment income	1,982	507	-	2,489
Other interest income	-	-	259	259
Total Investment Income	<u>1,982</u>	<u>507</u>	<u>259</u>	<u>2,748</u>
Total Additions	<u>26,975</u>	<u>507</u>	<u>259</u>	<u>27,741</u>
DEDUCTIONS				
Program expenses	<u>1,270</u>	<u>-</u>	<u>-</u>	<u>1,270</u>
Total Deductions	<u>1,270</u>	<u>-</u>	<u>-</u>	<u>1,270</u>
Net Increase (Decrease)	25,705	507	259	26,471
Net Assets - Beginning of Year	<u>186,112</u>	<u>30,302</u>	<u>6,734</u>	<u>223,148</u>
Net Assets - End of Year	<u><u>\$ 211,817</u></u>	<u><u>\$ 30,809</u></u>	<u><u>\$ 6,993</u></u>	<u><u>\$ 249,619</u></u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit E-5

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<u>RECREATION ACTIVITIES FUND</u>				
ASSETS				
Equity in pooled cash and investments	\$ 3,266,709	\$ 34,912,074	\$ 35,641,720	\$ 2,537,063
Accounts receivable	12,847	1,414	1,494	12,767
Total Assets	<u>\$ 3,279,556</u>	<u>\$ 34,913,488</u>	<u>\$ 35,643,214</u>	<u>\$ 2,549,830</u>
LIABILITIES				
Accounts payable	\$ 3,320	\$ 3,951,624	\$ 3,937,027	\$ 17,917
Other liabilities	3,276,236	30,961,864	31,706,187	2,531,913
Total Liabilities	<u>\$ 3,279,556</u>	<u>\$ 34,913,488</u>	<u>\$ 35,643,214</u>	<u>\$ 2,549,830</u>
<u>PROPERTY TAX FUND</u>				
ASSETS				
Equity in pooled cash and investments	\$ 33,702,235	\$ 2,178,907,338	\$ 2,180,400,472	\$ 32,209,101
Property taxes receivable	5,796,641	385,093,547	384,595,006	6,295,182
Accounts receivable	-	-	(3,114)	3,114
Total Assets	<u>\$ 39,498,876</u>	<u>\$ 2,564,000,885</u>	<u>\$ 2,564,992,364</u>	<u>\$ 38,507,397</u>
LIABILITIES				
Deposits	\$ 983,251	\$ -	\$ 520,240	\$ 463,011
Due to other governments	2,466,988	391,991,283	390,055,308	4,402,963
Uncollected property taxes due to governments	5,472,155	385,006,522	384,507,980	5,970,697
Undistributed taxes and refunds	12,478,380	1,803,002,378	1,802,297,498	13,183,260
Tax sale surplus and redemptions payable	2,190,235	5,599,594	5,187,711	2,602,118
Other liabilities	15,907,867	406,254,224	410,276,743	11,885,348
Total Liabilities	<u>\$ 39,498,876</u>	<u>\$ 2,991,854,001</u>	<u>\$ 2,992,845,480</u>	<u>\$ 38,507,397</u>
<u>MISCELLANEOUS AGENCY FUND</u>				
ASSETS				
Equity in pooled cash and investments	\$ 7,295,408	\$ 22,096,059	\$ 22,121,215	\$ 7,270,252
Cash	211,584	-	21,303	190,281
Property taxes receivable	-	1,362,803	1,360,851	1,952
Accounts receivable	141,027	196,506	175,300	162,233
Other	-	90,782	90,782	-
Prepays	-	68,966	68,966	-
Total Assets	<u>\$ 7,648,019</u>	<u>\$ 23,815,116</u>	<u>\$ 23,838,417</u>	<u>\$ 7,624,718</u>
LIABILITIES				
Due to other governments	\$ 958,810	\$ 8,908,973	\$ 8,876,640	\$ 991,143
Other liabilities	6,689,209	26,708,327	26,763,961	6,633,575
Total Liabilities	<u>\$ 7,648,019</u>	<u>\$ 35,617,300</u>	<u>\$ 35,640,601</u>	<u>\$ 7,624,718</u>

(Continued)

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES, CONCLUDED
 ALL AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit E-5

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Equity in pooled cash and investments	\$ 44,264,352	\$ 2,235,915,471	\$ 2,238,163,407	\$ 42,016,416
Cash	211,584	-	21,303	190,281
Property taxes receivable	5,796,641	386,456,350	385,955,857	6,297,134
Accounts receivable	153,874	197,920	173,680	178,114
Other	-	90,782	90,782	-
Prepays	-	68,966	68,966	-
Total Assets	<u>\$ 50,426,451</u>	<u>\$ 2,622,729,489</u>	<u>\$ 2,624,473,995</u>	<u>\$ 48,681,945</u>
LIABILITIES				
Accounts payable	\$ 3,320	\$ 3,951,624	\$ 3,937,027	\$ 17,917
Deposits	983,251	-	520,240	463,011
Due to other governments	3,425,798	400,900,256	398,931,948	5,394,106
Uncollected property taxes due to governments	5,472,155	385,006,522	384,507,980	5,970,697
Undistributed taxes and refunds	12,478,380	1,803,002,378	1,802,297,498	13,183,260
Tax sale surplus and redemptions payable	2,190,235	5,599,594	5,187,711	2,602,118
Other liabilities	25,873,312	463,924,415	468,746,891	21,050,836
Total Liabilities	<u>\$ 50,426,451</u>	<u>\$ 3,062,384,789</u>	<u>\$ 3,064,129,295</u>	<u>\$ 48,681,945</u>



NONMAJOR COMPONENT UNITS

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR COMPONENT UNITS
 JUNE 30, 2009
Exhibit F-1

	BUPI	MCRA	MCC	Total
ASSETS				
Equity in pooled cash and investments	\$ -	\$ -	\$ 16,967,249	\$ 16,967,249
Cash with fiscal agents	-	-	3,116,006	3,116,006
Cash	835,138	3,673,342	128,080	4,636,560
Investments-cash equivalents	-	-	29,571,066	29,571,066
Investments	-	-	27,577,346	27,577,346
Receivables (net of allowances for uncollectibles):				
Capital leases	-	31,490,178	-	31,490,178
Accounts	38,477	431,671	3,687,095	4,157,243
Notes	-	48,315,000	-	48,315,000
Other	-	-	819,384	819,384
Due from primary government	20,153	-	16,904,662	16,924,815
Due from other governments	6,619	5,725	7,908,017	7,920,361
Inventory of supplies	-	379,949	1,705,223	2,085,172
Prepays	14,975	238,335	1,538,710	1,792,020
Deferred charges	-	529,017	-	529,017
Other assets	5,075	-	20,363,084	20,368,159
Restricted Assets:				
Equity in pooled cash and investments	-	-	15,189,217	15,189,217
Cash	-	624,213	-	624,213
Investments - cash equivalents	-	3,683,837	-	3,683,837
Capital Assets:				
Nondepreciable assets	-	24,677,814	36,926,392	61,604,206
Depreciable assets, net	346,283	13,734,786	300,860,476	314,941,545
Total Assets	<u>1,266,720</u>	<u>127,783,867</u>	<u>483,262,007</u>	<u>612,312,594</u>
LIABILITIES				
Accounts payable	138,204	346,926	27,110,199	27,595,329
Interest payable	-	945,504	-	945,504
Retainage payable	-	-	2,679,033	2,679,033
Accrued liabilities	198,582	734,062	-	932,644
Deposits	-	31,568	-	31,568
Due to primary government	18,122	95,423	907,546	1,021,091
Unearned revenue	179,935	171,368	4,873,990	5,225,293
Noncurrent liabilities:				
Due within one year	-	5,643,767	284,401	5,928,168
Due in more than one year	-	97,319,536	87,813,243	185,132,779
Total Liabilities	<u>534,843</u>	<u>105,288,154</u>	<u>123,668,412</u>	<u>229,491,409</u>
NET ASSETS				
Invested in capital, net of related debt	346,283	16,773,751	266,184,371	283,304,405
Restricted for:				
Capital projects	-	255,894	-	255,894
Debt service	-	3,936,613	-	3,936,613
Other purposes	-	115,543	22,315,870	22,431,413
Unrestricted	385,594	1,413,912	71,093,354	72,892,860
Total Net Assets	<u>\$ 731,877</u>	<u>\$ 22,495,713</u>	<u>\$ 359,593,595</u>	<u>\$ 382,821,185</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF ACTIVITIES
 NONMAJOR COMPONENT UNITS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Exhibit F-2

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	BUPI	MCRA	MCC	Total
Component units:								
General government	\$ 4,689,374	\$ 4,410,146	\$ 232,949	\$ -	\$ (46,279)	\$ -	\$ -	\$ (46,279)
Culture and recreation	20,738,255	17,210,744	-	147,771	-	(3,379,740)	-	(3,379,740)
Education	265,994,842	76,324,928	29,930,300	780,845	-	-	(158,958,769)	(158,958,769)
Total component units	<u>\$ 291,422,471</u>	<u>\$ 97,945,818</u>	<u>\$ 30,163,249</u>	<u>\$ 928,616</u>	<u>(46,279)</u>	<u>(3,379,740)</u>	<u>(158,958,769)</u>	<u>(162,384,788)</u>
General revenues:								
Grants and contributions not restricted to specific programs					42,776	-	202,707,312	202,750,088
Investment income					-	2,101,432	2,323,618	4,425,050
Total general revenues					<u>42,776</u>	<u>2,101,432</u>	<u>205,030,930</u>	<u>207,175,138</u>
Change in net assets					(3,503)	(1,278,308)	46,072,161	44,790,350
Net assets - beginning					735,380	23,774,021	313,521,434	338,030,835
Net assets - ending					<u>\$ 731,877</u>	<u>\$ 22,495,713</u>	<u>\$ 359,593,595</u>	<u>\$ 382,821,185</u>



STATISTICAL SECTION



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 ASSETS BY COMPONENT - GOVERNMENT-WIDE
 (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)
 LAST SEVEN FISCAL YEARS
Table 1

	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:							
Invested in capital assets, net of related debt	\$ 1,584,549,157	\$ 1,597,253,419	\$ 1,747,572,143	\$ 1,769,233,330	\$ 1,880,672,363	\$ 1,875,327,937	\$ 1,937,493,317
Restricted	253,868,311	288,675,222	287,333,081	338,811,955	440,714,792	410,457,623	393,404,279
Unrestricted (deficit) (1, 2)	(462,844,591)	(500,390,531)	(480,714,029)	(425,270,974)	(423,363,652)	(652,576,967)	(1,043,969,070)
Total Governmental Activities Net Assets	1,375,572,877	1,385,538,110	1,554,191,195	1,682,774,311	1,898,023,503	1,633,208,593	1,286,928,526
Business-type Activities:							
Invested in capital assets, net of related debt (2)	98,603,512	137,937,194	158,430,251	152,244,454	160,807,324	166,059,652	177,697,087
Restricted	90,462,462	91,478,147	68,389,069	80,486,538	72,370,254	76,590,751	66,606,205
Unrestricted	19,545,712	22,928,565	28,768,364	31,001,878	33,422,201	36,328,335	24,449,753
Total Business-type Activities Net Assets	208,611,686	252,343,906	255,587,684	263,732,870	266,599,779	278,978,738	268,753,045
Primary Government:							
Invested in capital assets, net of related debt (2)	1,683,152,669	1,735,190,613	1,859,401,883	1,876,884,699	1,999,920,988	2,003,119,670	2,080,125,833
Restricted	344,330,773	380,153,369	355,722,150	419,298,493	513,085,046	487,048,374	460,010,484
Unrestricted (deficit) (1, 2)	(443,298,879)	(477,461,966)	(405,345,154)	(349,676,011)	(348,382,752)	(577,980,713)	(984,454,746)
Total Primary Government Net Assets	\$ 1,584,184,563	\$ 1,637,882,016	\$ 1,809,778,879	\$ 1,946,507,181	\$ 2,164,623,282	\$ 1,912,187,331	\$ 1,555,681,571

NOTES:

- * This table is a summary of net asset information presented in the basic financial statement Exhibit A-1.
- * Government-wide net asset information is reported on the accrual basis of accounting.
- * Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are 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.

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

Unrestricted (deficit) net assets reported above	\$ (443,298,879)	\$ (477,461,966)	\$ (405,345,154)	\$ (349,676,011)	\$ (348,382,752)	\$ (577,980,713)	\$ (984,454,746)
Debt issued for capital on behalf of others	809,194,115	817,668,162	786,773,722	902,249,062	1,109,741,009	1,023,021,034	1,122,854,267
County net assets absent effect of this relationship	\$ 365,895,236	\$ 340,206,196	\$ 381,428,568	\$ 552,573,051	\$ 761,358,257	\$ 445,040,321	\$ 138,399,521

(2) Beginning in FY05, for government-wide purposes, the Business-type Activities net assets invested in capital, net of related debt, includes in capital assets, certain garages, acquired by capital lease by the Silver Spring Parking Lot District. Since the related capital lease liability is an obligation of the Governmental Activities, and the debt does not relate to a governmental capital asset, the impact of such debt is reported in the unrestricted portion of net assets for Governmental Activities purposes. However, for total Primary Government purposes, the impact of such debt as been reclassified out of unrestricted net assets and reflected with the associated capital asset, in net assets invested in capital, net of related debt.

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

	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental Activities:							
General government (3)	\$ 206,410,568	\$ 211,957,281	\$ 227,211,859	\$ 257,586,189	\$ 274,005,357	\$ 304,526,806	\$ 337,557,085
Public safety	348,701,601	373,518,674	418,990,301	473,624,268	529,748,046	601,156,598	626,855,553
Public works and transportation	157,009,091	175,276,975	178,010,395	192,228,591	210,395,916	233,193,597	257,041,963
Health and human services	208,820,841	210,481,464	213,988,337	235,394,838	252,066,273	286,907,329	288,519,635
Culture and recreation	86,021,724	79,110,368	84,339,831	93,460,648	103,765,006	118,017,417	116,186,268
Community development and housing	19,602,595	19,970,947	19,915,566	19,280,438	18,213,040	19,134,520	21,365,597
Environment	6,672,833	8,310,848	8,664,457	9,157,156	12,962,711	14,967,339	13,618,312
Education	1,225,921,559	1,322,003,030	1,446,592,632	1,595,747,791	1,669,681,121	1,783,953,133	1,842,962,933
Interest on long-term debt	66,928,923	69,895,441	70,401,131	73,675,523	81,262,618	95,931,334	92,511,000
Total Governmental Activities Expenses	2,326,089,735	2,470,525,028	2,668,114,509	2,950,155,442	3,152,100,088	3,457,788,073	3,596,618,346
Business-type Activities:							
Liquor control	135,890,772	144,912,612	152,098,599	168,325,049	180,243,618	190,742,139	197,044,956
Solid waste activities	90,633,907	97,987,992	104,106,630	99,911,970	103,455,706	98,166,937	96,857,869
Parking lot districts	19,662,075	19,370,927	24,063,575	26,568,228	26,622,097	27,854,499	29,003,485
Permitting services	17,866,311	19,970,101	20,744,660	21,962,821	23,463,486	26,977,767	27,878,868
Community use of public facilities	5,931,243	5,918,985	5,958,685	6,810,783	7,657,662	8,456,433	8,744,741
Total Business-type Activities Expenses	269,984,308	288,160,617	306,972,149	323,578,851	341,442,569	352,197,775	359,529,919
Total Primary Government Expenses	2,596,074,043	2,758,685,645	2,975,086,658	3,273,734,293	3,493,542,657	3,809,985,848	3,956,148,265
Program Revenues							
Governmental Activities:							
Charges for services:							
General government	33,920,013	38,997,961	54,138,552	70,760,591	58,026,709	52,271,766	55,124,011
Public safety	15,840,488	18,515,962	24,345,320	21,261,849	21,633,121	33,618,772	44,359,719
Public works and transportation	15,945,337	16,615,039	17,091,962	17,417,455	18,262,635	17,750,337	18,997,028
Health and human services	5,970,156	3,225,931	4,187,736 (4)	3,733,918 (4)	3,894,842	6,504,109	5,604,372
Culture and recreation	18,772,657	20,823,203	22,226,891	24,180,695	26,155,477	27,740,357	29,964,898
Community development and housing	154,869	8,014	224,834	201,156	245,105	3,947,238	3,937,188
Environment	2,772,758	2,973,085	2,975,231	4,566,822	5,954,673	6,062,667	8,594,412
Operating Grants and Contributions:							
General government	11,341,521	9,867,856	10,043,510	8,624,075	9,906,187	9,833,718	6,720,731
Public safety	22,243,268	32,536,979	28,464,670	33,672,335	32,672,761	29,421,302	30,138,410
Public works and transportation	56,656,946	49,346,739	52,716,808	65,846,601	65,774,815	65,513,498	71,494,515
Health and human services	110,092,143	113,039,923	112,440,726 (4)	100,845,243 (4)	113,457,584	102,694,709	109,573,451
Culture and recreation	3,623,100	3,814,833	3,874,050	4,284,853	4,852,256	5,084,296	4,729,985
Community development and housing	6,988,127	4,095,431	4,608,273	8,905,322	4,568,516	3,825,474	6,300,663
Environment	-	14,056	2,031	9,377	336,713	20,104	924
Capital Grants and Contributions:							
General government	-	1,573,901	30,226,685	621,102	1,068	702,125	2,019,511
Public safety	2,451,005	5,249,230	4,870,655	4,151,203	6,444,925	1,867,152	5,112,282
Public works and transportation (4)	30,303,403	35,167,935	17,477,530	25,154,942	29,777,979	22,482,671	16,919,856
Health and human services	1,761,278	-	-	-	-	-	-
Culture and recreation	8,844,252	31,230,991	11,660,618	8,961,749	11,974,970	3,183,810	7,909,851
Community development and housing	6,716,471	7,321,863	1,751,192	1,703,776	3,252,035	3,071,146	2,567,389
Environment	6,198,899	1,956,845	132,139	3,678,066	-	1,999,900	-
Total Governmental Activities Program Revenues	360,596,691	396,375,777	403,459,413	408,581,130	417,192,371	397,595,151	430,069,196

MONTGOMERY COUNTY, MARYLAND
 FINANCIAL TRENDS
 GENERAL TAX REVENUES - GOVERNMENTAL ACTIVITIES
 LAST SEVEN FISCAL YEARS
Table 2-b

	2003	2004	2005	2006	2007	2008	2009
Property taxes	\$ 856,439,593	\$ 919,320,985	\$ 1,010,964,428	\$ 1,064,737,107	\$ 1,126,632,925	\$ 1,146,965,583	\$ 1,296,974,051
County income taxes	757,486,559	812,975,046	940,274,273	1,117,543,440	1,388,927,139	1,246,939,067	1,169,568,981
Real property transfer taxes	86,157,330	108,270,290	133,654,796	145,478,479	106,902,482	80,380,388	64,771,739
Recordation taxes	83,426,177	110,810,439	127,300,257	96,239,932	72,672,928	54,658,577	42,437,216
Fuel energy taxes	26,168,427	74,594,014	114,904,208	117,381,196	118,853,224	118,277,973	129,328,307
Hotel-motel taxes	11,903,550	12,695,573	14,162,958	15,869,779	17,476,723	17,783,194	16,829,254
Telephone taxes	6,555,800	26,927,301	29,907,857	29,176,263	29,375,812	30,472,124	30,906,025
Other taxes	8,649,024	15,748,274	3,418,965	16,339,949	7,028,984	11,560,655	8,704,474
Total Taxes - Governmental Activities	<u>\$ 1,836,786,460</u>	<u>\$ 2,081,341,922</u>	<u>\$ 2,374,587,742</u>	<u>\$ 2,602,766,145</u>	<u>\$ 2,867,870,217</u>	<u>\$ 2,707,037,561</u>	<u>\$ 2,759,520,047</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

	2000	2001	2002	2003	2004
General Fund:					
Reserved	\$ 36,225,684	\$ 32,711,557	\$ 29,201,708	\$ 22,540,476	\$ 19,830,438
Unreserved	240,160,160	231,333,943	190,056,416	103,883,694	139,105,758
Total General Fund	<u>276,385,844</u>	<u>264,045,500</u>	<u>219,258,124</u>	<u>126,424,170</u>	<u>158,936,196</u>
All Other Governmental Funds:					
Reserved	184,001,470	301,554,491	297,138,922	279,785,713	209,373,844
Unreserved (deficit), reported in:					
Capital Projects Fund	(85,221,307)	(165,254,937)	(126,162,766)	(145,443,356)	(52,352,138)
Special Revenue Funds	113,980,439	102,023,328	128,611,492	119,567,406	129,628,646
Total All Other Governmental Funds	<u>28,759,132</u>	<u>(63,231,609)</u>	<u>2,448,726</u>	<u>(25,875,950)</u>	<u>77,276,508</u>
Total All Governmental Funds	<u>\$ 305,144,976</u>	<u>\$ 200,813,891</u>	<u>\$ 221,706,850</u>	<u>\$ 100,548,220</u>	<u>\$ 236,212,704</u>
<hr/>					
	2005	2006	2007	2008	2009
General Fund:					
Reserved	\$ 5,971,759	\$ 7,016,227	\$ 7,774,404	\$ 8,465,100	8,621,928.00
Unreserved	240,577,408	281,770,188	308,977,204	164,347,706	99,484,134.00
Total General Fund	<u>246,549,167</u>	<u>288,786,415</u>	<u>316,751,608</u>	<u>172,812,806</u>	<u>108,106,062</u>
All Other Governmental Funds:					
Reserved	123,395,950	191,517,700	266,598,847	210,340,019	225,379,967.00
Unreserved (deficit), reported in:					
Capital Projects Fund	(57,358,204)	(33,910,656)	19,800,904	(12,377,776)	(86,447,622.00)
Special Revenue Funds	141,841,345	159,766,560	186,764,337	211,866,176	176,689,046.00
Total All Other Governmental Funds	<u>207,879,091</u>	<u>317,373,604</u>	<u>473,164,088</u>	<u>409,828,419</u>	<u>315,621,391</u>
Total All Governmental Funds	<u>\$ 454,428,258</u>	<u>\$ 606,160,019</u>	<u>\$ 789,915,696</u>	<u>\$ 582,641,225</u>	<u>\$ 423,727,453</u>

NOTE:

- * This table presents summary fund balance information from the basic financial statement Exhibit A-3.
- * Fund balance information for governmental funds is reported on the modified accrual basis of accounting.

MONTGOMERY COUNTY, MARYLAND
 FINANCIAL TRENDS
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

Table 4

	2000	2001	2002	2003	2004	2005
Revenues						
Taxes	\$ 1,665,351,327	\$ 1,739,649,852	\$ 1,852,131,339	\$ 1,866,955,365	\$ 2,129,939,312	\$ 2,380,939,173
Licenses and permits	8,131,722	8,532,219	8,922,083	10,075,334	10,984,340	12,030,638
Intergovernmental	189,596,625	184,307,356	274,006,317	242,781,812	276,077,146	223,088,334
Charges for services	42,139,079	39,318,997	41,517,605	44,486,179	50,332,507	63,607,620
Fines and forfeitures	5,363,772	6,788,140	8,317,403	8,934,482	8,567,764	8,902,320
Investment income	37,514,279	31,939,948	14,713,975	13,092,622	5,012,370	13,647,809
Miscellaneous (1)	10,707,591	11,529,815	19,925,347	11,200,271	12,198,056	16,053,279
Total Revenues	<u>1,958,804,395</u>	<u>2,022,066,327</u>	<u>2,219,534,069</u>	<u>2,197,526,065</u>	<u>2,493,111,495</u>	<u>2,718,269,173</u>
Expenditures						
General government	143,117,682	153,016,968	159,365,502	173,654,582	174,518,839	202,052,021
Public safety	260,800,496	277,697,812	301,083,758	332,651,202	355,912,668	401,114,616
Public works and transportation	109,177,626	95,995,963	109,577,671	112,456,492	131,812,057	132,317,794
Health and human services	160,972,782	180,787,483	195,303,530	206,769,844	209,019,100	211,560,906
Culture and recreation	59,310,643	59,624,936	67,016,514	63,650,474	66,039,364	72,074,300
Community development and housing	7,194,841	8,864,268	14,534,477	18,820,716	15,991,314	16,947,062
Environment	3,106,472	3,753,098	4,203,705	4,407,941	5,619,435	5,487,891
Education (2)	1,048,305,484	1,138,273,303	1,112,954,934	1,158,785,134	1,217,639,366	1,345,450,958
Debt service:						
Principal	219,413,823	232,855,510	259,188,365	261,780,268	275,916,602	315,168,034
Interest	61,621,399	63,263,808	61,500,313	62,523,878	60,230,979	62,517,128
Leases and other obligations	3,534,811	2,650,560	16,162,918	19,004,067	24,312,486	26,593,959
Issuing costs	671,147	634,196	1,690,524	2,013,285	876,054	1,901,439
Capital projects	126,641,823	192,074,763	314,157,053	275,561,794	298,405,112	257,856,073
Total Expenditures	<u>2,203,869,029</u>	<u>2,409,492,668</u>	<u>2,616,739,264</u>	<u>2,692,079,677</u>	<u>2,836,293,376</u>	<u>3,051,042,181</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(245,064,634)</u>	<u>(387,426,341)</u>	<u>(397,205,195)</u>	<u>(494,553,612)</u>	<u>(343,181,881)</u>	<u>(332,773,008)</u>
Other Financing Sources (Uses)						
Transfers in	247,050,779	278,870,081	318,619,362	277,482,218	304,735,307	299,714,554
Transfers (out)	(231,875,825)	(260,644,953)	(282,102,290)	(255,531,165)	(308,495,187)	(265,244,530)
Sale of property	4,272,889	2,415,351	2,481,576	6,814,072	7,284,065	15,102,273
Financing under notes and leases payable	-	-	-	12,913,057	36,860,624	-
Payment to refunded bond escrow agent	-	-	(154,734,082)	(103,307,499)	(54,073,409)	(238,509,132)
Debt Issued:						
General obligation bonds	131,834,500	140,002,990	162,756,250	159,079,103	165,706,411	214,639,300
Bond anticipation notes	210,000,000	105,000,000	160,000,000	155,000,000	190,000,000	50,000,000
Certificates of participation	-	54,772,053	1,079,058	-	-	-
Lease revenue bonds	-	-	38,038,644	-	-	10,661,561
Variable rate demand obligations	-	-	-	-	-	-
Notes payable	-	-	-	-	5,332,000	-
Capital lease financing	-	-	-	-	6,790,969	16,028,103
General obligation refunding bonds	-	-	155,534,809	103,591,987	54,293,716	239,222,589
Total Other Financing Sources (Uses)	<u>361,282,343</u>	<u>320,415,522</u>	<u>401,673,327</u>	<u>356,041,773</u>	<u>408,434,496</u>	<u>341,614,718</u>
Special Item						
Gain on extinguishment of liability	-	-	3,106,570	-	-	-
Net Change in Fund Balances	<u>\$ 116,217,709</u>	<u>\$ (67,010,819)</u>	<u>\$ 7,574,702</u>	<u>\$ (138,511,839)</u>	<u>\$ 65,252,615</u>	<u>\$ 8,841,710</u>
Debt service as a percentage of noncapital expenditures (3, 4, 5)	13.45%	13.29%	13.17%	12.85%	12.59%	12.94%

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) For FY01 and prior, includes amounts previously classified as "Operating Transfers in from Component Units."
- (2) For FY01 and prior, includes amounts previously classified as "Operating Transfers out to Component Units."
- (3) Debt service represents debt service principal and interest expenditures presented above.
- (4) Noncapital expenditures represents Total Expenditures above, less Capital Projects Fund and capital outlay expenditures that resulted in capital assets.
- (5) For FY08, decrease in debt service as a percentage of non-capital expenditures due to general obligation bonds not being issued.

	2006	2007	2008	2009
\$	2,545,906,852	\$ 2,751,864,063	\$ 2,752,355,883	\$ 2,872,519,430
	12,025,093	12,418,584	11,192,157	11,545,500
	265,785,477	267,675,931	244,672,132	226,479,924
	77,204,023	79,501,815	80,355,654	89,226,745
	10,305,177	12,588,526	21,583,162	28,423,775
	24,832,274	34,147,428	37,012,601	12,114,916
	14,645,165	13,199,158	13,919,065	17,856,623
	<u>2,950,704,061</u>	<u>3,171,395,505</u>	<u>3,161,090,654</u>	<u>3,258,166,913</u>
	228,669,438	248,252,022	257,381,611	277,007,216
	455,433,491	506,729,330	543,200,962	569,158,754
	152,837,852	171,901,834	171,903,223	176,414,373
	233,967,221	251,396,734	272,823,056	276,831,826
	78,486,537	87,872,720	96,010,787	93,616,178
	17,297,254	17,125,576	15,916,219	19,208,889
	6,452,471	8,620,911	9,242,386	10,318,956
	1,382,898,458	1,490,679,488	1,563,374,406	1,643,643,553
	324,184,297	383,983,419	146,194,699	373,014,292
	68,164,530	75,133,526	78,949,436	87,192,902
	26,245,116	16,030,672	16,358,135	19,857,064
	1,044,430	1,208,672	937,441	2,087,524
	382,096,212	342,299,052	424,518,682	437,794,002
	<u>3,357,777,307</u>	<u>3,601,233,956</u>	<u>3,596,811,043</u>	<u>3,986,145,529</u>
	<u>(407,073,246)</u>	<u>(429,838,451)</u>	<u>(435,720,389)</u>	<u>(727,978,616)</u>
	340,111,748	349,888,069	382,434,018	367,718,614
	(307,303,502)	(316,432,051)	(352,397,173)	(324,259,745)
	5,205,424	6,540,519	13,370,213	1,629,312
	5,207,377	3,259,280	-	-
	-	-	(74,751,270)	-
	105,456,700	268,839,000	-	250,000,000
	300,000,000	300,000,000	150,000,000	250,000,000
	-	-	34,583,195	-
	1,747,573	835,614	399,231	15,059,652
	100,000,000	-	-	-
	-	-	-	-
	8,379,687	663,698	12,407	-
	-	-	74,795,297	8,917,011
	<u>558,805,007</u>	<u>613,594,129</u>	<u>228,445,918</u>	<u>569,064,844</u>
	-	-	-	-
\$	<u>151,731,761</u>	<u>\$ 183,755,678</u>	<u>\$ (207,274,471)</u>	<u>\$ (158,913,772)</u>
	12.26%	13.29%	6.56%	12.10%

MONTGOMERY COUNTY, MARYLAND
 FINANCIAL TRENDS
 COMBINED SCHEDULE OF "CASH AND INVESTMENTS" AND
 "INVESTMENT AND INTEREST INCOME" - ALL FUNDS
 AS OF JUNE 30, 2009 AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009
Table 5

	Cash and Investments			Investment and Interest Income (Loss)		
	Pooled	Nonpooled	Total	Pooled	Nonpooled	Total
Primary Government:						
General Fund	\$ 17,037,504	\$ 2,288,014	\$ 19,325,518	\$ 843,931	28,195	\$ 872,126
Debt Service Fund	73,070	15,397,468	15,470,538	1,416,608	4,809,744	6,226,352
Capital Projects Fund	41,895,502	10,440,411	52,335,913	362,281	-	362,281
Special Revenue Funds:						
Recreation	8,419,169	5,450	8,424,619	226,431	-	226,431
Fire Tax District	28,272,527	-	28,272,527	735,080	-	735,080
Mass Transit Facilities	6,422	2,350	8,772	307,479	-	307,479
Urban Districts	1,366,112	-	1,366,112	16,475	-	16,475
Noise Abatement Districts	10,562	-	10,562	410	-	410
Housing Initiative	16,238,822	212,450	16,451,272	303,086	462,166	765,252
Rehabilitation Loan	430,515	-	430,515	8,042	-	8,042
New Home Warranty Security	-	-	-	-	-	-
Revenue Stabilization	119,647,603	-	119,647,603	2,005,903	-	2,005,903
Economic Development	1,517,026	-	1,517,026	21,184	51,692	72,876
Cable TV (1)	4,307,177	-	4,307,177	70,523	-	70,523
Grants (1)	-	-	-	55,384	141,744	197,128
Agricultural Transfer Tax	5,612,900	-	5,612,900	171,552	-	171,552
Drug Enforcement Forfeitures	2,658,379	25,000	2,683,379	44,699	-	44,699
Water Quality Protection	6,201,902	-	6,201,902	120,732	-	120,732
Restricted Donations	1,634,411	-	1,634,411	7,744	-	7,744
Total Special Revenue Funds	196,323,527	245,250	196,568,777	4,094,724	655,602	4,750,326
Enterprise Funds:						
Liquor	8,757,286	1,565,739	10,323,025	78,116	-	78,116
Solid Waste Activities (2)	62,086,824	4,067,057	66,153,881	1,279,696	361,799	1,641,495
Parking Lot Districts	26,508,034	1,729,578	28,237,612	509,975	99,785	609,760
Permitting Services	8,811,514	-	8,811,514	200,491	-	200,491
Community Use of Public Facilities	4,260,425	-	4,260,425	69,597	-	69,597
Total Enterprise Funds	110,424,083	7,362,374	117,786,457	2,137,875	461,584	2,599,459
Internal Service Funds:						
Motor Pool	1,051,951	300	1,052,251	14,594	-	14,594
Liability & Property Coverage Self-Insurance (1)	89,916,798	-	89,916,798	1,738,575	3,693	1,742,268
Employee Health Benefits Self-Insurance	41,511,477	-	41,511,477	441,225	-	441,225
Central Duplicating	598,817	-	598,817	3,562	-	3,562
Total Internal Service Funds	133,079,043	300	133,079,343	2,197,956	3,693	2,201,649
Pension and Other Employee Benefit Trust Funds (2)	1,098,366	2,649,025,540	2,650,123,906	204,172	(487,072,688)	(486,868,516)
Investment Trust Fund	45,809,029	-	45,809,029	648,556	-	648,556
Private Purpose Trust Funds	224,619	-	224,619	2,489	193	2,682
Agency Funds	42,016,416	190,281	42,206,697	15,930	-	15,930
Total Primary Government	587,981,159	2,684,949,638	3,272,930,797	11,924,522	(481,113,677)	(469,189,155)
Component Units (Participation in County Pool)	14,195,365	-	14,195,365	236,585	-	236,585
Total	\$ 602,176,524	\$ 2,684,949,638	\$ 3,287,126,162	\$ 12,161,107	\$ (481,113,677)	\$ (468,952,570)

NOTES:

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

- (1) Pooled investment income of the Cable TV Special Revenue Fund and the Liability and Property Coverage Self-Insurance Internal Service Fund include \$2,693 and \$1,747, respectively, related to interest earned on deposits, which has been classified as a liability. Pooled investment income of the Grants Special Revenue Fund includes \$62,615 related to interest earned on funding advanced by the State, which has been remitted to the State and netted against investment income.
- (2) Nonpooled investment income of these funds includes adjustments to fair value of nonpooled investments.

MONTGOMERY COUNTY, MARYLAND
 FINANCIAL TRENDS
 COMBINED SCHEDULE OF CASH AND INVESTMENTS - BY FINANCIAL INSTITUTION
 JUNE 30, 2009
Table 6

Description	Total
PNC Bank	\$ 65,628,848
Bank of New York	13,000,000
Bank of America, N. A.	3,601,964
Branch Banking & Trust Co. Certificate of Deposit	50,000,000
Chevy Chase Bank	5,408,138
M & T Bank	91,273
National City Bank	619,145
SunTrust Bank	922,575
Wachovia Bank, N.A.	40,099,431
Total Financial Institutions	179,371,374
Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow:	
General Fund	2,087,065
Debt Service Fund	15,397,468
Capital Projects Fund	10,440,411
Special Revenue Funds	245,250
Enterprise Funds	1,765,463
Internal Service Funds	300
Fiduciary Funds	190,281
Total Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow	30,126,238
Total Cash Deposits in Financial Institutions and on Hand	209,497,612
Investments, at carrying value (see Table below)	3,077,464,429
Accrued interest receivable	164,121
Total Cash and Investments (1)	\$ 3,287,126,162

MONTGOMERY COUNTY, MARYLAND
 FINANCIAL TRENDS
 COMBINED SCHEDULE OF INVESTMENTS
 JUNE 30, 2009
Table 7

	Pooled	Non-Pooled		Total Carrying Value (2)
		Enterprise	Fiduciary	
Investments, including accrued interest:				
U.S. Government Securities	\$ 202,677,694	\$ 5,234,331	\$ -	\$ 207,912,025
Bankers' Acceptances	24,138,843	-	-	24,138,843
Money Market Funds and Cash	98,977,485	362,580	-	99,340,065
State Pool	97,047,956	-	-	97,047,956
Pension and Other Employee Benefit Trusts	-	-	2,649,025,540	2,649,025,540
Total (1)	\$ 422,841,978	\$ 5,596,911	\$ 2,649,025,540	\$ 3,077,464,429

NOTES:

* These tables present detailed cash and investment information that supports amounts reported in Table 5 and in Note III-A Cash and Investments.

- (1) Includes component units' participation in County external investment pool (see Table 5).
 (2) Carrying value is the same as fair value.

MONTGOMERY COUNTY, MARYLAND
 REVENUE CAPACITY
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Table 8

Fiscal Year	Real Property (1)						Total Direct Tax Rate (4)
	Residential (2)		Commercial/Other		Total		
	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value	
2000	21,704,462,278	56,699,222,252	6,970,091,543	18,208,180,624	28,674,553,821	74,907,402,876	\$ 2.514
2001	22,267,739,672	59,348,986,333	7,381,273,206	19,672,903,001	29,649,012,878	79,021,889,334	2.513
2002	57,865,511,378	62,829,002,582	19,709,436,172	21,400,039,274	77,574,947,550	84,229,041,856	1.005
2003	61,732,348,676	69,991,325,030	20,674,989,155	23,441,030,788	82,407,337,831	93,432,355,818	1.004
2004	67,348,233,048	74,009,047,306	21,914,772,219	24,082,167,274	89,263,005,267	98,091,214,580	1.005
2005	74,808,909,028	80,181,038,615	23,472,815,695	25,158,430,541	98,281,724,723	105,339,469,156	0.994
2006	84,762,150,340	90,946,513,240	25,767,098,776	27,647,101,691	110,529,249,116	118,593,614,931	0.952
2007	96,569,606,606	101,120,006,917	29,141,169,512	30,514,313,625	125,710,776,118	131,634,320,542	0.902
2008	110,002,920,713	112,247,878,279	32,303,514,880	32,962,770,285	142,306,435,593	145,210,648,564	0.902
2009	123,318,552,451	127,923,809,596	34,814,939,022	36,115,081,973	158,133,491,472	164,038,891,569	0.902

Fiscal Year	Personal Property (3)					Real (1) and Personal Property Total		Ratio of Total Assessed to Total Estimated Actual Value	
	Business		Public Utility		Total	Direct Tax Rate (4)			
	Individuals	Corporations	Operating Property	Domestic Shares					
2000	\$ 92,953,790	\$ 2,125,024,140	\$ 1,250,855,220	\$ 410,469,840	\$ 3,879,302,990	\$ 2.502	\$ 32,553,856,811	\$ 78,786,705,866	41.32 %
2001	93,025,460	2,261,403,430	1,270,848,870	452,570,330	4,077,848,090	2.500	33,726,860,968	83,099,737,424	40.59
2002	99,954,320	2,486,081,540	1,169,749,990	445,558,740	4,201,344,590	2.495	81,776,292,140	88,430,386,446	92.48
2003	85,622,460	2,421,490,420	1,187,075,200	533,666,320	4,227,854,400	2.494	86,635,192,231	97,660,210,218	88.71
2004	83,269,110	2,272,890,000	1,116,419,190	491,223,310	3,963,801,610	2.498	93,226,806,877	102,055,016,190	91.35
2005	45,777,000	2,290,059,500	1,097,481,440	469,294,170	3,902,612,110	2.474	102,184,336,833	109,242,081,266	93.54
2006	39,858,300	2,275,916,200	1,046,842,820	469,011,910	3,831,629,230	2.367	114,360,878,346	122,425,244,161	93.41
2007	36,342,680	2,353,070,220	1,070,305,710	489,230,940	3,948,949,550	2.244	129,659,725,668	135,583,270,092	95.63
2008	34,444,330	2,412,515,690	1,035,536,740	488,050,610	3,970,547,370	2.241	146,276,982,963	149,181,195,934	98.05
2009	31,767,940	2,328,560,300	1,077,766,490	482,076,290	3,920,171,020	2.241	162,053,662,492	167,959,062,589	96.48

NOTES:

- * Exempt and nontaxable property are not included in this table.
- * The following classes of property are not taxed: 1) personal property not used in a trade, business, or profession, and 2) business inventories.
- * Intangible personal property is exempt from taxation except in two instances: shares of stock in certain domestic utilities and oil pipeline corporations (shown above) and intangible personal property of corporations under a contract with the State, granted charter exemptions from property taxation.
- * Property owned by the Federal government, the State, or a subdivision or agency of either, is exempt. Also exempt are real and personal property used for religious, educational, or charitable purposes. Specific exemptions involve historical property, societies and museums, conservation property, cemeteries, certain fraternal and service organizations, continuing care facilities for the aged, nonprofit housing property, and dwelling houses of disabled veterans and blind persons.

- (1) Fiscal year 2002 was the first year that all real property in the State of Maryland was assessed at 100 percent of full assessed value; prior to 2002, real property was assessed at 40 percent of full assessed value. Real property tax rates were changed in fiscal year 2002 to reflect this change in methodology.
- (2) Residential real property includes single-family homes, townhouses, and condominiums but excludes apartment dwellings which are included under the Commercial/Other category.
- (3) For personal property, the assessed value and estimated actual value are the same.
- (4) See Table 9-a for real and personal property direct tax rates.

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

MONTGOMERY COUNTY, MARYLAND
REVENUE CAPACITY
REAL AND PERSONAL PROPERTY TAX RATES - COUNTY DIRECT RATE
LAST TEN FISCAL YEARS
Table 9-a

	County-wide					Substantially County-wide (1)					Total County Direct Rate (4)	
	County		M-NCPPC (2)			County		M-NCPPC (2)				Prorata Tax Rate
	County	Fire Tax District	Transit District	Advance Land Acquisition	Subtotal	Recreation	Storm Drainage	Regional District	Metropolitan District			
Real Property:												
2000	\$ 1.863	\$.290	\$.102	\$.003	\$ 2.258	\$.067	\$.01	\$.062	\$.154	\$.256	\$ 2.514	
2001	1.857	.293	.100	.003	2.253	.069	.01	.060	.160	.260	2.513	
2002 (3)	.741	.109	.050	.001	.901	.027	.003	.024	.066	.104	1.005	
2003	.754	.117	.038	.001	.910	.020	.003	.023	.063	.094	1.004	
2004	.751	.118	.044	.001	.914	.022	.003	.021	.059	.091	1.005	
2005	.734	.123	.044	.001	.902	.025	.003	.020	.059	.092	.994	
2006	.679	.134	.042	.001	.856	.025	.003	.022	.061	.096	.952	
2007	.624	.134	.053	.001	.812	.024	.003	.020	.057	.090	.902	
2008	.627	.126	.058	.001	.812	.024	.003	.019	.058	.090	.902	
2009	.661	.116	.040	.001	.818	.022	.003	.019	.053	.084	.902	
Personal Property:												
2000	\$ 1.863	\$.290	\$.102	\$.003	\$ 2.258	\$.067	\$.01	\$.062	\$.154	\$.244	\$ 2.502	
2001	1.857	.293	.100	.003	2.253	.069	.01	.060	.160	.247	2.500	
2002	1.852	.273	.125	.002	2.252	.068	.007	.059	.165	.243	2.495	
2003	1.885	.293	.095	.003	2.276	.050	.008	.058	.158	.218	2.494	
2004	1.878	.295	.110	.003	2.286	.055	.008	.053	.148	.212	2.498	
2005	1.835	.308	.110	.003	2.256	.063	.008	.050	.148	.218	2.474	
2006	1.698	.335	.105	.003	2.141	.063	.008	.055	.153	.226	2.367	
2007	1.560	.335	.133	.003	2.031	.060	.008	.050	.143	.213	2.244	
2008	1.567	.315	.145	.003	2.030	.060	.007	.047	.145	.211	2.241	
2009	1.652	.290	.100	.003	2.045	.055	.007	.047	.132	.196	2.241	

NOTES:

- * The charter requires that revenues from real property taxes cannot exceed last year's revenues adjusted by the rate of inflation excluding revenues from new construction. The Council can adopt tax rates that exceed this limit by a supermajority of seven out of nine councilmembers.
 - * No discounts are allowed.
 - * Taxes are levied as of July 1, are due by September 30, and become delinquent the following October 1.
 - * 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.
 - * 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 \$25 per parcel.
 - * Tax sale date: second Monday in June.
 - * Personal property tax rates are applied to 100 percent of the property assessment.
- (1) Rates classified as substantially county-wide represent those tax rates that are levied against all of the County's assessable base, except those incorporated cities and municipalities that provide their own such service.
 - (2) M-NCPPC County property tax rates are included in the County's direct rate since the County Council has the power to set, modify, or approve these tax rates for this joint venture organization.
 - (3) Fiscal year 2002 was the first year that all real property in the State of Maryland was assessed at 100 percent of full assessed value; prior to 2002, real property was assessed at 40 percent of full assessed value. Real property tax rates were changed in fiscal year 2002 to reflect this change in methodology.
 - (4) County direct rate includes: County tax rates that are levied County-wide, and County tax rates levied by M-NCPPC. For County special taxing district tax rates that are levied substantially County-wide, the direct rate includes a prorata portion of the tax rate that corresponds to the portion of the County's assessable base against which the rate is levied. Therefore, the total County direct rate presented above is not a mathematical sum of all the individual rates presented.

MONTGOMERY COUNTY, MARYLAND
REVENUE CAPACITY
REAL AND PERSONAL PROPERTY TAX RATES - COUNTY SPECIAL TAXING DISTRICTS
LAST TEN FISCAL YEARS
Table 9-b

Fiscal Year	Parking Lot Districts (1)				Urban Districts			Noise Abatement Districts		Development Districts	
	Silver Spring	Bethesda	Wheaton	Montgomery Hills	Silver Spring	Bethesda	Wheaton	Bradley	Cabin John	Kingsview	West Germantown
Real Property:											
2000	\$.70	\$.70	\$.60	\$.60	\$.075	\$.04	\$.05	\$.45	\$.40	\$ -	\$ -
2001	.70	.70	.60	.60	.075	.04	.05	.45	.40	.285	-
2002 (2)	.28	.28	.24	.24	.030	.016	.02	.16	.18	.092	-
2003	.28	.28	.24	.24	.030	.016	.02	.16	.18	.108	.224
2004	.28	.28	.24	.24	.030	.016	.02	.145	.18	.101	.213
2005	.28	.28	.24	.24	.030	.016	.02	.145	.175	.098	.192
2006	.28	.28	.24	.24	.024	.016	.03	.145	.185	.089	.187
2007	.28	.28	.24	.24	.024	.016	.03	.050	.001	.065	.161
2008	.28	.28	.24	.24	.024	.016	.03	.080	.080	.071	.156
2009	.28	.28	.24	.24	.024	.012	.03	.080	.080	.063	.144
Personal Property:											
2000	\$.70	\$.70	\$.60	\$.60	\$.075	\$.04	\$.05	\$.45	\$.40	\$ -	\$ -
2001	.70	.70	.60	.60	.075	.04	.05	.45	.40	-	-
2002	.70	.70	.60	.60	.075	.04	.05	.40	.45	-	-
2003	.70	.70	.60	.60	.075	.04	.05	.40	.45	-	-
2004	.70	.70	.60	.60	.075	.04	.05	.363	.438	-	-
2005	.70	.70	.60	.60	.075	.04	.05	.363	.438	-	-
2006	.70	.70	.60	.60	.060	.04	.075	.363	.463	-	-
2007	.70	.70	.60	.60	.060	.04	.075	.125	.125	-	-
2008	.70	.70	.60	.60	.060	.04	.075	.200	.200	-	-
2009	.70	.70	.60	.60	.060	.03	.075	.200	.200	-	-

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) See Note (1) on Table 9-a.

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
Real Property:							
2000	\$.53	\$.805	\$ 1.580	\$.20	\$.45	\$.16	\$.55
2001	.53	.805	1.605	.20	.45	.13	.50
2002 (1)	.212	.322	.642	.08	.20	.04	.20
2003	.212	.322	.660	.08	.20	.037	.20
2004	.212	.322	.660	.078	.20	.035	.20
2005	.212	.322	.660	.072	.20	.033	.20
2006	.212	.322	.630	.065	.15	.029	.20
2007	.212	.312	.630	.060	.15	.026	.19
2008	.212	.302	.610	.054	.15	.023	.19
2009	.212	.292	.605	.054	.15	.021	.19
Personal Property:							
2000	\$.53	\$.805	\$ 1.580	\$.20	\$.45	\$.16	\$.55
2001	.53	.805	1.605	.20	.45	.13	.50
2002	.53	.805	1.605	.20	.45	.10	.50
2003	.53	.805	1.605	.20	.45	.10	.50
2004	.53	.805	1.650	.20	.45	.10	.50
2005	.53	.805	1.650	.20	.45	.10	.50
2006	.53	.805	1.575	.20	.45	.10	1.000
2007	.53	.805	1.575	.20	.45	.10	1.000
2008	.53	.805	1.525	.20	.45	.10	1.000
2009	.53	.805	1.513	.20	.45	.10	1.000

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.

(1) See Note (1) on Table 9-a.

Glen Echo	Kensington	Laytonsville	Poolesville	Somerset	Washington Grove
\$.36	\$.50	\$.33	\$.63	\$.25	\$.60
.35	.50	.31	.60	.22	.60
.14	.20	.125	.24	.05	.235
.14	.193	.132	.24	.05	.235
.14	.187	.160	.24	.05	.217
.13	.170	.160	.23	.05	.217
.12	.155	.160	.221	.045	.202
.12	.147	.140	.200	.045	.202
.12	.139	.140	.180	.040	.202
.13	.130	.120	.160	.040	.181
\$.36	\$.50	\$.35	\$.65	\$.25	\$.60
.35	.50	.31	.60	.22	.60
.80	.50	.31	.60	.22	.60
.80	.50	.33	.60	.22	.60
.80	.50	.35	.60	.22	.60
.80	.50	.35	.60	.22	.60
.80	.50	.35	.60	.22	.60
.80	.50	.35	.60	.22	.60
.80	.50	.35	.60	.22	.60
.80	.50	.33	.60	1.000	.60

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 View	Chevy Chase Village	Drummond	Friendship Heights	Martin's Additions to Chevy Chase	North Chevy Chase	Oakmont
Real Property:									
2000	\$.125	\$.09	\$.08	\$.25	\$.12	\$.25	\$.15	\$.13	\$.15
2001	.125	.05	.08	.25	.12	.22	.02	.13	.15
2002 (1)	.05	.02	.03	.10	.048	.08	.008	.052	.10
2003	.05	.02	.03	.12	.048	.07	.008	.052	.10
2004	.05	.02	.025	.14	.048	.06	.008	.052	.06
2005	.05	.02	.025	.14	.048	.06	.008	.052	.06
2006	.05	.02	.023	.13	.048	.05	.008	.052	.06
2007	.05	.02	.023	.123	.048	.04	.008	.052	.06
2008	.05	.02	.023	.111	.048	.04	.008	.052	.06
2009	.05	.02	.022	.103	.048	.04	.008	.052	.04
Personal Property:									
2000	\$.125	\$.09	\$.08	\$.25	\$.12	\$.25	\$.15	\$.13	\$.15
2001	.125	.05	.08	.25	.12	.22	.02	.13	.15
2002	.125	.05	-	.10	.12	.08	.008	.13	.10
2003	.125	.05	-	.50	.12	.07	.008	.13	.10
2004	.125	.05	-	.50	.12	.06	.008	.13	.06
2005	.125	.05	-	.60	.12	.06	.008	.13	-
2006	.125	.05	-	.60	.12	.05	.008	.13	.10
2007	.125	.05	-	.66	.12	.04	.008	.13	.10
2008	.125	.05	-	.66	.12	.04	.500	.13	.10
2009	.125	.05	-	.66	.12	.04	.500	.13	.10

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.

(1) See Note (1) on Table 9-a.

MONTGOMERY COUNTY, MARYLAND
REVENUE CAPACITY
TEN HIGHEST COMMERCIAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO

Table 10

For the Fiscal Year Ended June 30, 2009				
	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 690,226,160	\$ 7,717,700	\$ 682,508,460	0.43 %
Verizon - Maryland	680,681,930	33,066,700	647,615,230	0.42
Montgomery Mall LLC	396,142,869	395,637,599	505,270	0.24
Washington Gas Light Co.	230,268,250	-	230,268,250	0.14
7501 Wisconsin Avenue LLC	226,841,666	226,841,666	-	0.14
Camalier, Anne D et al, Trustee	220,531,312	220,531,312	-	0.14
Federal Realty Investment Trust	213,390,806	211,854,546	1,536,260	0.13
Democracy Associates	207,114,900	207,114,900	-	0.13
Chevy Chase Land Co	201,846,132	201,846,132	-	0.12
Wheaton Plaza Regional Shopping Center	188,065,412	187,096,732	968,680	0.12
Total	\$ 3,255,109,437	\$ 1,691,707,287	\$ 1,563,402,150	2.01 %
Total Assessable Base	\$ 162,053,662,492			100 %

For the Fiscal Year Ended June 30, 2000				
	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 1,009,659,880	\$ 23,517,200	\$ 986,142,680	3.10 %
Verizon	636,666,050	24,577,370	612,088,680	1.96
Washington Gas Light Company	171,956,400	6,531,360	165,425,040	0.53
International Business Machines	85,389,180	16,649,680	68,739,500	0.26
May Department Stores	83,324,130	29,595,600	53,728,530	0.26
Montgomery Mall	82,043,360	81,392,900	650,460	0.25
Bryant F. Foulger, Trustee	57,116,210	57,116,210	-	0.17
Albert & R. Abramson, et.al.	50,844,300	50,844,300	-	0.16
Lake Forest Associates	50,115,600	50,115,600	-	0.15
Asbury Methodist Home, Inc.	45,774,450	45,774,450	-	0.14
Total	\$ 2,272,889,560	\$ 386,114,670	\$ 1,886,774,890	6.98 %
Total Assessable Base	\$ 32,553,856,811			100 %

Source: State of Maryland Department of Assessments and Taxation.

MONTGOMERY COUNTY, MARYLAND
REVENUE CAPACITY
PROPERTY TAX LEVIES AND COLLECTIONS *
LAST TEN FISCAL YEARS
Table 11

Fiscal Year	Tax Levy			Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
	Total Original Levy for Fiscal Year	Adjustments in Subsequent Years (1)	Total Adjusted Levy	Amount (2)	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2000	\$ 762,239,449	\$ (552,027)	\$ 761,687,422	\$ 754,198,902	98.95 %	\$ (1,146,985)	\$ 753,051,917	98.87 %
2001	784,285,708	(404,261)	783,881,447	777,057,655	99.08	(1,774,908)	775,282,747	98.90
2002	821,038,153	(870,024)	820,168,129	805,329,587	98.09	(2,731,149)	802,598,438	97.86
2003	867,011,819	(1,903,050)	865,108,769	861,862,819	99.41	(3,688,191)	858,174,628	99.20
2004	927,789,542	(1,509,088)	926,280,454	924,992,688	99.70	1,156,280	926,148,968	99.99
2005	1,006,556,130	(58,125)	1,006,498,005	1,005,935,155	99.94	(2,528,049)	1,003,407,106	99.69
2006	1,032,231,333	(2,077,993)	1,030,153,340	1,031,967,800	99.97	(3,117,374)	1,028,850,426	99.87
2007	1,087,613,905	(1,657,480)	1,085,956,425	1,081,566,118	99.44	(473,222)	1,081,092,896	99.55
2008	1,137,590,824	(3,079,202)	1,134,511,622	1,132,548,519	99.56	(1,628,779)	1,130,919,740	99.68
2009	1,282,437,423	-	1,282,437,423	1,278,337,019	99.68	-	1,278,337,019	99.68

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) Adjustment data was available and is reported in this schedule beginning with adjustments processed in FY05.

(2) Amounts represent collections received, including overpayments, net of refunds made. 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, 2009

Table 12

	Fiscal Year Property Tax Levy	Collections of Current Levy Year Assessment (1)	Collection of Prior Levy Year Assessment (1)	Adjustments and Accruals	Total Revenues (2)
General Fund (3)	\$ 1,003,679,078	\$ 1,001,498,641	\$ (3,000,841)	\$ (34,240,699)	\$ 964,257,101
Special Revenue Funds (3):					
Recreation	28,895,317	28,751,858	(89,058)	3,296,256	31,959,056
Bethesda Urban District	470,553	452,356	3,536	2,423	458,315
Silver Spring Urban District	613,600	581,838	(39,786)	9,767	551,819
Wheaton Urban District	160,797	157,828	502	754	159,084
Mass Transit	60,562,706	60,051,149	(201,954)	6,827,281	66,676,476
Bradley Noise Abatement District	27,453	27,453	-	1,849	29,302
Cabin John Noise Abatement District	7,862	7,862	-	601	8,463
Fire Tax District	175,643,421	174,869,786	(440,800)	19,742,399	194,171,385
Total Special Revenue Funds	266,381,709	264,900,130	(767,560)	29,881,330	294,013,900
Enterprise Funds:					
Silver Spring Parking Lot District	5,663,042	5,349,282	(474,363)	306,352	5,181,271
Bethesda Parking Lot District	6,189,467	6,073,694	55,140	23,943	6,152,777
Wheaton Parking Lot District	446,846	438,400	838	5,520	444,758
Montgomery Hills Parking Lot District	77,281	76,872	(338)	(458)	76,076
Total Enterprise Funds	12,376,636	11,938,248	(418,723)	335,357	11,854,882
Total Property Tax - Montgomery County	1,282,437,423	1,278,337,019	(4,187,124)	(4,024,012)	1,270,125,883
Tax Bill Items Other than Montgomery County					
Property Taxes:					
M-NCPPC Joint Venture Property Taxes:					
M-NCPPC Administration	24,811,120	24,669,573	(72,639)	2,802,090	27,399,024 *
M-NCPPC Park	69,241,134	68,923,157	(212,347)	7,816,442	76,527,252 *
M-NCPPC Land Acquisition	1,534,306	1,526,532	(2,844)	168,174	1,691,862 *
Agency Relationship Property Taxes:					
State of Maryland	177,929,853	177,805,893	(578,620)	(3,278,013)	173,949,260 *
Municipalities	71,646,254	71,090,664	11,256	421,536	71,523,456 *
Development Districts	1,069,113	1,068,774	54	3,162	1,071,990 *
Charges for Services:					
Refuse Disposal - Solid Waste Activities Fund	60,711,677	59,828,631	86,136	(53,714)	59,861,053 *
Refuse Collection - Solid Waste Activities Fund	6,590,203	6,586,741	3,605	(461)	6,589,885 *
Leaf Vacuuming	6,817,849	6,814,363	3,650	(478)	6,817,535 *
Water Quality Protection Charges	8,578,333	8,540,035	13,965	945	8,554,945 *
Municipality Refuse Charges	1,031,640	1,031,151	1,800	(123)	1,032,828 *
Development District Special Assessments	169,428	169,428	-	-	169,428 *
Rockville FFBC	762	762	-	-	762 *
WSSC FFBC	35,787,966	35,731,292	25,122	1,635	35,758,049 *
Bay Restoration Fund	459,390	457,300	15	(161)	457,154 *
Total Other Items	466,379,028	464,244,296	(720,847)	7,881,034	471,404,483
Grand Total	\$ 1,748,816,451	\$ 1,742,581,315	\$ (4,907,971)	\$ 3,857,022	\$ 1,741,530,366

NOTES:

* Amounts represent collections, rather than revenues.

(1) Amounts represent collections received net of refunds made.

(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.

(3) In the basic financial statements and supplementary schedules, governmental fund/activities property tax collections and revenues include any related penalties and interest; this schedule includes only the property tax itself.

MONTGOMERY COUNTY, MARYLAND
REVENUE CAPACITY
SCHEDULE OF PROPERTY TAXES RECEIVABLE BY FUND TYPE
JUNE 30, 2009

Table 13

Year	General	Special Revenue	Enterprise	Other Fiduciary	Total
2000 and prior	\$ 9,560,783	\$ 1,941,144	\$ 494,451	\$ 2,576,818	\$ 14,573,196
2001	459,631	106,096	25,037	238,485	829,249
2002	620,362	142,555	16,985	221,070	1,000,972
2003	915,167	197,395	35,556	252,188	1,400,306
2004	952,582	216,078	28,839	316,331	1,513,830
2005	666,962	177,992	23,002	344,843	1,212,799
2006	537,710	121,670	42,255	194,554	896,189
2007	646,121	206,024	56,528	280,609	1,189,282
2008	1,475,200	374,462	80,284	377,774	2,307,720
2009	<u>4,736,209</u>	<u>1,205,071</u>	<u>644,279</u>	<u>1,494,462</u>	<u>8,080,021</u>
Total Property Taxes Receivable	<u>\$ 20,570,727</u>	<u>\$ 4,688,487</u>	<u>\$ 1,447,216</u>	<u>\$ 6,297,134</u>	<u>\$ 33,003,564</u>

MONTGOMERY COUNTY, MARYLAND
 REVENUE CAPACITY
 INCOME TAX RATES
 LAST TEN TAX YEARS

Table 14

Tax Year	State Income Tax Rate				Montgomery County Income Tax Direct Rate
	1st \$1,000 of Net Taxable Income	2nd \$1,000 of Net Taxable Income	3rd \$1,000 of Net Taxable Income	In excess of \$3,000 Net Taxable Income	
1998	2 %	3 %	4 %	4.88 %	60.00 %
1999	2	3	4	4.85	3.01
2000	2	3	4	4.85	2.90
2001	2	3	4	4.80	2.95
2002	2	3	4	4.75	2.95
2003	2	3	4	4.75	2.95
2004	2	3	4	4.75	3.20
2005	2	3	4	4.75	3.20
2006	2	3	4	4.75	3.20
2007	2	3	4	4.75	3.20

NOTE:

- * Rates are based on tax year which coincides with calendar year.
- * Prior to tax year 1999, the amount of taxes paid by Montgomery County residents was based on the proportion (60%) of State income taxes paid by Montgomery County residents. Beginning in tax year 1999, the amount of taxes paid by Montgomery County residents was based on a tax rate applied to the Maryland taxable income.

Source: Montgomery County Department of Finance.

MONTGOMERY COUNTY, MARYLAND
REVENUE CAPACITY
INCOME TAX FILERS SUMMARY INFORMATION
LAST TEN TAX YEARS

Table 15

Tax Year	Number of Taxable Returns	Maryland Adjusted Gross Income	Net Taxable Income	Net State Income Tax	Local Income Tax	Total Tax Liability	Montgomery County Income Tax Direct Rate
1998	344,313	25,376,661,788	20,674,848,589	946,963,099	614,597,906	1,561,561,005	60.00 %
1999	351,029	26,889,853,381	21,931,842,602	1,001,777,692	655,091,540	1,656,869,232	3.01
2000	362,992	29,964,678,276	24,646,416,218	1,129,111,759	710,212,841	1,839,324,600	2.90
2001	361,096	28,656,151,308	22,947,566,549	1,036,317,921	665,601,650	1,701,919,571	2.92
2002	359,268	28,257,501,173	22,249,338,226	987,286,050	651,225,903	1,638,511,953	2.95
2003	357,522	28,992,891,462	22,917,536,979	1,013,579,288	671,079,128	1,684,658,416	2.95
2004	361,268	31,160,185,053	24,901,353,842	1,102,583,780	791,114,843	1,893,698,623	3.20
2005	380,241	39,581,589,250	32,241,963,585	1,384,669,182	1,025,536,849	2,410,206,031	3.20
2006	383,214	41,836,264,633	34,089,151,444	1,470,625,709	1,084,440,791	2,555,066,500	3.20
2007	387,875	45,044,465,276	36,947,166,594	1,610,260,135	1,175,936,199	2,786,196,334	3.20

NOTES:

- * See Table 16 for detailed breakout of adjusted gross income level.
- * Rates are based on tax year which coincides with calendar year.
- * Prior to tax year 1999, the amount of taxes paid by Montgomery County residents was based on the proportion (60%) of State income taxes paid by Montgomery County residents. Beginning in tax year 1999, the amount of taxes paid by Montgomery County residents was based on a tax rate applied to the Maryland taxable income.
- * Tax Year 2007 is the latest tax year for which data is available.

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

MONTGOMERY COUNTY, MARYLAND
 REVENUE CAPACITY
 INCOME TAX FILERS, NET TAXABLE INCOME, AND LIABILITY BY ADJUSTED GROSS INCOME LEVEL
 LAST TEN TAX YEARS
 Table 16

	2007				2006					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level										
\$200,000 and higher	39,973	10.3 %	\$ 20,721,888,649	56.2 %	35,634	9.3 %	\$ 19,364,689,191	53.9 %	\$ 587,671,196	54.2 %
\$100,000 - 199,999	73,690	19.0	8,058,872,420	21.8	70,202	18.3	7,643,868,101	22.4	244,608,348	22.6
\$75,000 - 99,999	30,713	7.9	2,030,595,581	5.5	30,178	7.9	1,998,995,282	5.9	63,973,086	5.9
\$50,000 - 74,999	67,534	17.4	3,057,948,389	8.3	66,285	17.3	2,995,838,794	8.8	95,875,398	8.8
\$25,000 - 49,999	93,694	24.3	2,298,139,649	6.2	95,337	24.9	2,306,395,629	6.8	71,796,673	6.6
\$10,000 - 24,999	67,786	17.4	719,513,016	1.8	70,328	18.3	715,858,507	2.0	19,067,166	1.8
Under \$10,000	14,485	3.7	60,208,890	0.2	15,250	4.0	63,505,940	0.2	1,448,924	0.1
Total	387,875	100.0 %	\$ 36,947,166,594	100.0 %	383,214	100.0 %	\$ 34,089,151,444	100.0 %	\$ 1,084,440,791	100.0 %

	2005				2004					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level										
\$200,000 and higher	32,289	8.5 %	\$ 16,822,880,955	52.1 %	24,529	6.8 %	\$ 10,214,344,217	41.0 %	\$ 326,859,346	41.4 %
\$100,000 - 199,999	67,171	17.7	7,344,360,047	22.8	61,333	17.0	6,729,437,859	27.0	215,346,908	27.2
\$75,000 - 99,999	29,705	7.8	1,973,884,323	6.1	37,159	10.3	2,416,623,481	9.7	77,335,230	9.8
\$50,000 - 74,999	65,722	17.3	2,990,204,062	9.3	55,487	15.4	2,455,348,478	9.9	78,581,106	9.9
\$25,000 - 49,999	96,118	25.3	2,312,771,299	7.2	95,230	26.3	2,300,676,859	9.2	72,216,385	9.1
\$10,000 - 24,999	72,054	18.9	727,599,564	2.3	70,752	19.6	715,905,106	2.9	19,080,205	2.4
Under \$10,000	17,182	4.5	70,263,335	0.2	16,778	4.6	69,017,842	0.3	1,695,663	0.2
Total	380,241	100.0 %	\$ 32,241,963,585	100.0 %	361,268	100.0 %	\$ 24,901,353,842	100.0 %	\$ 791,114,843	100.0 %

	2003				2002					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level										
\$200,000 and higher	21,620	6.0 %	\$ 8,524,970,852	37.2 %	20,419	5.7 %	\$ 7,887,781,460	35.5 %	\$ 232,563,263	35.7 %
\$100,000 - 199,999	58,288	16.3	6,372,559,207	27.7	57,190	15.9	6,229,296,601	28.0	183,563,929	28.2
\$75,000 - 99,999	37,193	10.4	2,418,752,401	10.6	36,937	10.3	2,398,326,122	10.8	70,750,382	10.9
\$50,000 - 74,999	55,699	15.6	2,474,338,793	10.8	56,464	15.7	2,523,919,220	11.3	74,453,063	11.4
\$25,000 - 49,999	96,019	26.9	2,334,019,236	10.2	98,038	27.3	2,398,287,771	10.8	69,728,546	10.7
\$10,000 - 24,999	71,880	20.1	724,230,132	3.2	73,098	20.3	740,420,038	3.3	18,425,403	2.8
Under \$10,000	16,823	4.7	68,666,358	0.3	17,122	4.8	71,307,014	0.3	1,741,317	0.3
Total	357,522	100.0 %	\$ 22,917,536,979	100.0 %	359,268	100.0 %	\$ 22,249,338,226	100.0 %	\$ 651,225,903	100.0 %

MONTGOMERY COUNTY, MARYLAND
 REVENUE CAPACITY
 INCOME TAX FILERS, NET TAXABLE INCOME, AND LIABILITY BY ADJUSTED GROSS INCOME LEVEL
 LAST TEN TAX YEARS
Table 16

	2001				2000					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level										
\$200,000 and higher	20,630	5.7 %	\$ 8,311,388,988	36.2 %	\$ 242,692,506	36.4 %	\$ 9,976,062,609	40.6 %	\$ 289,305,720	40.8 %
\$100,000 - 199,999	56,891	15.8	6,260,401,379	27.3	182,802,250	27.5	6,214,562,476	25.2	180,221,931	25.4
\$75,000 - 99,999	36,704	10.2	2,430,652,307	10.6	70,974,728	10.7	2,416,862,333	9.8	70,088,730	9.9
\$50,000 - 74,999	56,657	15.7	2,597,014,496	11.3	75,832,458	11.4	2,571,890,354	10.4	74,584,328	10.5
\$25,000 - 49,999	98,320	27.2	2,491,015,571	10.9	72,095,922	10.8	2,525,104,738	10.2	72,790,832	10.2
\$10,000 - 24,999	73,465	20.3	777,801,765	3.4	19,264,377	2.9	845,836,485	3.4	20,835,577	2.9
Under \$10,000	18,429	5.1	79,292,043	0.3	1,939,409	0.3	96,097,223	0.4	2,385,723	0.3
Total	361,096	100.0 %	\$ 22,947,566,549	100.0 %	\$ 665,601,650	100.0 %	\$ 24,646,416,218	100.0 %	\$ 710,212,841	100.0 %

	1999				1998					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level										
\$200,000 and higher	18,256	5.2 %	\$ 8,085,616,152	36.8 %	\$ 243,023,279	37.1 %	\$ 7,353,105,823	35.5 %	\$ 220,784,878	35.9 %
\$100,000 - 199,999	50,546	14.4	5,615,596,397	25.6	168,959,972	25.8	5,144,278,517	24.9	154,824,233	25.2
\$75,000 - 99,999	34,173	9.7	2,304,332,648	10.5	69,333,245	10.6	2,231,524,400	10.8	67,176,917	10.9
\$50,000 - 74,999	53,600	15.3	2,507,166,200	11.4	75,448,017	11.5	2,496,223,724	12.1	74,908,663	12.2
\$25,000 - 49,999	94,737	27.0	2,469,587,375	11.3	75,959,333	11.3	2,473,516,873	12.0	73,329,216	11.9
\$10,000 - 24,999	77,000	21.9	850,386,972	3.9	21,801,771	3.3	873,673,353	4.2	21,368,248	3.5
Under \$10,000	22,717	6.5	99,156,858	0.5	2,565,923	0.4	102,525,899	0.5	2,205,751	0.4
Total	351,029	100.0 %	\$ 21,931,842,602	100.0 %	\$ 655,091,540	100.0 %	\$ 20,674,848,589	100.0 %	\$ 614,597,906	100.0 %

* 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 2007 is the latest tax year for which data is 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

Table 17

Fiscal Year	Governmental Activities							
	General Obligation Bonds	Variable Rate Demand Obligations	Bond Anticipation Notes	Notes Payable	Lease Revenue Bonds	State MICRF Loan	Certificates of Participation	Capital Leases
2000	\$ 1,130,321,123	\$ -	\$ 160,000,000	\$ 137,971	\$ -	\$ 1,689,553	\$ -	\$ -
2001	1,177,635,952	-	125,000,000	31,925	-	1,625,240	54,660,000	-
2002	1,241,920,821	-	125,000,000	-	37,880,000	1,408,951	43,530,000	19,940,589
2003	1,288,100,672	-	125,000,000	1,088,738	37,880,000	1,341,206	31,570,000	31,201,945
2004	1,329,669,923	-	150,000,000	7,075,167	37,880,000	1,270,924	19,215,000	69,173,538
2005	1,415,151,542	-	-	11,575,144	41,275,000	1,198,385	9,780,000	83,969,583
2006	1,393,883,160	100,000,000	100,000,000	13,980,419	39,790,000	-	-	87,086,843
2007	1,512,675,607	100,000,000	150,000,000	13,975,293	38,255,000	-	-	81,316,156
2008	1,366,758,054	100,000,000	300,000,000	9,920,647	36,670,000	-	33,580,000	74,472,783
2009	1,496,561,371	100,000,000	300,000,000	15,764,265	35,025,000	-	30,475,000	67,929,435

NOTES:

* Amounts for 1999 - 2001 represent debt relating to total governmental funds (from the General Long-Term Obligations Account Group) and total enterprise funds, since the reporting of governmental activities and business-type activities in government-wide financial statements was implemented in FY02.

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

Revenue Bonds	Business-type Activities				Total Primary Government	Ratios	
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases		Debt to Personal Income (1)	Outstanding Debt per Capita (1)
\$ -	\$ 1,511,931	\$ 70,419,788	\$ 2,166,869	\$ -	\$ 1,366,247,235	3.14 %	\$ 1,557
-	1,072,082	65,120,348	1,515,464	-	1,426,661,011	3.13	1,594
-	632,233	86,835,000	800,000	-	1,557,947,594	3.31	1,715
-	192,382	78,680,000	800,000	-	1,595,854,943	3.29	1,740
-	108,131	70,915,000	800,000	-	1,686,107,683	3.25	1,827
-	56,512	62,655,000	-	-	1,625,661,166	2.91	1,747
-	4,894	70,620,000	-	-	1,805,365,316	3.04	1,929
-	2,447	61,800,000	926,268	10,033,172	1,968,983,943	3.10	2,091
-	-	54,685,000	724,795	-	1,976,811,279	3.03	2,082
14,463,000	-	79,567,000	467,876	-	2,140,252,947	3.19	2,235

MONTGOMERY COUNTY, MARYLAND
DEBT CAPACITY
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Table 18

Fiscal Year	General Bonded Debt Outstanding (1)			Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
	General Obligation Bonds (2)	Variable Rate Demand Obligations(2)	Total		
2000	\$ 1,131,833,054	\$ -	\$ 1,131,833,054	1.44 %	\$ 1,290
2001	1,178,708,034	-	1,178,708,034	1.42	1,317
2002	1,242,553,054	-	1,242,553,054	1.41	1,368
2003	1,288,293,054	-	1,288,293,054	1.32	1,405
2004	1,329,778,054	-	1,329,778,054	1.30	1,441
2005	1,415,208,054	-	1,415,208,054	1.30	1,521
2006	1,393,888,054	100,000,000	1,493,888,054	1.22	1,596
2007	1,512,675,607	100,000,000	1,612,675,607	1.19	1,713
2008	1,366,758,054	100,000,000	1,466,758,054	0.98	1,545
2009	1,496,561,371	100,000,000	1,596,561,371	0.95	1,667

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) General obligation bonds and variable rate demand obligations are comprised of both governmental and business-type activities from Table 17.
- (3) See Table 8 for estimated actual value of taxable property data.
- (4) See Table 23 for population data.

MONTGOMERY COUNTY, MARYLAND
DEBT CAPACITY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)
AS OF JUNE 30, 2009
Table 19

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Debt:			
Towns, Cities, and Villages: (2, 3)			
Brookeville - bank loans	\$ 76,000	100.00 %	\$ 76,000
Garrett Park - bonds	591,200	100.00	591,200
Poolesville - bonds	2,121,674	100.00	2,121,674
Rockville - bonds	40,193,974	100.00	40,193,974
Takoma Park:			
Bonds	4,498,054	100.00	4,498,054
Certificates or notes	7,260	100.00	7,260
Capital leases	363,686	100.00	363,686
Component Units (2):			
MCPS - capital leases	46,838,244	100.00	46,838,244
MCC - capital leases	31,225,000	100.00	31,225,000
Joint Venture - M-NCPPC (4):			
Park acquisition and development bonds	117,790,951	27.41	32,290,000
Advance land acquisition bonds	3,795,000	84.59	3,210,000
Notes payable	3,184,479	66.90	2,130,365
Loan payable	170,400	100.00	170,400
Development Districts (2):			
Kingsview Village Center - bonds	2,075,000	100.00	2,075,000
West Germantown - bonds	15,060,000	100.00	<u>15,060,000</u>
Total Overlapping Debt			180,850,857
Montgomery County direct debt (5)			<u>2,060,218,071</u>
Total Direct and Overlapping Debt			<u><u>\$ 2,241,068,928</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

	2000	2001	2002	2003
Assessed Value				
Real property (1, 3)	\$ 28,674,553,821	\$ 29,649,012,878	\$ 77,574,947,550	\$ 82,407,337,831
Personal property (2)	3,879,302,990	4,077,848,090	4,201,344,590	4,227,854,400
Total Assessed Value	<u>\$ 32,553,856,811</u>	<u>\$ 33,726,860,968</u>	<u>\$ 81,776,292,140</u>	<u>\$ 86,635,192,231</u>
Legal Debt Margin				
Debt Limit - Percentage of Assessable Base:				
For real property at 6% (15% for 2001 and prior) (2)	\$ 4,301,183,073	\$ 4,447,351,932	\$ 4,654,496,853	\$ 4,944,440,270
For personal property at 15%	581,895,449	611,677,214	630,201,689	634,178,160
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds	<u>4,883,078,522</u>	<u>5,059,029,146</u>	<u>5,284,698,542</u>	<u>5,578,618,430</u>
Debt Applicable to Limit:				
General obligation bonds	1,131,833,054	1,178,708,054	1,242,553,054	1,288,293,054
Variable Rate Demand Obligation	-	-	-	-
Bond anticipation notes	160,000,000	125,000,000	125,000,000	125,000,000
Long-term notes payable	1,689,553	1,625,240	1,408,951	1,341,206
Total Debt Applicable to Limit	<u>1,293,522,607</u>	<u>1,305,333,294</u>	<u>1,368,962,005</u>	<u>1,414,634,260</u>
Legal Debt Margin	<u>\$ 3,589,555,915</u>	<u>\$ 3,753,695,852</u>	<u>\$ 3,915,736,537</u>	<u>\$ 4,163,984,170</u>
Legal Debt Margin as a Percentage of Debt Limit	74%	74%	74%	75%

NOTES:

- (1) See (1) on Table 8.
- (2) See (3) on Table 8.
- (3) As a Charter County, the legal debt limit is provided by Article 25A, Section 5(P(i)), of the Annotated Code of Maryland. Prior to June 1, 2001, the legal debt limit was 15 percent of the assessable base (real and personal property) of the County. During that time, the assessable base for real property was 40 percent of the full assessed value. Effective June 1, 2001, real property in the State of Maryland began being assessed at 100 percent of full assessed value instead of the previous 40 percent assessment method. Also effective June 1, 2001, the section of the Code referred to above was amended in conjunction with the real property assessment change. Under the amendment, the legal debt margin is a total of 6 percent of the assessable base (presented at 100 percent) of real property of the County and 15 percent of the County's assessable base of personal property and operating real property.

2004	2005	2006	2007	2008	2009
\$ 89,263,005,267	\$ 98,281,724,723	\$ 110,529,249,116	\$ 125,710,776,118	\$ 142,306,435,593	\$ 158,133,491,472
3,963,801,610	3,902,612,110	3,831,629,230	3,948,949,550	3,970,547,370	3,920,171,020
<u>\$ 93,226,806,877</u>	<u>\$ 102,184,336,833</u>	<u>\$ 114,360,878,346</u>	<u>\$ 129,659,725,668</u>	<u>\$ 146,276,982,963</u>	<u>\$ 162,053,662,492</u>
\$ 5,355,780,316	\$ 5,896,903,483	\$ 6,631,754,947	\$ 7,542,646,567	\$ 8,538,386,136	\$ 9,488,009,488
594,570,242	585,391,817	574,744,385	592,342,433	595,582,106	588,025,653
<u>5,950,350,558</u>	<u>6,482,295,300</u>	<u>7,206,499,332</u>	<u>8,134,989,000</u>	<u>9,133,968,242</u>	<u>10,076,035,141</u>
1,329,778,054	1,415,208,054	1,393,888,054	1,512,675,607	1,366,758,054	1,496,561,371
-	-	100,000,000	100,000,000	100,000,000	100,000,000
150,000,000	-	100,000,000	150,000,000	300,000,000	300,000,000
1,270,924	1,198,385	-	-	-	-
<u>1,481,048,978</u>	<u>1,416,406,439</u>	<u>1,593,888,054</u>	<u>1,762,675,607</u>	<u>1,766,758,054</u>	<u>1,896,561,371</u>
<u>\$ 4,469,301,580</u>	<u>\$ 5,065,888,861</u>	<u>\$ 5,612,611,278</u>	<u>\$ 6,372,313,393</u>	<u>\$ 7,367,210,188</u>	<u>\$ 8,179,473,770</u>
75%	78%	78%	78%	81%	81%

MONTGOMERY COUNTY, MARYLAND
DEBT CAPACITY
PLEDGED-REVENUE COVERAGE (1)
LAST TEN FISCAL YEARS
Table 21

Fiscal Year	Gross Revenues (2)	Less: Operating Expenses (3)	Net Available Revenue for Debt Service	Debt Service (4)			Coverage %
				Principal	Interest	Total	
Bethesda Parking Lot District:							
2000	\$ 11,460,424	\$ 4,400,300	\$ 7,060,124	\$ 1,585,000	\$ 1,155,112	\$ 2,740,112	257.66 %
2001	12,925,815	4,534,938	8,390,877	1,670,000	1,064,768	2,734,768	306.82
2002	16,445,984	4,436,394	12,009,590	1,785,000	967,908	2,752,908	436.25
2003	16,149,547	4,929,120	11,220,427	3,135,000	1,646,881	4,781,881	234.64
2004	17,228,514	5,160,881	12,067,633	3,190,000	1,509,278	4,699,278	256.80
2005	17,317,168	5,447,448	11,869,720	3,315,000	1,386,603	4,701,603	252.46
2006	18,167,711	5,959,821	12,207,890	3,430,000	1,567,391	4,997,391	244.29
2007	20,055,735	6,587,481	13,468,254	3,550,000	1,848,185	5,398,185	249.50
2008	20,991,790	6,935,238	14,056,552	3,175,000	1,709,435	4,884,435	287.78
2009	21,538,148	7,409,414	14,128,734	3,340,000	1,566,585	4,906,585	287.95
Silver Spring Parking Lot District:							
2000	\$ 9,526,984	\$ 6,326,478	\$ 3,200,506	\$ 1,480,000	\$ 992,578	\$ 2,472,578	129.44 %
2001	15,060,379 (a)	6,059,478	9,000,901	1,570,000	908,218	2,478,218	363.20
2002	9,331,496	5,752,439	3,579,057	1,650,000	817,158	2,467,158	145.07
2003	11,170,551	5,923,323	5,247,228	1,950,000	484,128	2,434,128	215.57
2004	12,815,999	5,443,131	7,372,868	2,020,000	388,388	2,408,388	306.13
2005	12,472,095	6,972,166	5,499,929	2,110,000	307,588	2,417,588	227.50
2006	13,569,363	7,753,608	5,815,755	2,180,000	244,288	2,424,288	239.90
2007	14,852,415	8,240,788	6,611,627	2,265,000	173,438	2,438,438	271.14
2008	16,424,871	8,739,438	7,685,433	780,000	60,188	840,188	914.73
2009	16,332,017	9,386,842	6,945,175	825,000	30,938	855,938	811.41
Solid Waste Disposal:							
2000	\$ 93,198,853	\$ 75,359,998	\$ 17,838,855	\$ 1,995,000	\$ 2,299,521	\$ 4,294,521	415.39 %
2001	92,669,945	76,597,308	16,072,637	2,095,000	2,199,771	4,294,771	374.24
2002	80,977,037 (b)	78,748,230	2,228,807	2,205,000	2,090,831	4,295,831	51.88 (5)
2003	88,331,791	80,007,807	8,323,984	2,320,000	1,973,966	4,293,966	193.85 (5)
2004	93,065,778	88,366,006	4,699,772	2,555,000	1,456,033	4,011,033	117.17 (5)
2005	92,697,769	94,957,279	(2,259,510)	2,835,000	1,177,350	4,012,350	(56.31) (5)
2006	100,566,075	90,819,590	9,746,485	2,920,000	1,092,300	4,012,300	242.92 (5)
2007	99,134,303	94,818,949	4,315,354	3,005,000	1,004,700	4,009,700	107.62 (5)
2008	100,210,598	88,718,915	11,491,683	3,160,000	854,450	4,014,450	286.26 (5)
2009	95,320,865	87,526,314	7,794,551	3,255,000	751,750	4,006,750	194.54
Metrorail Garage Project:							
2003	\$ 1,682,005	\$ -	\$ 1,682,005	\$ -	\$ 1,682,005	\$ 1,682,005	100.00 %
2004	1,682,005	-	1,682,005	-	1,682,005	1,682,005	100.00
2005	3,158,382	-	3,158,382	1,350,000	1,808,382	3,158,382	100.00
2006	3,292,758	-	3,292,758	1,485,000	1,807,758	3,292,758	100.00
2007	3,294,214	-	3,294,214	1,535,000	1,759,214	3,294,214	100.00
2008	3,292,339	-	3,292,339	1,585,000	1,707,339	3,292,339	100.00
2009	3,295,276	-	3,295,276	1,645,000	1,650,276	3,295,276	100.00

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.
 - (3) Operating expenses do not include interest, depreciation, or amortization expenses.
 - (4) Debt service consists of amounts relating to revenue or lease revenue bonds; amounts relating to general obligation bonds are excluded.
 - (5) Since 2002, the Solid Waste Disposal Fund has been deliberately using fund net assets (not general unpledged revenues) to fund expenditures in an attempt to reduce the accumulated fund net assets. Over each budget and cash projection period of six years, Solid Waste Disposal Fund works toward the goal of reducing the excess cash to a point where the cash plus investments in excess of reserve requirements is no more than \$1 million. During these periods, rates are established and resulting cash and gross revenues will increase or decrease due to the timing of operating and capital projects. At times, this may result in negative net available revenue for debt service.
- (a) Silver Spring Parking Lot District revenue increase is due to state aid intergovernmental revenue for the purchase of land in connection with the Silver Spring revitalization project.
 - (b) Solid Waste Disposal revenue decrease is due to write offs of accounts receivables.

MONTGOMERY COUNTY, MARYLAND
 DEMOGRAPHIC STATISTICS
 PRINCIPAL EMPLOYERS
 CURRENT FISCAL YEAR AND NINE YEARS AGO
Table 22

Employer	Fiscal Year 2009			Fiscal Year 2000		
	Employees(1)	Rank	Percentage of Total County Employment(2)	Employees	Rank	Percentage of Total County Employment(2)
U.S. Department of Health and Human Services	39,979	1	8.36 %	30,463	1	6.77 %
Montgomery County Public Schools	20,953	2	4.38	18,066	2	4.02
U.S. Department of Defense	14,709	3	3.07	14,598	3	3.24
U.S. Department of Commerce	8,749	4	1.83	8,940	4	1.99
Montgomery County Government	8,525	5	1.78	7,626	5	1.70
Lockheed Martin	7,000	6	1.46	4,200	9	0.93
Adventist Healthcare	6,911	7	1.44	6,000	6	1.33
Marriott International, Inc. (Headquarters)	3,957	8	0.83	3,500	10	0.78
Giant Food Corporation	3,816	9	0.80	5,250	7	1.17
Holy Cross Hospital	3,200	10	0.67	*		
Chevy Chase Bank	*		-	4,500	8	1.00
Total	117,799		24.62 %	103,143		22.93 %

NOTES:

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

(1) The employee numbers listed are best estimates taken during the 4th quarter of FY09 from various sources, including first-hand research by the County's Department of Economic Development, the Montgomery County Department of Park and Planning Research and Technology Center, CoStar Tenant, and company Internet websites.

(2) Total payroll employment in FY00 was 449,900, and in FY09, 478,400.

Source: Montgomery County Department of Economic Development.

MONTGOMERY COUNTY, MARYLAND
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS
Table 23

Calendar Year	Population (1)	Personal Income (\$ thousands) (2)	Per Capita Income (3)	Civilian Labor Force (4)	Resident Employment (5)	Unemployment Rate (6)	Average Registered Number of Pupils (Fiscal Year)(7)
2000	877,495	\$ 43,575,224	\$ 49,659	489,050	476,197	2.6 %	130,689
2001	894,878	45,537,627	50,887	490,213	475,049	3.1	134,180
2002	908,233	47,041,902	51,795	496,101	478,782	3.5	136,832
2003	917,160	48,533,753	52,917	496,223	479,675	3.3	138,891
2004	923,094	51,907,936	56,233	497,204	481,248	3.2	139,203
2005	930,286	55,806,685	59,989	505,692	489,940	3.1	139,337
2006	936,070	59,458,070	63,519	514,163	499,724	2.8	139,387
2007	941,491	63,573,952	67,525	512,719	499,017	2.7	137,798
2008	949,591	65,300,000	68,766	513,649	497,249	3.2	137,745
2009	957,760	67,100,000	70,059	509,926	482,255	5.4	137,763

NOTES:

- (1) Sources: Data for 2000-2007 from the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Data for 2008 and 2009 estimated by the Montgomery County Department of Finance from Round 7.2 Cooperative Estimates and pertain to population in households. Estimates for 2000-2007 revised by BEA in April 2009.
- (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 2004-2006 were revised by BEA and data for 2007 are a preliminary estimate from BEA. Data for 2008-2009 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 revised by BLS for 2003 - 2008. Data for 2009 estimated by the Department of Finance.
- (5) Source: Bureau of Labor Statistics (BLS), U.S. Department of Labor. Resident employment includes all persons who during the survey week (a) did any work as paid employees, worked in their own business or profession or on their own farm, or worked 15 hours or more as unpaid workers in an enterprise operated by a member of their family, or (b) were not working but who had jobs from which they were temporarily absent because of vacation, illness, bad weather etc. Each employed person is counted only once, even if he or she holds more than one job and is counted by place of residence and not by place of employment. Data for 2003-2008 revised by BLS. Data for 2009 estimated by the Department of Finance.
- (6) The unemployment rates for 2003 and 2008 were revised by the Bureau of Labor Statistics, U.S. Department of Labor, and the unemployment rate for 2009 estimated by the Department of Finance.
- (7) Source: County Executive's Recommended FY10 Operating Budget, Office of Management and Budget, Montgomery County, p 10-6.

MONTGOMERY COUNTY, MARYLAND
 OPERATING INFORMATION
 EMPLOYEE WORKYEARS BY FUNCTION (1)
 LAST TEN FISCAL YEARS
Table 24

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:										
General Government:										
Legislative Branch:										
Board of Appeals	5	5	5	5	5	5	5	5	5	5
County Council	74	76	75	73	70	69	69	70	73	77
Inspector General	4	4	4	4	4	3	5	5	6	6
Legislative Oversight	8	8	8	8	8	8	10	11	11	11
Merit System Protection Board	1	1	1	1	1	1	1	1	1	1
People's Counsel	-	2	2	2	2	2	2	2	2	2
Zoning and Administrative Hearings	2	2	2	2	4	4	4	4	4	4
Judicial Branch:										
Circuit Court	96	108	109	108	100	103	106	111	108	109
State's Attorney	91	100	103	103	104	108	112	115	118	121
Executive Branch:										
Board of Elections	27	26	29	38	33	33	28	47	47	47
Board of Liquor License Commissioners (3)	11	12	12	12	13	12	12	12	-	-
Commission for Women	11	12	12	12	12	10	10	11	11	11
County Attorney	46	49	48	46	46	45	44	44	44	43
County Executive	44	48	47	45	41	40	38	37	41	50
Ethics Commission	2	2	2	2	2	2	2	3	3	3
Finance	111	114	124	122	118	115	116	117	121	116
General Services	-	-	-	-	-	-	-	-	-	194
Human Resources	44	50	49	47	56	52	57	58	61	59
Human Rights	21	22	21	24	23	23	23	22	22	22
Intergovernmental Relations	4	4	4	4	4	4	5	5	5	5
Management and Budget	36	37	36	34	33	32	31	31	31	30
Procurement (4)	26	29	28	27	28	29	29	30	30	-
Public Information	12	13	13	12	12	9	9	9	9	9
Regional Services Centers	24	29	30	29	28	27	29	30	31	34
Technology Services	112	124	137	135	137	140	147	156	150	146
Urban Districts	28	32	42	45	50	51	57	57	57	58
Non-Departmental Accounts	20	1	1	3	2	1	3	3	3	3
Public Safety:										
Consumer Protection	-	-	-	-	-	-	-	23	22	21
Correction and Rehabilitation	386	426	510	526	540	572	585	626	635	622
Fire and Rescue	1,073	1,091	1,105	1,088	1,078	1,142	1,155	1,236	1,335	1,351
Homeland Security	-	-	-	-	-	-	70	72	72	10
Police	1,443	1,510	1,508	1,499	1,513	1,582	1,651	1,733	1,777	1,819
Sheriff	136	153	156	169	164	166	169	177	183	183
Transportation:										
Fleet Management	135	136	139	142	155	164	164	170	191	205
Transit Services	538	561	586	600	625	642	652	680	762	871
Other (2)	499	509	510	507	493	515	472	477	480	315
Health and Human Services	1,281	1,370	1,403	1,435	1,423	1,437	1,476	1,506	1,605	1,613
Culture and Recreation:										
Cable TV	6	8	8	8	7	13	13	14	15	17
Public Libraries	422	431	427	416	407	402	403	420	428	426
Recreation	404	426	412	402	412	405	416	442	450	451
Community Development and Housing:										
Economic Development	31	36	36	36	36	37	40	45	52	46
Housing and Community Affairs	91	99	97	95	92	90	91	74	77	73
Environment	37	37	39	42	43	43	45	49	51	51
Business-Type Activities:										
Community Use of Public Facilities	21	24	26	27	26	26	26	26	26	27
Liquor Control	269	274	274	286	292	293	321	330	341	344
Parking Lot Districts	47	51	54	54	46	42	43	45	47	50
Permitting Services	174	175	184	187	189	191	191	215	214	218
Solid Waste Activities	129	131	134	134	139	148	152	156	155	159
Total Workyears	7,982	8,358	8,552	8,596	8,616	8,838	9,089	9,512	9,912	10,038

NOTES:

* Amounts represent budgeted workyears rounded to nearest whole workyear.

(1) Represents County government workyears only, and excludes component units. Therefore, no workyears are listed for Education function, which relates to component units MCPS and MCC.

(2) Excludes programs presented under business-type activities.

(3) Board of Liquor License Commissioners merged into Liquor Control in 2008.

(4) Procurement merged with General Services .

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

	2000	2001	2002	2003
Governmental Activities:				
General Government:				
Number of Procurement Office actions (2)	8,223	7,129	7,575	7,171
Number of property tax bills processed	369,000	331,000	335,000	337,000
Number of payments issued	154,000	164,000	150,000	145,000
Investment portfolio return (5)	5.72 %	6.16 %	2.61 %	1.59 %
Public Safety:				
Fire and Rescue:				
Number of responses to incidents	83,295	95,100	96,774	99,558
Number of inspections completed	NA	NA	NA	NA
Number of fire incidents investigated	499	508	376	349
Police:				
Number of arrests	12,332	11,796	11,253	11,445
Number of traffic citations (calendar years)	78,969	98,219	109,916	106,256
Number of warrants served	11,112	10,039	9,508	9,476
Transportation (3):				
Lane-miles of streets resurfaced	309	281	166	102
Number of passengers transported	20,568,000	21,858,000	23,012,000	23,023,000
Health and Human Services:				
Number of applicants approved for the Home Energy Program	NA	2,585	2,674	3,634
Number of individuals served through the Crisis Center	NA	NA	NA	NA
Number of licensed and registered child care slots in the County	30,063	29,942	30,830	31,055
Number of in-home aide service hours for seniors and people with disabilities	190,901	184,094	194,066	185,912
Culture and Recreation:				
Library:				
Number of items circulated	10,087,585	10,876,139	11,263,334	11,858,904
Recreation:				
Number of community center visits/contacts	NA	NA	NA	7,814,250
Number of visits to County pools	1,132,816	1,142,109	1,236,626	1,211,088
Number of persons registered for camps and classes	NA	39,568	42,847	33,623
Community Development and Housing:				
Housing and Community Affairs:				
Number of housing rental licenses issued	NA	NA	NA	NA
Number of housing code enforcement cases	NA	NA	NA	NA
Environment:				
Number of sediment control inspections performed for development sites	11,902	11,776	12,167	12,885
Education:				
Average number of pupils registered pre-K through 12 (4)	131,231	134,412	137,149	138,886
College students - credit and non-credit (4)	42,148	45,160	45,464	46,359
Business-Type Activities:				
Land development plans approved	4,121	4,324	4,138	4,271
Refuse collected (tons)	78,154	75,404	74,044	79,153
Waste processed at the Resource Recovery Facility (tons)	497,467	516,536	578,450	625,710
Number of cases transferred from warehouse to County-operated liquor stores to be sold	609,000	645,000	686,000	734,000
Number of wholesale liquor cases sold to private liquor stores	3,802,000	3,845,000	3,945,000	3,891,000

NOTES:

Source of Information is: 2006 and prior: *Montgomery Measures Up!*, Montgomery County Office of Management and Budget.
 2007 and later: County departments.

NA - Data not readily available, or not available in a manner consistent with this display.

(1) Indicators represent actuals or latest estimates of actuals.

(2) Indicators provided by Office of Procurement.

(3) Excludes programs presented under "Business-Type Activities."

(4) Indicators provided by the Montgomery County Public Schools and Montgomery College, two component unit organizations.

(5) Indicators provided by Department of Finance.

(6) Revised

2004	2005	2006	2007	2008	2009 (1)
8,280	8,066	8,588	8,779	8,396	7,705
342,000	344,000	348,000	353,000	357,000	359,500
147,000	143,000	150,000	162,959	153,201	154,416
1.13 %	2.19 %	4.19 %	5.21 %	4.41 %	1.71 %
101,184	98,508	100,805	103,758	106,321	105,741
NA	NA	NA	10,901	16,771	24,663
397	342	405	515	520	584
11,978	11,769	13,221	12,943	11,741	12,131
110,612	122,805	123,018	106,183	102,280	98,751
6,079	11,413	12,500	12,104	10,222	10,813
182	205	213	292	248	250
23,198,000	25,134,000	27,294,000	28,220,000	29,673,000	29,627,000
4,224	4,729	5,140	6,402	6,840 (6)	8,077
40,467	53,757	59,175	61,332	60,390 (6)	59,966
32,536	33,484	33,224	33,500	34,382 (6)	35,501
180,720	173,087	193,317	199,478	219,515 (6)	190,000
11,406,540	10,611,894	10,857,498	11,035,542	11,451,481	11,836,563
7,595,000	3,989,146	3,718,474	4,050,000	4,050,000	1,760,336
1,148,108	1,245,472	1,358,734	1,590,683	1,600,000	2,230,406
33,205	25,300	25,133	25,000	25,000	51,785
78,590	80,006	80,245	80,173	82,205	85,285
6,777	6,804	7,451	5,955	6,574	7,547
19,406	19,115	18,063	16,790	16,389	17,859
139,059	139,337	139,387	137,798	137,745	139,276
46,457	55,118	56,490	59,374	58,506	59,479
4,032	4,587	4,674	4,244	4,324	3,302
83,152	80,472	77,596	83,545	83,181	92,720
640,101	574,663	621,822	593,185	579,660	550,000
772,000	808,000	849,000	895,785	921,681	979,464
4,026,000	4,026,000	4,144,000	4,147,332	4,191,956	4,092,765

MONTGOMERY COUNTY, MARYLAND
 OPERATING INFORMATION
 CAPITAL ASSET STATISTICS BY FUNCTION
 LAST FIVE FISCAL YEARS
Table 26

	2005	2006	2007	2008	2009
Governmental Activities:					
General Government:					
Number of conference centers	1	1	1	1	1
Landfills	3	3	3	3	3
Public Safety:					
Police stations	6	6	6	6	6
Police satellites	6	6	7	8	8
Police vehicles	1,208	1,252	1,255	1,340	1,410
Fire stations	33	34	34	34	35
Fire engines	454	464	463	471	498
Transportation:					
Streets (miles)	2,574	2,588	2,602	2,609	2,611
Ride-On buses (2)	353	398	459	469	480
Administrative vehicles	775	762	778	757	806
Fire vehicles	93	96	110	130	134
Heavy equipment	664	645	596	540	482
Streetlights	61,358	63,489	65,225	66,528	66,752
Traffic signals	737	747	756	772	779
Culture and Recreation:					
Libraries	23	21	22	22	22
Volumes in library collection	2,962,910	2,977,017	3,203,802	3,131,150	3,168,551
Swimming pools	12	13	14	14	14
Community Development and Housing:					
Number of low income housing units (2)	102	102	102	102	102
Environment:					
Storm drains (miles)	852	854	860	864	864
Education:					
Elementary, Middle and High School buildings	192	194	199	200	199
College buildings	42	42	43	43	44
Business-Type Activities:					
Parking spaces in parking lot districts (1)	20,524	21,479	21,282	21,160	21,169
Parking garages/lots	42	41	40	41	41

NOTES:

* Data for 1998-2004 is not readily available.

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

(1) FY05 amount restated to include on-street parking.

(2) FY05 to FY07 restated

Sources: Various County departments, MCPS, and MCC.

INDEX

I N D E X

<u>Fund Titles</u>	<u>Page</u>			
	<u>Statements/Schedules</u>			
	<u>Balance Sheet/ Net Assets</u>	<u>Changes in Net Assets</u>	<u>Cash Flows</u>	<u>Budgetary</u>
Montgomery County, Maryland - Primary Government:				
Agricultural Transfer Tax Special Revenue	130	131	-	-
Cable TV Special Revenue	125	127	-	142
Capital Projects	28	30	-	133
Central Duplicating Internal Service	158	159	160	-
Community Use of Public Facilities Enterprise	150	151	152	153
Court Appointed Guardians Private Purpose Trust	166	167	-	-
Debt Service	28	30	-	132
Deferred Compensation POEB * Trust	164	165	-	-
Drug Enforcement Forfeitures Special Revenue	130	131	-	145
Economic Development Special Revenue	124	126	-	141
Employee Health Benefits Self-Insurance Internal Service	158	159	160	161
Employees' Retirement Saving Plan POEB * Trust	164	165	-	-
Employees' Retirement System POEB * Trust	164	165	-	-
Fire Tax District Special Revenue	128	129	-	135
General	28	30	-	32
Grants Special Revenue	125	127	-	143
Housing Initiative Special Revenue	28	30	-	119
Investment Trust	39	40	-	-
Liability and Property Coverage Self-Insurance Internal Service	158	159	160	161
Liquor Enterprise	36	37	38	153
Mass Transit Facilities Special Revenue	128	129	-	136
Miscellaneous Agency	168	-	-	-
Motor Pool Internal Service	158	159	160	-
Noise Abatement Districts Special Revenue	128	129	-	139
Parking Lot Districts Enterprise	36	37	38	155
Permitting Services Enterprise	150	151	152	153
Private Contributions Private Purpose Trust	166	167	-	-
Property Tax Agency	168	-	-	-

(Continued)

I N D E X, Concluded

<u>Fund Titles</u>	<u>Page</u>			
	<u>Statements/Schedules</u>			
	<u>Balance Sheet/ Net Assets</u>	<u>Changes in Net Assets</u>	<u>Cash Flows</u>	<u>Budgetary</u>
Recreation Activities Agency	168	-	-	-
Recreation Special Revenue	128	129	-	134
Rehabilitation Loan Special Revenue	124	126	-	140
Restricted Donations Special Revenue	130	131	-	147
Retiree Health Benefits POEB* Trust	164	165	-	-
Revenue Stabilization Special Revenue	28	30	-	118
Solid Waste Activities Enterprise	36	37	38	154
Tri-centennial Private Purpose Trust	166	167	-	-
Urban Districts Special Revenue	128	129	-	137
Water Quality Protection Special Revenue	130	131	-	146
Component Units:				
Bethesda Urban Partnership, Inc.	172	173	-	-
Housing Opportunities Commission of Montgomery County	41	42	-	-
Montgomery College	172	173	-	-
Montgomery County Public Schools	41	42	-	-
Montgomery County Revenue Authority	172	173	-	-

* POEB = Pension and Other Employee Benefits





**Prepared by the:
Department of Finance
Division of the Controller
101 Monroe Street
Rockville, Maryland 20850
240-777-8860**