

MONTGOMERY COUNTY MARYLAND

Comprehensive Annual Financial Report



Fiscal Year 2013

**July 1, 2012 - June 30, 2013
Rockville, Maryland**



Government Finance Officers Association

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

Presented to

**Montgomery County
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

MONTGOMERY COUNTY MARYLAND

Comprehensive Annual Financial Report

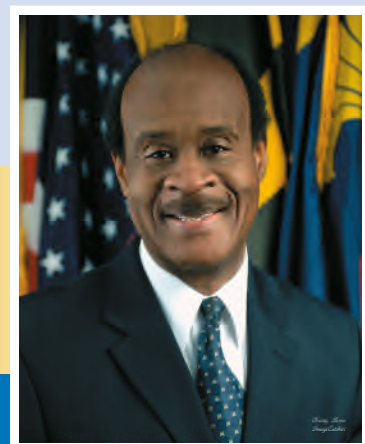


Prepared by the
DEPARTMENT OF FINANCE

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

Fiscal Year 2013
July 1, 2012 - June 30, 2013

Mission Statement



Isiah Leggett
ISIAH LEGGETT

MONTGOMERY COUNTY GOVERNMENT

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

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

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

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

Montgomery County, Maryland
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2013
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INTRODUCTORY SECTION



DEPARTMENT OF FINANCE

Isiah Leggett
County Executive

Joseph F. Beach
Director

December 20, 2013

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, 2013.

FORMAL TRANSMITTAL OF THE CAFR

This report, presented in conformity with accounting principles generally accepted in the United States of America (GAAP), was prepared by the County's Department of Finance in cooperation with the finance departments of the County's component unit and joint venture organizations. The CAFR has been prepared pursuant to the provisions of Article 2, Section 214 of the Charter of the County, and includes the independent auditors' opinion, issued by the County Council appointed independent public accounting firm, as provided by Article 3, Section 315 of the County Charter.

The County is responsible for the completeness and fairness of the information and disclosures presented in this report. We believe the information presented is complete and accurate in all material respects, and that it fairly presents the County's financial position and results of operations. To provide a reasonable basis for making these representations, management of the County has established a comprehensive framework of internal 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 CliftonLarsonAllen, 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, 2013. The independent auditors' report is located at the front of the financial section of this report. This independent audit of the County's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The independent auditors' reports associated with the Single Audit are available in a separately issued *Report on Expenditures of Federal Awards*.

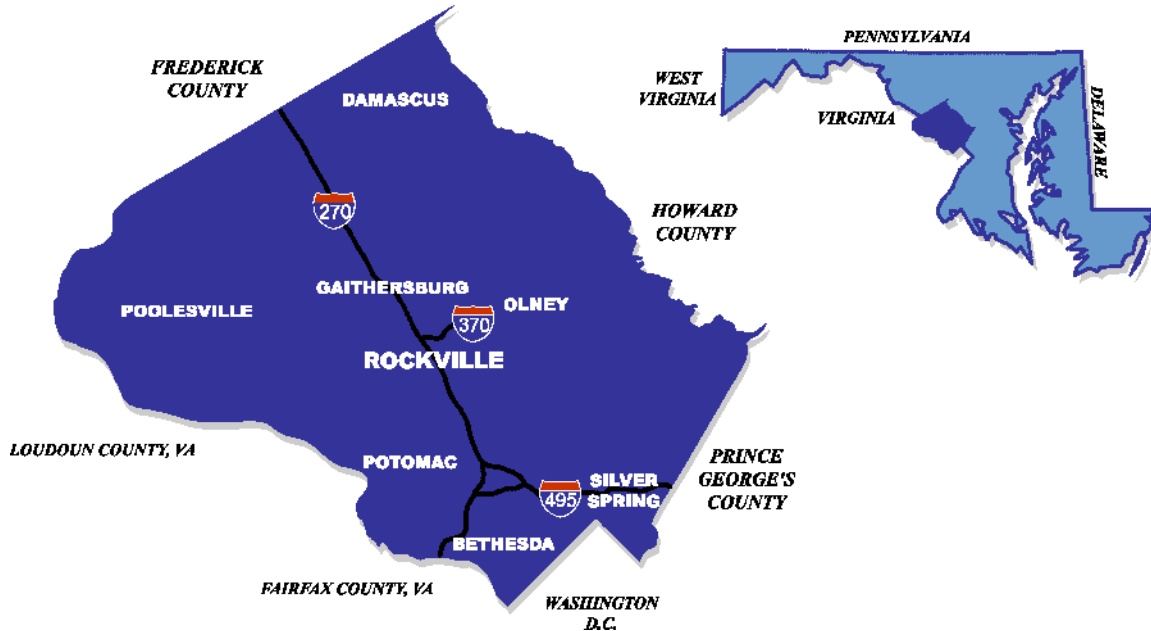
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and be reviewed in conjunction with the MD&A. The MD&A can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

Division of the Controller

101 Monroe Street, 8th Floor · Rockville, Maryland 20850 · (240) 777-8860
www.montgomerycountymd.gov

PROFILE OF THE GOVERNMENT

Montgomery County, named after the early American general, Richard Montgomery, was established in 1776 by the State Convention. The County government was structured under the County Commission system until 1948, when voters adopted a charter to give the County home rule and a council-manager form of government. The charter remains the governing authority of the County, and was fully implemented in 1970 with the election of an executive and a council. Currently, Montgomery County is the most populated and affluent jurisdiction in Maryland and enjoys the distinction of being named an All-American community.



Budgetary Overview

The annual budget provides the basis for coordinating and controlling the County government programs and expenditures. These include public safety, public works and transportation, culture and recreation, health and human services, community development and housing, environment, and general government services. Education services, funded in large part by the County (see Note III-I.1), are provided by Montgomery County Public Schools (MCPS) and Montgomery College (MCC). For County government services, the County Executive annually develops and recommends operating budget proposals. The County Council then authorizes expenditures and sets property tax rates. Expenditure authority is provided at the fund and department level in two major categories (personnel and operating costs). Budgets are annually adopted by the County Council for the General Fund, Debt Service Fund, substantially all Special Revenue Funds, Enterprise Funds (except Liquor), and two Internal Service Funds (Liability and Property Coverage Self-Insurance and Employee Health Benefits Self-Insurance). The County Executive has authority to transfer appropriations within departments up to 10 percent of the original appropriation. Transfers between departments are also limited to 10 percent of original appropriation and require County Council action. Additional spending authority, in the form of supplemental or special appropriations, may also be approved by the County Council during the year.

Per state law, the budget of the Liquor Enterprise Fund is approved by the County Executive. The County Executive also determines the amount of working capital required by the Department of Liquor Control (DLC), the amount to retain from the DLC's net profits (before making any deposit into the General Fund), and the funds necessary to service DLC-related debt and provide adequate working capital. The Capital Projects Fund budget is appropriated at the project level on an annual basis, with an annual unencumbered re-appropriation. The County Council approves the six year Capital Improvements Program (CIP) on a biennial basis with opportunities for limited amendments in the intervening years.

Budget-to-actual comparison schedules (statements) for major funds are presented in Exhibits RSI-1 to RSI-4 as part of the Required Supplementary Information section of this annual report. Non-major funds are presented in the Supplementary Data section of the report.

The Reporting Entity

The following organizations are included as component units in the accompanying financial statements: MCPS, MCC, Housing Opportunities Commission of Montgomery County (HOC), Montgomery County Revenue Authority (MCRA), and the Bethesda Urban Partnership, Inc. (BUPI). The County's participation in the following joint ventures 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

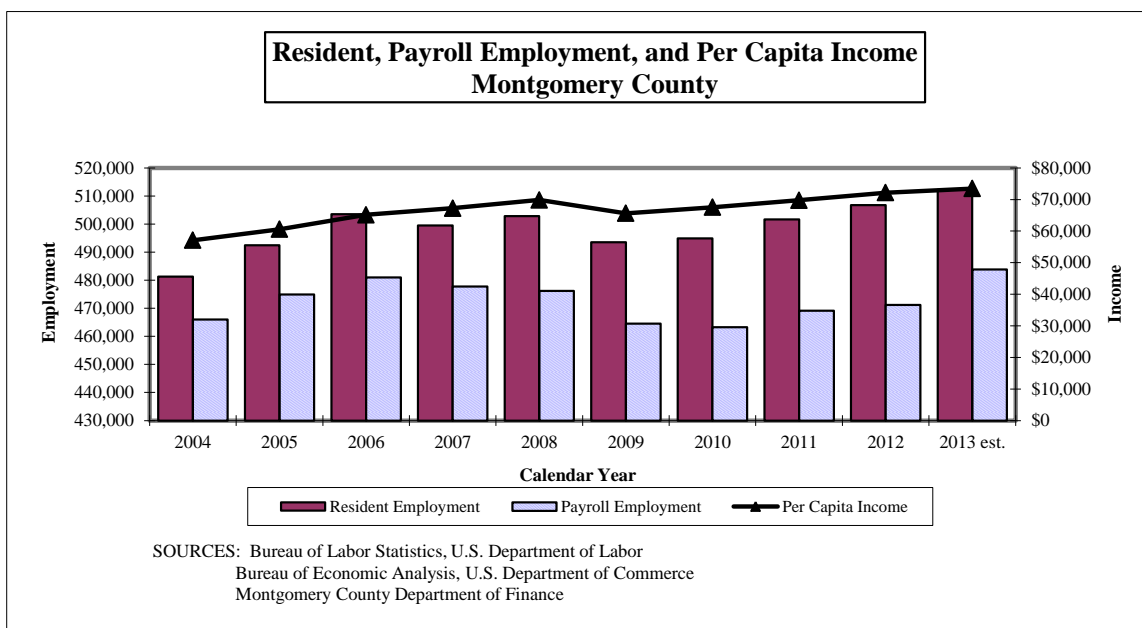
The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which Montgomery County operates.

The Local Economy

Montgomery County's economic performance improved during fiscal year (FY) 2013. The major reasons for the improvement were an increase in both resident employment (labor force series) and payroll employment (establishment series), and an increase in sales and median prices for existing homes. In addition, residential construction levels increased in FY13 as compared to FY12.

Personal Income and Employment

Income tax revenues for the County represented 47.3 percent of total tax revenues for the General Fund in FY13. 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 \$57,092 in 2004 to an estimated \$73,475 in 2013 – an average annual increase of 2.8 percent. However, over the past ten years, the rate of growth in per capita personal income experienced two distinct cycles. From 2004 to 2008, per capita income grew at a 5.2 percent average annual rate, while it is estimated to grow at an annual rate of 1.0 percent from 2008 to 2013.



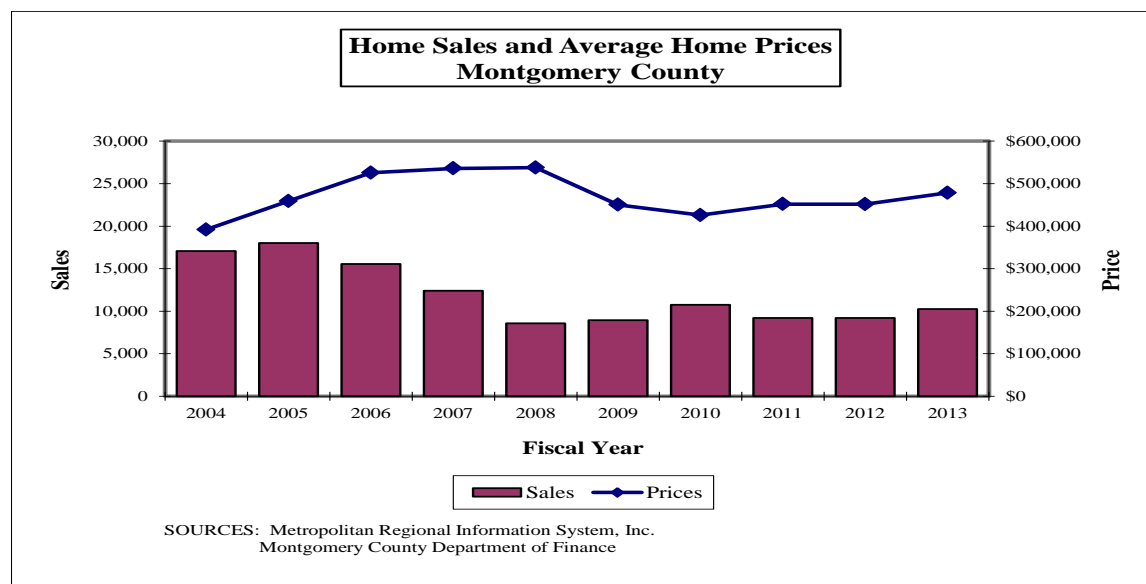
In 2004, resident employment in Montgomery County stood at approximately 481,250. By calendar year 2013, employment is expected to reach approximately 512,250 — an average annual increase of 0.7 percent.

However, growth in resident employment experienced three distinct cycles. Between 2004 and 2008, employment grew at an average annual rate of 1.1 percent, while resident employment decreased 1.9 percent between 2008 and 2010. Resident employment is expected to increase at an average annual rate of 0.9 percent between 2009 and 2013.

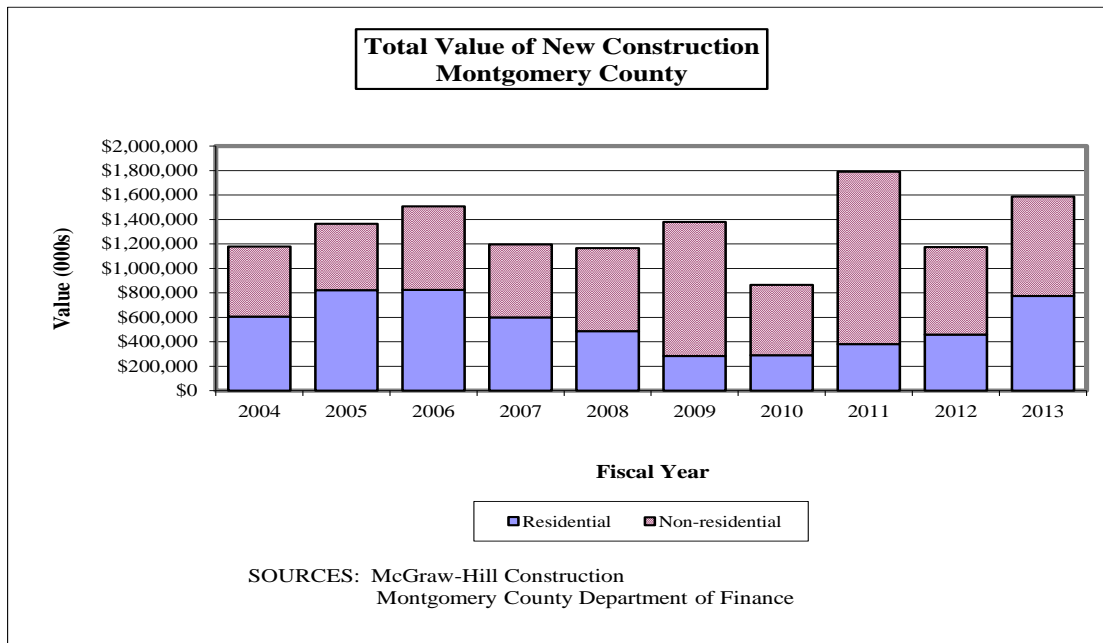
Payroll employment in the County was 465,980 in 2004 and is expected to increase to 483,810 in 2013 — an average annual increase of 0.4 percent. However, payroll employment also experienced three distinct cycles over the ten-year period. From 2004 to 2006, payroll employment increased at an average annual rate of 1.6 percent. From 2006 to 2010, payroll employment decreased at an average annual rate of 1.0 percent, but is expected to increase 1.5 percent at an average annual rate between 2010 and 2013.

Construction and Real Estate

The property tax (General Fund) and the transfer and recordation taxes consisted of 37.2 percent and 5.1 percent share, respectively, of total tax revenues for the General Fund in FY13. Construction and real estate activities are a significant facet of Montgomery County's economy, and they strongly influence the amount of property, transfer, and recordation taxes collected. Non-residential and residential construction maintains the value of the existing assessable property tax base by replacing technologically obsolescent property (equipment, and real estate) and providing additional capacity to meet increases in employment and new households. Changes in home prices affect both the property tax assessments and the transfer and recordation taxes. However, changes in home prices may affect property tax revenues with a lag because of the Homestead Tax Credit. Average prices for existing homes increased 5.9 percent in FY13, and sales of existing homes increased 11.4 percent. This increase in home sales was preceded by a decrease of 14.3 percent in FY11 (largely attributed to expiration of the federal First Time Homebuyer Credit), and a modest decline of 0.1 percent in FY12. The increase in average sales price and sales in FY13 resulted in an increase of 21.2 percent from residential transfer taxes, which offset the decline in receipts from non-residential transfer taxes (↓3.9%). Overall, transfer taxes collected for the General Fund increased 10.9 percent in FY13 and recordation taxes increased 12.5 percent in FY13.



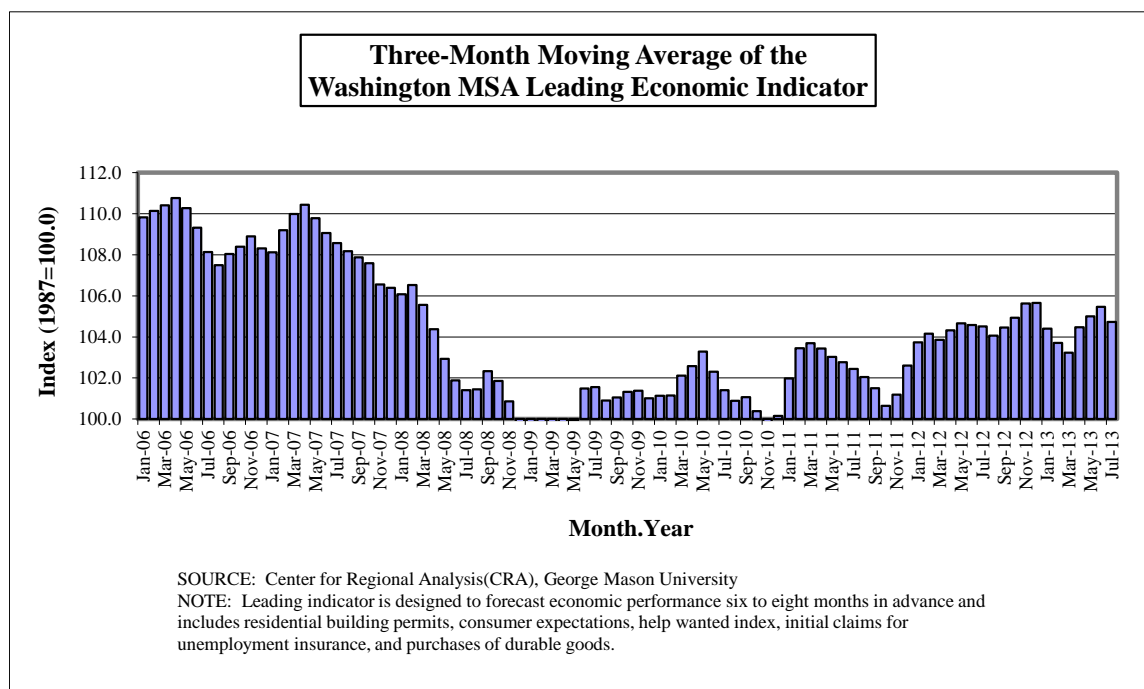
Construction experienced strong performance during FY13. The total value of new construction was valued at \$1.587 billion, representing an increase of 35.1 percent in FY13. Strong residential construction levels of both multifamily and single-family units added a total value of \$774.1 million — an increase of 69.1 percent over FY12. Total construction of residential units increased nearly 73.0 percent from FY12 to FY13. The number of new single-family units constructed increased 85.6 percent from 667 single-family units in FY12 to 1,238 units in FY13. The level of single-family unit construction in FY13 was the highest since FY06. In FY13 versus FY12, the total value of *non-residential* construction (\$812.6 million) increased 13.4 percent and the number of non-residential projects increased 32.5 percent.



Future Economic Outlook

Following fiscal year 2013, in which the County's economy experienced an increase in resident employment ($\uparrow 1.1\%$), a decline in the average monthly unemployment rate to 5.1 percent, an estimated increase in personal income ($\uparrow 3.6\%$ in calendar year 2012), and an increase in average sales prices for existing homes ($\uparrow 5.9\%$), the outlook for FY14 is expected to see a continuation of economic growth. However, such growth will be tempered by the impact on employment and procurement by the current Federal government sequestration. Should the real estate market carry the current upward trend through FY14, either via sales or price increases, the revenues from residential transfer and recordation taxes will continue to increase in tandem. Due to mortgage interest rate uncertainty attributed to recent Federal Reserve actions (particularly the purchases of mortgage-backed securities), mortgage refinancing may experience a downturn in FY14 compared to FY13. This is primarily due to higher mortgage rates, and this potential downturn may decrease recordation tax revenues.

The overall growth of the Greater Washington region is also an important factor in the economic health of Montgomery County. The Center for Regional Analysis (CRA) at George Mason University produces the Washington Area Leading Index, which forecasts the performance of the region's economy six to eight months in advance. This index predicts an increase in regional growth of 5.5 percent in FY13 from its lowest point in March 2009. However, the strength and sustainability of the region's economy will depend on consumer confidence in the economy as reflected by labor market conditions, the housing market, and action by the Federal government due to sequestration and government shutdown. While the labor market lags the economic recovery, the risk to short- and long-term economic performance in the region will depend on the fiscal decisions made by the Federal government.



Collective Bargaining

International Association of Fire Fighters (IAFF)

Full funding was appropriated for the following contract provisions in FY14 for the Local 1664, Montgomery County Career Fire Fighters Association of the International Association of Fire Fighters, AFL-CIO:

- 2.75% general wage adjustment for all bargaining unit members on the first full pay period after July 1, 2013.
- 3.5% longevity increment for bargaining unit members with either 20 or 28 years of service.
- 3.5% service increments for all eligible members.
- 3.5% FY 2011 service increments for eligible members payable on the pay period beginning April 6, 2014.

Fraternal Order of Police (FOP)

Full funding was appropriated for the following contract provisions in FY14 for the Fraternal Order of the Police, Lodge 35:

- 2.1% general wage adjustment for all bargaining unit members on the first full pay period after July 1, 2013.
- 3.5% service increments for all eligible members.
- 1.75% service increment payable on the first full pay period beginning after February 1, 2014 for any employee who was eligible for a service increment FY11, FY12, or FY13 that was not funded and who is otherwise eligible.
- 3.5% longevity increments for bargaining unit members with 20 year of service.
- 7% increase in shift differentials for members.

Municipal and County Government Employees Organization (MCGEO)

Full funding was appropriated for the following contract provisions in FY2014 for UFCW Local 1994 Municipal and County Government Employees Organization of the United Food and Commercial Workers, AFL-CIO (MCGEO):

- 3.25% general wage adjustment payable on the first full pay period after September 1, 2013.
- 3.5% service increment for all eligible bargaining unit members.
- 3% longevity increments for eligible bargaining unit members with 20 years of service.
- 0.5% lump sum payment for each active bargaining unit member who is at the top of grade on July 1, 2013 and who is not eligible for longevity increase in FY 2014.
- Increase shift differential by \$0.15 per hour for evening and \$0.16 per hour for night shift on the first full pay period after July 1, 2013.
- Increase the Seasonal Salary Schedule by \$0.50 an hour effective the first full pay period in July 2013.

Long-term Financial Planning

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

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

As part of the annual operating budget process, the County develops a structurally balanced six-year fiscal plan. This plan addresses long-term structural issues in the budget, maintains the General Fund reserves at the required policy levels, and emphasizes the priorities of education, public safety, affordable housing, transportation, and health and human services.

Significant budget challenges include rising retirement and medical costs, recognition of retiree health expenses, addressing deferred maintenance, and funding program improvements. In addition to these challenges, actions implemented at the Federal and State level may complicate the County's ability to plan for the FY15-20 period. The County Government is closely monitoring proposed changes in the federal budget and tax policy, and analyzing the potential impact on the County's economy and financial position.

Relevant Financial Policies

The financial policies as put forth by the Executive of Montgomery County, which were again recognized by all major rating agencies with the continuation of a AAA credit rating, remain unchanged: grow the local economy and tax base, obtain a fair share of State aid, maintain strong reserves, minimize the tax burden on citizens, and carefully manage indebtedness and debt service. Spending affordability guidelines are adopted annually for the

County's capital and operating budgets. The County limits its exposure in future years to rising costs by controlling baseline costs and allocating one-time revenues to one-time expenditures, whenever possible.

Major Initiatives

Major initiatives of the County during FY13 that are expected to affect future financial position include the following:

Housing: The Montgomery Housing Initiative Special Revenue Fund budgeted \$53.7 million for the acquisition, preservation, and rehabilitation of affordable housing units in the County. The Montgomery Housing Initiative Special Revenue Fund also invested in the creation and preservation of Special Needs housing.

Public Safety: The County implemented the Emergency Medical Transportation Insurance Reimbursement program, which provides funds for the improvements and enhancements in their programs.

The County increased the police force by adding 34 Patrol Officers for street patrols, 7 Police Officers for crime investigations, and 2 Police Officers for police administration.

Transportation: The County implemented a bikesharing program to provide mid – and up-county residents with an alternative means of commuting.

The County also implemented a new debit card system for the “Call N Ride” program and decreased the cost of a second “Call N Ride” coupon book by approximately \$5.00 to FY2011 levels.

Environment: The County increased the number of hours of service provided by the volunteers in the Recycling Volunteer Program to 2,094 hours of service, which equates to \$52,350 of service value donated by volunteers.

Culture and Recreation: The County enhanced programming at the new White Oak Recreation Center including recreational activities for seniors and community residents.

The County also continued operations of the outdoor skating rink at Veteran's Plaza, which is a gathering place for outdoor celebrations and performances.

Education: The County provided resources to accommodate the enrollment of 146,018 students and made a contribution to Montgomery County Public Schools of approximately \$1.4 billion, including \$17.0 million of carryover funds and \$27.2 million for pension obligations previously paid by the State.

General Government: The County supported the redevelopment and economic vitality of Silver Spring and Bethesda through mixed use development projects on existing surface parking lots in those areas.

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, 2012. Montgomery County has received the Certificate of Achievement more than any other county in the nation; 43 times since 1951 and consecutively for 41 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, 2013. 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.

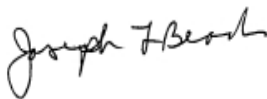
Acknowledgments

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; David Crow, General Accounting Manager; and the staff of the General Accounting, Grants Accounting, Account Receivable, Accounts Payable, and Administration Section for their outstanding performance in the preparation of this report. A list of individuals whose dedicated efforts produced this report is provided separately after this letter. A special appreciation is extended to the finance and accounting managers of the component units whose cooperation greatly facilitated the preparation of this report. I express my appreciation to the County Executive, the members of the County Council, and the Chief Administrative Officer who served the County during the reporting period, and their staffs, for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

USE OF THIS REPORT

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

Respectfully submitted,



Joseph F. Beach
Director of Finance

ACKNOWLEDGMENTS

The following individuals' efforts were instrumental in performing the year-end closing of the County's funds and in preparing this Comprehensive Annual Financial Report:

Department of Finance, The Division of the Controller

Joelle Banota	Luis Gil-Rivera	John Mack	Lisa Sesny
Courtney Brown	Jason Hsu	Priti Mehta	Laleh Shabani
Chander Chadha	Rachel Hsu	Heidi Metzger	Philip Smith
Jerry Chandler	Tim Hughes	Lenny Moore	Karla Thomas
David Crow	Jordan Jones	Jay Narang	Darane Tiev
Sean D'Costa	Susan E. Kaplan	Ome Patel	Almon Turner
Gerri Davis	Don Klapka	Leonard Raymo	Joyce Wallace-Dennis
William Davis	Jonathan Kugel	Lal Sangliani	
Mauricio Delgado	Xuerong Liu	Stephanie Sawyer	

Department of General Services

Quinton McHenry Rick Taylor
Michelle West
Joseph Wright and the Print Shop

Department of Liquor Control

Melissa Chui Lynn Duncan

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

Jacqueline Carter	Dennis Denisov	Lih Jiang	Pam Schroeder
Sing Chan	Amanda Hardy-Konkus	Katherine Peeling	Marty Utermohle
Carrie Coleman	Robert Hagedoorn	Karen Plucinski	Erin Von Nessen
Michael Coveyou	Molly Hayward-Koert	David Platt	

Department of Environmental Protection

Richard Hands Scott McClure
Jamie Kuster Anthony Skinner

Office of Management and Budget

Alex Espinosa Chris Mullin

Office of Public Information

Thomas Whorton

Department of Transportation

Carolyn McKenzie Rick Siebert
Luz Rodriguez

Office of Human Resources

Sarah Cook Steve Sluchansky

Montgomery County Employee Retirement Plans

Linda Herman Akiko Kawashima

Component Units

Bethesda Urban Partnership, Inc.

Jeff Oyer

Montgomery County Public Schools

Larry A. Bowers Susanne G. DeGraba
Bei (Susan) Chen Jack Dodson

Housing Opportunities Commission

Belle Seyoum Eugenia Pascual
Varun Chawla Linda Pyles

Montgomery College

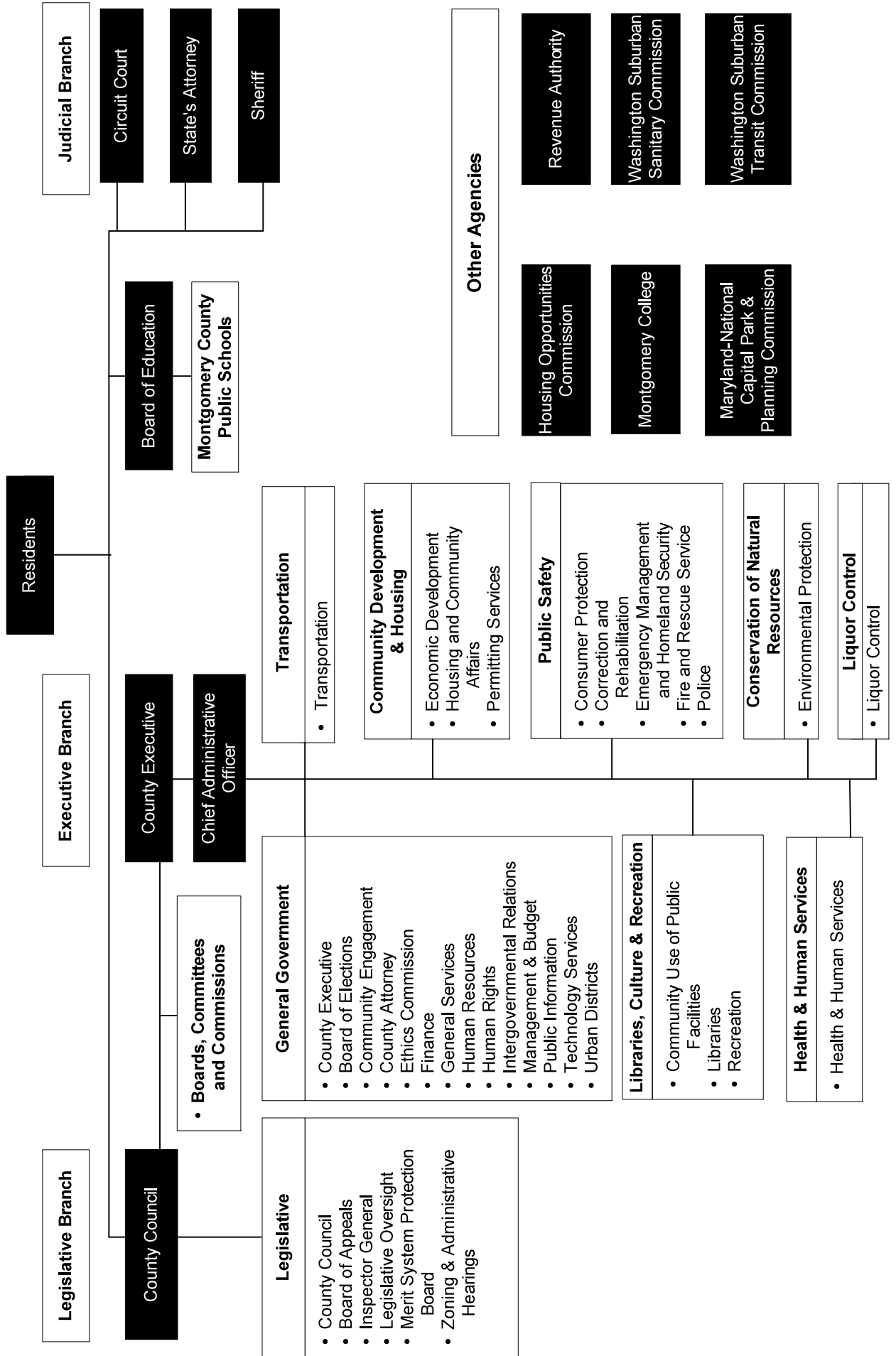
Phillip Howard Ruby Sherman
Natalie Sandel

Montgomery County Revenue Authority

Michael Boone

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

Montgomery County, Maryland Functional Organization Chart



MONTGOMERY COUNTY, MARYLAND

ELECTED OFFICIALS

June 30, 2013

COUNTY EXECUTIVE

Isiah Leggett

COUNTY COUNCIL

Nancy Navarro	President
Craig Rice	Vice President
Phil Andrews	Nancy Floreen
Roger Berliner	George Leventhal
Marc Elrich	Hans Riemer
Valerie Ervin	

Other Elected Officials

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

APPOINTED OFFICIALS

Chief Administrative Officer	Timothy L. Firestine
Board of Appeals	Katherine Freeman
Consumer Protection	Eric Friedman
Correction and Rehabilitation	Arthur M. Wallenstein
County Attorney	Marc Hansen
County Council	Stephen B. Farber
Economic Development	Steven A. Silverman
Emergency Management and Homeland Security	Christopher Voss
Environmental Protection	Bob Hoyt
Finance	Joseph F. Beach
Fire and Rescue Service	Steven Lohr
General Services	David Dise
Health and Human Services	Uma Ahluwalia
Housing and Community Affairs	Richard Nelson
Human Resources	Joseph Adler
Inspector General	Edward L. Blansitt, III
Intergovernmental Relations	Melanie L. Wenger
Legislative Oversight	Dr. Chris Cihlar
Liquor Control	George Griffin
Management and Budget	Jennifer Hughes
Merit System Protection Board	Julie Martin-Korb
Permitting Services	Diane Schwartz Jones
Police	J. Thomas Manger
Public Information	Patrick Lacefield
Public Libraries	Parker Hamilton
Recreation	Gabriel Albornoz
Technology Services	Sonny Segal
Transportation	Arthur Holmes, Jr.
Zoning and Administrative Hearings	Martin Grossman

Montgomery County Officials, Concluded

COMPONENT UNIT OFFICIALS

Montgomery County Public Schools

Board of Education:

Christopher S. Barclay, President

Philip Kauffman, Vice President

Shirley Brandman

Dr. Judy R. Docca

Michael A. Durso

Patricia B. O'Neill

Rebecca Smondrowski

Justin Kim, Student Member

Dr. Joshua P. Starr, Superintendent of Schools

Montgomery County Revenue Authority

Board of Directors:

Stephen H. Edwards, Chairman

Herbert L. Tyson, Secretary-Treasurer

David Freishtat

Jonathan Powell

Scott W. Reilly

Ramona Bell-Pearson, Ex-Officio

Keith Miller, Chief Executive Officer

Bethesda Urban Partnership, Inc.

Board of Directors:

Andy O'Hare, Chair

Mark A. Kramer, Vice Chair

Jane G. Mahaffie, Treasurer

Marc Korman, Secretary

Christopher Bruch

J. Dawn Elder

Kenneth B. Hartman

Peter Hodgson

Elaine Joost

Anne Mead

Patrick O'Neill

W. David Dabney, Executive Director

Montgomery College

Board of Trustees:

Stephen Z. Kaufman, Chair

Reginald M. Felton, First Vice-Chair

Marsha S. Smith, Second Vice-Chair

Gloria A. Blackwell

Dr. Kenneth J. Hoffman

Michael J. Knapp

Dr. Leslie S. Levine

Michael Priddy

Benjamin H. Wu

Constantine M. Apergis, Student

Dr. DeRionne Pollard, President and Secretary-Treasurer

Housing Opportunities Commission of Montgomery County

Commissioners:

Roberto Pinero, Chair

Sally Roman, Vice Chair

Michael J. Kator, Chair Pro Tem

Jean Banks

Rick Edson

Pamela T. Lindstrom

Stacy L. Spann, Executive Director

INDEPENDENT AUDITORS

Clifton Larson Allen, LLP
4250 North Fairfax Drive, Suite 1020
Arlington, VA 22203

Elected Officials

Montgomery County, Maryland



Isiah Leggett
County Executive



Nancy Navarro
Council President



Craig Rice
Council Vice-President



Phil Andrews
Council Member



Roger Berliner
Council Member



Marc Elrich
Council Member



Valerie Ervin
Council Member



Nancy Floreen
Council Member



George Leventhal
Council Member



Hans Riemer
Council Member



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable County Council
of Montgomery County, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County, Maryland (the County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Montgomery County Revenue Authority and Bethesda Urban Partnership, Inc., which represent 17 percent, 6 percent, and 8 percent, respectively, of the assets, net position and revenues of the non-major component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Montgomery County Revenue Authority and Bethesda Urban Partnership, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Bethesda Urban Partnership, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County, Maryland as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the general, housing initiative and grants funds, and the Consolidated Retiree Health Benefits Trust on pages 124-131 and 132 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

Arlington, Virginia

December 20, 2013

Management's Discussion and Analysis

INTRODUCTION

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

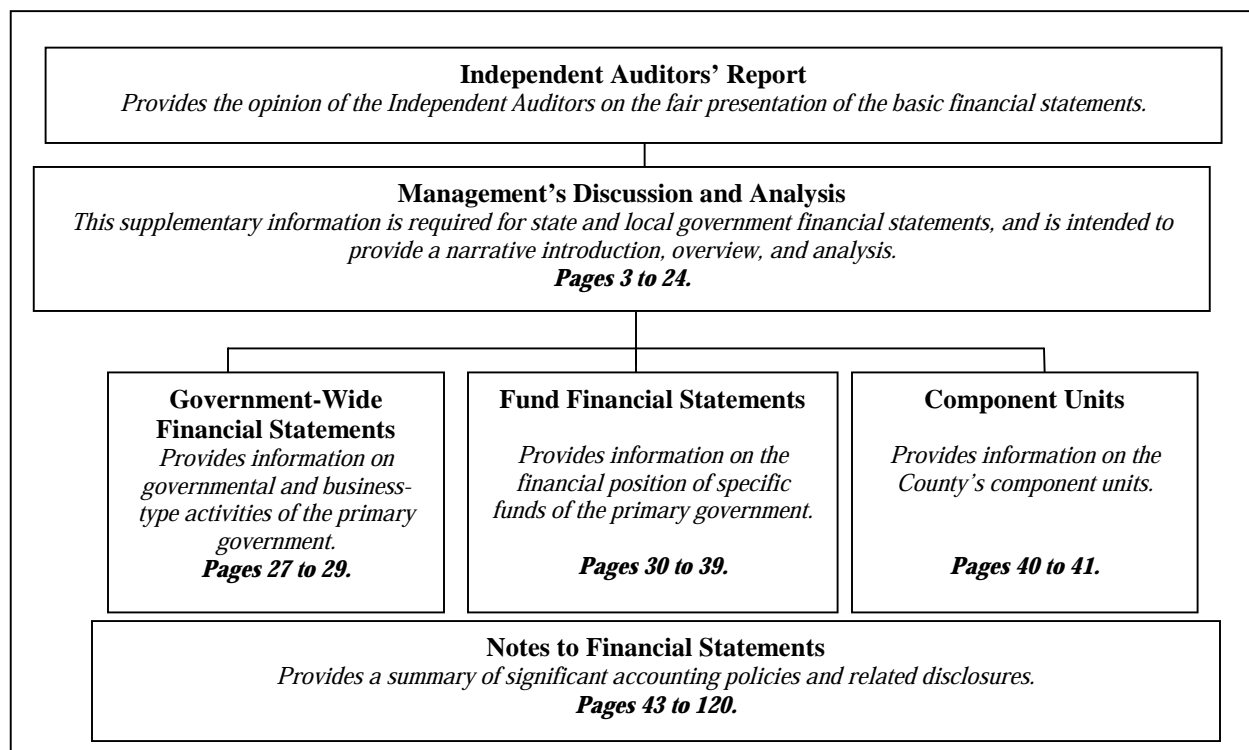
FINANCIAL HIGHLIGHTS

- The government-wide assets and deferred outflows of the County exceeded its liabilities at the close of FY13 by \$1,417.3 million. That amount is net of a \$1,097.4 million unrestricted deficit. The deficit occurs mainly because the County issues debt to fund construction costs for Montgomery County Public Schools (MCPS) and Montgomery College (MCC), two of its component units, and for Maryland-National Capital Park and Planning Commission (M-NCPPC), a joint venture. Debt outstanding for these entities amounted to \$1,471.3 million at June 30, 2013. Absent the effect of this relationship, the County would have reported government-wide unrestricted net position of \$373.9 million.
- The County's total government-wide net position increased by \$94.4 million.
- As of the close of FY13, the County's governmental funds reported combined ending fund balances of \$801.1 million; an increase of \$45.4 million over the prior year's ending fund balances. Of the total ending fund balances, \$234.9 million is available for spending at the County's discretion.
- At the end of FY13, unassigned fund balance for the General Fund was \$238.9 million, or 9.3 percent of total General Fund expenditures.
- The County's government-wide long-term debt and obligations increased by \$201.0 million during FY13. The key factors in this increase are:
 - The issuance of \$352.5 million in general obligation (GO) bonds, used to refund \$326.0 million in bond anticipation notes (BANS), and the issuance of an additional \$326.0 million in BANS
 - Net increase in Other Postemployment Benefits obligation of \$48.3 million
 - The retirement of \$164.3 million in GO bond principal.
 - Revenue Bonds were issued in the amount of \$43.3 million for Water Quality Protection.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Organization and Flow of Financial Section Information



Government-Wide Financial Statements

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

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

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

The government-wide financial statements include not only the County itself (known as the Primary Government), but also legally separate entities known as Component Units. Component units, which are other governmental units

over which the County Council can exercise influence and/or may be obligated to provide financial subsidy, are presented as a separate column in the government-wide statements and as individual activities in the basic and fund financial statements. The County has five component units – Montgomery County Public Schools (MCPS), Housing Opportunities Commission (HOC), Montgomery College (MCC), Montgomery County Revenue Authority (MCRA), and Bethesda Urban Partnership, Inc. (BUPI).

Fund Financial Statements

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

Governmental Funds – Most of the County’s basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash and how they flow in and out, and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, a reconciliation of the fund financial statements to the government-wide financial statements is presented immediately after the fund financial statements. For example, the fund financial statements 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, Housing Initiative, Grants and Capital Projects – and 12 non-major special revenue funds.

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

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

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

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

Statement of Net Position

The following presents a summary of the Statements of Net position for the County as of June 30, 2013 and 2012:

Summary of Net Position *						
June 30, 2013 and 2012						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$ 1,619,781,091	\$ 1,535,312,047	\$ 216,412,383	\$ 211,399,140	\$ 1,836,193,474	\$ 1,746,711,187
Capital assets, net	3,561,334,107	3,352,484,513	268,523,855	254,668,972	3,829,857,962	3,607,153,485
Total Assets	5,181,115,198	4,887,796,560	484,936,238	466,068,112	5,666,051,436	5,353,864,672
Liabilities:						
Long-term liabilities outstanding	3,780,160,937	3,574,662,183	115,002,675	119,427,445	3,895,163,612	3,694,089,628
Other liabilities	311,235,788	295,737,611	42,383,434	41,191,110	353,619,222	336,928,721
Total Liabilities	4,091,396,725	3,870,399,794	157,386,109	160,618,555	4,248,782,834	4,031,018,349
Net position:						
Net investment in capital assets	1,932,495,036	1,880,813,780	191,266,741	185,300,678	2,123,761,777	2,041,539,458
Restricted	296,564,191	502,059,858	94,329,133	93,254,622	390,893,324	595,314,480
Unrestricted (deficit)	(1,139,340,754)	(1,365,476,872)	41,954,255	26,894,257	(1,097,386,499)	(1,314,007,615)
Total Net Position	\$ 1,089,718,473	\$ 1,017,396,766	\$ 327,550,129	\$ 305,449,557	\$ 1,417,268,602	\$ 1,322,846,323
* Primary Government						

The County's current and other assets increased by \$89.5 million or 5.1 percent from FY12. The County's assets exceeded its liabilities at the close of FY13 by \$1,417.3 million. By far the largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, improvements, furniture and equipment, infrastructure), less any related outstanding debt used to construct or acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

It is also important to note that although counties in the state of Maryland issue debt for the construction of schools, those school buildings are owned by each county's Board of Education. The County also funds projects for MCC and M-NCPPC. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. Debt outstanding for these entities amounted to \$1,471.3 million at June 30, 2013. Absent the effect of this relationship, the County would have reported government-wide unrestricted net position of \$373.9 million. An additional portion of the County's net position (\$386.9 million or 27.3 percent) represents resources that are subject to restrictions on how they may be used.

The County's total net position increased by \$94.4 million for FY13 or 7.0 percent over FY12.

Statement of Activities

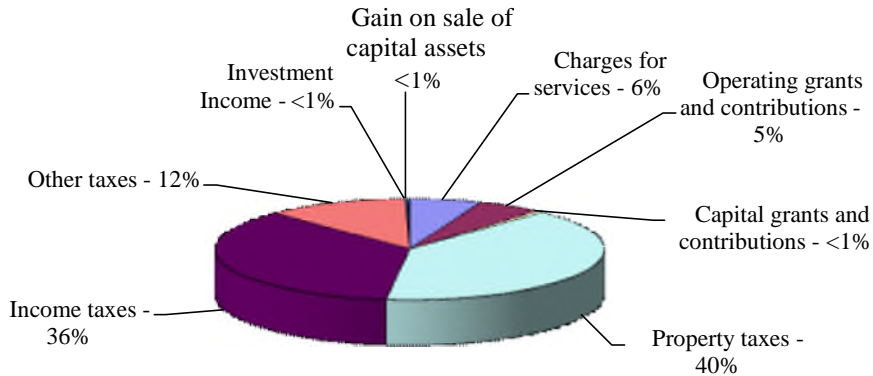
The following table summarizes the County's change in net position for the years ended June 30, 2013 and 2012:

Summary of Changes in Net Position *						
For the Fiscal Years Ended June 30, 2013 and 2012						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program Revenues:						
Charges for services	\$ 217,536,545	\$ 198,420,598	\$ 455,875,247	\$ 441,479,602	\$ 673,411,792	\$ 639,900,200
Operating grants and contributions	195,874,335	165,428,771	-	-	195,874,335	165,428,771
Capital grants and contributions	23,414,475	61,263,275	-	-	23,414,475	61,263,275
General revenues:						
Property taxes	1,463,855,656	1,395,693,492	10,063,874	8,503,222	1,473,919,530	1,404,196,714
Income taxes	1,311,161,472	1,265,289,159	-	-	1,311,161,472	1,265,289,159
Other taxes	433,751,496	422,095,840	-	-	433,751,496	422,095,840
Investment income	8,036,630	7,035,479	51,852	43,202	8,088,482	7,078,681
Gain on sale of capital assets	4,965,531	1,103,216	-	42,544,670	4,965,531	43,647,886
Total Revenues	<u>3,658,596,140</u>	<u>3,516,329,830</u>	<u>465,990,973</u>	<u>492,570,696</u>	<u>4,124,587,113</u>	<u>4,008,900,526</u>
EXPENSES						
Governmental Activities:						
General government	400,023,515	351,138,451	-	-	400,023,515	351,138,451
Public safety	609,565,746	600,877,545	-	-	609,565,746	600,877,545
Public works and transportation	278,716,716	263,586,549	-	-	278,716,716	263,586,549
Health and human services	272,032,818	256,703,043	-	-	272,032,818	256,703,043
Culture and recreation	93,965,468	93,560,027	-	-	93,965,468	93,560,027
Community development and housing	37,821,686	46,198,670	-	-	37,821,686	46,198,670
Environment	28,913,062	28,584,840	-	-	28,913,062	28,584,840
Education	1,797,097,286	1,751,721,080	-	-	1,797,097,286	1,751,721,080
Interest on long-term debt	112,841,235	116,354,151	-	-	112,841,235	116,354,151
Business-type Activities:						
Liquor control	-	-	225,759,582	220,242,176	225,759,582	220,242,176
Solid waste activities	-	-	106,039,038	99,723,180	106,039,038	99,723,180
Parking lot districts	-	-	30,321,385	29,724,042	30,321,385	29,724,042
Permitting services	-	-	27,534,056	25,039,256	27,534,056	25,039,256
Community use of public facilities	-	-	9,533,241	8,890,716	9,533,241	8,890,716
Total Expenses	<u>3,630,977,532</u>	<u>3,508,724,356</u>	<u>399,187,302</u>	<u>383,619,370</u>	<u>4,030,164,834</u>	<u>3,892,343,726</u>
Net Position Before Transfers	27,618,608	7,605,474	66,803,671	108,951,326	94,422,279	116,556,800
Transfers	<u>44,703,099</u>	<u>47,986,288</u>	<u>(44,703,099)</u>	<u>(47,986,288)</u>	<u>-</u>	<u>-</u>
Change in Net Position	72,321,707	55,591,762	22,100,572	60,965,038	94,422,279	116,556,800
Net Position, beginning of year	1,017,396,766	961,805,004	305,449,557	244,484,519	1,322,846,323	1,206,289,523
Net Position, end of year	<u>\$ 1,089,718,473</u>	<u>\$ 1,017,396,766</u>	<u>\$ 327,550,129</u>	<u>\$ 305,449,557</u>	<u>\$ 1,417,268,602</u>	<u>\$ 1,322,846,323</u>
* Primary Government						

Governmental Activities

Revenues for the County's governmental activities were \$3,658.6 million for FY13. Sources of revenue are comprised of the following items:

**Revenues by Source - Governmental Activities
For the Fiscal Year Ended June 30, 2013**

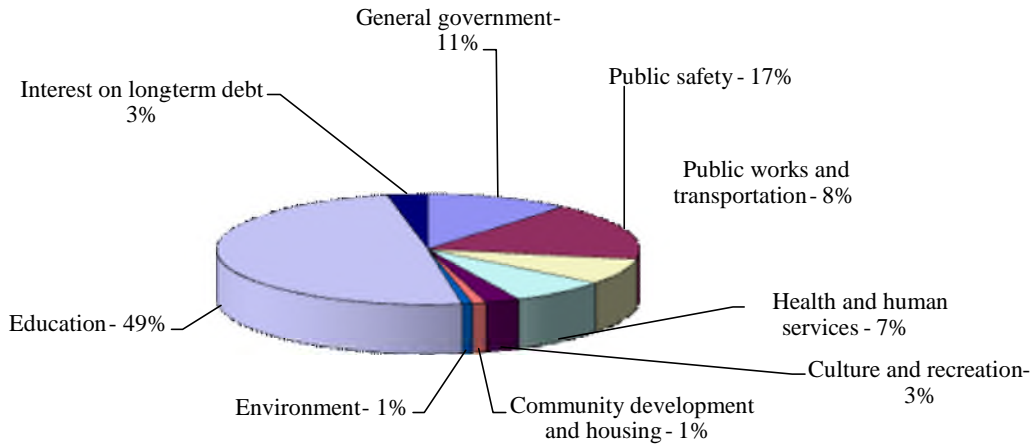


- Taxes constitute the largest source of County revenues, amounting to \$3,208.8 million for FY13.
- Property and local income tax combined comprise 75.8 percent of all County revenues. Each County in Maryland sets its income tax rate within parameters established by the State. The local income tax rate was 3.2 percent of the State taxable income for calendar years 2013 and 2012. 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 (\$105.2 million or 53.7 percent), public works and transportation (\$34.6 million or 17.7 percent) and public safety (\$37.5 million or 19.2 percent).

A more detailed discussion of the County's revenue results for FY13 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 FY13 was \$3,630.9 million. As the chart on the next page indicates, education constitutes the County's largest program and highest priority; education expenses totaled \$1,797.0 million. Public safety expenses totaled \$609.6 million, general government services totaled \$400.0 million, and Public Works and Transportation, the fourth largest expense for the County, totaled \$278.7 million.

**Expenses by Function - Governmental Activities
For the Fiscal Year Ended June 30, 2013**



For the Fiscal Years Ended June 30, 2013 and 2012						
	Expenses		Revenues		Net Cost of Services	
	2013	2012	2013	2012	2013	2012
Education	\$ 1,797,097,286	\$ 1,751,721,080	\$ -	\$ -	\$ 1,797,097,286	\$ 1,751,721,080
Public safety	609,565,746	600,877,545	84,302,734	70,831,963	525,263,012	530,045,582
General government	400,023,515	351,138,451	79,700,459	80,262,370	320,323,056	270,876,081
Public works and transportation	278,716,716	263,586,549	77,468,212	95,806,572	201,248,504	167,779,977
Health and human services	272,032,818	256,703,043	110,206,238	92,830,929	161,826,580	163,872,114
Culture and recreation	93,965,468	93,560,027	51,778,244	45,215,425	42,187,224	48,344,602
Other	179,575,983	191,137,661	33,369,468	40,165,385	146,206,515	150,972,276
Total	<u>\$ 3,630,977,532</u>	<u>\$ 3,508,724,356</u>	<u>\$ 436,825,355</u>	<u>\$ 425,112,644</u>	<u>\$ 3,194,152,177</u>	<u>\$ 3,083,611,712</u>

Of the total cost of governmental activities of \$3,630.9 million, \$436.8 million was paid by those who directly benefited from the programs (\$217.5 million) and other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$219.3 million). Of the \$3,194.1 million net cost of services, our taxpayers paid for these activities through County taxes which totaled \$3,208.8 million; also available to contribute towards such net costs were investment income and other contributions not restricted to a specific program.

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

- Education:
 - \$45.3 million increase in resources spent on education

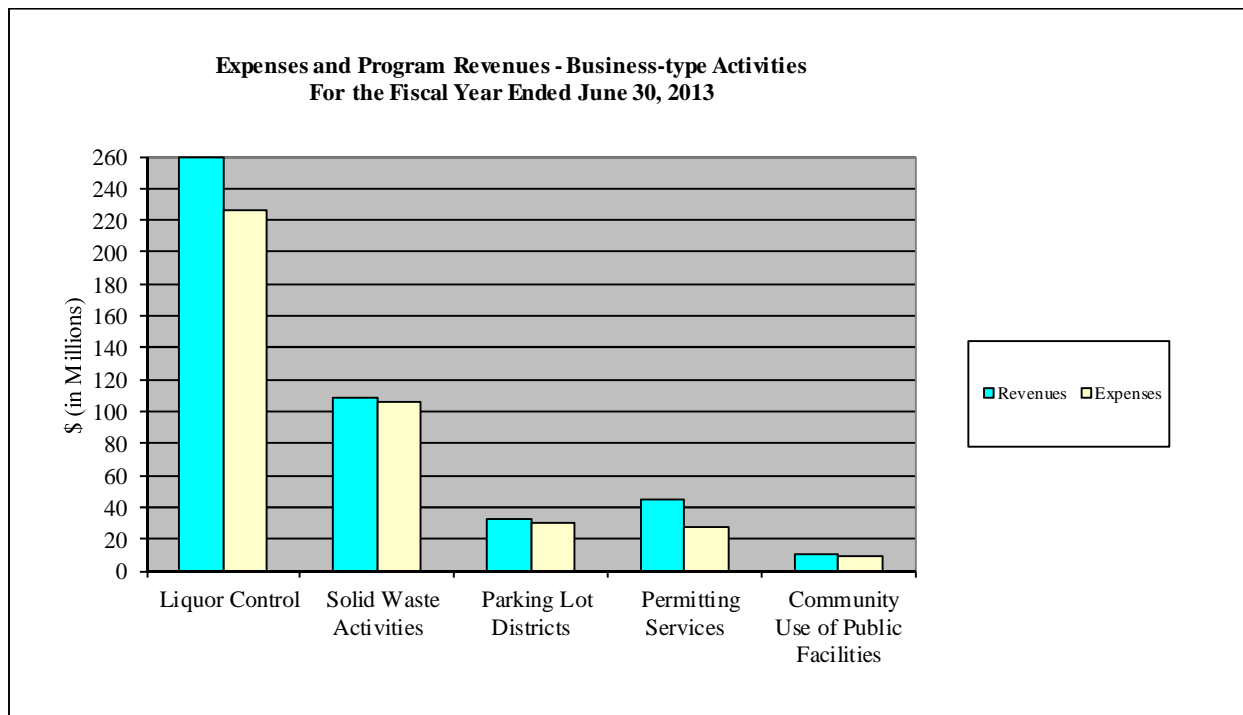
- Public Works and Transportation:
 - \$33.5 million decrease in public works and transportation resources primarily due to decreased capital grants and contributions
- General Government:
 - \$48.9 million increase in expenses due primarily to additional contributions to the County's consolidated retiree health trust
- Culture and Recreation:
 - \$6.5 million increase in culture and recreation revenues including a significant increase in operating grants and contributions

Business-type Activities

Highlights of the County's business-type activities for FY13 are as follows:

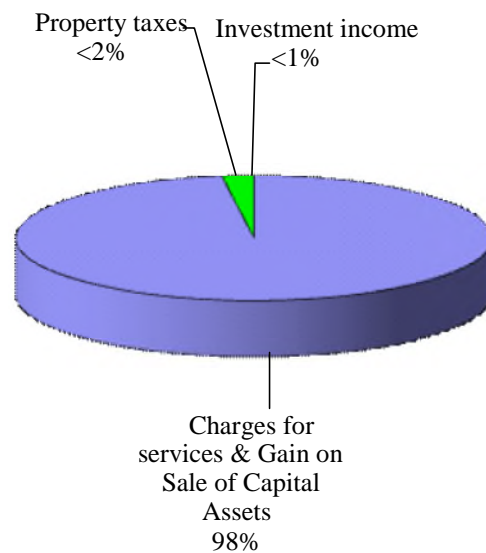
- Business-type activities experienced an increase in net position of \$22.1 million for FY13. This amount is reported after total net transfers out of \$44.7 million. The most significant components of the increase include:
 - \$7.4 million increase in net position related to liquor control; and
 - \$14.3 million increase in net position due to increase in fee revenue for licenses and permits.
- Charges for services to users comprise 97.8 percent of revenues, with \$259.3 million (56.9 percent of charges for services revenue) attributable to liquor control operations and \$108.8 million (23.9 percent) attributable to solid waste activities. The remaining charges for services are generated from operations relating to parking lot districts, permitting services, and community use of public facilities.
- Parking lot district property taxes of \$10.1 million is the second largest source of revenue at only 2.2 percent of total revenues.
- Investment income of \$0.05 million reflects an increase of \$0.009 million or 20.9 percent from FY12, primarily because of the increase in pooled cash and investments during the year.

Business-type activities are shown below comparing costs to revenues generated by related services:



Business-type revenues by source are comprised of the following:

**Revenues by Source Business-type Activities
For the Fiscal Year Ended June 30, 2013**



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 FY13, the County's governmental funds reported combined ending fund balances of \$801.1 million, an increase of \$45.4 million from the end of FY12. Of the total ending fund balances, \$234.9 million constitutes the unassigned fund balance, which is available for spending at the County's discretion. The remainder of the fund balances of \$566.1 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 FY13, the General Fund had \$238.9 million of unassigned fund balance and total fund balance was \$508.5 million. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 19.9 percent of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$93.1 million during FY13, primarily due to increased income tax revenues and the consolidation of \$184.9 million from the Revenue Stabilization Fund (RSF). Additional information pertaining to the RSF consolidation can be found in Notes to Financial Statement, Note I-C.

The Housing Initiative Fund (HI) is used to account for the fiscal activity of financing, supplementing, and constructing affordable residential facilities for eligible participants. At the end of FY13, HI had a fund balance of \$230.7 million, which is entirely restricted for legal reasons. The HI fund balance represents an increase of \$37.8 million over FY12. Mortgage Receivables for this fund, which is a measure of its financing activities, increased \$24.4 million or 16.2 percent over FY12.

The Grants Fund is used to account for Federal and State grant-funded activities of the tax-supported General and special revenue funds. The Grants fund by design has no fund balance at the end of each fiscal year as revenues equal expenditures - that is, expenditures of this fund are either billable to one or more federal or state agencies or paid via a transfer from another County fund. The Grants fund received \$108.0 million in revenues for FY13. This is a \$5.4 million decrease over FY12.

The Debt Service Fund accumulates resources for the payment of general long-term debt principal, interest, and related costs. This fund does not maintain an unassigned fund balance; the restricted fund balance of \$6.3 million represents a debt service reserve account.

The Capital Projects Fund has a total fund balance of \$(4.0) million, a decrease of \$119.8 million from the end of FY12. The negative fund balance was primarily due to a delay in the issuance of new debt to fund certain capital projects.

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

Proprietary Funds

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

The unrestricted net position of the Liquor Fund at the end of FY13 amounted to \$14.0 million, and operating income was \$34.6 million. After a subsidy transfer to the General Fund of \$25.7 million, the fund ended FY13 with an increase in net position of \$7.4 million.

The Solid Waste Activities Fund total net position amounted to \$79.0 million, of which the unrestricted net position was \$39.1 million. Restricted net position of \$40.0 million is attributable to the net investment of capital assets.

The Parking Lot Districts Fund decrease in net position amounted to \$1.9 million in FY13, resulting in a total ending net position of \$187.0 million. Of this amount, \$131.7 million (70.5 percent) is invested in capital net of related debt; \$10.9 million (5.8 percent) is restricted for debt service on revenue bonds; and \$44.4 million (23.7 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 \$13.5 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:

- \$19.3 million increase in public works and transportation personnel and operating costs.
- \$5.4 million increase in general services to fund the clean-up costs of Super Storm Sandy.
- \$4.7 million decrease in health and human services personnel costs.

Actual revenues were more than budgeted amount by \$71.6 million, while actual expenditures and net transfers out were less than final budget by \$13.1 million and \$32.7 million, respectively. Highlights of the comparison of final budget to actual figures for expenditures and net transfers for the fiscal year-ended June 30, 2013, include the following:

- Actual expenditures of \$1,023.1 million were \$13.2 million less than the final budget, which represents 1.2 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 \$49.6 million. This is due both to the multi-year nature of capital projects, and to time delays that can be encountered for certain projects.

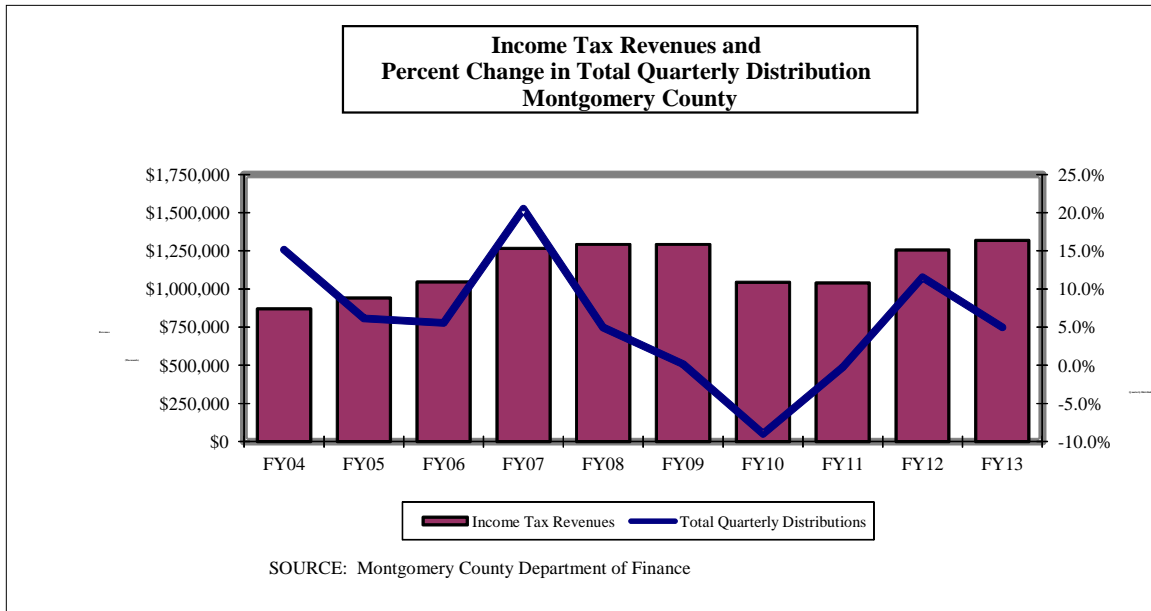
A more detailed comparison of final budget to actual figures for revenues is presented below:

Overview

Actual tax revenues for the General Fund totaled \$2,892.5 million and were 2.5 percent above the budget estimate for the fiscal year and 3.0 percent above actual revenues for FY12. The three largest contributors to the variance in dollars between the budget estimate and actual revenues were the income tax (+\$53.9 million), the property tax (+\$11.0 million), followed by the energy tax (-\$9.8 million). Revenues from the transfer and recordation taxes amounted to \$142.0 million – +5.4 million, or 4.0 percent, above the budget estimate and 11.6 percent above actual tax revenues for FY12. Revenues from consumption/excise taxes, which include fuel/energy, telephone, hotel/motel, and admissions taxes, were \$292.0 million in FY13. That amount was \$12.0 million or 4.0 percent below the budget estimate and that decline was driven by shortfalls across all excise taxes except for the admissions tax with the largest decline experienced by the fuel-energy tax (-\$9.8 million or ↓4.2%). Investment income was approximately \$0.186 million below the budget estimate. Licenses and permits came in below budget estimates (↓5.5%), and charges for services came in over the budget estimate (↑16.8%). Intergovernmental revenues were 20.0 percent above the budget estimate. Such a decrease was attributed across the board to federal and other reimbursements, which came in 78.2 percent and 102.8 percent above budget estimates, respectively.

Income Taxes

One of the largest revenue sources for the General Fund is the County income tax. Revenues from the income tax were \$937.5 million and represented 47.3 percent of actual tax revenues in FY13 and 45.5 percent of total actual revenues. The reliance on the income tax as a major source of revenue in recent years can be attributed to three factors: the expansion of the employment base in the County, the growth in capital gains, and significant property tax relief that reduced otherwise strong property tax revenue growth. However, the Standard & Poor's 500 index, representing a proxy for capital gains, experienced significant volatility over the past ten calendar years ranging from an increase of +26.4 percent in CY04 to a decrease of -38.5 percent in CY08. Resident employment also experienced volatility during this period - an average annual growth rate of 1.2 percent in the County's resident employment during the CY02-CY06 period and a decline of -0.8 percent in CY07, followed by an increase of +0.8 percent in CY08, followed by a decrease of -1.8 percent in CY09, and increases of +0.3 percent, +1.4 percent, and +1.0 percent in CY10, CY11, and CY12, respectively. However, with employment growth in CY10, CY11, and CY12 coupled with strong growth in the S&P 500 index in CY09 (↑23.5%), CY10 (↑12.8%), and CY12 (↑13.4%) – there was no growth in CY11, total income tax revenues increased 5.0 percent in FY13. As the chart below illustrates, total quarterly distributions for withholding and estimated payments increased 5.0 percent in FY13, which followed an increase of 11.5 percent in FY12, a decrease of 0.3 percent in FY11, another decrease of 9.0 percent in FY10 and increases of 0.2 percent and 4.9 percent in FY09 and FY08, respectively.

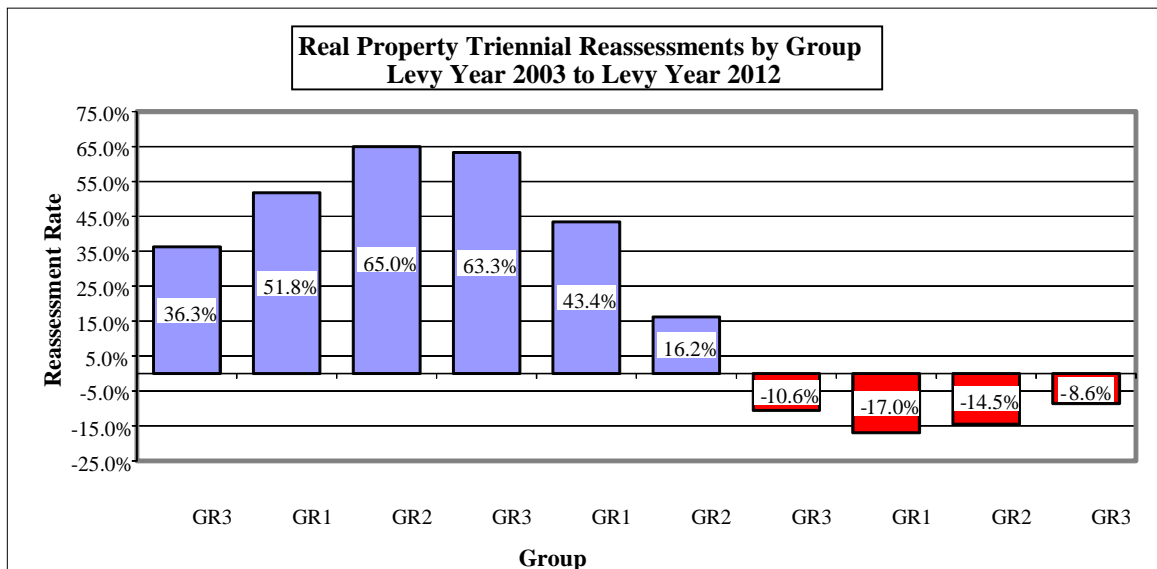
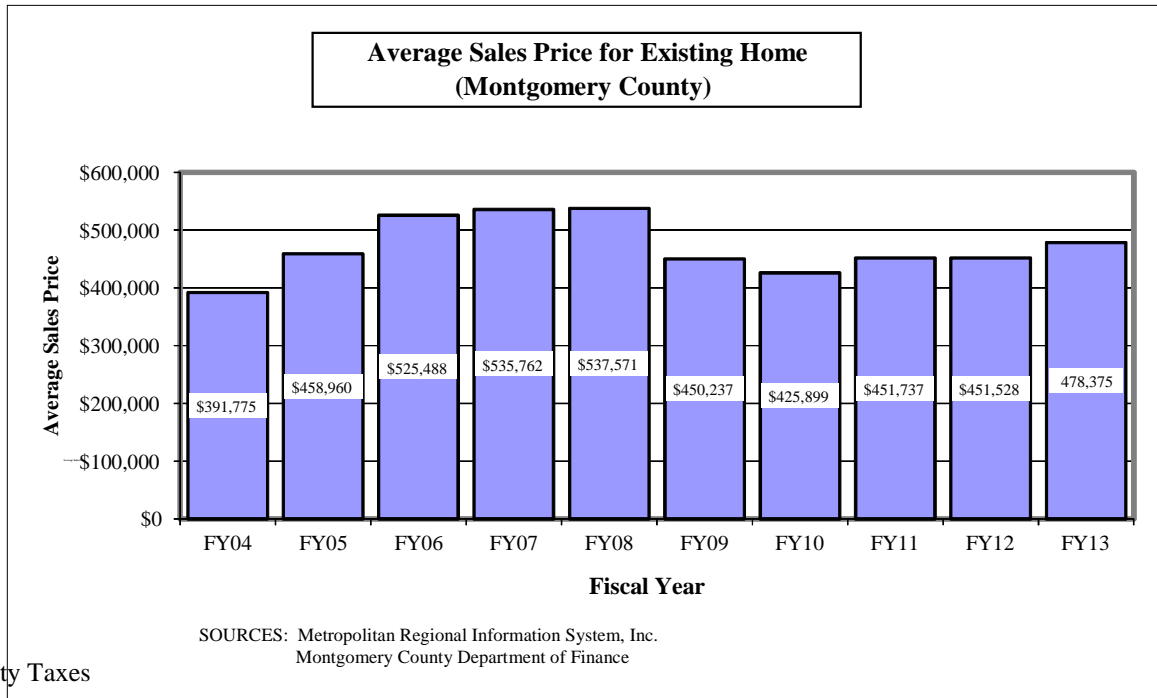


Property Taxes

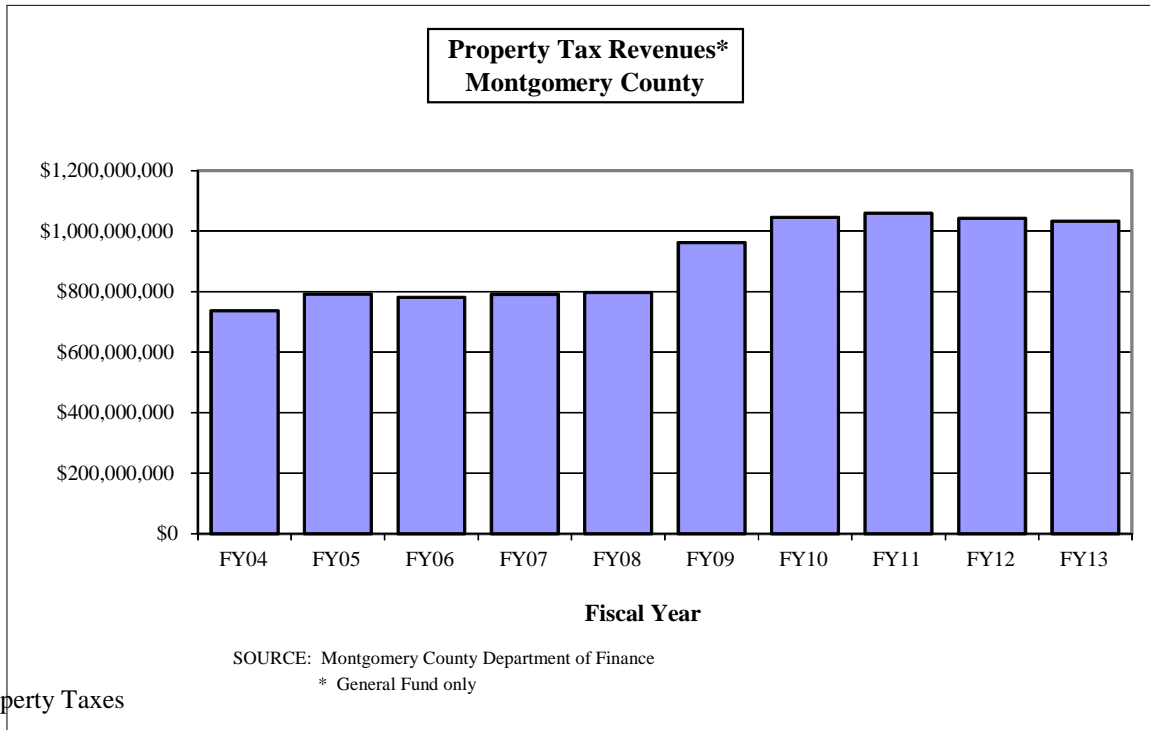
Property tax collections, which represent another major contributor of actual tax revenues to the General Fund and the second largest in FY13, amounted to \$1,036.2 million in FY13, which were \$11.0 million (↑1.1%) above the budget estimate but 0.6 percent below actual revenues in FY12. Actual property taxes, excluding penalties and interest and other items, were \$1,033.9 million in FY13 – a decrease of 0.8 percent from the previous fiscal year. Collections from penalties and interest and other items were \$2.3 million – a 352.2 percent increase from FY12.

The taxable assessments for real property decreased 2.4 percent from FY12 to FY13. This was the second consecutive decrease in over twenty-three years. New construction, which added \$1.408 billion to the base in FY13, was 140.4 percent higher than in FY12. The real estate market, particularly the annual double-digit price increases during fiscal years (FY03-FY06), fueled the dramatic increases in the triennial reassessment rates beginning with Group Three, which increased from 36.3 percent in levy year 2003 to 63.3 percent in levy year (LY) 2006 and for Group One triennial reassessments were 51.8 percent and 43.3 percent in levy years 2004 and 2007, respectively. With the average sales price for an existing home declining 16.2 percent in FY09 and 5.4 percent in FY10, the reassessment rate for Group Two declined from 65.0 percent for LY05 to 16.2 percent for LY08, the rate for Group Three declined from 63.3 percent for LY06 to -10.6 percent for LY09, and the rate for Group One declined from 43.4 percent in levy year 2007 to -17.0 percent in levy year 2010. With the dramatic decline in average sales prices, the triennial reassessment rate for Group Two declined from 16.2 percent to -14.5 percent for LY11 and declined again for Group Three in LY12 (↓8.6%).

Property Taxes



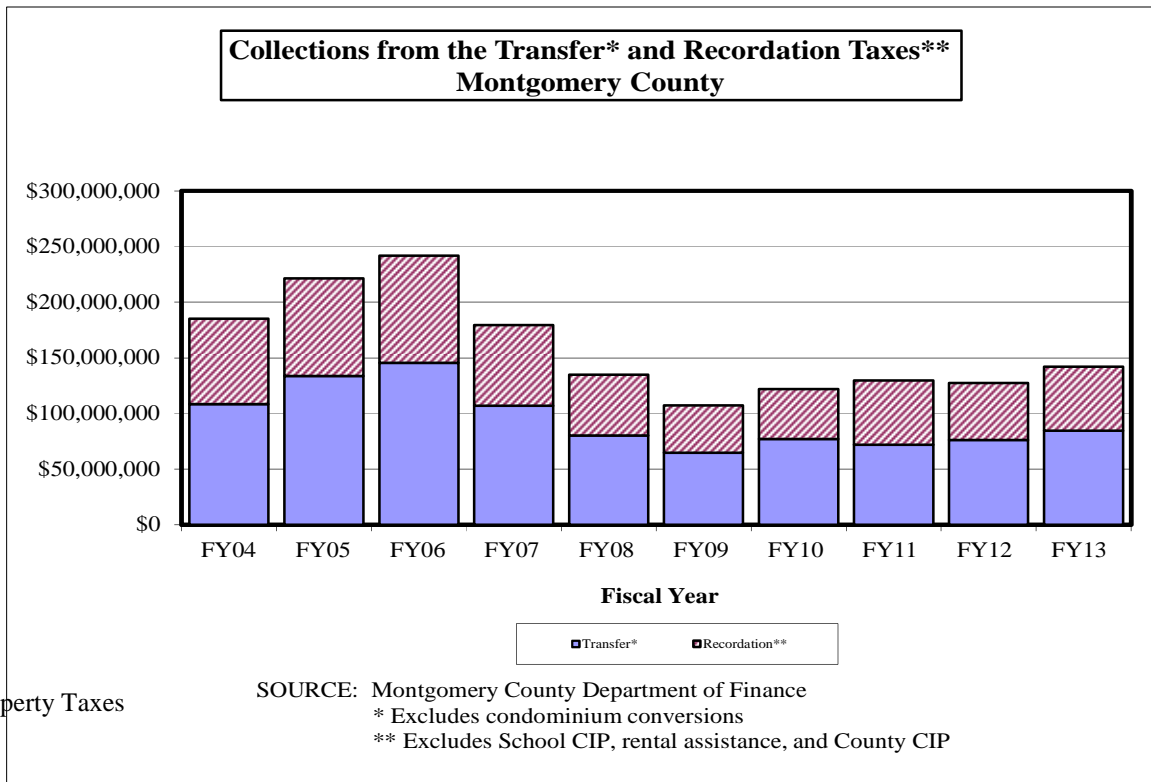
However, the homestead tax credit limits annual increases in homeowners' taxable assessments to 10 percent per year although other taxable assessments such as commercial and investment residential properties are not limited by this credit. While there was a dramatic decrease in the reassessment rates for Groups One, Two and Three over the past four levy years, the remaining amount of the credit added \$229.4 million to the assessable base in FY13 down from \$729.0 million in FY12.



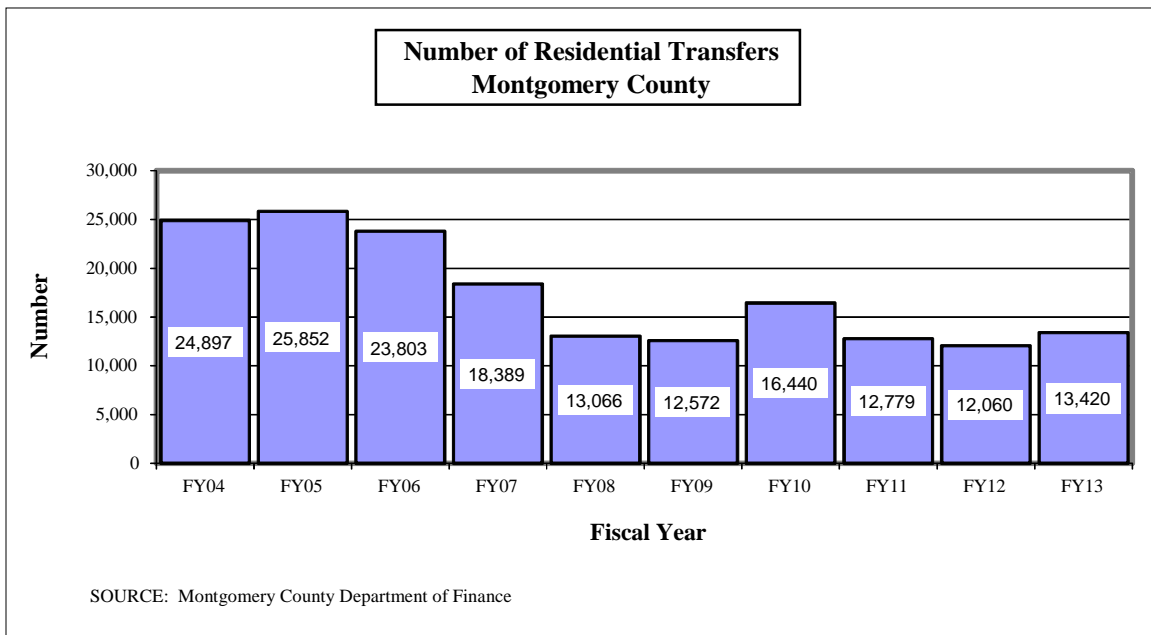
Assessments of personal property increased 0.6 percent in FY03, but declined 6.2 percent in FY04 primarily due to weaknesses in all three categories: individual, public utility, and corporate. Unfortunately, there was no rebound in the subsequent years as illustrated by a 1.5 percent decline in FY05, 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 State Department of Assessments and Taxation (SDAT). 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 rebounding in FY10 (↑5.2%) attributed to increases in corporate and public utility assessments, but declined 6.5 percent in FY11 and declined 3.6 percent in FY12 to \$3.719 billion and declined in FY13 to \$3.605 billion attributed to declines in corporate and utility personal property. For the previous five fiscal years (FY08-FY12), taxable assessments for personal property averaged \$3.265 billion ranging from a low of \$3.719 billion in FY12 to a high of \$4.124 billion in FY10.

Transfer and Recordation Taxes

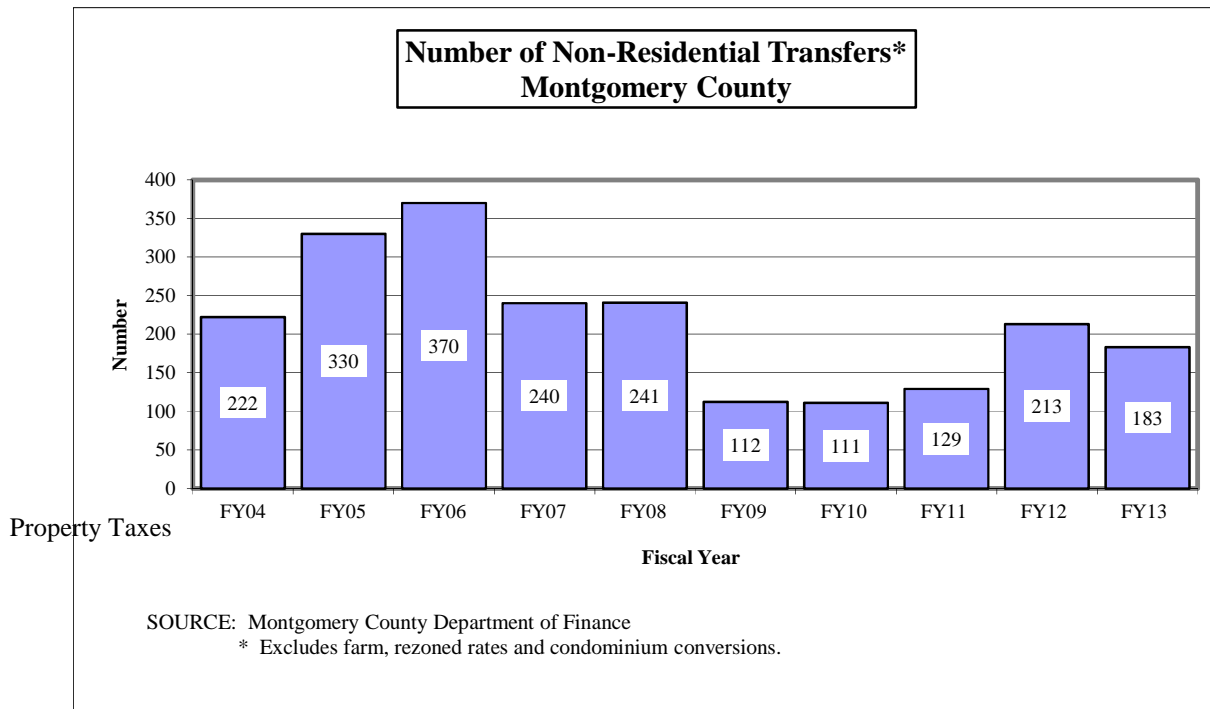
Another major tax revenue category in the County is the combination of real property transfer and recordation taxes. The combined tax receipts from these sources in FY13 were \$142.0 million (excluding recordation tax revenues earmarked for CIP funding of school construction, rental assistance, and CIP funding for the County; and transfer tax revenues from condominium conversions). With the increase in actual revenues in FY13, they were also 4.0 percent above the budget estimate. As the accompanying chart illustrates, the total amount collected from these taxes increased from \$185.2 million in FY04 to a peak of \$241.7 million in FY06, before declining to \$107.2 million in FY09. In FY10, taxes from the combined transfer and recordation taxes rebounded to \$122.0 million, increased to \$129.5 million in FY11, declined to \$127.3 million in FY12, then increased to \$142.0 million in FY13.



General Fund revenues from the transfer tax experienced an increase of 10.9 percent in FY13 and a 12.6 percent increase in the recordation tax. Because of the increase attributed to an increase in home sales in FY13, revenues from the residential sector for both taxes were \$92.8 million, an increase of 21.9 percent from FY12. The number of residential transfers increased to 13,420 (↑11.3%).



Based on the amount of revenues from the non-residential transfer tax, the commercial market declined in FY13 with revenues at \$18.7 million – a decrease of 3.9 percent from FY12. However, even with that decline, the amount of revenue in FY13 was the third highest over the past ten fiscal years. The decrease in revenues from the commercial market was attributed to the decrease in the number of transfers (183) in FY13 compared to 213 in FY12.



The remaining tax sources – consisting of fuel/energy, telephone, hotel/motel, and admissions and amusement taxes – totaled \$292.0 million and were approximately \$12.1 million or 4.0 percent below the budget estimate. Revenues from the telephone tax were 6.3 percent below the budget estimate and 1.7 percent below actual revenues in FY12. Revenues from the hotel/motel industry of \$18.9 million in FY13 were 0.7 percent below the budget estimate but 4.1 percent above actual revenues in FY12. The admissions tax was 38.0 percent above the budget estimate and 27.2 percent above actual revenues in FY12.

In the General Fund, actual investment income increased from \$12,224 in FY12 to \$66,215 in FY13 (↑441.7%) but was approximately \$186,000 lower than the budget estimate (↓73.8%). The dramatic decrease in FY13 over the budget estimate was the result of a continued 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 and remained at that historic low level throughout FY13. The justification for such a decrease was the significant global credit crisis that began in August 2007, the subsequent economic recession that ended in June 2009, and the European Community financial crisis of CY12, and the FOMC's monetary policy of stimulating investment and reducing the national unemployment rate. Because of this low level of interest rates during FY13 short-term or money market rates remained at historic low levels as well, hence the average yield on cash equity for the County decreased from 0.22 percent in FY10, to 0.10 percent in FY11, to 0.02 percent in FY12, but increased slightly to 0.16 percent in FY13. With the decrease in investment income coupled with a spending restraint, the average daily portfolio balance decreased from \$187.9 million in FY12 to \$121.8 million in FY13.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets at June 30, 2013, amounted to \$3,830 million (net of accumulated depreciation and amortization), as summarized below:

Capital Assets, Net of Depreciation June 30, 2013				
	Governmental Activities	Business-type Activities	Total FY13	Total FY12
Land	\$ 799,206,085	\$ 59,639,134	\$ 858,845,219	\$ 855,290,969
Buildings	402,730,380	124,469,660	527,200,040	548,324,150
Improvements other than buildings	28,633,396	39,562,039	68,195,435	67,186,206
Furniture, fixtures, equipment and machinery	47,225,157	10,333,544	57,558,701	59,353,357
Leasehold improvements	6,163,085	-	6,163,085	6,638,513
Automobiles and trucks	100,671,107	691,656	101,362,763	118,729,667
Infrastructure	1,130,041,230	10,476	1,130,051,706	1,132,858,197
Other assets	33,472,612	-	33,472,612	37,613,553
Construction in progress	1,013,191,055	33,817,346	1,047,008,401	781,158,873
Total	\$ 3,561,334,107	\$ 268,523,855	\$ 3,829,857,962	\$ 3,607,153,485

Changes in the County's capital assets for FY13 are summarized as follows:

Change in Capital Assets For the Fiscal Year Ended June 30, 2013				
	Governmental Activities	Business-type Activities	Total FY13	Total FY12
Beginning Balance	3,352,484,513	254,668,972	3,607,153,485	\$ 3,453,673,692
Additions*	299,871,790	27,815,696	327,687,486	260,085,048
Retirements, net*	6,372,137	64,913	6,437,050	3,793,075
Depreciation expense	84,650,059	13,895,900	98,545,959	102,812,180
Ending Balance	\$ 3,561,334,107	\$ 268,523,855	\$ 3,829,857,962	\$ 3,607,153,485
* Presented net of transfers from construction in progress; retirements are also net of related accumulated depreciation.				

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

- Roads, including underlying land, valued at \$4.79 million were transferred to the County by various developers.
- The Judicial Center Annex project accumulated \$47.19 million dollars in cost this fiscal year. This project provides for the planning, design, and construction of the Montgomery County Judicial Center annex, the Montgomery County Judicial Center HVAC renovation, and other needed renovations to the Montgomery County Judicial Center.

- The Equipment Maintenance and Operations Center project accumulated \$45.86 million dollars in cost this fiscal year. The major components of the project consist of constructing administrative buildings for Transit Services, Fleet Management, Highway Services, developing a parking area for 200 buses, and construct a compressed natural gas fast-fill station.
- The Animal Services and Adoption Center project accumulated \$13.34 million dollars in cost this fiscal year. This project provides for the design and construction of a new animal shelter. The new shelter will replace the existing animal shelter, which currently does not meet operational needs.

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, 2013:

Long-Term Debt				
June 30, 2013				
Property Taxes	Governmental Activities	Business-type Activities	Total FY13	Total FY12
General obligation bonds	\$2,149,825,000	\$ -	\$2,149,825,000	\$1,997,290,000
Variable rate demand obligation	100,000,000	-	100,000,000	100,000,000
Bond anticipation notes	500,000,000	-	500,000,000	500,000,000
Revenue bonds	76,711,610	81,653,390	158,365,000	128,940,000
Lease revenue bonds	31,240,000	-	31,240,000	33,100,000
Leases and Notes payable *	49,745,063	1,976,348	51,721,411	59,537,476
Certificates of participation	30,675,000	-	30,675,000	37,420,000
Capital leases	20,130,000	-	20,130,000	46,530,000
Taxable Ltd. Obligation Certificates	54,170,000	-	54,170,000	56,265,000
Compensated absences	70,745,510	5,436,291	76,181,801	79,650,557
Other Postemployment Benefits	425,092,824	3,965,222	429,058,046	380,693,812
Claims payable self-insurance	141,713,632	-	141,713,632	138,197,027
Claims and judgements	-	-	-	1,976,921
Landfill closure costs	-	17,329,214	17,329,214	16,999,682
Total	\$3,650,048,639	\$ 110,360,465	\$3,760,409,104	\$3,576,600,475
*Lease and Notes payable include equipment notes, HUD loan, WSSC note, ERP and Safety Equipment.				

At June 30, 2013, the County had outstanding general obligation (GO) bonds of \$2,149.8 million, with outstanding variable rate demand obligations (VRDOs) of \$100 million and bond anticipation notes (BANs) of \$500 million. Over the last ten years, the County issued its GO bonds once a year, with the exception of FY08, when no GO "new money" bonds were issued. The County 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 FY02, the County sold general obligation bond issues, exclusive of refundings, of up to \$325 million. Over the last ten fiscal years, the County's annual issues (including the June 2006 issue of \$100 million of VRDOs) averaged \$230 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 Ratings. County GO bonds have been consistently awarded the highest credit rating from Moody's and Standard and Poor's since 1973 and 1976, respectively, and from Fitch since 1991.

Montgomery County is one of only 14 'Triple AAA' rated counties in the nation with a population greater than 900,000. In September 2012, the County received its annual credit ratings. Fitch cited "key rating drivers" of strong operating results that materially enhanced the County's reserve position and a balanced multi-year fiscal plan that addressed critical operating priorities relating to fund balance replenishment, pay-as-you-go capital, and other post-employment benefits. Fitch also cited the County's excellent economic underpinnings of a stable regional economy anchored by extensive federal government presence, a highly skilled labor force, and ~~15~~ high-income metrics.

Moody's stated that their rating and outlook reflected the County's sizeable and diverse tax base, strong socio-economic profile with above-average personal wealth and income levels and comprehensive fiscal policies. Standard and Poor's rating reflected their opinion of the County's broad-based economy, very strong income levels, historically stable and diverse property tax base and well-embedded financial management practices. Standard and Poor's also cited the County's improved financial position with significant increases in reserves and a moderate to low debt burden.

The rating category, by definition, represents extremely strong capacity to pay principal and interest. Typically, 'AAA' ^{Property Taxes} 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 FY12, the County satisfied its disclosure requirements via electronic 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, and 17-21.

Significant bond-related debt activities during FY13 were:

- Taxable Lease Revenue Refunding Bonds - the County issued a Purchase Agreement totaling \$8.4 million to advance refund outstanding taxable lease revenue refunding bonds for the Montgomery County Conference Center.
- General Obligation Bonds and Refunding Bonds - In October 2012, the County's annual general obligation bond issue was in the amount of \$295 million. The proceeds of this bond issue were used to pay off an equivalent amount of the County's BANs, which funded capital expenditures for transportation, education, and other County facilities. Concurrent with this annual bond sale, the County issued \$23.7 million of general obligation refunding bonds to refund outstanding County bonds for debt service savings.
- Bond Anticipation Notes (BANs) - Over the course of FY13, the County issued \$326.8 million in BANs and retired \$326.8 million with general obligation bond proceeds.
- 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 FY14 budget with updates based on revised economic data subsequent to the approval of the County's budget:

- Montgomery County's economic performance improved during year (FY13). The major reasons for the improvement were a modest decrease in the unemployment rate, an increase in employment – both resident (labor force series) and payroll employment (establishment series), and an increase in the median prices for existing homes. Residential construction also picked up in FY13. The County's economic projections in the FY14 budget assume a mixed economic performance in FY14 with the County continuing to experience an elevated unemployment rate in calendar year (CY) 2013 but a modest revised increase (↑1.1% in CY13) in total resident employment.
- During the past thirteen years (CY00 – CY12), total payroll employment in Montgomery County, which is based on the survey of establishments, experienced three distinct cycles: modest growth from CY00 to CY06 at an average annual rate of 0.6 percent, a decline from CY06 to CY10 at an average annual rate of 0.9 percent, and an increase at a revised average annual rate of 0.9 percent from CY10 to CY12. The Department of Finance estimates that total payroll employment is expected to increase 1.2 percent in CY13.
- Resident employment in the County, which is based on a survey of County households, provides a slightly different picture of employment growth. For example, resident employment grew at an average annual rate of 0.9 percent between CY00 and CY06 (compared to the 0.6 percent for payroll employment). Between CY06 and CY10, resident employment in the County experienced a decrease at an annual rate of 0.4 percent while payroll employment declined at an annual rate of 0.9 percent. On a calendar year basis, resident employment in Montgomery County increased a revised 1.4 percent in CY11 and a revised 1.0 percent in CY12. Resident employment is expected to increase a revised 1.1 percent in CY13.
- The employment projection in the FY14 budget assumes that personal income will increase 2.6 percent in CY13 and 5.5 percent in CY14 and per capita income will increase 1.8 percent in CY13 and 4.7 percent in CY14. Income data for CY13 and CY14 are based on estimates derived by the Department of Finance.
- The estimated increase in employment and an estimated increase of 2.6 percent in personal income in CY13 are offset by the current elevated unemployment rate thereby reflecting a mixed performance in the County's economy.
- The Federal Open Market Committee (FOMC) of the Board of Governors of the Federal Reserve System is expected to maintain the targeted federal funds rate within the target range of 0.00-0.25 percent through CY14 – based on the policy statement of the FOMC dated July 31, 2013. Because of that policy by the FOMC, the County's budget projections include only a modest increase in the yield on its investments from 0.16 percent in FY13 to 0.19 percent in FY14.
- Inflation, as measured by the Consumer Price Index, is expected to increase 2.32 percent in FY14.
- As part of the State of Maryland's Budget Reconciliation and Financing Act of 2012, the State of Maryland (State) required Counties to appropriate in local school board's operating budgets in FY13-16, a set amount above the maintenance of effort level of funding. The local school boards were required to use this additional amount of funding to pay to the State for the normal costs of teacher pensions in those years. In FY17 the calculation of the local maintenance of effort will include the FY16 amount for the normal cost of

retirement for all qualifying employees. The State authorized certain additional revenues to offset the impact of this new obligation to contribute toward the pension cost of qualifying employees. In FY13, the County's contribution for school pensions was \$27.2 million.

OTHER SIGNIFICANT MATTERS

The County is also following the appeal of a case in which it is not a party, *Comptroller v. Wynn*, 431 Md. 147 (2013). In that case, the State has filed a writ of certiorari with the United States Supreme Court to review the judgment of the Court of Appeals of Maryland, which ruled that counties are prohibited from collecting personal income taxes from their own residents to the extent that the income was earned from sources in another state where the income is subject to tax by that state. The ruling has not affected County income tax revenues because the Court of Appeals stayed the effect of the ruling pending appeal to the United States Supreme Court. If the Court of Appeals ruling stands, each county in Maryland will see a reduction in income tax revenue, including this County. The final fiscal impact of the ruling on the County is not determinable at this time.

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 POSITION
JUNE 30, 2013
Exhibit A-1

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		Total
ASSETS				
Equity in pooled cash and investments	\$ 759,465,877	\$ 91,615,654	\$ 851,081,531	\$ 73,553,665
Cash with fiscal agents	46,550,676	13,172,253	59,722,929	69,688,457
Cash	392,695	130,713	523,408	12,319,884
Investments - cash equivalents	-	-	-	118,599,329
Investments	-	-	-	42,079,111
Receivables (net of allowance for uncollectibles):				
Income taxes	359,793,235	-	359,793,235	-
Property taxes	23,785,150	794,606	24,579,756	-
Capital leases	31,240,000	-	31,240,000	18,584,448
Accounts	44,339,367	6,120,288	50,459,655	49,855,695
Notes	6,074,077	33,171,500	39,245,577	57,785,000
Parking violations	661,014	1,673,066	2,334,080	-
Mortgage receivable	206,671,661	-	206,671,661	335,475,122
Interest	-	-	-	5,260,038
Other	8,141	-	8,141	6,459,601
Internal balances	1,083,999	(1,083,999)	-	-
Due from primary government	-	-	-	67,993,425
Due from component units	79,623,914	696,763	80,320,677	-
Due from other governments	38,697,643	206,471	38,904,114	38,078,508
Inventory of supplies	13,049,130	25,635,407	38,684,537	11,163,495
Prepays	625,209	363,269	988,478	4,342,917
Unamortized bond issuance cost	7,719,303	908,604	8,627,907	412,435
Other assets	-	125,489	125,489	106,346,707
Restricted Assets:				
Equity in pooled cash and investments	-	34,772,653	34,772,653	14,069,754
Cash with fiscal agents	-	-	-	21,471,053
Cash	-	-	-	471,511
Investments - cash equivalents	-	-	-	106,500,086
Investments	-	8,109,646	8,109,646	64,911,553
Capital Assets:				
Nondepreciable assets	1,812,397,140	93,456,480	1,905,853,620	389,478,745
Depreciable assets, net	1,748,936,967	175,067,375	1,924,004,342	2,984,587,460
Total Assets	5,181,115,198	484,936,238	5,666,051,436	4,599,487,999
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	-	-	-	11,850,257
Total Assets and Deferred Outflow of Resources	5,181,115,198	484,936,238	5,666,051,436	4,611,338,256
LIABILITIES				
Accounts payable	61,711,023	19,701,048	81,412,071	101,242,521
Interest payable	32,863,056	328,706	33,191,762	18,780,607
Retainage payable	30,890,971	1,484,964	32,375,935	11,830,774
Accrued liabilities	63,675,460	4,908,114	68,583,574	57,973,453
Deposits	650,816	10,316,015	10,966,831	19,844,946
Due to primary government	-	-	-	82,532,140
Due to component units	67,268,533	724,892	67,993,425	-
Due to other governments	13,600,142	1,779,069	15,379,211	49,865
Unearned revenue	40,575,787	2,729,112	43,304,899	26,332,820
Other liabilities	-	411,514	411,514	22,211,308
Noncurrent Liabilities:				
Due within one year	788,300,350	8,935,709	797,236,059	91,343,297
Due in more than one year	2,991,860,587	106,066,966	3,097,927,553	1,565,535,815
Total Liabilities	4,091,396,725	157,386,109	4,248,782,834	1,997,677,546
NET POSITION				
Net investment in capital assets	1,932,495,036	191,266,741	2,123,761,777	2,829,778,692
Restricted for:				
Capital projects	-	-	-	57,599
General government	12,929,963	-	12,929,963	-
Public safety	6,466,542	-	6,466,542	-
Public works and transportation	18,382,036	94,329,133	112,711,169	-
Recreation	7,883,857	-	7,883,857	-
Community development and housing	235,138,560	-	235,138,560	-
Environment	9,425,823	-	9,425,823	-
Debt service	6,337,410	-	6,337,410	63,429,143
Other purposes	-	-	-	36,632,457
Unrestricted (deficit)	(1,139,340,754)	41,954,255	(1,097,386,499)	(316,237,181)
Total Net Position	\$ 1,089,718,473	\$ 327,550,129	\$ 1,417,268,602	\$ 2,613,660,710

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

MONTGOMERY COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit A-2

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	\$ 400,023,515	\$ 67,955,551	\$ 4,746,333	\$ 6,998,575
Public safety	609,565,746	44,887,666	37,548,290	1,866,778
Public works and transportation	278,716,716	31,024,303	34,642,383	11,801,526
Health and human services	272,032,818	4,976,188	105,230,050	-
Culture and recreation	93,965,468	37,693,903	12,344,981	1,739,360
Community development and housing	37,821,686	7,882,996	738,299	1,008,236
Environment	28,913,062	23,115,938	623,999	-
Education	1,797,097,286	-	-	-
Interest on long term debt	112,841,235	-	-	-
Total Governmental Activities	<u>3,630,977,532</u>	<u>217,536,545</u>	<u>195,874,335</u>	<u>23,414,475</u>
Business-type Activities				
Liquor control	225,759,582	259,327,227	-	-
Solid waste disposal and collection	106,039,038	108,780,916	-	-
Parking lot districts	30,321,385	31,980,146	-	-
Permitting services	27,534,056	45,231,452	-	-
Community use of public facilities	9,533,241	10,555,506	-	-
Total Business-type Activities	<u>399,187,302</u>	<u>455,875,247</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 4,030,164,834</u>	<u>\$ 673,411,792</u>	<u>\$ 195,874,335</u>	<u>\$ 23,414,475</u>
Component Units:				
General government (BUPI)	\$ 4,471,400	\$ 4,311,405	\$ 218,782	\$ -
Culture and recreation (MCRA)	18,495,505	16,690,212	-	398,778
Community development and housing (HOC)	231,494,325	114,581,672	110,901,827	5,186,386
Education:				
Elementary and secondary education (MCPS)	2,516,248,649	28,777,818	112,121,707	67,675,374
Higher education (MCC)	288,337,005	76,977,267	15,171,127	319,724
Total Component Units	<u>\$ 3,059,046,884</u>	<u>\$ 241,338,374</u>	<u>\$ 238,413,443</u>	<u>\$ 73,580,262</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 Positon				
Net Position - Beginning				
Net Position - Ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total		
\$ (320,323,056)	\$ -	\$ (320,323,056)	\$ -	
(525,263,012)	-	(525,263,012)	-	
(201,248,504)	-	(201,248,504)	-	
(161,826,580)	-	(161,826,580)	-	
(42,187,224)	-	(42,187,224)	-	
(28,192,155)	-	(28,192,155)	-	
(5,173,125)	-	(5,173,125)	-	
(1,797,097,286)	-	(1,797,097,286)	-	
(112,841,235)	-	(112,841,235)	-	
(3,194,152,177)	-	(3,194,152,177)	-	
-	33,567,645	33,567,645	-	
-	2,741,878	2,741,878	-	
-	1,658,761	1,658,761	-	
-	17,697,396	17,697,396	-	
-	1,022,265	1,022,265	-	
-	56,687,945	56,687,945	-	
(3,194,152,177)	56,687,945	(3,137,464,232)	-	
-	-	-	58,787	
-	-	-	(1,406,515)	
-	-	-	(824,440)	
-	-	-	(2,307,673,750)	
-	-	-	(195,868,887)	
-	-	-	(2,505,714,805)	
1,463,855,656	10,063,874	1,473,919,530	-	
1,311,161,472	-	1,311,161,472	-	
84,391,394	-	84,391,394	-	
57,635,661	-	57,635,661	-	
223,948,716	-	223,948,716	-	
18,910,872	-	18,910,872	-	
45,696,525	-	45,696,525	-	
3,168,328	-	3,168,328	-	
-	-	-	2,644,023,106	
8,036,630	51,852	8,088,482	8,045,436	
4,965,531	-	4,965,531	191,112	
44,703,099	(44,703,099)	-	-	
3,266,473,884	(34,587,373)	3,231,886,511	2,652,259,654	
72,321,707	22,100,572	94,422,279	146,544,849	
1,017,396,766	305,449,557	1,322,846,323	2,467,115,861	
\$ 1,089,718,473	\$ 327,550,129	\$ 1,417,268,602	\$ 2,613,660,710	

MONTGOMERY COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013
Exhibit A-3

	General	Housing Initiative	Grants	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Equity in pooled cash and investments	\$ 454,643,577	\$ 12,005,289	\$ -	\$ 202,834	\$ 54,491,848	\$ 68,372,992	\$ 589,716,540
Cash with fiscal agents	4,618,082	-	-	6,930,270	35,002,324	-	46,550,676
Cash	147,345	212,450	-	-	-	32,600	392,395
Receivables (net of allowances for uncollectibles):							
Income taxes	359,793,235	-	-	-	-	-	359,793,235
Property taxes	18,400,655	-	-	-	-	5,384,495	23,785,150
Capital leases	-	-	-	31,240,000	-	-	31,240,000
Accounts	30,539,617	-	-	17,464	253,024	12,063,068	42,873,173
Notes	-	-	5,306,470	-	12,068	755,538	6,074,076
Parking violations	430,113	-	-	-	-	230,901	661,014
Mortgages receivable	134,155	174,165,686	28,711,205	-	300,000	3,360,615	206,671,661
Other	-	-	8,066	-	75	-	8,141
Due from other funds	50,477,430	-	-	-	-	2,098,292	52,575,722
Due from component units	163,875	49,403,664	8,782,885	-	19,783,264	-	78,133,688
Due from other governments	12,543,738	-	20,560,305	-	3,642,464	1,797,438	38,543,945
Inventory of supplies	5,337,288	-	-	-	3,054,415	-	8,391,703
Prepays	312,031	-	670	-	2,500	102,478	417,679
Total Assets	<u>\$ 937,541,141</u>	<u>\$ 235,787,089</u>	<u>\$ 63,369,601</u>	<u>\$ 38,390,568</u>	<u>\$ 116,541,982</u>	<u>\$ 94,198,417</u>	<u>\$ 1,485,828,798</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 23,830,855	\$ 224,548	\$ 4,194,173	\$ 326,160	\$ 20,625,555	\$ 3,999,853	\$ 53,201,144
Retainage payable	2,578	-	15,250	-	30,787,086	86,062	30,890,976
Accrued liabilities	36,669,523	85,014	807,741	-	972,318	11,430,115	49,964,711
Deposits	-	-	-	486,998	-	163,818	650,816
Due to other funds	7,482,689	16,360	7,798,175	-	45,067,493	3,495,363	63,860,080
Due to component units	48,660,708	94,009	1,493,234	-	17,019,768	814	67,268,533
Due to other governments	1,578,689	900	6,260,468	-	3,425,884	2,331,898	13,597,839
Unearned revenue	310,800,583	4,656,162	42,800,560	31,240,000	2,667,689	13,173,809	405,338,803
Total Liabilities	<u>429,025,625</u>	<u>5,076,993</u>	<u>63,369,601</u>	<u>32,053,158</u>	<u>120,565,793</u>	<u>34,681,732</u>	<u>684,772,902</u>
Fund Balances:							
Nonspendable	5,649,319	-	-	-	-	102,478	5,751,797
Restricted	184,879,381	226,089,283	-	6,337,410	-	40,817,260	458,123,334
Committed	49,695,245	4,620,813	-	-	-	18,596,947	72,913,005
Assigned	29,344,177	-	-	-	-	-	29,344,177
Unassigned	238,947,394	-	-	-	(4,023,811)	-	234,923,583
Total Fund Balances	<u>508,515,516</u>	<u>230,710,096</u>	<u>-</u>	<u>6,337,410</u>	<u>(4,023,811)</u>	<u>59,516,685</u>	<u>801,055,896</u>
Total Liabilities and Fund Balances	<u>\$ 937,541,141</u>	<u>\$ 235,787,089</u>	<u>\$ 63,369,601</u>	<u>\$ 38,390,568</u>	<u>\$ 116,541,982</u>	<u>\$ 94,198,417</u>	<u>\$ 1,485,828,798</u>

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

MONTGOMERY COUNTY, MARYLAND
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013
Exhibit A-4

Total fund balance - governmental funds (see Exhibit A-3) \$ 801,055,896

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

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

Nondepreciable capital assets:

Land	\$ 799,183,579	
Construction in progress	1,012,499,753	

Depreciable capital assets:

Buildings	763,410,300	
Improvements other than buildings	51,417,703	
Furniture, fixtures, equipment and machinery	233,822,379	
Automobiles and trucks	170,626,963	
Infrastructure	1,745,897,233	
Other capital assets	43,489,147	

Total capital assets	4,820,347,057	
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Less accumulated depreciation	(1,280,429,655)	3,539,917,402
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Long-term liabilities related to governmental fund activities are not due and
payable in the current period and therefore not reported in the funds:

General obligation bonds payable	(2,149,825,000)	
Variable rate demand obligations	(100,000,000)	
Bond anticipation notes payable	(500,000,000)	
Lease revenue bonds payable	(31,240,000)	
Accrued interest payable	(32,863,056)	
Capital leases payable	(20,130,000)	
Taxable limited obligation	(54,170,000)	
Certificates of participation	(30,675,000)	
Notes payable	(49,745,063)	
Revenue bonds	(76,711,610)	
Other postemployment benefits	(423,951,611)	
Compensated absences	(68,662,015)	(3,537,973,355)

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	(157,787,372)	
Unrecognized amount on refunding	27,675,074	
Unamortized bond issuance costs	7,719,303	(122,392,995)

Internal service funds are used by management to provide certain goods and
services to governmental funds. The assets and liabilities of internal service
funds are included in the government-wide statement of net position:

Assets:

Current and non current assets	182,891,318	
Capital assets	79,767,331	
Less accumulated depreciation	(58,350,626)	

Liabilities	(159,675,816)	
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Cumulative gain/loss for certain activities of internal service funds that is reported with business-type activities	(319,748)	44,312,459
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Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds:

Income taxes	282,781,321	
Property taxes	22,542,383	
Intergovernmental revenue	12,855,940	
Other revenue	46,619,422	364,799,066

Net position of governmental activities (See Exhibit A-1)		\$ 1,089,718,473
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MONTGOMERY COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit A-5

	General	Housing Initiative	Grants	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 2,787,821,510	\$ 10,319,181	\$ -	\$ -	\$ 78,937,588	\$ 336,848,582	\$ 3,213,926,861
Licenses and permits	9,703,745	-	-	-	-	1,034,488	10,738,233
Intergovernmental	52,078,738	-	105,829,249	6,111,775	9,561,102	29,714,409	203,295,273
Charges for services	29,326,506	-	127,898	-	-	89,443,237	118,897,641
Fines and forfeitures	23,160,668	-	-	-	-	829,513	23,990,181
Investment income	71,201	3,052,687	276,290	3,831	47,785	107,457	3,559,251
Miscellaneous	10,068,311	10,082,404	1,738,802	4,753,669	1,039,272	927,148	28,609,606
Total Revenues	<u>2,912,230,679</u>	<u>23,454,272</u>	<u>107,972,239</u>	<u>10,869,275</u>	<u>89,585,747</u>	<u>458,904,834</u>	<u>3,603,017,046</u>
EXPENDITURES							
Current:							
General government	357,625,727	-	4,113,459	-	-	15,698,700	377,437,886
Public safety	359,143,452	-	18,376,415	-	-	206,598,031	584,117,898
Public works and transportation	65,802,491	-	4,036,240	-	-	112,535,109	182,373,840
Health and human services	189,005,324	-	73,664,810	-	-	-	262,670,134
Culture and recreation	35,495,928	-	117,730	-	-	39,449,372	75,063,030
Community development and housing	9,943,318	24,581,716	7,876,458	-	-	-	42,401,492
Environment	2,334,365	-	796,232	-	-	17,042,576	20,173,173
Education	1,541,101,257	-	-	-	-	-	1,541,101,257
Debt Service:							
Principal retirement	-	-	-	164,255,364	-	-	164,255,364
Leases and other obligations	-	-	-	26,472,773	-	-	26,472,773
Interest	-	-	-	112,329,448	-	-	112,329,448
Issuing costs	-	-	-	3,943,616	-	-	3,943,616
Capital projects	-	-	-	-	603,801,660	-	603,801,660
Total Expenditures	<u>2,560,451,862</u>	<u>24,581,716</u>	<u>108,981,344</u>	<u>307,001,201</u>	<u>603,801,660</u>	<u>391,323,788</u>	<u>3,996,141,571</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>351,778,817</u>	<u>(1,127,444)</u>	<u>(1,009,105)</u>	<u>(296,131,926)</u>	<u>(514,215,913)</u>	<u>67,581,046</u>	<u>(393,124,525)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	69,287,609	50,446,602	1,645,975	295,723,920	58,325,934	25,209,253	500,639,293
Transfers (out)	(328,005,356)	(13,336,499)	(636,870)	-	(34,857,355)	(61,663,770)	(438,499,850)
Sale of property	-	1,814,418	-	-	3,838,021	-	5,652,439
Financing under notes and leases payable	-	-	-	8,395,000	-	-	8,395,000
Payment to refunded bond escrow agent	-	-	-	(33,636,846)	-	-	(33,636,846)
Debt Issued:							
General obligation bonds	-	-	-	295,000,000	-	-	295,000,000
Premium on original issue debt	-	-	-	32,201,168	-	-	32,201,168
Premium on revenue bonds	-	-	-	3,020,750	2,457,405	-	5,478,155
Bond anticipation notes	-	-	-	(326,790,000)	326,790,000	-	-
Revenue bonds	-	-	-	-	37,835,000	-	37,835,000
General obligation refunding bonds	-	-	-	23,360,000	-	-	23,360,000
Premium on general obligation refunding bonds	-	-	-	2,013,430	-	-	2,013,430
Premium on lease revenue refunding bonds	-	-	-	57,288	-	-	57,288
Total Other Financing Sources (Uses)	<u>(258,717,747)</u>	<u>38,924,521</u>	<u>1,009,105</u>	<u>299,344,710</u>	<u>394,389,005</u>	<u>(36,454,517)</u>	<u>438,495,077</u>
Net Change in Fund Balances	93,061,070	37,797,077	-	3,212,784	(119,826,908)	31,126,529	45,370,552
Fund Balances - Beginning of Year*	415,454,446	192,913,019	-	3,124,626	115,803,097	28,390,156	755,685,344
Fund Balances - End of Year	<u>\$ 508,515,516</u>	<u>\$ 230,710,096</u>	<u>\$ -</u>	<u>\$ 6,337,410</u>	<u>\$ (4,023,811)</u>	<u>\$ 59,516,685</u>	<u>\$ 801,055,896</u>

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

*Beginning Fund Balance has been restated for General Fund to reflect the consolidation of the Revenue Stabilization Fund. See Footnote I.I.C.

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, 2013
Exhibit A-6

Net change in fund balances - total governmental funds (see Exhibit A-5)		\$	45,370,552
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays are expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated lives and reported as depreciation expense:			
Capital outlay	\$	296,596,760	
Depreciation expense		<u>(78,495,159)</u>	218,101,601
In the statement of activities, only the gain or loss on capital assets is reported. However, in the governmental funds, all proceeds or losses are reported as financial resources. Thus, the change in net position differs from the change in fund balance by the capital assets value.		(6,372,137)	(6,372,137)
Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources.		4,795,380	4,795,380
Some revenues will not be collected for several months after the fiscal year ends. As such, these revenues are not considered "available" revenues and are deferred in the governmental funds. Unearned revenues increased (decreased) this year, as follows:			
Income taxes		(6,371,618)	
Property taxes		2,737,790	
Intergovernmental revenues		10,310,522	
Other revenues		<u>6,996,618</u>	13,673,312
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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		(352,574,598)	
Bond anticipation notes		(326,790,000)	
Notes payable		(367,569)	
Capital lease financing		(8,452,288)	
Revenue bonds		(43,313,155)	
Less issuance costs		729,095	
Principal repayments:			
General obligation bonds		165,825,000	
Bond anticipation notes		326,790,000	
Taxable Limited Obligation Certificates		2,095,000	
Leases payable		1,903,000	
Capital leases		34,795,000	
Certificates of participation		6,745,000	
Notes payable		10,116,982	
Revenue bonds		<u>2,388,500</u>	(180,110,033)
Some expenses, representing the change in long-term liabilities or assets, reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:			
Accrued interest payable		2,714,101	
Compensated absences		3,404,165	
Other postemployment benefits		(48,364,234)	
Amortization		<u>20,954,675</u>	(21,291,293)
The current year gain for certain activities of internal service funds is reported with governmental activities.			<u>(1,845,675)</u>
Change in net position of governmental activities (see Exhibit A-2)		\$	<u><u>72,321,707</u></u>

MONTGOMERY COUNTY, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013
Exhibit A-7

	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	\$ 5,099,811	\$ 28,455,512	\$ 14,156,135	\$ 43,904,196	\$ 91,615,654	\$ 169,749,337
Cash with fiscal agents	2,249,608	-	10,922,645	-	13,172,253	-
Cash	33,325	3,000	94,388	-	130,713	300
Receivables (net of allowance for uncollectibles):						
Property taxes	-	-	794,606	-	794,606	-
Accounts	3,209,060	2,846,228	10,203	54,797	6,120,288	1,466,197
Parking violations	-	-	1,673,066	-	1,673,066	-
Due from other funds	-	-	-	-	-	5,166,603
Due from component units	-	52,206	644,557	-	696,763	1,490,226
Due from other governments	-	206,471	-	-	206,471	153,698
Inventory of supplies	25,635,407	-	-	-	25,635,407	4,657,427
Prepays	359,302	927	3,040	-	363,269	207,530
Other assets	125,489	-	-	-	125,489	-
Total Current Assets	36,712,002	31,564,344	28,298,640	43,958,993	140,533,979	182,891,318
Noncurrent Assets:						
Restricted Assets:						
Equity in pooled cash and equivalents	-	28,180,296	6,592,357	-	34,772,653	-
Investments	-	3,796,253	4,313,393	-	8,109,646	-
Restricted Assets	-	31,976,549	10,905,750	-	42,882,299	-
Notes receivable	-	-	33,171,500	-	33,171,500	-
Unamortized debt costs	296,418	-	612,186	-	908,604	-
Capital Assets:						
Land, improved and unimproved	7,033,656	17,834,755	34,770,723	-	59,639,134	22,506
Improvements other than buildings	18,235	81,554,468	78,292,010	-	159,864,713	268,565
Infrastructure	-	14,351	-	-	14,351	-
Buildings	33,579,022	32,750,237	185,519,552	-	251,848,811	-
Furniture, fixtures, equipment, and machinery	10,992,475	12,633,191	1,060,733	1,866,031	26,552,430	4,790,129
Automobiles and trucks	3,679,373	173,960	131,446	215,595	4,200,374	73,994,829
Construction in progress	16,409,217	-	17,408,129	-	33,817,346	691,302
Subtotal	71,711,978	144,960,962	317,182,593	2,081,626	535,937,159	79,767,331
Less: Accumulated depreciation	16,488,157	104,988,131	144,056,541	1,880,475	267,413,304	58,350,626
Total Capital Assets (net of accumulated depreciation)	55,223,821	39,972,831	173,126,052	201,151	268,523,855	21,416,705
Total Noncurrent Assets	55,520,239	71,949,380	217,815,488	201,151	345,486,258	21,416,705
Total Assets	92,232,241	103,513,724	246,114,128	44,160,144	486,020,237	204,308,023
(Continued)						

Notes to Financial Statements are an integral part of this statement

MONTGOMERY COUNTY, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013
Exhibit A-7

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Other Enterprise Funds	Totals	
LIABILITIES						
Current Liabilities:						
Accounts payable	13,333,382	3,958,029	2,018,399	391,238	19,701,048	8,509,879
Interest payable	-	-	328,706	-	328,706	-
Retainage payable	1,193,300	-	291,664	-	1,484,964	-
Deposits	536,292	-	273,078	9,506,645	10,316,015	-
Claims payable	-	-	-	-	-	37,366,897
Accrued liabilities	2,254,793	1,360,460	3,106,450	2,263,629	8,985,332	3,090,264
Due to other funds	275,549	132,299	49,789	306,615	764,252	4,359,920
Due to component units	-	-	655	724,237	724,892	-
Due to other governments	809,230	969,839	-	-	1,779,069	2,306
Equipment notes payable	257,112	-	-	-	257,112	298,909
Unearned revenue	4,618	-	-	2,724,494	2,729,112	36,049
Revenue bonds payable	1,370,128	-	2,100,000	-	3,470,128	-
Landfill closure costs	-	1,131,251	-	-	1,131,251	-
Other liabilities	-	-	411,514	-	411,514	-
Total Current Liabilities	20,034,404	7,551,878	8,580,255	15,916,858	52,083,395	53,664,224
Noncurrent Liabilities:						
Claims payable	-	-	-	-	-	104,346,735
Equipment note payable	1,626,452	-	-	92,784	1,719,236	-
Revenue bonds payable	32,601,966	-	50,223,506	-	82,825,472	-
Landfill closure costs	-	16,197,963	-	-	16,197,963	-
Compensated absences	480,493	259,327	81,332	537,921	1,359,073	523,643
Other postemployment benefits	1,838,263	477,232	229,800	1,419,926	3,965,221	1,141,214
Total Noncurrent Liabilities	36,547,174	16,934,522	50,534,638	2,050,631	106,066,965	106,011,592
Total Liabilities	56,581,578	24,486,400	59,114,893	17,967,489	158,150,360	159,675,816
NET POSITION						
Net investment in capital assets	19,368,164	39,972,235	131,725,191	201,151	191,266,741	21,117,796
Restricted for debt service	2,249,608	-	10,905,750	-	13,155,358	-
Unrestricted	14,032,891	39,055,089	44,368,294	25,991,504	123,447,778	23,514,411
Total Net Position	\$ 35,650,663	\$ 79,027,324	\$ 186,999,235	\$ 26,192,655	\$ 327,869,877	\$ 44,632,207
ADJUSTMENTS						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(319,748)	
Net position of business-type activities					\$ 327,550,129	

Notes to Financial Statements are an integral part of this statement

MONTGOMERY COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit A-8

	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	\$ 256,880,993	\$ -	\$ -	\$ -	\$ 256,880,993	\$ -
Charges for services	19,800	108,208,593	23,546,672	14,574,184	146,349,249	271,925,844
Licenses and permits	1,743,362	17,853	-	40,775,893	42,537,108	-
Fines and penalties	232,499	22,464	7,507,700	65,311	-	-
Claim recoveries	-	-	-	-	-	1,676,703
Total Operating Revenues	258,876,654	108,248,910	31,054,372	55,415,388	445,767,350	273,602,547
OPERATING EXPENSES						
Cost of goods sold	181,941,516	-	-	-	181,941,516	-
Personnel costs	25,227,365	13,023,931	4,165,434	23,379,203	65,795,933	25,203,087
Other post employment contributions	3,074,750	803,850	522,500	2,110,120	6,511,220	2,411,570
Postage	10,102	61,113	9,443	11,140	91,798	1,200,958
Self-insurance incurred and estimated claims	-	-	-	-	-	155,293,741
Insurance	704,059	754,460	21,610	149,420	1,629,549	6,764,313
Supplies and materials	401,729	1,027,399	366,396	611,874	2,407,398	30,848,960
Contractual services	1,761,188	85,538,060	6,541,625	4,621,703	98,462,576	11,982,203
Communications	464,209	167,682	213,251	256,162	1,101,304	617,808
Transportation	1,013,835	1,722,637	275,147	692,767	3,704,386	269,538
Public utility services	906,361	132,380	2,184,458	1,895,027	5,118,226	1,044,480
Rentals	6,436,345	21,096	1,330,285	2,509,013	10,296,739	1,826,010
Maintenance	443,722	260,982	2,508,703	596,201	3,809,608	12,278,895
Depreciation	1,547,073	1,693,169	10,603,482	52,176	13,895,900	6,154,900
Landfill closure expense	-	329,532	-	-	329,532	-
Other	374,372	332,194	7,983	126,742	841,291	96,549
Total Operating Expenses	224,306,626	105,868,485	28,750,317	37,011,548	395,936,976	255,993,012
Operating Income (Loss)	34,570,028	2,380,425	2,304,055	18,403,840	57,658,348	17,609,535
NONOPERATING REVENUES (EXPENSES)						
Property taxes	-	-	10,063,874	-	10,063,874	-
Gain (loss) on disposal of capital assets	(10,869)	5,446	(199)	-	(5,622)	96,220
Investment income	278	25,631	15,136	10,807	51,852	26,333
Interest expense	(1,442,087)	(170,553)	(1,570,869)	-	(3,183,509)	(11,367)
Miscellaneous	-	-	-	(55,749)	(55,749)	-
Other revenue	26,337	330,053	873,487	15,737	1,245,614	2,567,924
Insurance recoveries	-	23,881	2,949	-	26,830	374,278
Total Nonoperating Revenues (Expenses)	(1,426,341)	214,458	9,384,378	(29,205)	8,143,290	3,053,388
Income (Loss) Before Capital Contributions and Transfers	33,143,687	2,594,883	11,688,433	18,374,635	65,801,638	20,662,923
Transfers In (Out):						
Transfers in	-	-	71,674	125,000	196,674	1,597,958
Transfers out	(25,729,463)	(2,080,440)	(13,676,710)	(3,413,160)	(44,899,773)	(19,034,302)
Total Transfers In (Out)	(25,729,463)	(2,080,440)	(13,605,036)	(3,288,160)	(44,703,099)	(17,436,344)
Change in Net Position	7,414,224	514,443	(1,916,603)	15,086,475	21,098,539	3,226,579
Total Net Position - Beginning of Year	28,236,439	78,512,881	188,915,838	11,106,180		41,405,628
Total Net Position - End of Year	\$ 35,650,663	\$ 79,027,324	\$ 186,999,235	\$ 26,192,655		\$ 44,632,207
ADJUSTMENTS						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					1,002,033	
Change in net position of business-type activities					\$ 22,100,572	

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, 2013
Exhibit A-9

	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	\$ 269,181,230	\$ 106,084,487	\$ 30,429,263	\$ 54,349,579	\$ 460,044,559	\$ 272,210,230
Payments to suppliers	(205,032,258)	(91,963,848)	(16,163,302)	(13,168,868)	(326,328,276)	(82,809,962)
Payments to employees	(27,146,412)	(13,069,005)	(4,827,873)	(23,281,629)	(68,324,919)	(25,434,586)
Internal activity - payments from other funds	-	2,324,080	-	1,153,770	3,477,850	-
Other operating receipts	26,334	-	-	15,737	42,071	3,004,228
Other operating payments	-	-	-	(4,264,497)	(4,264,497)	-
Miscellaneous	-	-	-	(55,749)	(55,749)	-
Claims paid	-	-	-	-	-	(138,322,352)
Other revenue	-	323,695	876,435	5,285,400	6,485,530	-
Net Cash Provided (Used) by Operating Activities	<u>37,028,894</u>	<u>3,699,409</u>	<u>10,314,523</u>	<u>20,033,743</u>	<u>71,076,569</u>	<u>28,647,558</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Property tax collections	-	-	10,063,874	-	10,063,874	-
Operating subsidies and transfers from other funds	-	-	71,674	125,000	196,674	-
Operating subsidies and transfers to other funds	(25,729,463)	(2,080,440)	(13,676,710)	(3,413,160)	(44,899,773)	(19,034,302)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(25,729,463)</u>	<u>(2,080,440)</u>	<u>(3,541,162)</u>	<u>(3,288,160)</u>	<u>(34,639,225)</u>	<u>(19,034,302)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	1,910,484	-	-	-	1,910,484	-
Proceeds from sale of capital assets	-	5,446	-	-	5,446	606,606
Acquisition and construction of capital assets	(10,358,002)	(636,433)	(16,644,394)	-	(27,638,829)	(5,541,959)
Principal paid on capital debt	(1,343,419)	(2,685,000)	(2,020,000)	-	(6,048,419)	-
Interest paid on capital debt	(1,592,851)	(134,250)	(2,030,369)	-	(3,757,470)	(11,367)
Internal activity - payments from other funds	-	-	-	-	-	1,597,958
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(11,383,788)</u>	<u>(3,450,237)</u>	<u>(20,694,763)</u>	<u>-</u>	<u>(35,528,788)</u>	<u>(3,348,762)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income from pooled investments	278	17,510	5,779	10,807	34,374	26,244
Investment income from nonpooled investments	-	-	-	-	-	89
Net Cash Provided (Used) by Investing Activities	<u>278</u>	<u>17,510</u>	<u>5,779</u>	<u>10,807</u>	<u>34,374</u>	<u>26,333</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(84,079)	(1,813,758)	(13,915,623)	16,756,390	942,930	6,290,827
Balances - Beginning of Year	7,466,823	58,452,566	45,681,148	27,147,806	138,748,343	163,458,810
Balances - End of Year	<u>\$ 7,382,744</u>	<u>\$ 56,638,808</u>	<u>\$ 31,765,525</u>	<u>\$ 43,904,196</u>	<u>\$ 139,691,273</u>	<u>\$ 169,749,637</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 34,570,028	\$ 2,380,425	\$ 2,304,055	\$ 18,403,840	\$ 57,658,348	\$ 17,609,535
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	1,547,073	1,693,169	10,603,482	52,176	13,895,900	6,154,900
Other revenue	26,334	323,694	876,435	15,737	1,242,200	2,572,321
Other operating expenses	-	178,335	-	-	178,335	-
Miscellaneous	-	-	-	(55,749)	(55,749)	-
Changes in assets and liabilities:						
Receivables, net	(1,433,335)	(18,680)	(625,109)	49,690	(2,027,434)	(960,409)
Inventories, prepaids and other assets	871,447	-	-	-	871,447	(431,458)
Accounts payable and other liabilities	2,532,146	(789,557)	(2,179,679)	433,630	(3,460)	3,649,724
Accrued expenses	(1,084,799)	(67,977)	(664,661)	1,134,419	(683,018)	52,945
Net Cash Provided (Used) by Operating Activities	<u>\$ 37,028,894</u>	<u>\$ 3,699,409</u>	<u>\$ 10,314,523</u>	<u>\$ 20,033,743</u>	<u>\$ 71,076,569</u>	<u>\$ 28,647,558</u>
Noncash investing, capital and financing activities:						
Change in fair value of investments that are not cash and cash equivalents	\$ -	\$ 41,668	\$ 9,357	\$ -	\$ 51,025	\$ -
Capital asset disposals	253,897	53,844	216	-	307,957	-

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

MONTGOMERY COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013
Exhibit A-10

	Pension and Other Employee Benefit Trusts	Investment Trust	Private- Purpose Trusts	Agency Funds
ASSETS				
Current Assets:				
Equity in pooled cash and investments	\$ 2,010,602	\$ 18,566,486	\$ 205,482	\$ 24,781,701
Cash	-	-	-	281,863
Investments:				
Government and agency obligations	282,344,930	-	-	-
Asset-backed securities	3,212,480	-	-	-
Municipal/Provincial bonds	22,924,377	-	-	-
Corporate bonds	582,765,510	-	-	-
Collateralized mortgage obligations	25,117	-	-	-
Common and preferred stock	1,356,684,162	-	-	-
Mutual and commingled funds	1,143,727,784	-	-	-
Short-term investments	75,697,933	-	-	-
Cash collateral received under securities lending agreements	291,568,717	-	-	-
Real assets	235,951,453	-	-	-
Private equity	238,964,221	-	-	-
Total investments	4,233,866,684	-	-	-
Receivables (net of allowances for uncollectibles):				
Receivables and accrued interest	14,762,968	-	-	-
Property taxes	-	-	-	5,942,957
Accounts	286,286	-	-	366,083
Due from other funds	11,254,736	-	-	-
Due from component units	2,211,463	-	-	-
Due from other governments	359,725	-	-	214,231
Total Current Assets	4,264,752,464	18,566,486	205,482	31,586,835
Total Assets	4,264,752,464	18,566,486	205,482	\$ 31,586,835
LIABILITIES				
Current Liabilities:				
Accounts payable	297,915,758	-	69,585	165,815
Accrued liabilities	235,661	-	-	-
Deposits	-	-	-	881,591
Claims payable	4,032,961	-	-	-
Due to other funds	12,808	-	-	-
Due to other governments	-	-	-	954,722
Uncollected property taxes due to governments	-	-	-	5,618,190
Undistributed taxes and refunds	-	-	-	3,893,792
Unearned revenue	77,121	-	-	-
Tax sale surplus and redemptions payable	-	-	-	2,616,527
Other liabilities	-	-	-	17,456,198
Total Current Liabilities	302,274,309	-	69,585	31,586,835
Noncurrent Liabilities:				
Compensated absences	60,767	-	-	-
Total Liabilities	302,335,076	-	69,585	\$ 31,586,835
NET POSITION				
Held in trust for pension and other postemployment benefits,				
external investment pool participants, and other purposes	\$ 3,962,417,388	\$ 18,566,486	\$ 135,897	

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

MONTGOMERY COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit A-11

	Pension and Other Employee Benefit Trusts	Investment Trust	Private- Purpose Trusts
ADDITIONS			
Contributions:			
Employers	\$ 292,591,269	\$ -	\$ -
Members	70,926,229	-	-
Federal government - Medicare Part D	2,084,873	-	-
Share purchases	<u>-</u>	<u>30,584,819</u>	<u>-</u>
Total Contributions	<u>365,602,371</u>	<u>30,584,819</u>	<u>-</u>
Investment income (loss)	391,812,969	37,833	-
Less: Investment expenses	<u>17,859,044</u>	<u>-</u>	<u>-</u>
Net Investment Income (Loss)	<u>373,953,925</u>	<u>37,833</u>	<u>-</u>
Other income - forfeitures	<u>353,400</u>	<u>-</u>	<u>-</u>
Total Additions, net	<u>739,909,696</u>	<u>30,622,652</u>	<u>-</u>
DEDUCTIONS			
Benefits:			
Annuities:			
Retirees	153,566,262	-	-
Survivors	8,601,914	-	-
Disability	46,635,541	-	-
Claims	<u>53,700,188</u>	<u>-</u>	<u>-</u>
Total Benefits	262,503,905	-	-
Share redemptions	-	46,244,804	-
Member refunds	31,161,503	-	-
Administrative expenses	<u>6,379,405</u>	<u>-</u>	<u>48,389</u>
Total Deductions	<u>300,044,813</u>	<u>46,244,804</u>	<u>48,389</u>
Net Increase (Decrease)	439,864,883	(15,622,152)	(48,389)
Net Position - Beginning of Year	<u>3,522,552,505</u>	<u>34,188,638</u>	<u>184,286</u>
Net Position - End of Year	<u>\$ 3,962,417,388</u>	<u>\$ 18,566,486</u>	<u>\$ 135,897</u>

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

MONTGOMERY COUNTY, MD
STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2013
Exhibit A-12

	MCPS	HOC	Nonmajor Component Units	Total
ASSETS				
Equity in pooled cash and investments	\$ 36,761,454	\$ -	\$ 36,792,211	\$ 73,553,665
Cash with fiscal agents	-	57,094,444	12,594,013	69,688,457
Cash	5,702,332	14,989	6,602,563	12,319,884
Investments - cash equivalents	68,057,730	30,726,587	19,815,012	118,599,329
Investments	4,598,490	-	37,480,621	42,079,111
Receivables (net of allowances for uncollectables):				
Capital leases	-	-	18,584,448	18,584,448
Accounts	33,073,314	367,461	16,414,920	49,855,695
Notes	-	-	57,785,000	57,785,000
Mortgages receivable	-	335,475,122	-	335,475,122
Interest	-	5,260,038	-	5,260,038
Other	308,675	5,125,262	1,025,664	6,459,601
Due from primary government	55,033,711	699,531	12,260,183	67,993,425
Due from other governments	34,316,924	602,695	3,158,889	38,078,508
Inventory of supplies	8,728,855	290,742	2,143,898	11,163,495
Prepays	257,171	2,527,044	1,558,702	4,342,917
Unamortized charges	-	-	412,435	412,435
Other assets	1,089,516	40,148,006	65,109,185	106,346,707
Restricted Assets:				
Equity in pooled cash and investments	-	-	14,069,754	14,069,754
Cash with fiscal agents	-	21,471,053	-	21,471,053
Cash	-	-	471,511	471,511
Investments - cash equivalents	-	106,500,086	-	106,500,086
Investments	-	61,956,582	2,954,971	64,911,553
Capital assets:				
Nondepreciable assets	122,974,630	100,350,631	166,153,484	389,478,745
Depreciable assets, net	2,284,941,202	375,600,383	324,045,875	2,984,587,460
Total Assets	<u>2,655,844,004</u>	<u>1,144,210,656</u>	<u>799,433,339</u>	<u>4,599,487,999</u>
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	-	11,712,520	137,737	11,850,257
Total Assets and Deferred Outflow of Resources	<u>2,655,844,004</u>	<u>1,155,923,176</u>	<u>799,571,076</u>	<u>4,611,338,256</u>
LIABILITIES				
Accounts payable	66,565,488	1,305,601	33,371,432	101,242,521
Interest payable	-	18,146,789	633,818	18,780,607
Retainage payable	11,830,774	-	-	11,830,774
Accrued liabilities	49,406,183	7,660,021	907,249	57,973,453
Deposits	-	19,638,229	206,717	19,844,946
Due to primary government	89,433	82,258,198	184,509	82,532,140
Due to other governments	-	-	49,865	49,865
Unearned revenue	5,410,444	12,174,759	8,747,617	26,332,820
Other liabilities	-	22,188,216	23,092	22,211,308
Noncurrent liabilities:				
Due within one year	44,085,366	36,634,929	10,623,002	91,343,297
Due in more than one year	588,028,730	759,387,272	218,119,813	1,565,535,815
Total Liabilities	<u>765,416,418</u>	<u>959,394,014</u>	<u>272,867,114</u>	<u>1,997,677,546</u>
NET POSITION				
Net investment in capital assets	2,380,524,265	38,600,642	410,653,785	2,829,778,692
Restricted for:				
Capital projects	-	-	57,599	57,599
Debt Service	-	60,474,172	2,954,971	63,429,143
Other purposes	1,045,223	8,079,815	27,507,419	36,632,457
Unrestricted (deficit)	<u>(491,141,902)</u>	<u>89,374,533</u>	<u>85,530,188</u>	<u>(316,237,181)</u>
Total Net Position	<u>\$ 1,890,427,586</u>	<u>\$ 196,529,162</u>	<u>\$ 526,703,962</u>	<u>\$ 2,613,660,710</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, 2013
Exhibit A-13

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	MCPS	HOC	Nonmajor	
							Component Units	Total
Component Units:								
General government	\$ 4,471,400	\$ 4,311,405	\$ 218,782	\$ -	\$ -	\$ -	\$ 58,787	\$ 58,787
Culture and recreation	18,495,505	16,690,212	-	398,778	-	-	(1,406,515)	(1,406,515)
Community development and housing	231,494,325	114,581,672	110,901,827	5,186,386	-	(824,440)	-	(824,440)
Education:								
Secondary education	2,516,248,649	28,777,818	112,121,707	67,675,374	(2,307,673,750)	-	-	(2,307,673,750)
Higher education	288,337,005	76,977,267	15,171,127	319,724	-	-	(195,868,887)	(195,868,887)
Total component units	<u>\$ 3,059,046,884</u>	<u>\$ 241,338,374</u>	<u>\$ 238,413,443</u>	<u>\$ 73,580,262</u>	<u>(2,307,673,750)</u>	<u>(824,440)</u>	<u>(197,216,615)</u>	<u>(2,505,714,805)</u>
General revenues:								
Grants and contributions not restricted to specific programs					2,408,477,214	-	235,545,892	2,644,023,106
Investment income					-	463,211	7,582,225	8,045,436
Gain on sale of capital assets					184,112	-	7,000	191,112
Total general revenues					<u>2,408,661,326</u>	<u>463,211</u>	<u>243,135,117</u>	<u>2,652,259,654</u>
Change in net position					100,987,576	(361,229)	45,918,502	146,544,849
Net position - beginning, as restated					<u>1,789,440,010</u>	<u>196,890,391</u>	<u>480,785,460</u>	<u>2,467,115,861</u>
Net position - ending					<u>\$ 1,890,427,586</u>	<u>\$ 196,529,162</u>	<u>\$ 526,703,962</u>	<u>\$ 2,613,660,710</u>

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



MONTGOMERY COUNTY, MARYLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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- B GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
- C MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL
STATEMENT PRESENTATION
- D ASSETS, LIABILITIES, AND NET POSITION OR EQUITY
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NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

- A BUDGETARY INFORMATION
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NOTE III – DETAILED NOTES ON ALL FUNDS

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- B RECEIVABLES
- C CAPITAL ASSETS
- D INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS
- E LEASES
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- G SEGMENT INFORMATION
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- 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, including one student member, are elected by the voters. However, MCPS is fiscally dependent upon the Primary Government because the Primary Government approves the budget, levies taxes to provide the majority of the fiscal support, and issues debt for construction of school facilities.

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

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

Statement of Activities – This statement demonstrates the degree to which the direct expenses of a given function or segment for the fiscal year are offset by program revenues. Therefore, this statement reflects both the gross and net costs per functional category (general government, public safety, public works and transportation, health and human services, culture and recreation, community development and housing, environment, and education) that are otherwise being supported by general revenues. Direct expenses (including depreciation) are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The County does not allocate indirect expenses. The operating grants column includes operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise of assets, liabilities, fund balance/net position, revenues, and expenditures/expenses.

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

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

Measurement Focus and Basis of Accounting

Full Accrual Basis Financial Statements – The government-wide, proprietary fund, and certain fiduciary fund (pension and other employee benefit trusts, investment trust, and private-purpose trusts) financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Capital assets and related depreciation are also recorded in these statements. The agency funds 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 unearned revenue. At year-end, unearned revenue relating to income taxes primarily includes amounts related to late filers, delinquent returns and audits, and unallocated withholding, not received within the County’s availability period. Amounts relating to late filers are expected to be received from the State within the next fiscal year; however, collections related to delinquent returns and audits and unallocated withholding may not occur and be remitted to the County for several years. Unearned 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 unearned revenue within the governmental funds and unearned revenue in the government-wide financial statements.

Charges for services, licenses and permits, fines and penalties, and miscellaneous revenues (except earnings on investments) are generally recorded as revenues when received in cash during the year. At year-end, receivables are recorded for significant amounts due. If such amounts are received in cash after year-end within the County's 30 day availability period, they are recognized as revenue; if not, such amounts are reported as unearned revenue.

Financial Statement Presentation

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. For financial reporting purposes, the General Fund also includes amounts maintained in a legally separate Revenue Stabilization Fund. (See Note II. C.)

Housing Initiative Fund – This fund is used to account for the fiscal activity for financing, supplementing, and constructing affordable residential facilities for eligible participants. The Fund's revenue sources consist of a portion of each County-owned property sold, repayments on loans, and recordation taxes. All of these revenue sources are restricted, as all funds received must be used to finance, supplement, and construct affordable residential housing for eligible participants.

Grants Fund – This fund accounts for the Federal and State grant-funded activities of the tax supported General Fund and special revenue funds. These grant funds must be spent according to the restrictions prescribed by the respective funding agencies.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. 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-three liquor stores and two Montgomery County liquor warehouses. 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. The fund utilizes the Dickerson, Maryland Resource Recovery Facility for refuse incineration, in combination with the out-of-County landfill haul and local recycling operations, to meet its disposal and recycling requirements. The fund also accounts for the fiscal activity related to County contracted refuse collection within the Solid Waste Collection District. This district is essentially comprised of the higher density, non-municipal, residential areas of the County. The Vacuum Leaf Collection program provides leaf collection services to down county residents during the late fall/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. The County periodically uses permanent funds to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's programs.

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

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.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds 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 Position. The effect of interfund services provided and used between functions has not been eliminated in the Statement of Activities, since to do so would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from 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 non-operating revenues and expenses.

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

D) Assets, Liabilities, and Net Position or Equity

1) Cash and Investments

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

Non-pooled Investments:

Proprietary Fund Types – The Solid Waste Activities and the Parking Lot District enterprise funds investments in U.S. Government securities are stated at fair value plus accrued interest.

Pension and Other Employee Benefit Trust Fiduciary Fund Type – Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2013. Fair value for private investments funds, including private equity, and private real assets, is determined using unit values supplied by the fund managers, which are based upon the fund managers' appraisals of the funds' underlying holdings. Such values involve subjective judgment and may differ from amounts which would be realized if such holdings were actually sold. The fair value of limited partnership investments are based on valuations of the underlying assets of the limited partnerships as reported by the general partner. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

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

equivalents” in the Statement of Cash Flows includes the following: “Equity in pooled cash and investments,” “Cash,” “Cash with fiscal agents,” and “Restricted Equity in pooled cash and investments.”

2) **Receivables and Payables**

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

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

3) **Inventories and Prepaids**

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

Prepaids – 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, computer software, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of \$10,000 or more, and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

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

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

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

6) Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources has been determined by the County to be immaterial and is therefore not reported as an expenditure and a liability of the governmental fund that will pay the leave. Vested or accumulated vacation leave is reported as a liability and expense in the government-wide financial statements and proprietary fund types in the fund financial statements, along with the corresponding employer's share of social security and Medicare taxes. Based on a historical analysis of leave usage, accrued leave is classified as current and long-term. In the proprietary fund financial statements, the current portion of compensated absences is classified as accrued liabilities. Such amounts have been reclassified to non-current liabilities (due within one year and due in more than one year) in the government-wide financial statements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable in the proprietary fund financial statements and noncurrent liabilities in the government-wide financial statements are reported net of the applicable bond premium or discount. Bond issuance costs are generally reported as an Unamortized 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 Position

In the government-wide financial statements, the County has reported negative unrestricted net position. This is due to the fact that the County issues general obligation bonded debt for purposes of capital construction on behalf of MCPS, MCC, and M-NCPPC. The related capital assets are reported on the financial statements of these governments. For MCPS and MCC, component units of the County, this amount is also classified as net position invested in capital, net of related debt (of which there is none) in the Component Units column of the government-wide Statement of Net position (Exhibit A-1). For Primary Government purposes, since the issuance of such debt has not resulted in a capital asset, the effect of this debt is reflected in unrestricted net position (deficit) in the Governmental Activities column of the government-wide Statement of Net Position. At June 30, 2013, the County has reported outstanding general obligation bond, variable rate demand obligation, and bond anticipation note debt related to MCPS, MCC, and M-NCPPC amounting to \$1,471,314,322. Absent the effect of this relationship, the County would have reported a surplus in unrestricted net position of governmental activities in the amount of \$336,053,039.

The County classifies fund balance based on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The constraints are a hierarchy of five classifications. First identified are amounts that are considered *nonspendable*, such as fund balance associated with inventories. The next four classifications are based on the relative strength of the constraints that control how specific amounts can be spent. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. In the County's case this would be the County Council. The highest act of this body is for it to pass a bill, which becomes a public law. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. This intent can be expressed by the County Council and the County Executive or through the County delegating this responsibility to the County Administrative Officer or County department heads. *Unassigned* fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Long-term receivables in the Grants Special Revenue Fund, a major governmental fund, have not met the "available" criteria for revenue recognition, and are, therefore, offset by unearned revenue rather than any of the constrained categories of fund balance. In the Capital Projects Fund, committed fund balance represents recordation and impact tax collections on hand that are legally restricted for use on projects of other component unit and municipality governments.

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 below the constant yield rate for FY13. Following the Fairness in Taxation (FIT) legislation, the County Charter requires an affirmative vote of nine members of the Council to increase the real property tax rate to a level that will produce total revenues exceeding the total revenue produced by the tax on real property in the preceding year, plus 100 percent of any increase in the Consumer Price Index with exemptions for revenue from newly constructed, rezoned property and development district tax to fund capital improvement projects. The tax rate adopted for LY12 (i.e., FY13), in conjunction with a one-time income tax offset credit, generated revenues below the Charter limit for that year.

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

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

E) New Accounting Standards

The County has adopted GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* which was issued to improve financial reporting by addressing issues related to service concession arrangements. This statement did not have any impact on the County’s financial statements as the County currently does not participate in any service concession arrangements.

The County has adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* which was issued to update and improve existing standards requiring financial reporting and disclosure requirements regarding component units. This statement did not have any impact on the County’s financial statements as the classification of component units of the County was not affected.

The County has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements*. The implementation of this new standard modified certain language disclosures related to the applicable basis of accounting in the County’s FY13 financial statements. The County has the option to follow subsequent private-sector guidance for its business-type activities and enterprise funds with certain limitations, but has elected not to do so.

The County has adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which was issued to provide financial reporting guidance for deferred inflows and outflows of resources. This statement also defines net position as the residual of all other items on the statement of financial position, replacing net assets. These changes are reflected in the County’s financial statements.

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 restricted, committed, or assigned category of fund balance because they do not constitute expenditures or liabilities. In the proprietary funds, encumbrances are eliminated for GAAP financial statement presentation since neither goods nor services have been provided. For GAAP purposes, all encumbrances are charged to expenditures/expenses in the period in which goods or services are received.

Approval

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

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

Council may also adopt, with six Councilmember votes, special appropriations to meet an unforeseen disaster or other emergency or to act without delay in the public interest. Special appropriations require only public notice by news release. During FY13, the County Council increased the operating budget through supplemental and special appropriations by \$37.7 million. In addition, supplemental appropriations increased the CIP budget by \$116.3 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.

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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	\$ 2,892,526,316	\$ 1,023,139,867	\$ (1,806,340,987)	\$ 63,045,462
Reconciling items:				
Cancellation of prior year encumbrances	26,141	-	-	26,141
Fair market value gains (losses)	(23,535)	-	-	(23,535)
Elimination of encumbrances outstanding	-	(29,318,256)	-	29,318,256
Revenue Stabilization investment income	28,521	-	-	28,521
Conference center activity	16,788,378	16,122,153	-	666,225
Interfund activities budgeted as transfers:				
Recreation facility maintenance costs	2,652,320	-	(2,652,320)	-
Public agency permits	-	1,153,770	1,153,770	-
Solid Waste tipping fees	-	1,431,670	1,431,670	-
Community Use of Public Facilities for elections	-	134,300	134,300	-
Component Unit activities budgeted as transfers:				
Component Units - transfer in	232,538	-	(232,538)	-
Component Units and Joint Venture - transfer out	-	1,547,788,358	1,547,788,358	-
As reported - GAAP basis	<u>\$ 2,912,230,679</u>	<u>\$ 2,560,451,862</u>	<u>\$ (258,717,747)</u>	<u>\$ 93,061,070</u>

B) Deficit Fund Equity

Capital Projects – The \$4,023,811 deficit in the Capital Projects Fund represents a timing difference between the construction of capital assets during FY13 and the planned FY14 issuance of debt to fund that construction.

Liability and Property Coverage Self Insurance Internal Service Fund – The \$16,421,065 total net deficit in the Liability and Property Coverage Self Insurance Fund was caused by an increase in claims payable and a carryover from the previous fiscal year of a net deficit of \$19,505,953. Participant contributions were increased in FY11, FY12 and FY13 to offset a deficit that originated in FY10, due to higher than anticipated claims in that year. However, an unfavorable trend in increased claim cost development has been identified over the past several years, particularly in FY10, FY11 and FY12. Increased participant contributions, originally designed to eliminate the FY10 deficit, will need to continue through FY16 in order to offset the increased claims costs trend and align fund revenues with projected future costs.

Central Duplicating Internal Service Fund – The \$712,852 total net deficit in the Central Duplicating Fund resulted from actual printing and mailing work that was less than anticipated in the budget, leading to a reduction in chargeback revenue to the fund. As a result, overhead costs were not fully recovered by chargeback collections. Chargebacks will be adjusted over two years to eliminate the fund deficit by FY15.

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C) Fund Consolidation

Revenue Stabilization Fund – Historically, the County has classified the Revenue Stabilization Fund (RSF) as a separate, stand-alone Special Revenue Fund in the financial statements. However, recent changes to the law governing the RSF (Montgomery County Code 36-10) significantly changed the primary revenue source(s) for this fund. In addition, a recently released clarification of GASB 54 indicated that the foundational revenue of a special revenue fund cannot be transfers for financial reporting purposes.

The RSF has been consolidated into the General Fund in the accompanying financial statements, as shown below.

	General Fund	Revenue Stabilization Fund
Fund balance, July 1, 2012	\$ 260,199,258	\$ 155,255,188
Consolidation of funds	155,255,188	(155,255,188)
Fund balance, July 1, 2012 (restated)	<u>\$ 415,454,446</u>	<u>\$ -</u>

Below is a Condensed Schedule of Revenues, Expenditures, and Changes in Fund Balance for the RSF for the fiscal year ended June 30, 2013.

Montgomery County, MD Revenue Stabilization Fund (RSF) Condensed Schedule of Revenues, Expenditures, and Changes in Fund Balance For the Fiscal Year Ended June 30, 2013	
Fund Balance - Beginning of Year	<u>\$ 155,255,188</u>
Investment Income	28,521
FY 13 Statutory contribution	<u>29,595,672</u>
Fund Balance - End of Year	<u><u>\$ 184,879,381</u></u>

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White Flint Special Taxing District - The White Flint Special Taxing District (WFSTD) was established to finance new transportation-related infrastructure projects proposed by the White Flint Sector Plan. The White Flint Sector Plan was approved by the County Council on March 23, 2010 and the WFSTD was approved by County Council Bill 50-10 on November 30, 2010. A separate fund was established, but for financial reporting purposes the WFSTD has been consolidated in the Capital Projects Fund for FY13. Below is a Condensed Statement of Revenues, Expenditures, and Changes in Fund Balance of the WFSTD for the fiscal year ended June 30, 2013.

<p style="text-align: center;">Montgomery County, MD White Flint Special Taxing District (WFSTD) Condensed Schedule of Revenues, Expenditures, and Changes in Fund Balance For the Fiscal Year Ended June 30, 2013</p>	
Fund Balance - Beginning of Year	\$ -
Property Taxes	942,070
Investment Income	152
Fund Balance - End of Year	\$ 942,222

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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, 2013, totaled \$5,757,587,388 of which \$5,233,922,985 is related to the Primary Government, as presented below and in the government-wide financial statements. These funds are held in several pools, various non-pooled investments, and cash funds. The following is a schedule of total cash and investments:

	Primary Government	Component Units	Total Reporting Entity
<u>Statement of Net Position Amounts:</u>			
Equity in pooled cash and investments	\$ 896,645,802	\$ 73,553,665	\$ 970,199,467
Cash with fiscal agents	59,722,929	69,688,457	129,411,386
Cash	805,271	12,319,884	13,125,155
Investments - cash equivalents	-	118,599,329	118,599,329
Investments	4,233,866,684	42,079,111	4,275,945,795
Restricted equity in pooled cash and investments	34,772,653	14,069,754	48,842,407
Restricted cash with fiscal agents	-	21,471,053	21,471,053
Restricted cash	-	471,511	471,511
Restricted investments - cash equivalents	-	106,500,086	106,500,086
Restricted investments	8,109,646	64,911,553	73,021,199
Total	<u>\$ 5,233,922,985</u>	<u>\$ 523,664,403</u>	<u>\$ 5,757,587,388</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 703,935,674	\$ 140,340,426	\$ 844,276,100
Investments	4,469,459,111	251,389,589	4,720,848,700
Cash on hand, fiscal agents, safe deposit escrow	60,528,200	131,934,388	192,462,588
Total	<u>\$ 5,233,922,985</u>	<u>\$ 523,664,403</u>	<u>\$ 5,757,587,388</u>

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

Government-wide	\$ 954,210,167
Fiduciary funds	<u>4,279,712,818</u>
Total	<u>\$ 5,233,922,985</u>

PRIMARY GOVERNMENT

2) External Investment Pool

Overview:

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

separate entities) is reported as the Investment Trust Fund in the accompanying financial statements. Participants' shares redeemed during the year are based on actual cost; participants' shares are then adjusted to fair value at year-end. The County has not provided or obtained any legally binding guarantees during the year to support the value of shares.

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

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

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

	Primary Government	Component Units	Total Reporting Entity
<u>Balance Sheet Amounts:</u>			
Equity in pooled cash and investments	\$ 896,645,802	\$ 680,829	\$ 897,326,631
Restricted equity in pooled cash and investments	34,772,653	-	34,772,653
Total	<u>\$ 931,418,455</u>	<u>\$ 680,829</u>	<u>\$ 932,099,284</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 703,935,674	\$ -	\$ 703,935,674
Investments, including accrued interest	227,482,781	680,829	228,163,610
Total	<u>\$ 931,418,455</u>	<u>\$ 680,829</u>	<u>\$ 932,099,284</u>

Deposits:

Custodial Credit Risk

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

Deposits typically include bank accounts and non-negotiable certificates of deposit; at year-end the County held no non-negotiable certificates of deposit. Deposits at financial institutions were fully

insured or collateralized at year-end. Therefore, the County has no significant exposure to custodial credit risk.

Investments:

The County, through its external investment pool, maintains an active and sophisticated cash and investment management program. The primary objectives of the program are the preservation of capital, providing liquidity to meet financial obligations, and maximization of the investment yield on short-term working capital. Working capital is managed pursuant to the Annotated Code of Maryland, the County Code, and the County's investment policies as approved by the County Council. At year-end, the investment portfolio was comprised of money market mutual funds and the Maryland Local Government Investment Pool (MLGIP). During the year, the County also invested in U.S. Government securities. The County was in compliance with all applicable investment statutes throughout the fiscal year.

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

<u>Investment Type:</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Maturity Range</u>	<u>Interest Range</u>
U.S. Government Securities	\$ 74,947,147	\$ 74,930,581	September 13-June 14	0.13%-0.19%
Commercial paper	22,448,586	22,448,586	August 13-December 13	0.30%-0.43%
Money market mutual funds	20,148,847	20,148,847	n/a	0.07%-0.35%
State pool	110,571,163	110,571,163	n/a	0.20%
Total	<u>\$ 228,115,743</u>	<u>\$ 228,099,177</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, 2013, 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	\$ 74,947,147	\$ 74,947,147	\$ -
Commercial paper	22,448,586	22,448,586	-
Money market mutual funds	20,148,847	20,148,847	-
State pool	110,571,163	110,571,163	-
Total	<u>\$ 228,115,743</u>	<u>\$ 228,115,743</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 MLGIP, and money market mutual funds that are registered and operate in accordance with Rule 2a-7 and in accordance with Maryland State Code. State statutes and County policies require that these money market mutual funds invest only in obligations of U.S. Treasuries, U.S. agencies and repurchase agreements collateralized by an obligation of the United States, its agencies or instrumentalities.

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

<u>Investment Type</u>	<u>Ratings</u>		
	<u>Standard & 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 discount notes	A-1+	F1+	P-1
Other U.S. Government securities	AAA	AAA	Aaa
Commercial paper ³	A-1	F1	P-1
Bankers' acceptances ⁴	N/R	N/R	N/R
Certificates of deposit ⁵	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 - Not all commercial paper is rated by all agencies. However, each commercial paper is rated by at least one rating agency. Each such rating is of the highest investment grade.
- 4 - While the bankers' acceptances are not rated, County policy requires that the underlying issuer is of the highest short-term investment grade.
- 5 - While the certificates of deposit are not rated, County policy requires that the underlying issuer is of the highest short-term investment grade.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, the County will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, or not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the government's name.

County and State statutes require that securities underlying repurchase agreements have a market value of at least 102 percent of the cost of the investment. County policies require that a third party custodian hold investment securities and the collateral underlying all repurchase agreements. At June 30, 2013, the County's investments were not exposed to custodial credit risk.

Concentration of Credit Risk

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

<u>Diversification by Investment Type</u>	<u>Maximum percent of Portfolio*</u>
U. S. Treasury obligations	100 %
U. S. Government agencies	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.

In FY13, the County's investment pool consisted of the following investments: Local Government Investment Pool (44.34%), Agencies (30.05%), Certificates of Deposit (8.53%), Money Market funds (8.08%) and Commercial Papers (9.00%).

External Investment Pool Condensed Financial Statements:

The condensed financial statements of the County's external investment pool at June 30, 2013, are as follows:

Statement of Net Position
June 30, 2013

Assets:	
Investment in securities, at fair value	\$ 228,115,743
Cash	703,935,674
Accrued interest receivable	47,867
Total assets and net position	<u>\$ 932,099,284</u>
Net position consists of:	
Internal participants' units outstanding (\$1.00 par)	\$ 913,532,798
External participants' units outstanding (\$1.00 par)	18,566,486
Net position	<u>\$ 932,099,284</u>
Participants net position value, offering price and redemption price per share (\$932,099,283 /932,398,288 units)	<u>\$ 1.00</u>

Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2013

Investment Income *	\$ 126,229
Distributions to participants:	
Distributions paid and payable	(126,229)
Share transactions at net position value of \$1.00 per share:	
Purchase of units	\$ 114,981,095 *
Redemption of units	<u>(23,628,620)</u>
Net increase (decrease) in net position and shares resulting from share transactions	<u>91,352,475 *</u>
Total increase (decrease) in net position	<u>91,352,475 *</u>
Net position, July 1, 2012	840,746,809
Net position, June 30, 2013	<u>\$ 932,099,284</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:

General Fund – Cash with fiscal agents of \$4,618,082 relates to amounts held by Marriott Hotels, pursuant to a management agreement, for the operation of the Conference Center.

Debt Service Fund – Cash with fiscal agents of \$6,930,270 represents lease revenue bond debt service reserve funds which are held in money market mutual funds and U.S Government securities.

Capital Projects Fund – Cash with fiscal agents of \$35,002,324 is held in money market mutual funds for the purpose of reimbursing construction expenditures incurred for various capital projects in the County.

Liquor Fund – Cash with fiscal agents of \$2,249,608 is held in money market funds for the purpose of reimbursing design, planning and renovation costs for a warehouse and for debt service. At the end of FY13, the County had incurred and paid renovation expenses that were to be reimbursed from cash from fiscal agents which occurred subsequent to year-end.

Parking Lot Districts – Cash with fiscal agents of \$10,922,645 represents revenue bond proceeds held in a mutual fund which invests exclusively in short-term U.S government securities, including repurchase agreements secured by U.S. government securities.

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, for the majority of public fund managers, limit the percentage of each investment manager's account that may be allocated to any one security, position, issuer or affiliated issuer, to less than 5 percent of the fair value of the investment manager's

account. The System does not have investments (other than those issued or explicitly guaranteed by the U.S. Government or pooled investments) in any one company that represents five percent or more of net position held in trust for pension benefits.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2013, are as follows:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AAA	\$ 79,437,489	8.03 %
Foreign Government Obligations	AAA	1,646,938	0.16
	AA	347,468	0.04
	A	7,226,770	0.73
	BBB	5,909,844	0.60
	BB	1,949,738	0.20
	Unrated	1,235,066	0.12
Asset-Backed Securities	AAA	3,212,480	0.32
Collateralized Mortgage Obligations	B	25,117	0.00
Municipal/Provincial Bonds	AAA	5,456,529	0.55
	AA	10,074,437	1.02
	A	7,393,411	0.75
Corporate Bonds	AAA	3,330,563	0.34
	AA	29,345,558	2.96
	A	147,530,472	14.91
	BBB	92,810,428	9.38
	BB	61,195,343	6.18
	B	92,892,719	9.39
	CCC	58,932,444	5.95
	CC	1,588,733	0.16
	C	149,625	0.02
	D	209,125	0.02
	Unrated	27,300,113	2.76
Fixed Income Pooled Funds	Unrated	275,800,459	27.87
Short-term Investments and Other	Unrated	74,571,534	7.54
Total Fixed Income Securities		<u>\$ 989,572,403</u>	<u>100.00 %</u>

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

Interest Rate Risk

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

As of June 30, 2013, 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	15.70	\$ 79,437,489	8.03 %
Foreign Government Obligations	1.72	18,315,824	1.85
Asset-Backed Securities	13.81	3,212,480	0.32
Collateralized Mortgage Obligations	3.97	25,117	0.00
Municipal/Provincial Obligations	15.53	22,924,377	2.32
Corporate Bonds	8.44	515,285,123	52.07
Fixed Income Pooled Funds	N/A	275,800,459	27.87
Short-term Investments and Other	N/A	74,571,534	7.54
Total Fixed Income Securities		<u>\$ 989,572,403</u>	<u>100.00 %</u>

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
European Currency Unit	\$ 136,868,124	\$ 7,848,238	\$ 102,869,688	\$ 247,586,050
British Pound Sterling	66,222,859	-	46,142,487	112,365,346
Japanese Yen	112,789,888	-	(4,373,507)	108,416,381
Hong Kong Dollar	15,599,744	-	4	15,599,748
Norwegian Krone	2,552,418	-	10,829,229	13,381,647
Danish Krone	8,732,325	-	-	8,732,325
Mexican Peso	-	5,007,271	-	5,007,271
South Korean Won	4,911,741	-	(55,996)	4,855,745
Philippine Peso	544,058	2,219,499	-	2,763,557
Brazilian Real	-	2,119,539	-	2,119,539
Other Currencies	54,806,423	2,268,497	(212,510,474)	(155,435,554)
Total International Securities	<u>\$ 403,027,580</u>	<u>\$ 19,463,044</u>	<u>\$ (57,098,569)</u>	<u>\$ 365,392,055</u>

Derivatives

In accordance with the Board's Statement of Investment Policy and Objectives, the System regularly invests in derivative financial instruments in the normal course of its investing activities to manage exposure to certain risks within the fund. During FY13, the System invested directly in various derivatives including, exchange-traded future contracts, forward currency contracts, and swaps. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Board's Statement of Investment Policy and Objectives seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits and exposure monitoring procedures. In addition, the System has indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments. The system is not a dealer, but an end-user of these instruments.

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

As permitted by the Board's policies, the System holds off-balance sheet derivatives in the form of exchange-traded financial futures, and foreign currency exchange contracts.

Futures contracts are contracts in which the buyer agrees to purchase and the seller agrees to make delivery of a specified financial instrument at a predetermined date and price. Gains and losses on future contracts are settled daily. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that a counterparty will not pay. As of June 30, 2013, the System held 143 long US Treasury futures contracts with a fair value of \$20,366,094 and 559 short US Treasury futures contracts with a fair value of (\$79,338,453).

Foreign exchange contracts involve an agreement to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. Foreign exchange contracts contain market risk resulting from fluctuations in currency rates. The credit risk is associated with the creditworthiness of the related parties to the contracts. As of June 30, 2013, the System held \$216,526,562 buy foreign exchange contracts and (\$290,955,095) sell foreign exchange contracts. The unrealized gain on the System's contracts was \$919,827.

Securities Lending

Board policy permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodian is the agent in lending the System's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the System, in a short-term investment pool in the name of the System, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the System's loans is affected by the maturities of securities loans made by other plan entities that invest cash

collateral in the investment pool, which the System cannot determine. The System records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of net position. The agent indemnifies the System by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from a default of the borrower or lending agent.

As of June 30, 2013, the fair value of securities on loan was \$297,121,590. Cash received as collateral and the related liability of \$291,568,717 as of June 30, 2013, is shown on the Statement of Plan Net Position. Securities received as collateral are not reported as assets since the System does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to \$1,186,186 and (\$285,825), 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, 2013:

<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	\$ 62,106,649	\$ -	\$ 63,236,757
Corporate Bonds	79,125,445	-	81,140,442
Equities	142,347,171	-	147,191,518
Lent for Non-Cash Collateral:			
U.S. Government Obligations	10,201,154	10,445,843	
Corporate Bonds	625,718	658,993	
Equities	2,715,453	2,874,110	-
Total	<u>\$ 297,121,590</u>	<u>\$ 13,978,946</u>	<u>\$ 291,568,717</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, 2013, 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, 2013, the fair value of the mutual and commingled investment funds was \$234,672,571. The fair value of the investments in international mutual funds was \$45,999,788.

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, 2013, the fair value of the mutual and commingled investment funds was \$303,302,906. The fair value of the investments in international mutual funds included in the County Plan was \$42,187,291.

Consolidated Retiree Health Benefits Trust:

Section 33-163 of the Code authorizes the Board of Trustees of the Trust to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the Trust Fund is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the Trust Fund's asset allocation and the investment managers hired by the Board. 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, 2013, the fair value of the mutual and commingled investment funds was \$235,901,106. The fair value of the investments in international mutual funds was \$64,685,487.

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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, 2013, were entirely insured or collateralized with securities held by HOC's agent in HOC's name. HOC's investments are subject to interest rate, credit, and custodial risk as described below:

Interest Rate Risk

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

Credit Risk

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

Custodial Risk

Amounts held in trust accounts and other demand accounts are covered by federal depository insurance, or collateralized at a level of at least 102% of fair value of principal and accrued interest. Repurchase agreement collateral for the MLGIP is segregated and held in the name of PNC Bank Safe Deposit and Trust's account at the Federal Reserve Bank. The cash and cash equivalents held by PNC Bank for the

General Fund, Housing Opportunity Fund and Public Fund are in bank money market accounts and interest bearing accounts. These amounts are unrated by an independent rating agency. The Moody's rating for PNC Bank short-term deposits as of June 30, 2013 was P-1.

At June 30, 2013, HOC had the following cash, cash equivalents, investments, and maturities:

Cash Equivalents	Fair Value	Rating
<u>Cash Equivalents:</u>		
General Fund:		
Money Market Accounts	\$ 6,245,722	N/A
Opportunity Housing Fund:		
Investment in MLGIP	261,532	AAAm
Money Market Accounts	14,457,680	N/A
Public Fund:		
Investment in MLGIP	4,069,484	AAAm
Money Market Accounts	5,477,172	N/A
Multi-Family Fund		
Money Market Accounts	33,579,059	N/A
Single Family Fund - Money Market Accounts	67,900,348	N/A
Total cash equivalents	<u>\$ 131,990,997</u>	
<u>Short-term Investments:</u>		
Multi-Family Fund:		
GNMA Pool	7,178,745	AAA
Federal Farm Credit Banks	671,945	AAA
Total short-term investments	<u><u>\$ 7,850,690</u></u>	

Long-Term Investments	Fair Value	1-5 years	6-10 years	Greater than 10 years	Rating
<u>Long-term Investments:</u>					
Multi-Family Fund:					
U. S. Treasuries	\$ 2,825,645	\$ -	\$ 2,164,355	\$ 661,290	AAA
Fannie Mae	3,035,008	-	-	3,035,008	AAA
Freddie Mac	848,403	-	-	848,403	AAA
Federal Farm Credit Banks	860,894	-	-	860,894	AAA
Federal Home Loan Banks	905,317	-	-	905,317	AAA
Israel ST Bonds	447,160	-	-	447,160	AAA
Federal Home Loan Mortgage	541,036	-	-	541,036	AAA
Bank One Investment Agreement	591,525	-	-	591,525	AA/Aa2
Single Family Fund:					
Federal Farm Credit Banks	6,631,759	-	-	6,631,759	AAA
Federal Home Loan Banks	8,735,527	-	-	8,735,527	Aaa
Federal Home Loan Mtg Corp	1,605,593	-	-	1,605,593	AAA
Fannie Mae	1,027,182	-	-	1,027,182	AAA
GNMA Pass-through certificates	8,479,931	-	-	8,479,931	AAA
Solomon Repurchase Agreement	2,345,800	2,345,800	-	-	AAA
U. S. Treasuries	8,777,795	2,618,983	4,875,696	1,283,116	N/A
Tennessee Valley Authority	6,447,318	2,577,296	-	3,870,022	Aaa
Total long-term investments	<u>54,105,893</u>	<u>\$ 7,542,079</u>	<u>\$ 7,040,051</u>	<u>\$ 39,523,763</u>	
Cash balances	<u>72,165,067</u>				
Total Cash, Cash Equivalents and Investments	<u>\$ 266,112,647</u>				

B) Receivables

1) Accounts Receivable

The allowance for doubtful accounts at June 30, 2013, reported in the enterprise funds, amounted to:

Liquor	\$ 47,624
Parking Lot Districts	1,753,637
	<u>\$ 1,801,261</u>

2) Due from/to Component Units

The balances at June 30, 2013, were:

Due from Component Units /
Due to Primary Government:

Due from Component Units: Due to Primary Government:	MCPS	MCC	MCRA	HOC	BUPI	Total
General	660	44,402	-	118,813	-	163,875
Housing Initiative	-	-	-	49,403,664	-	49,403,664
Grants	-	-	-	8,782,885	-	8,782,885
Capital Projects	-	-	-	19,783,264	-	19,783,264
Solid Waste Activities Enterprise	48,111	1,704	-	772	1,619	52,206
Parking Lot Districts	-	-	-	644,557	-	644,557
Internal Service	40,662	31,990	74,744	1,326,760	16,070	1,490,226
Fiduciary	-	-	13,980	2,197,483	-	2,211,463
Total Due to Primary Government	<u>\$ 89,433</u>	<u>\$ 78,096</u>	<u>\$ 88,724</u>	<u>\$ 82,258,198</u>	<u>\$ 17,689</u>	<u>\$ 82,532,140</u>

Due to Component Units /
Due from Primary Government:

Due to Component Units: Due from Primary Government:	MCPS	MCC	MCRA	HOC	BUPI	Total
General	\$ 48,269,274	\$ -	\$ -	\$ 391,434	\$ -	\$ 48,660,708
Housing Initiative	-	-	-	94,009	-	94,009
Grants	1,466,219	13,578	-	13,437	-	1,493,234
Capital Projects	4,573,167	12,245,950	-	200,651	-	17,019,768
Parking Lot Districts	-	-	-	-	655	655
Nonmajor Governmental	814	-	-	-	-	814
Nonmajor Enterprise	724,237	-	-	-	-	724,237
Total Due from Primary Government	<u>\$ 55,033,711</u>	<u>\$ 12,259,528</u>	<u>\$ -</u>	<u>\$ 699,531</u>	<u>\$ 655</u>	<u>\$ 67,993,425</u>

In the major governmental funds, \$49,403,664 due from HOC to the Housing Initiative Special Revenue Fund represents mortgage loans, which are generally repayable based on project cash flows, specified future dates, or sales of the respective properties. Included in this amount is a loan of \$1,953,403, 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. Also included in the amount above is a ground lease, upon which is located affordable housing owned by HOC. The ground lease provides for lease payments from HOC for \$1 per year for 83 years, amounting to \$59 at year-end. These two loans are offset by unearned revenue. Fund balance has been reserved for the remaining loans.

3) Due From Other Governments

The total amount due from other governments at June 30, 2013, was comprised of the following:

	General	Grants	Capital Projects	Solid Waste Activities	Nonmajor Governmental	Internal Service	Fiduciary	Total
Federal government	\$ 8,541	\$ 15,242,724	\$ 40,000	\$ 360	\$ -	\$ -	\$ 334,645	\$ 15,626,270
State of Maryland	12,336,183	5,317,581	2,774,707	44,779	-	93,314	21,309	20,587,873
Other	199,014	-	827,757	161,332	1,797,438	60,384	3,771	3,049,696
Total	<u>\$ 12,543,738</u>	<u>\$ 20,560,305</u>	<u>\$ 3,642,464</u>	<u>\$ 206,471</u>	<u>\$ 1,797,438</u>	<u>\$ 153,698</u>	<u>\$ 359,725</u>	<u>\$ 39,263,839</u>

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C) **Capital Assets**

PRIMARY GOVERNMENT

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental Activities				
Nondepreciable Capital Assets:				
Land	\$ 795,651,835	\$ 3,554,250	\$ -	\$ 799,206,085
Construction in progress	765,516,273	262,009,400	14,334,618	1,013,191,055
Total Nondepreciable Capital Assets	1,561,168,108	265,563,650	14,334,618	1,812,397,140
Depreciable Capital Assets:				
Buildings	758,406,976	5,003,324	-	763,410,300
Improvements other than buildings	49,024,561	2,661,707	-	51,686,268
Furniture, fixtures, equipment and machinery	247,865,725	2,072,937	24,282,997	225,655,665
Leasehold improvements	12,777,902	178,940	-	12,956,842
Automobiles and trucks	254,314,426	6,258,031	15,950,664	244,621,793
Infrastructure	1,713,429,414	32,467,819	-	1,745,897,233
Other assets	43,489,147	-	-	43,489,147
Total Capital Assets being Depreciated	3,079,308,151	48,642,758	40,233,661	3,087,717,248
Less Accumulated Depreciation for:				
Buildings	342,174,780	18,505,140	-	360,679,920
Improvements other than buildings	21,869,492	1,183,380	-	23,052,872
Furniture, fixtures, equipment and machinery	194,858,003	7,275,970	23,703,465	178,430,508
Leasehold improvements	6,139,389	654,368	-	6,793,757
Automobiles and trucks	136,492,220	17,616,525	10,158,059	143,950,686
Infrastructure	580,582,268	35,273,735	-	615,856,003
Other assets	5,875,594	4,140,941	-	10,016,535
Total Accumulated Depreciation	1,287,991,746	84,650,059	33,861,524	1,338,780,281
Total Depreciable Assets, net	1,791,316,405	(36,007,301)	6,372,137	1,748,936,967
Governmental Activities Capital Assets, net	\$ 3,352,484,513	\$ 229,556,349	\$ 20,706,755	\$ 3,561,334,107
Business-Type Activities				
Nondepreciable Capital Assets:				
Land	59,639,134	\$ -	\$ -	\$ 59,639,134
Construction in progress	15,642,600	18,174,746	-	33,817,346
Total Nondepreciable Capital Assets	75,281,734	18,174,746	-	93,456,480
Depreciable Capital Assets:				
Buildings	251,848,811	-	-	251,848,811
Improvements other than buildings	155,779,767	4,085,162	216	159,864,713
Furniture, fixtures, equipment and machinery	21,963,189	5,555,788	966,547	26,552,430
Infrastructure	14,351	-	-	14,351
Automobiles and trucks	4,200,374	-	-	4,200,374
Total Capital Assets being Depreciated	433,806,492	9,640,950	966,763	442,480,679
Less Accumulated Depreciation for:				
Buildings	119,775,092	7,605,407	1,348	127,379,151
Improvements other than buildings	115,730,395	4,572,296	17	120,302,674
Furniture, fixtures, equipment and machinery	15,617,554	1,501,817	900,485	16,218,886
Infrastructure	3,300	575	-	3,875
Automobiles and trucks	3,292,913	215,805	-	3,508,718
Total Accumulated Depreciation	254,419,254	13,895,900	901,850	267,413,304
Total Depreciable Assets, net	179,387,238	(4,254,950)	64,913	175,067,375
Business-Type Activities Capital Assets, net	\$ 254,668,972	\$ 13,919,796	\$ 64,913	\$ 268,523,855

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

Governmental Activities:

General Government	\$ 6,983,739
Public Safety	9,681,161
Public Works and Transportation	57,700,425.00
Health and Human Services	2,168,955
Culture and Recreation	7,050,495.00
Community Development and Housing	885,885
Environment	179,399
Total depreciation expense for governmental activities	<u>\$ 84,650,059</u>

Business-type activities:

Liquor	\$ 1,547,073
Solid Waste Activities	1,693,169
Parking Lot Districts	10,603,482
Permitting Services	44,970
Community Use of Public Facilities	7,206
Total depreciation expense business-type activities	<u>\$ 13,895,900</u>

Construction commitments as of June 30, 2013 are as follows:

General Government	\$ 167,352,957
Public Safety	1,079,474
Public Works and Transportation	84,304,309
Health and Human Services	1,306,594
Culture and Recreation	56,893
Community Development and Housing	1,267,987
Environment	23,831,791
Total	<u>\$ 279,200,005</u>

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COMPONENT UNITS

Capital assets of MCPS, amounting to \$2,407,915,832 at June 30, 2013, are significant in relation to the total component unit capital assets.

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental Activities				
Nondepreciable capital assets:				
Land	\$ 74,678,201	\$ 4,621,959	\$ -	\$ 79,300,160
Construction in progress	207,712,314	191,204,219	355,242,063	43,674,470
Total nondepreciable capital assets	<u>282,390,515</u>	<u>195,826,178</u>	<u>355,242,063</u>	<u>122,974,630</u>
Depreciable capital assets:				
Buildings and improvements	2,574,880,147	307,860,758	2,264,687	2,880,476,218
Site improvements	230,362,212	65,314,475	136,700	295,539,987
Vehicles and equipment	151,818,906	13,868,348	7,897,873	157,789,381
Total depreciable capital assets	<u>2,957,061,265</u>	<u>387,043,581</u>	<u>10,299,260</u>	<u>3,333,805,586</u>
Less accumulated depreciation for:				
Buildings and improvements	832,128,269	67,033,455	2,126,244	897,035,480
Site improvements	51,266,499	5,055,288	85,100	56,236,687
Vehicles and equipment	96,988,870	9,824,451	7,887,657	98,925,664
Total accumulated depreciation	<u>980,383,638</u>	<u>81,913,194</u>	<u>10,099,001</u>	<u>1,052,197,831</u>
Total depreciable capital assets, net	<u>1,976,677,627</u>	<u>305,130,387</u>	<u>200,259</u>	<u>2,281,607,755</u>
Government activities capital assets, net	<u>\$ 2,259,068,142</u>	<u>\$ 500,956,565</u>	<u>\$ 355,442,322</u>	<u>2,404,582,385</u>
Business-Type Activities				
Depreciable capital assets:				
Vehicles and equipment	\$ 17,666,135	\$ 80,428	\$ 243,062	\$ 17,503,501
Total depreciable capital assets	<u>17,666,135</u>	<u>80,428</u>	<u>243,062</u>	<u>17,503,501</u>
Less accumulated depreciation for:				
Vehicles and equipment	13,827,423	622,205	235,337	14,214,291
Total accumulated depreciation	<u>13,827,423</u>	<u>622,205</u>	<u>235,337</u>	<u>14,214,291</u>
Business-type activities capital assets, net	<u>\$ 3,838,712</u>	<u>\$ (541,777)</u>	<u>\$ 7,725</u>	<u>3,289,210</u>
Educational Foundation capital assets net of accumulated depreciation	<u>\$ -</u>	<u>\$ 44,237</u>	<u>\$ -</u>	<u>\$ 44,237</u>
Total MCPS government-wide capital assets				<u>\$ 2,407,915,832</u>

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

Governmental activities:	
Regular instruction	\$ 69,565,145
Special education	209,040
School administration	87,651
Student transportation	7,621,135
Operation of plant	109,472
Maintenance of plant	3,694,446
Administration	626,305
Total depreciation expense-governmental activities	<u>\$ 81,913,194</u>
Business-type activities:	
Food services	\$ 620,722
Real estate management	1,483
Total depreciation expense-business type activities	<u>\$ 622,205</u>

Commitments for ongoing construction in progress at June 30, 2013, were \$119,218,918.

D) Interfund Receivables, Payables, and Transfers

The composition of interfund receivables and payables as of June 30, 2013, is as follows:

Due To Fund	Due From Fund				Total
	General	Nonmajor Governmental	Internal Service	Fiduciary	
General	\$ -	\$ -	\$ 3,000,730	\$ 4,481,959	\$ 7,482,689
Montgomery Housing Initiative	-	-	6,529	9,831	16,360
Grants	7,472,850	-	147,238	178,087	7,798,175
Capital Projects	42,616,505	2,098,292	152,474	200,222	45,067,493
Liquor	-	-	152,865	122,684	275,549
Solid Waste Activities	-	-	63,264	69,035	132,299
Parking Lot Districts	-	-	23,705	26,084	49,789
Nonmajor Governmental	575	-	1,335,707	2,159,081	3,495,363
Nonmajor Enterprise	-	-	126,436	180,179	306,615
Internal Service	387,500	-	150,140	3,822,280	4,359,920
Fiduciary	-	-	7,515	5,293	12,808
Total	<u>\$ 50,477,430</u>	<u>\$ 2,098,292</u>	<u>\$ 5,166,603</u>	<u>\$ 11,254,735</u>	<u>\$ 68,997,060</u>

Included in the amounts presented above are the following short-term loans from the General Fund that was, or will be, repaid during FY14:

- \$7.5 million to the Grants Special Revenue Fund to cover vendor payments prior to revenues being received from other government agencies; and
- \$42.6 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.
- \$0.4 million to the Central Duplicating Internal Service Fund to offset cash deficits.

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

Interfund transfers for the year ended June 30, 2013, consisted of the following:

Transfers Out Fund	Transfers In Fund						Subtotal Major
	General	Housing Initiative	Grants	Debt Service	Capital Projects	Parking Lot Districts	
General	\$ -	\$ 15,589,247	\$ 514,931	\$ 252,311,377	\$ 45,695,781	\$ 28,349	\$ 314,139,685
Housing Initiative	202,560	-	-	4,476,342	8,657,597	-	13,336,499
Grants	636,870	-	-	-	-	-	636,870
Capital Projects	-	34,857,355	-	-	-	-	34,857,355
Liquor	22,297,140	-	-	3,432,323	-	-	25,729,463
Solid Waste Activities	2,080,440	-	-	-	-	-	2,080,440
Parking Lot Districts	610,170	-	-	-	-	-	610,170
Nonmajor Governmental	21,012,967	-	1,131,044	35,503,878	3,972,556	43,325	61,663,770
Nonmajor Enterprise	3,413,160	-	-	-	-	-	3,413,160
Internal Service Funds	19,034,302	-	-	-	-	-	19,034,302
Total	<u>\$ 69,287,609</u>	<u>\$ 50,446,602</u>	<u>\$ 1,645,975</u>	<u>\$ 295,723,920</u>	<u>\$ 58,325,934</u>	<u>\$ 71,674</u>	<u>\$ 475,501,714</u>

Transfers Out Fund	Transfers In Fund					Total
	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Subtotal Major		
General	\$ 12,142,713	\$ 125,000	\$ 1,597,958	\$ 314,139,685		\$ 328,005,356
Housing Initiative	-	-	-	13,336,499		13,336,499
Grants	-	-	-	636,870		636,870
Capital Projects	-	-	-	34,857,355		34,857,355
Liquor	-	-	-	25,729,463		25,729,463
Solid Waste Activities	-	-	-	2,080,440		2,080,440
Parking Lot Districts	13,066,540	-	-	610,170		13,676,710
Nonmajor Governmental	-	-	-	61,663,770		61,663,770
Nonmajor Enterprise	-	-	-	3,413,160		3,413,160
Internal Service Funds	-	-	-	19,034,302		19,034,302
Total	<u>\$ 25,209,253</u>	<u>\$ 125,000</u>	<u>\$ 1,597,958</u>	<u>\$ 446,001,714</u>		<u>\$ 502,433,925</u>

Primary activities include:

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

E) Leases

1) Operating Leases

The County leases buildings and office facilities and other equipment under non-cancelable operating leases. Lease agreements typically provide for automatic termination on July 1 of any year in which funds to meet subsequent rental payments are not appropriated. Total costs for operating leases were approximately \$25,157,200 for FY13. Future minimum lease payments under significant non-cancelable operating leases are as follows:

Fiscal Year Ending June 30	
2014	\$ 22,286,948
2015	17,392,063
2016	15,691,645
2017	13,980,529
2018	13,128,667
2019 - 2023	44,495,102
2024 - 2028	8,333,731
Total	<u>\$ 135,308,685</u>

2) Capital Lease Receivable

Pursuant to the issue of the 2002 Lease Revenue Bonds and 2004 Lease Revenue Bonds (See Note III-F8), the County is obligated to lease the Shady Grove and Grosvenor Metrorail Garage Projects to WMATA at amounts calculated to be sufficient in both time and amount to pay, when due, the principal of and interest on the bonds. Separate lease agreements were executed in conjunction with each bond issue. The leases associated with the 2002 and 2004 bond issues have original terms of 22 years and 20 years, respectively, both ending on June 1, 2024.

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

The composition of the capital lease receivable is as follows:

	Minimum Lease Receivable	Unearned Income	Net Investment
Shady Grove	\$ 16,875,590	\$ (4,379,590)	\$ 12,496,000
Grosvenor	16,453,700	(4,270,100)	12,183,600
Glenmont	8,859,685	(2,299,285)	6,560,400
	<u>\$ 42,188,975</u>	<u>\$ (10,948,975)</u>	<u>\$ 31,240,000</u>

At June 30, 2013, the minimum future lease payments due under the direct financing capital lease agreements are as follows:

Fiscal Year Ending June 30	
2014	\$ 3,474,363
2015	3,481,613
2016	3,478,613
2017	3,490,613
2018	3,491,613
2019-2023	17,545,562
2024-2028	5,525,262
2029-2031	1,701,336
Total minimum lease payments	<u>\$ 42,188,975</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>(27,309,233)</u>
Total asset value under capital leases	<u>\$ 41,755,893</u>

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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, are as follows:

Fiscal Year Ending June 30	
2014	\$ 3,465,929
2015	3,466,146
2016	3,473,586
2017	3,473,912
2018	2,830,630
2019-2023	6,811,450
Total minimum lease payments	<u>23,521,653</u>
Less: amount representing interest	(4,411,651)
Present value of minimum lease payments	<u><u>\$ 19,110,002</u></u>

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

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, are reflected as Committed Fund Balance of the Capital Projects Fund.

The County issued \$23,360,000 in general refunding bonds dated October 24, 2012; the County received a premium on the issue of \$2,013,430. The total net proceeds were used to advance refund

\$4,995,000 of general obligation (GO) refunding bonds that were previously issued and early retire \$20,115,000 in capital leases. These bonds were issued with a true interest cost of 0.38%. A detail listing of these refunded bonds is as follows:

	Dated Date	Original Maturity	True Interest Cost	Originally Issued	Years Refunded	Amount Refunded
GO Bonds	11/15/2002	2005-13	3.2628	\$ 93,595,000	2013	\$ 4,995,000
Town Square Lease	6/11/2002	2003-16	N/A	26,540,000	2013-16	8,910,000
Wayne Ave. Lease	6/11/2002	2003-16	N/A	32,560,000	2013-16	11,205,000
				<u>\$ 152,695,000</u>		<u>\$ 25,110,000</u>

Net proceeds of the general obligation refunding bonds were used to purchase direct obligation, or obligations on which the timely payment of principal and interest is unconditionally guaranteed by the U.S government. These government obligations have been deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance bond refunding of \$4,995,000, which mature in FY14. As a result, the trust account assets and the liabilities for the defeased bonds are not included in these financial statements.

The reacquisition price exceeded the net carrying amount of the old debt by \$75,380. This amount is being netted against the new debt and amortized over the remaining life of the new debt.

The debt service savings from this refunding is \$2,502,972 as shown below. The present value of the debt service savings (or economic gain) on the refunding is \$2,511,164.

Fiscal Year	Refunded Debt Service Requirements	Refunding Debt Service Requirements	Debt Service Savings
2013	\$ 753,987	\$ 426,698	\$ 327,289
2014	10,681,280	8,514,075	2,167,205
2015	5,563,877	5,561,550	2,327
2016	5,538,030	5,533,200	4,830
2017	5,536,321	5,535,000	1,321
Total	<u>\$ 28,073,495</u>	<u>\$ 25,570,523</u>	<u>\$ 2,502,972</u>

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General obligation bond issues outstanding as of June 30, 2013, are as follows:

Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2013	Unamortized Premium	Unamortized Deferred Difference	Carrying Value June 30, 2013
03/15/04	2005-24	3.0 - 5.0	154,600,000	\$ 15,460,000	\$ 784,446	\$ -	\$ 16,244,446
08/15/04*	2008-17	3.0 - 5.25	97,690,000	74,895,000	1,228,886	(1,504,495)	74,619,391
05/15/05	2006-25	4.0 - 5.0	200,000,000	40,000,000	2,582,760	-	42,582,760
06/01/05*	2005-16	3.781	120,355,000	114,175,000	5,436,687	(4,462,983)	115,148,704
05/01/06	2006-17	3.871	100,000,000	30,000,000	545,761	-	30,545,761
06/07/06	2017-26	Variable	100,000,000	100,000,000	-	-	100,000,000
05/01/07	2007-27	4.082	250,000,000	112,500,000	7,411,637	-	119,911,637
3/12/08*	2009-15	2.750 - 5.0	70,295,000	10,150,000	214,064	(94,068)	10,269,996
07/15/08	2009-29	3.0 - 5.0	250,000,000	200,000,000	4,608,451	-	204,608,451
11/03/09*	2011-20	2.0 - 5.0	161,755,000	147,915,000	11,264,529	(6,147,455)	153,032,074
11/03/09	2015-29	3.75 - 5.5	232,000,000	232,000,000	1,333,996	-	233,333,996
11/17/09*	2010-14	2.0 - 5.0	78,000,000	31,200,000	863,823	-	32,063,823
07/26/10	2011-22	2.0 - 5.0	195,000,000	162,500,000	15,525,294	-	178,025,294
07/26/10	2023-30	4.75 - 5.4	106,320,000	106,320,000	173,524	-	106,493,524
07/26/10	2023-30	4.75 - 5.4	23,680,000	23,680,000	38,648	-	23,718,648
08/11/11	2012-31	2.00 - 5.0	320,000,000	304,000,000	30,952,135	-	334,952,135
08/11/11*	2012-22	2.00 - 5.0	237,655,000	226,670,000	31,770,137	(13,913,493)	244,526,644
10/24/12	2013-32	2.50 - 5.0	295,000,000	295,000,000	30,157,467	-	325,157,467
10/24/12*	2013-16	2.50 - 5.0	23,360,000	23,360,000	1,442,153	(53,993)	24,748,160
Total			<u>\$ 3,015,710,000</u>	<u>\$ 2,249,825,000</u>	<u>\$ 146,334,398</u>	<u>\$ (26,176,487)</u>	<u>\$ 2,369,982,911</u>

* Issue represents refunding bonds.

Changes in general obligation bonds during FY13 are as follows:

	Balance July 1, 2012	Bonds Issued	Bonds Retired	Bonds Refunded	Balance June 30, 2013
Governmental Activities:					
General County	\$ 325,279,233	\$ 72,631,840	\$ 23,992,523	\$ 459,041	\$ 373,459,509
Roads and Storm Drainage	449,677,420	40,574,560	38,725,490	1,146,852	450,379,638
Parks	67,838,583	3,070,080	5,963,352	80,420	64,864,891
Public Schools	902,017,621	152,896,640	76,910,213	3,105,389	974,898,659
Community College	128,095,991	17,616,800	8,534,636	117,383	137,060,772
Consolidated Fire Tax District	53,236,009	2,546,720	4,345,243	49,451	51,388,035
Mass Transit	71,145,143	29,023,360	2,358,543	36,464	97,773,496
	<u>\$ 1,997,290,000</u>	<u>\$ 318,360,000</u>	<u>\$ 160,830,000</u>	<u>\$ 4,995,000</u>	<u>\$ 2,149,825,000</u>

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

Fiscal Year Ending June 30	General Obligation Bond Requirements		
	Principal	Interest	Total
2014	\$ 171,510,000	\$ 97,721,004	\$ 269,231,004
2015	178,250,000	89,162,266	267,412,266
2016	173,570,000	80,147,860	253,717,860
2017	167,740,000	71,890,461	239,630,461
2018	156,795,000	64,248,769	221,043,769
2019-2023	689,450,000	223,326,116	912,776,116
2024-2028	482,570,000	99,078,762	581,648,762
2029-2033	229,940,000	16,677,950	246,617,950
Total	<u>\$ 2,249,825,000</u>	<u>\$ 742,253,188</u>	<u>\$ 2,992,078,188</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, 2013 is \$7,181,853,539.

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General obligation bonds authorized and unissued as of June 30, 2013, are as follows:

Purpose	Authority			Amount
	Chapter	Act	Amount	Unissued
General County, Parks, and Consolidated Fire Tax District	36	2008	\$ 68,200,000	\$ 6,890,000
	22	2009	58,700,000	58,700,000
	54	2010	341,600,000	341,600,000
	24	2011	65,400,000	65,400,000
	19	2012	13,900,000	13,900,000
			<u>547,800,000</u>	<u>486,490,000</u>
Roads and Storm Drainage	54	2010	192,000,000	182,540,000
	19	2012	38,700,000	38,700,000
			<u>230,700,000</u>	<u>221,240,000</u>
Public Schools and Community College	22	2009	272,500,000	66,268,000
	54	2010	108,700,000	108,700,000
	24	2011	214,300,000	214,300,000
	19	2012	187,400,000	187,400,000
			<u>782,900,000</u>	<u>576,668,000</u>
Mass Transit	54	2010	32,600,000	4,605,000
	24	2011	103,200,000	103,200,000
			<u>135,800,000</u>	<u>107,805,000</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
	22	2009	1,000,000	1,000,000
	54	2010	46,400,000	46,400,000
			<u>53,030,000</u>	<u>52,970,000</u>
Agricultural Eastments	24	2011	2,000,000	2,000,000
Facade Eastments	24	2011	1,100,000	1,100,000
			<u>3,100,000</u>	<u>3,100,000</u>
Parking Districts:				
Silver Spring	9	1983	2,945,000	2,045,000
	6	1984	1,220,000	1,220,000
	19	2012	20,115,000	1,193,000
			<u>24,280,000</u>	<u>4,458,000</u>
Bethesda	19	1981	7,325,000	3,040,000
	14	1982	775,000	775,000
	10	1983	1,050,000	1,050,000
			<u>9,150,000</u>	<u>4,865,000</u>
Total Parking Districts			<u>33,430,000</u>	<u>9,323,000</u>
Total General Obligation Bonds			<u>\$ 1,786,760,000</u>	<u>\$ 1,457,596,000</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 the VRDOs, on May 25, 2011, the County entered into a Standby Note Purchase Agreement with Wells Fargo Bank, National Association which will expire on July 15, 2014. The Wells Fargo Note Purchase Agreement requires Wells Fargo to provide funds for the purchase of VRDOs that have been tendered and not remarketed pursuant to such agreement. Because the County entered into a financing agreement that ensures the VRDOs can be refinanced on a long-term basis, these obligations are classified as noncurrent liabilities at year-end.

VRDOs outstanding as of June 30, 2013, are as follows:

<u>Dated Date</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Originally Issued</u>	<u>Balance June 30, 2013</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.

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Changes in VRDOs during FY13 are as follows:

	Balance July 1, 2012	VRDOs Issued	VRDOs Retired	Balance June 30, 2013
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	<u>\$ 100,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000,000</u>

VRDO requirements to maturity are as follows:

Fiscal Year Ending June 30	Variable Rate Demand Obligation Requirements		
	Principal	Interest*	Total
2014	\$ -	\$ 600,000	\$ 600,000
2015	-	600,000	600,000
2016	-	600,000	600,000
2017	10,000,000	600,000	10,600,000
2018	10,000,000	540,000	10,540,000
2019-2023	50,000,000	1,620,000	51,620,000
2024-2026	30,000,000	240,000	30,240,000
Total	<u>\$ 100,000,000</u>	<u>\$ 4,800,000</u>	<u>\$ 104,800,000</u>

* Includes interest on VRDOs at estimated rates of .600 percent for Series A and .600 percent for series B respectively, for the June 7, 2006 issue; the interest rate on the notes is calculated daily and due monthly. The estimated rates used for this calculation were based on the proposed budget.

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, Department of Liquor Control facilities, Solid Waste facilities, and Water Quality stormwater management facilities. Net revenues of Bethesda and Silver Spring Parking Lot Districts including parking fees, fines and dedicated property taxes and Department of Liquor Control revenues are pledged against the timely repayment of principal and interest of the outstanding revenue bonds of the respective funds. Net revenues of the Solid Waste Disposal and Water Quality Protection funds are pledged against the timely repayment of principal and interest of the outstanding revenue bonds of the respective funds.

In July 2012, the County issued \$37.8 million Water Quality Protection Revenue Bonds Series 2012A. The proceeds of the Series 2012A Bonds will be used to finance and refinance the planning, design, acquisition, and construction of stormwater management facilities that are included in the County's Capital Improvement Program. It is a proactive program to protect natural waterway environments, restore streams previously damaged by excessive erosion, sedimentation, and improved water quality.

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

	Terms of Commitment (Years)	Approximate Amount of Pledge
Bethesda Parking Lot District	19	\$ 64,808,542
Water Quality Protection	19	57,350,250
Liquor Control	18	107,061,092
Total		<u>\$ 229,219,884</u>

The pledged net revenues recognized during FY13 for the payment of the outstanding principal and interest of the revenue bonds are as follows:

	Net Available Revenue for Debt Service	Debt Service		
		Principal	Interest	Total
Parking Lot District:				
Bethesda Parking Lot District	\$ 12,195,271	\$ 2,020,000	\$ 2,030,369	\$ 4,050,369
Silver Spring Parking Lot District	10,683,649	-	-	-
Solid Waste Disposal Fund	4,300,009	2,685,000	134,250	2,819,250
Liquor Control Fund	36,143,713	2,790,000	3,561,750	6,351,750
Water Quality Protection	8,364,596	915,000	1,207,601	2,122,601

Revenue bond issues outstanding as of June 30, 2013, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2013	Unamortized Premium/ (Discount)	Unamortized Deferred Difference	Carrying Value June 30, 2013
Parking Revenue Bonds:								
Bethesda Parking Lot District 2005A	08/31/05	2007-25	3.62 - 5.00	\$ 16,495,000	\$ 12,585,000	\$ 55,671	\$ -	\$ 12,640,671
Bethesda Parking Lot District 2012	05/16/12	2015-23	3.00 - 3.25	24,190,000	24,190,000	1,383,085	-	25,573,085
Bethesda Parking Lot District 2012 Ref.	05/16/12	2013-17	1.25 - 1.93	13,750,000	12,455,000	1,846,826	(192,075)	14,109,751
Water Quality Protection 2012A	07/18/12	2013-32	0.25 - 5.00	37,835,000	36,920,000	5,062,363	-	41,982,363
Liquor Control Revenue Bonds:*								
Liquor Control & Transportation 2009	05/12/09	2010-29	3.00 - 5.00	46,765,000	40,195,000	1,951,567	-	42,146,567
Liquor Control & Transportation 2011	04/28/11	2012-31	2.00 - 5.00	34,360,000	32,020,000	1,379,179	-	33,399,179
Total				<u>\$ 173,395,000</u>	<u>\$ 158,365,000</u>	<u>\$ 11,678,691</u>	<u>\$ (192,075)</u>	<u>\$ 169,851,616</u>

* Liquor Control Revenue bonds are allocated to Governmental and Business-Type Activities on the Statement of Activities. See Note III-F11 for allocation.

Changes in revenue bond principal during FY13 are as follows:

	Balance July 1, 2012	Bonds Issued	Bonds Retired	Balance June 30, 2013
Bethesda Parking Lot District	\$ 51,250,000	\$ -	\$ 2,020,000	\$ 49,230,000
Solid Waste Disposal	2,685,000	-	2,685,000	-
Liquor Control*	75,005,000	-	2,790,000	72,215,000
Water Quality Protection	-	37,835,000	915,000	36,920,000
Total	<u>\$ 128,940,000</u>	<u>\$ 37,835,000</u>	<u>\$ 8,410,000</u>	<u>\$ 158,365,000</u>

* Liquor Control Revenue bonds are allocated to Governmental and Business-Type Activities on the Statement of Activities. See Note III-F11 for allocation.

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Bethesda Parking Lot District		Liquor Control	
	Principal	Interest	Principal	Interest
2014	\$ 2,100,000	\$ 1,910,939	\$ 2,915,000	\$ 3,438,950
2015	3,120,000	1,839,789	3,055,000	3,295,200
2016	3,245,000	1,715,917	3,215,000	3,142,450
2017	3,375,000	1,588,008	3,345,000	3,010,950
2018	3,525,000	1,438,470	3,510,000	2,844,300
2019-2023	16,360,000	4,624,060	20,055,000	11,712,240
2024-2028	10,825,000	1,929,053	25,280,000	6,492,450
2029-2033	6,680,000	532,306	10,840,000	909,552
Total	<u>\$ 49,230,000</u>	<u>\$ 15,578,542</u>	<u>\$ 72,215,000</u>	<u>\$ 34,846,092</u>

Fiscal Year Ending June 30	Water Quality Protection		Total Revenue Bond Requirements		
	Principal	Interest	Principal	Interest	Total
2014	\$ 1,310,000	\$ 1,706,150	\$ 6,325,000	\$ 7,056,039	\$ 13,381,039
2015	1,340,000	1,678,850	7,515,000	6,813,839	14,328,839
2016	1,395,000	1,625,250	7,855,000	6,483,617	14,338,617
2017	1,435,000	1,583,400	8,155,000	6,182,358	14,337,358
2018	1,490,000	1,526,000	8,525,000	5,808,770	14,333,770
2019-2023	8,495,000	6,598,850	44,910,000	22,935,150	67,845,150
2024-2028	10,750,000	4,341,000	46,855,000	12,762,503	59,617,503
2029-2033	10,705,000	1,370,750	28,225,000	2,812,608	31,037,608
Total	<u>\$ 36,920,000</u>	<u>\$ 20,430,250</u>	<u>\$ 158,365,000</u>	<u>\$ 70,854,884</u>	<u>\$ 229,219,884</u>

Revenue bonds authorized and unissued as of June 30, 2013, are as follows:

Purpose	Resolution Number	Year	Amount Authorized	Amount Unissued
Parking Lot Districts	11-1383	1989	\$ 51,163,000	\$ 1,403,000
Parking Lot Districts	14-921	2001	35,000,000	9,000,000
Solid Waste Disposal	12-1010	1993	56,635,000	6,255,000
Public Housing	16-675	2008	50,000,000	50,000,000
Liquor & Transportation	16-863	2009	138,000,000	56,875,000
Parking Lot Districts	17-403	2012	46,000,000	46,000,000
Public Housing	17-227	2012	40,000,000	40,000,000
Water Quality Protection	Bill 12-12	2012	95,000,000	57,165,000
Total			<u>\$ 511,798,000</u>	<u>\$ 266,698,000</u>

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	\$ 1,492,458	\$ 1,835,549	\$ -
Debt Service Account - Used to pay debt service on bonds	264,351	-	-
Debt Service Reserve Account - (including accrued interest) - Available to pay debt service on bonds if there is insufficient money available	4,313,392	-	3,796,253
Renewal and Renovation Account - Available for payment of renewals, replacements, renovations, and unusual and extraordinary repairs	1,500,000	1,500,000	3,884,647
Rate Covenant Cash Reserve - Available to fund operating activities for a minimum of three months	-	-	23,795,649
Rate Stabilization Account - In case of short-term extraordinary expenses	-	-	500,000
Total	<u>\$ 7,570,201</u>	<u>\$ 3,335,549</u>	<u>\$ 31,976,549</u>

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 FY13 are as follows:

	Balance July 1, 2012	BANs Issued	BANs Retired	Balance June 30, 2013
BAN Series 2009-A	\$ 200,000,000	\$ 100,000,000	\$ 200,000,000	\$ 100,000,000
BAN Series 2009-B	-	100,000,000	-	100,000,000
BAN Series 2010-A	-	63,395,000	-	63,395,000
BAN Series 2010-B	300,000,000	63,395,000	126,790,000	236,605,000
Total	<u>\$ 500,000,000</u>	<u>\$ 326,790,000</u>	<u>\$ 326,790,000</u>	<u>\$ 500,000,000</u>

Interest earned on BAN proceeds totaling \$750 was accounted for in the Debt Service Fund. During FY13 interest rates varied from .065 to .185 percent.

BANs totaling \$326.8 million were issued during FY13; \$126.8 million Series 2010 and \$200 million Series 2009 respectively. BANs are issued at varying maturities to a maximum of 270 days, under a program whose authority was adopted on September 15, 2009, as amended, to consolidate additional authority to borrow money and incur indebtedness. The County reissued the notes upon maturity and continues to do so, until they are replaced with long-term bonds. The County will issue long-term bonds in FY14, and intends to use a portion of the proceeds to replace short-term notes that were issued to fund capital construction and improvements.

In connection with the BANs, the County entered into three-year credit agreements with State Street Bank and PNC Bank to provide liquidity with respect to the 2010 Series BANs for \$150,000,000 each. The agreements were due to expire on July 31, 2013 but were renewed after the fiscal year end. With respect to the 2009 Series BANs, the County has a credit agreement with JP Morgan Chase which expires on August 24, 2014. All credit agreements provide liquidity for the principal amount of the notes and approximately one month of interest. Any principal advances under the line of credit must be repaid in semi-annual installments over five years after the advance occurs. No amounts were advanced against this line of credit. Because the County entered into a financing agreement that ensures the BANs can be refinanced on a long-term basis, these BANs are classified as noncurrent liabilities at year-end.

During FY13, the County Council passed Resolution No. 17-556 dated September 25, 2012 to increase the County's authority to issue BANs by \$240 million. Cumulative BANs authorized and unissued as of June 30, 2013, including amounts authorized and unissued from prior years, is \$86,790,000.

5) **Certificates of Participation**

In April 2010, the County issued Certificates of Participation (certificates) for Equipment Acquisition in the public transportation Program dated April 7, 2010, in the amount of \$23.0 million. In October 2007, the County issued certificates for its Equipment Acquisition in the fire and rescue Program dated October 24, 2007, in the amount of \$33.58 million. The certificates represent proportionate interest in a Conditional Purchase Agreement (CPA) between the County, as purchaser and U.S. Bank National Association, as the seller. The CPA requires the County, as purchaser; to make periodic purchase installments in amounts sufficient to pay the scheduled debt service on the certificates until the County pays the entire price necessary to acquire the equipment, which shall be equal to the amount necessary to pay the principal and

interest on all outstanding certificates. The ability of the County, as purchaser, to pay the purchase installments due under the CPA depends upon sufficient funds being appropriated each year by the County Council for such purpose. The County Council is under no obligation to make any appropriation with respect to the CPA. The CPA is not a general obligation of the County and does not constitute an indebtedness of the County within the meaning of any constitutional or statutory limitation or charge against the general credit or taxing powers of the County.

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

Fiscal Year Ending June 30	Certificates of Participation		
	Principal	Interest	Total
2014	\$ 6,370,000	\$ 1,212,600	\$ 7,582,600
2015	6,620,000	923,600	7,543,600
2016	6,885,000	640,000	7,525,000
2017	7,155,000	289,100	7,444,100
2018	3,645,000	145,800	3,790,800
Total	<u>\$ 30,675,000</u>	<u>\$ 3,211,100</u>	<u>\$ 33,886,100</u>

6) **Master Lease/Equipment Notes**

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

The following is a schedule by fiscal year for the debt service requirement at June 30, 2013:

Fiscal Year Ending June 30	
2014	\$ 5,659,959
2015	5,659,962
2016	5,659,995
2017	3,844,416
2018	2,028,872
2019	1,130,237
Total minimum lease payments	<u>23,983,441</u>
Less: amount representing interest	<u>(1,718,785)</u>
Present value of minimum lease payments	<u>\$ 22,264,656</u>

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, 2013:

Fiscal Year Ending June 30	Equipment Notes Requirements		
	Principal	Interest	Total
2014	\$ 980,801	\$ 59,701	\$ 1,040,502
2015	939,880	32,650	972,530
2016	490,183	8,233	498,416
2017	84,291	1,409	85,700
2018	15,300	361	15,661
Total	<u>\$ 2,510,455</u>	<u>\$ 102,354</u>	<u>\$ 2,612,809</u>

On July 7, 2011, the County issued a Master Lease Purchase Agreement to finance public safety system communication equipment. The following is a schedule by fiscal year for the agreement as of June 30, 2013:

Fiscal Year Ending June 30	Safety Equipment Notes Requirements		
	Principal	Interest	Total
2014	\$ 4,143,021	\$ 230,518	\$ 4,373,539
2015	4,212,636	160,903	4,373,539
2016	4,283,421	90,118	4,373,539
2017	2,168,627	18,144	2,186,771
Total	<u>\$ 14,807,705</u>	<u>\$ 499,683</u>	<u>\$ 15,307,388</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 each year. The County must make additional payments equal to the net of proceeds of parcels sold in a given year; payments should be allocated first to interest then to principal. If in a given year, net proceeds for the sale of parcels equal or exceed the debt service payment, the County will not be required to make a separate debt service payment. The minimum annual loan payment is less than the interest accrued during the fiscal period; the difference between the interest and the debt service paid is added to the total principal amount owed. Consequently, a negative balance is shown on the principal column of the amortization schedule.

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 June 30, 2013:

Fiscal Year Ending June 30	Promissory Note Requirements		
	Principal	Interest	Total
2014	\$ (28,791)	\$ 428,791	\$ 400,000
2015	(30,066)	430,066	400,000
2016	(31,398)	431,398	400,000
2017	(32,789)	432,789	400,000
2018	(34,242)	434,242	400,000
2019 - 2023	(195,352)	2,195,362	2,000,010
2024 - 2025	10,031,887	667,603	10,699,490
Total	<u>\$ 9,679,249</u>	<u>\$ 5,020,251</u>	<u>\$ 14,699,500</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 County issued \$4,745,000 in lease revenue bonds (Metrorail Garage Projects) on September 1, 2004. The bonds were issued due to certain cost increases incurred since the issuance of the Series 2002 Bonds. The County needed an additional \$2,100,000 to complete construction of the Shady Grove Metro Garage and an additional \$2,110,000 to complete construction of the Grosvenor Metro Garage. The Series 2004 bonds were delivered on September 28, 2004. The lease has a term of 20 years ending on June 1, 2024.

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

The bonds are payable from and secured by a pledge of revenues from WMATA's lease payments and certain reserve funds. The approximate amount of the pledge is \$42,188,975. WMATA's obligation to make payments under the leases is payable solely from amounts held in a Surcharge Reserve Account which is funded by revenues from a surcharge on the parking facilities.

In the event that the County's Reserve Subfund of \$3,125,664, included in Debt Service Fund cash with fiscal agents in the accompanying financial statements, is less than the required amount, the County Executive is obligated to include, in the next subsequent appropriation request to the County Council, a request for sufficient resources to reimburse the Reserve Subfund. The Lease Revenue Bonds are not a debt of the County within the meaning of any constitutional, compact, charter or statutory debt limit or restriction. Neither the faith and credit nor the taxing power of the County is pledged to the payment of the bonds.

In FY13, pledged revenue of \$3,472,363 equals the principal and interest on the lease revenue bonds.

Lease revenue bonds outstanding as of June 30, 2013, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2013	Unamortized Premium (Discount)	Unamortized Deferred Difference	Carrying Value June 30, 2013
Lease Revenue Bonds	10/13/11	2011-31	2.6687%	\$ 35,465,000	\$ 31,240,000	\$ 4,061,034	\$ (1,498,587)	\$ 33,802,447

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

Fiscal Year Ending June 30	Lease Revenue Bond Requirements		
	Principal	Interest	Total
2014	\$ 1,955,000	\$ 1,519,363	\$ 3,474,363
2015	2,060,000	1,421,613	3,481,613
2016	2,160,000	1,318,613	3,478,613
2017	2,280,000	1,210,613	3,490,613
2018	2,395,000	1,096,613	3,491,613
2019-2023	13,990,000	3,555,563	17,545,563
2024-2028	4,825,000	700,263	5,525,263
2029-2031	1,575,000	126,334	1,701,334
Total	\$ 31,240,000	\$ 10,948,975	\$ 42,188,975

9) **Taxable Limited Obligation Certificates**

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

In August 2011, the County issued Taxable Limited Obligation Certificates, in the amount of \$28.8 million; the County issued the certificates to finance and promote a broad range of housing opportunities in Montgomery County, Maryland and a community and recreational facility.

The following is a schedule by fiscal year for the debt service requirement at June 30, 2013:

Fiscal Year Ending June 30	Taxable Limited Obligation Requirements		
	Principal	Interest	Total
2014	\$ 2,165,000	\$ 2,533,897	\$ 4,698,897
2015	2,240,000	2,458,098	4,698,098
2016	2,320,000	2,379,597	4,699,597
2017	2,400,000	2,298,247	4,698,247
2018	2,500,000	2,201,847	4,701,847
2019-2023	14,140,000	9,354,611	23,494,611
2024-2028	17,825,000	5,676,070	23,501,070
2029-2031	10,580,000	1,016,570	11,596,570
Total	<u>\$ 54,170,000</u>	<u>\$ 27,918,937</u>	<u>\$ 82,088,937</u>

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, 2013, for this loan is \$483,000.

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11) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within one year
Governmental Activities					
General obligation bonds payable:					
General obligation bonds	\$ 1,997,290,000	\$ 318,360,000	\$ (165,825,000)	\$ 2,149,825,000	\$ 171,510,000
Variable rate demand obligations	100,000,000	-	-	100,000,000	-
Bond anticipation notes	500,000,000	326,790,000	(326,790,000)	500,000,000	500,000,000
Revenue bonds					
Liquor Control	41,265,110	-	(1,473,500)	39,791,610	1,544,872
Water Quality Protection	-	37,835,000	(915,000)	36,920,000	1,310,000
Lease revenue bonds payable	33,100,000	-	(1,860,000)	31,240,000	1,955,000
Add remaining original issue premium	145,451,170	39,692,753	(27,904,082)	157,239,841	-
Less deferred amount on refundings	(33,791,743)	(75,380)	6,192,049	(27,675,074)	-
Total general obligation bonds	<u>2,783,314,537</u>	<u>722,602,373</u>	<u>(518,575,533)</u>	<u>2,987,341,377</u>	<u>676,319,872</u>
Leases and Notes payable:					
Capital leases	46,530,000	8,395,000	(34,795,000)	20,130,000	2,380,000
Certificates of participation	37,420,000	-	(6,745,000)	30,675,000	6,370,000
Taxable limited obligation certificates	56,265,000	-	(2,095,000)	54,170,000	2,165,000
HUD loan	526,000	-	(43,000)	483,000	43,000
WSSC Promissory Note	9,651,680	27,569	-	9,679,249	428,791
Equipment notes	49,359,796	340,000	(10,116,982)	39,582,814	10,167,657
Add remaining original issue premium	542,957	57,288	(52,714)	547,531	-
Total Leases and Notes Payable	<u>200,295,433</u>	<u>8,819,857</u>	<u>(53,847,696)</u>	<u>155,267,594</u>	<u>21,554,448</u>
Other non-debt related liabilities:					
Compensated absences	74,149,675	43,758,914	(47,163,079)	70,745,510	53,059,133
Other postemployment benefits	376,728,590	136,407,792	(88,043,558)	425,092,824	-
Claims payable - self-insurance	138,197,027	136,583,689	(133,067,084)	141,713,632	37,366,897
Claims and judgments	1,976,921	-	(1,976,921)	-	-
Total other non-debt related	<u>591,052,213</u>	<u>316,750,395</u>	<u>(270,250,642)</u>	<u>637,551,966</u>	<u>90,426,030</u>
Total Governmental Activities Liabilities	<u>\$ 3,574,662,183</u>	<u>\$ 1,048,172,625</u>	<u>\$ (842,673,871)</u>	<u>\$ 3,780,160,937</u>	<u>\$ 788,300,350</u>
Business-Type Activities					
Revenue Bonds:					
Liquor Control	\$ 33,739,890	\$ -	\$ (1,316,500)	\$ 32,423,390	\$ 1,370,128
Parking revenue bonds	51,250,000	-	(2,020,000)	49,230,000	2,100,000
Solid waste disposal revenue refunding bonds	2,685,000	-	(2,685,000)	-	-
Add remaining original issue premium	5,539,819	-	(705,534)	4,834,285	-
Less deferred amount on refundings	(253,050)	-	60,975	(192,075)	-
Total revenue bonds	<u>92,961,659</u>	<u>-</u>	<u>(6,666,059)</u>	<u>86,295,600</u>	<u>3,470,128</u>
Leases and Notes payable:					
Equipment notes	-	2,003,268	(26,920)	1,976,348	257,112
Other non-debt related liabilities:					
Compensated absences	5,500,882	185,005	(249,596)	5,436,291	4,077,218
Other postemployment benefits	3,965,222	2,483,208	(2,483,208)	3,965,222	-
Landfill closure costs	16,999,682	1,158,853	(829,321)	17,329,214	1,131,251
Total other non-debt related	<u>26,465,786</u>	<u>3,827,066</u>	<u>(3,562,125)</u>	<u>26,730,727</u>	<u>5,208,469</u>
Total Business-Type Activities Liabilities	<u>\$ 119,427,445</u>	<u>\$ 5,830,334</u>	<u>\$ (10,255,104)</u>	<u>\$ 115,002,675</u>	<u>\$ 8,935,709</u>

Funding Source for Other Non-debt Related Liabilities

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, \$2,083,495 (\$1,562,620 due within one year and \$520,875 due in more than one year) of internal service fund compensated absences were included in the above amounts. Compensated absences liabilities of governmental activities are generally liquidated by the governmental funds that incurred the associated personnel cost. In FY13, over 80% of the compensated absences were paid out of the General Fund and the Fire Tax District Special Revenue Fund. The County liquidates claims payable for self-insurance funds with internal service fund resources. Other post employment benefit liabilities are liquidated with General Fund resources. Claims and judgments are liquidated with resources from the General Fund or the fund to which the claim relates.

12) Conduit Debt Obligations

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

As of June 30, 2013, there were 24 issues of Industrial Revenue Bonds and Economic Development Revenue Bonds outstanding. Of these, 9 were issued prior to July 1, 1996. The aggregate principal amount payable at June 30, 2013, for bonds issued prior to July 1, 1996, could not be determined; however, their original issue amounts totaled \$158,695,000. The principal amount payable at June 30, 2013, for bonds issued after July 1, 1996, totaled \$330,579,274.

13) Special Taxing Districts

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

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

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.

COMPONENT UNITS

At June 30, 2013, HOC's noncurrent liabilities are comprised of the following:

	Due within a year	Long-Term	Total
Revenue bond payable	\$ 15,906,304	\$ 594,135,670	\$ 610,041,974
Capital leases payable	174,875	20,133,710	20,308,585
Derivative investment - hedging	-	11,712,520	11,712,520
Notes and other payable	20,553,750	133,405,372	153,959,122
	<u>\$ 36,634,929</u>	<u>\$ 759,387,272</u>	<u>\$ 796,022,201</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	\$ 328,648,259
Single Family Mortgage Purchase Program Fund	281,393,715
Total	<u>\$ 610,041,974</u>

Interest rates on the HOC Multi-Family and Single Family Mortgage Purchase Program Fund bonds ranged from 0.20 to 11.26 percent and 0.25 to 6.75 percent, respectively, as of June 30, 2013.

Pursuant to Section 15 of Article 44A of the Annotated Code of Maryland, the County may, by local law, provide its full faith and credit as guarantee of bonds issued by HOC in principal amount not exceeding \$50,000,000. Section 20-32 of the Montgomery County Code provides the method by which the County has implemented the guarantee.

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

Fiscal Year Ending June 30	Guaranteed Revenue Bond Requirements		
	Principal	Interest	Total
2014	\$ 385,000	\$ 446,500	\$ 831,500
2015	405,000	427,834	832,834
2016	425,000	407,590	832,590
2017	445,000	385,840	830,840
2018	465,000	363,090	828,090
2019-2023	2,710,000	1,431,249	4,141,249
2024-2028	3,465,000	656,879	4,121,879
2029-2033	800,000	20,200	820,200
Total	<u>\$ 9,100,000</u>	<u>\$ 4,139,182</u>	<u>\$ 13,239,182</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
2014	\$ 15,906,304	\$ 19,804,608	\$ 35,710,912
2015	21,938,199	19,371,919	41,310,118
2016	22,370,300	18,886,431	41,256,731
2017	23,112,645	18,312,104	41,424,749
2018	23,905,266	17,659,723	41,564,989
2019-2023	105,152,548	75,732,812	180,885,360
2024-2028	114,435,741	51,366,831	165,802,572
2029-2033	106,530,000	29,606,732	136,136,732
2034-2038	88,610,000	13,203,276	101,813,276
2039-2043	70,920,000	3,210,069	74,130,069
2044-2048	12,300,000	94,658	12,394,658
2049-2053	1,975,000	-	1,975,000
Unamortized Bond Discount	2,885,971	-	2,885,971
Total	<u>\$ 610,041,974</u>	<u>\$ 267,249,163</u>	<u>\$ 877,291,137</u>

Changes in the HOC revenue bonds during FY13 are as follows:

Purpose	Balance July 1, 2012	Bonds Issued*	Bonds Retired	Balance June 30, 2013
Multi-Family Mortgage Purchase Program Fund	\$ 426,974,338	\$ 76,778,921	\$ 175,105,000	\$ 328,648,259
Single Family Mortgage Purchase Program Fund	305,696,527	85,177,212	109,480,024	281,393,715
Total	<u>\$ 732,670,865</u>	<u>\$ 161,956,133</u>	<u>\$ 284,585,024</u>	<u>\$ 610,041,974</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, 2012	\$ 191,962,190
Issuances during the year	8,400,000
Redemptions during the year	<u>(36,709,943)</u>
Bonds outstanding, June 30, 2013	<u>\$ 163,652,247</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, 2013, is presented below:

Condensed Statements of Net Position

	Solid Waste Disposal *	Silver Spring PLD	Bethesda PLD
ASSETS			
Current assets	\$ 28,529,093	\$ 11,936,004	\$ 47,616,572
Due from component units	52,206	-	644,557
Other assets	31,976,549	3,335,548	8,182,388
Capital assets	39,954,687	82,426,556	85,493,635
Total Assets	<u>100,512,535</u>	<u>97,698,108</u>	<u>141,937,152</u>
LIABILITIES			
Current liabilities	6,903,751	2,291,625	6,121,888
Due to other funds	119,865	22,685	22,832
Long-term liabilities	16,846,013	154,684	50,348,211
Total Liabilities	<u>23,869,629</u>	<u>2,468,994</u>	<u>56,492,931</u>
NET POSITION			
Invested in capital assets, net of related debt	39,954,687	82,426,556	44,092,774
Restricted for debt service	-	3,335,548	7,570,202
Unrestricted	36,688,219	9,467,010	33,781,245
Total Net Position	<u>\$ 76,642,906</u>	<u>\$ 95,229,114</u>	<u>\$ 85,444,221</u>

* Includes Solid Waste Leafing

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

	Solid Waste Disposal *	Silver Spring PLD	Bethesda PLD
OPERATING REVENUES (EXPENSES):			
Operating Revenues:			
Charges for services	\$ 102,175,870	\$ 10,167,356	\$ 12,355,743
Licenses and permits	18,875	-	-
Fines and penalties	22,464	2,465,270	4,522,998
Total Operating Revenues (pledged against bonds)	<u>102,217,209</u>	<u>12,632,626</u>	<u>16,878,741</u>
Depreciation	1,681,074	5,480,297	4,774,163
Other operating expenses	98,271,467	9,019,777	8,006,351
Operating Income (Loss)	<u>2,264,668</u>	<u>(1,867,448)</u>	<u>4,098,227</u>
NONOPERATING REVENUES (EXPENSES):			
Property taxes	-	6,935,865	2,568,464
Gain (loss) on disposal of capital assets	59,290	-	(199)
Investment income	25,128	5,583	9,358
Interest expense	(170,553)	-	(1,570,869)
Other revenue	269,849	126,403	745,059
Insurance Recoveries	-	2,949	-
Transfers in	-	28,349	43,325
Transfers out	(1,911,870)	(4,439,100)	(8,653,660)
Change in Net Position	<u>536,512</u>	<u>792,601</u>	<u>(2,760,295)</u>
Beginning Net Position	<u>76,106,394</u>	<u>94,436,513</u>	<u>88,204,516</u>
Ending Net Position	<u>\$ 76,642,906</u>	<u>\$ 95,229,114</u>	<u>\$ 85,444,221</u>

Condensed Statements of Cash Flows

	Solid Waste Disposal *	Silver Spring PLD	Bethesda PLD
Net Cash Provided (Used) By:			
Operating activities	\$ 3,199,325	\$ 2,122,586	\$ 7,847,519
Noncapital financing activities	(1,911,870)	2,525,114	(6,041,871)
Capital and related financing activities	(3,396,393)	(2,402,425)	(18,146,705)
Investing activities	17,007	5,583	-
Net Increase (Decrease)	<u>(2,091,931)</u>	<u>2,250,858</u>	<u>(16,341,057)</u>
Beginning Cash and Cash Equivalents	<u>55,760,050</u>	<u>11,685,114</u>	<u>33,057,753</u>
Ending Cash and Cash Equivalents	<u>\$ 53,668,119</u>	<u>\$ 13,935,972</u>	<u>\$ 16,716,696</u>

* Includes Solid Waste Leafing

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H) Fund Equity

1) Governmental Fund Balances

The governmental fund balances at June 30, 2013 are composed of the following:

	<u>General</u>	<u>Housing Initiative</u>	<u>Grants</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Non-Major Governmental Funds</u>
Fund Balances:						
Nonspendable:						
Inventory	\$ 5,337,288	\$ -	\$ -	\$ -	\$ -	\$ -
Prepays	312,031	-	-	-	-	102,478
Restricted for:						
Debt service	-	-	-	6,337,410	-	-
General government	-	-	-	-	-	613,234
Public safety	-	-	-	-	-	5,100,786
Public works and transportation	-	-	-	-	-	11,426,058
Health and human services	-	-	-	-	-	1,021,628
Culture and recreation	-	-	-	-	-	3,644,378
Community development and housing	-	226,089,283	-	-	-	12,717,466
Environment	-	-	-	-	-	6,293,710
Revenue stabilization	184,879,381	-	-	-	-	-
Committed to:						
Public safety	-	-	-	-	-	1,708,706
Public works and transportation	94,030	-	-	-	-	1,051,831
Culture and recreation	5,939,309	-	-	-	-	4,261,758
Community development and housing	3,892,658	4,620,813	-	-	-	335,253
Environment	-	-	-	-	-	5,356,186
Education	18,531,086	-	-	-	-	-
Capital Projects	21,238,162	-	-	-	-	5,883,213
Assigned to:						
General government	8,133,337	-	-	-	-	-
Public safety	8,494,728	-	-	-	-	-
Public works and transportation	4,051,596	-	-	-	-	-
Health and human services	7,371,555	-	-	-	-	-
Community development and housing	84,534	-	-	-	-	-
Environment	37,149	-	-	-	-	-
Education	1,171,278	-	-	-	-	-
Unassigned:						
Total fund balances	238,947,394	-	-	-	(4,023,811)	-
	<u>\$ 508,515,516</u>	<u>\$ 230,710,096</u>	<u>\$ -</u>	<u>\$ 6,337,410</u>	<u>\$ (4,023,811)</u>	<u>\$ 59,516,685</u>
 Summary of fund balances:	 <u>General Fund</u>	 <u>Initiative</u>	 <u>Grants</u>	 <u>Debt Service</u>	 <u>Capital Projects</u>	 <u>Governmental</u>
Nonspendable	\$ 5,649,319	\$ -	\$ -	\$ -	\$ -	\$ 102,478
Restricted	184,879,381	226,089,283	-	6,337,410	-	40,817,260
Committed	49,695,245	4,620,813	-	-	-	18,596,947
Assigned	29,344,177	-	-	-	-	-
Unassigned	238,947,394	-	-	-	(4,023,811)	-
Total fund balances	<u>\$ 508,515,516</u>	<u>\$ 230,710,096</u>	<u>\$ -</u>	<u>\$ 6,337,410</u>	<u>\$ (4,023,811)</u>	<u>\$ 59,516,685</u>

2) Encumbrances

Encumbrance accounting is employed as part of the budgetary integration for all governmental funds. As of June 30, 2013, certain amounts which were available for specific purposes have been encumbered in the governmental funds. Encumbrances are included in the County's governmental fund balances as follows:

<u>Governmental Fund</u>	Restricted/Committed or Assigned <u>Fund Balance</u>
General Fund	\$ 49,695,245
Housing Initiative	4,620,813
Non-major Governmental Funds	<u>18,596,947</u>
Total Governmental Funds	<u><u>\$ 72,913,005</u></u>

The fund balances of the following governmental funds do not include the encumbrances which otherwise meet the criteria for restricted, committed or assigned fund balance:

<u>Governmental Fund</u>	Encumbrances not included in <u>Fund Balance</u>
Grants	\$ 10,391,718
Debt Service	983,195
Capital Projects	278,578,045
Fire Tax District	<u>1,496,976</u>
Total Governmental Funds	<u><u>\$ 291,449,934</u></u>

3) Net Position Restricted by Enabling Legislation

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

Governmental activities	\$ 288,588,248
Business-type activities	<u>83,423,383</u>
Total	<u><u>\$ 372,011,631</u></u>

D) Significant Transactions with Discretely Presented Component Units

1) Operating and Capital Funding

Expenditures incurred for operating and capital funding of discretely presented component units amounted to the following for the year ended June 30, 2013:

	General Fund			Capital	
	Operating	Capital *	Total	Projects	Total
MCPS	\$ 1,420,971,292	\$ 16,501,093	\$ 1,437,472,385	\$ 215,658,330	\$ 1,653,130,715
MCC	96,663,605	6,965,266	103,628,871	51,720,637	155,349,508
HOC	5,588,102	-	5,588,102	-	5,588,102
Total	<u>\$ 1,523,222,999</u>	<u>\$ 23,466,359</u>	<u>\$ 1,546,689,358</u>	<u>\$ 267,378,967</u>	<u>\$ 1,814,068,325</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 \$4,124,551 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 independent fire/rescue corporations, the Bethesda-Chevy Chase Rescue Squad, the Rockville Housing Enterprises, the Town of Somerset, the City of Gaithersburg, the Village of Drummond, 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 FY13 and FY12 are as follows:

	Liability and Property Coverage	Employee Health Benefits
Balance July 1, 2011	\$ 102,026,000	\$ 7,511,407
Claims and changes in estimates	56,847,994	113,729,341
Claim payments ¹	(36,985,994)	(104,743,187)
Balance June 30, 2012	121,888,000	16,497,561
Claims and changes in estimates	39,603,266	96,980,423
Claim payments ¹	(34,439,538)	(99,029,160)
Balance June 30, 2013 ^{2,3}	<u>\$ 127,051,728</u>	<u>\$ 14,448,824</u>

¹ Includes non-monetary settlements.

² Includes incurred but not reported (IBNR) claims of \$63,511,068 and \$14,661,904 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 decrease in Life Insurance IBNR of \$213,080 is not reflected in the schedule. Claims payable including the effect of the decrease in Life IBNR is \$14,661,904.

B) Significant Commitments and Contingencies

1) Landfill

The County, in its effort to provide for estimated landfill capping and post closure maintenance costs, accrues such costs and recognizes those costs as expenses as the landfill is utilized. The October 9,

1991 U.S. Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Criteria," established closure requirements for all municipal solid waste landfills (MSWLFs) that receive waste after October 9, 1991. The County has been accruing closure expenses since FY91 in an attempt to match the costs of closure against the revenues associated with the use of the landfill. The Oaks Landfill closed on October 22, 1997, and the County began using out-of-County waste hauling during FY98. At the time the landfill was closed, total cumulative capacity used was 6,990,437 tons. The total closure and postclosure costs are estimated at \$63,867,853, which have been fully accrued through June 30, 2013. Of the total amount accrued, \$45,709,318 in actual costs have been paid out in prior years, and \$829,321 was paid in FY13, resulting in a net liability of \$17,329,214 at June 30, 2013. The current and non-current portions of the adjusted liability at year-end are estimated at \$1,131,251 and \$16,197,963 respectively. These costs are subject to change based on cost differences, changes in technology, or applications of laws and regulations. The County plans to use primarily operating cash to pay for these closure and post closure costs as they are incurred in the future.

2) Pollution Remediation

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 reached a consent agreement with the State in FY13. The consent agreement requires the County to recommend a remediation plan to the State for the Gude Landfill site. The County plans to submit its corrective measures report to the State on January 31, 2014. The county has employed an independent contractor to help it develop an estimate of the cost of its proposal. As of June 30, 2013, no plan had been agreed to on estimated costs.

3) Litigation

In addition to those suits in which claims for liability are adequately covered by insurance, the County may be a defendant in various suits involving tort claims, violations of civil rights, breach of contract, inverse condemnation, and other suits arising in the normal course of business. In the opinion of the County Attorney, the estimated liability of the County in the resolution of these cases will not exceed \$1,471,376 plus any applicable interest. 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, 2013, 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, 2013, are as follows:

<u>Enterprise Funds:</u>	<u>Operating</u>	<u>Capital</u>	<u>Inventory</u>	<u>Total</u>
Major Funds:				
Liquor	\$ 3,694,114	\$ -	\$ 6,592,837	\$ 10,286,951
Solid Waste Activities:				
Disposal operations	8,108,805	-	-	8,108,805
Collection operations	105,357	-	-	105,357
Leafing operations	36,400	-	-	36,400
Parking Lot Districts:				
Silver Spring	812,861	1,167,197	-	1,980,058
Bethesda	596,899	687,780	-	1,284,679
Wheaton	250,558	205,512	-	456,070
Montgomery Hills	25,199	-	-	25,199
Subtotal	<u>13,630,193</u>	<u>2,060,489</u>	<u>6,592,837</u>	<u>22,283,519</u>
Nonmajor Funds:				
Permitting Services	384,845	-	-	384,845
Community Use of Public Facilities	25,880	-	-	25,880
Subtotal	<u>410,725</u>	<u>-</u>	<u>-</u>	<u>410,725</u>
Total Enterprise Funds	<u>14,040,918</u>	<u>2,060,489</u>	<u>6,592,837</u>	<u>22,694,244</u>
<u>Internal Service Funds:</u>				
Motor Pool	13,145,321	-	1,514,471	14,659,792
Central Duplicating	2,011,816	-	-	2,011,816
Liability and Property Coverage Self-Insurance	1,469,511	-	-	1,469,511
Employee Health Benefits Self-Insurance	5,474,515	-	-	5,474,515
Total Internal Service Funds	<u>22,101,163</u>	<u>-</u>	<u>1,514,471</u>	<u>23,615,634</u>
Total Proprietary Funds	<u>\$ 36,142,081</u>	<u>\$ 2,060,489</u>	<u>\$ 8,107,308</u>	<u>\$ 46,309,878</u>

As of June 30, 2013, the County has \$40,210,150 in outstanding offers of loans and/or grants that have been extended to various companies under its Economic Development Fund programs. To help fund such offers, the designated fund balance of the Economic Development Special Revenue Fund at the end of the year is typically reappropriated in the following year.

C) Subsequent Events

On July 2, and July 3, 2013, the County renewed agreements with State Street Bank and PNC Bank respectively to provide liquidity with respect to the 2010 Series BANs for \$150,000,000 each. The credit agreements expire on July 31, 2016.

On July 30, 2013, the County issued \$46,645,000 in proceeds from Department of Liquor Control Revenue Bonds (Series 2013A) to finance and refinance the acquisition, construction, and equipping of warehouse facilities and the design, right-of-way acquisition, and construction of transportation projects within the County.

On October 1, 2013, the County entered into a 20 year lease purchase agreement with Banc of America Leasing & Capital, LLC in the amount of \$4.165 million to finance energy systems modernization at one of

the County's Health and Human Services buildings. The project is to be implemented under an Energy Performance Contract. The lease purchase qualified as financing under the County's Qualified Energy Conservation Bond (QECB) allocation which provided a federal tax credit and will reduce the net effect interest rate to approximately 1.43%.

On November 13, 2013, the County issued General Obligation Bonds (Tax-Exempt Series A) in the amount of \$295,000,000 and General Obligation Refunding Bonds (Tax-Exempt Series B) in the amount of \$24,915,000.

On November 19, 2013, the County issued Taxable Limited Obligation Certificates (Series 2013) in the amount of \$38,015,000 for purposes of funding the County's Affordable Housing Program.

The County's costs, under the Gude Landfill remediation plan currently being developed (see Note IV-B2), is estimated to be \$57 million over a 20 year period.

D) 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, 2013, M-NCPPC had outstanding notes payable and bonds payable in the amount of \$81,630,273, of which \$222,228 was self-supporting. Of the total amount payable, \$10,964,203 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, 2013, is \$33,904,922, 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, 2013, WSSC had outstanding notes payable and bonds payable in the amount of \$1,906,856,000, which was fully self-supporting. Of the total amount payable, \$282,290,000 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, 2013, 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 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 Washington Suburban Transit Commission (WSTC), which is composed of three representatives each from Prince George's and Montgomery Counties and one representative from the Maryland Department of Transportation. One commissioner from each county is appointed by the Governor of the State of Maryland, and the other two commissioners are appointed by the chief executive officer of the organizations they represent. The two participating counties have equal budgetary authority and financial responsibility for WSTC; however, both are required to act in consultation with the Maryland Department of Transportation. WSTC's liabilities are limited to funds payable from the participating counties and the State under outstanding grant agreements and State legislation. Montgomery County made an operating contribution totaling \$104,280 to WSTC during FY13.

Washington Metropolitan Area Transit Authority (WMATA)

WMATA was created in 1967 by interstate compact among the State of Maryland, the Commonwealth of Virginia, and the District of Columbia. WMATA's primary function is to plan, construct, finance, and operate transit facilities serving the Washington metropolitan area. The governing authority of WMATA is a sixteen-member Board of Directors. Maryland, Virginia, the District of Columbia, and the federal government each appoint four directors. Of Maryland's four directors, two are appointed by the Governor of the State of Maryland, and one each is appointed by the respective county from among its appointees to WSTC. Since WSTC is a joint venture of Montgomery and Prince George's Counties, Montgomery County participates in WMATA through WSTC.

Montgomery County is committed to participation in WMATA and its regional Metrorail and Metrobus 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 that the State provide 100 percent of the County's share of WMATA capital equipment replacement costs.

Under State statutes, the State of Maryland is required to cover its related 100 percent of the combined operating deficit of WMATA and County Ride-On operations (that began on or after June 30, 1989), assuming that 35 percent (effective in FY09) of gross operating costs are recovered by revenues.

A summary reflecting WMATA's expenditures incurred for the County's share of WMATA's activities for FY13, which are fully funded by the State and not reflected in the accompanying financial statements, is as follows:

Bus operating subsidy	\$ 57,758,145
Rail operating subsidy	32,582,962
Americans with Disabilities Act service	22,324,318
MetroMatters program	4,944,539
Capital Improvement Program	31,297,000
Project Development Program	506,000
Debt service on WMATA revenue bonds	2,868,676
Local bus program	27,089,042
Total	<u><u>\$ 179,370,682</u></u>

At June 30, 2013, WMATA had outstanding bonds payable of \$277,335,000, of which \$20,335,000 represented bonds payable due within one year. 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 13 percent of the total funding for COG, with state and Federal grants and private contributions providing the remainder. COG does not utilize debt financing. As a participating government in COG, the County paid FY13 membership dues and fees for services amounting to \$767,173.

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

NEMWDA issued bonds in 1993 to fund the construction of the Montgomery County Resource Recovery Project (Project). In April 2003, NEMWDA refinanced \$205,078,908 of the 1993 bonds. On February 28, 2013, NEMWDA issued \$77,685,000 in Series 2013 bonds to refund the Series 2003 bonds. On April 1, 2013, \$113,720,000 were redeemed pursuant to an advanced refunding. At June 30, 2013, NEMWDA had outstanding bonds payable in the amount of \$77,685,000 of which \$20,715,000 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 FY13 amounted to \$40,824,393.

E) Employee Benefits

1) Deferred Compensation

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

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

Members are automatically defaulted to make at least 1% contribution.

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 FY13, the County and its employees contributed \$88,977,716 and \$34,342,744, respectively. Employees of MCRA, HOC, and BUPI participate in the comprehensive insurance program of the County. Employer contributions totaled \$720,880, \$3,976,789, and \$167,142 for these component units, respectively, for FY13.

F) Pension Plan Obligations

1) Defined Benefit Pension Plan

Plan Description - The Employees' Retirement System of Montgomery County (System) is a cost-sharing multiple-employer defined benefit pension plan sponsored by the County. Other agencies and political subdivisions have the right to elect participation. Montgomery County Employee Retirement Plans has the exclusive authority to manage the assets of the System. The Board consists of thirteen trustees and functions as part of the County. A publicly available annual report that includes financial statements and required supplementary information for the System, the Defined Contribution Plan (see Note IV-F2), and the Deferred Compensation Plan (see Note IV-E1), can be accessed on the County's website at <http://www.montgomerycountymd.gov/mcerp>, or can be obtained by writing the Montgomery County Employee Retirement Plans, 101 Monroe Street, Rockville, Maryland 20850.

This Plan is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and GRIP participants. Substantially all employees hired prior to October 1, 1994, of the County, MCRA, HOC, the Town of Chevy Chase, the Strathmore Hall Foundation, Inc., WSTC, Montgomery County Employees Federal Credit Union, certain employees of the State Department of Assessments and Taxation, and the District Court of Maryland are provided retirement benefits under the System. The System, established under Section 33 of Montgomery County Code, 2001, as amended, is a contributory plan with employees contributing a percentage of their base annual salary, depending on their group classification which determines retirement eligibility.

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

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

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

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

Funding Policy - Required employee contribution rates varying from 4 to 11.25 percent of regular earnings are fixed and specified under Section 33-39 (a) of the Montgomery County Code of 2001, as amended. 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.

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

Annual Pension Cost and Net Pension Obligation - The annual required contributions (ARC) for FY13 were based on an actuarial valuation as of June 30, 2011, 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 FY13 were as follows:

Fiscal Year	APC	Percentage of APC		NPO
		Contributed		
2011	\$ 109,343,933	100 %	\$	-
2012	107,855,595	100		-
2013	127,887,620	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 - The Employees' Retirement Savings Plan (Plan) is a cost-sharing multiple-employer defined contribution plan established by the County under Section 33-114 of the County Code. Other agencies or political subdivisions have the right to elect participation. All non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994, are covered under this Plan, unless they elect to participate in the GRIP. In addition to the County, other participant agencies include MCRA, HOC, the independent fire/rescue corporations, the Town of Chevy Chase, the Strathmore Hall Foundation, Inc., WSTC, and Montgomery County Employees Federal Credit Union. Employees covered under the defined benefit plan may make an irrevocable decision to move into this Plan, provided they are unrepresented employees, or represented by a collective bargaining agreement that allows for participation in this Plan.

Under Section 33-116 of the Code, the Plan requires non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-117 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively. Employee contributions 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 FY13 were \$15,628,750 and \$8,273,565, respectively.

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

GRIP and to transfer their Plan member account balance to the GRIP and cease being a member of the Plan.

3) Other

The County contributed \$1,135,590 during FY13 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 \$1,166,461 in FY13 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 518 recipients comprising former volunteers and their beneficiaries at the end of FY13. Based on the latest available valuation, the unfunded actuarial accrued liability for the LOSAP plan is \$20,740,159.

G) Other Postemployment Benefits (OPEB)

Plan Description – During FY08, the Montgomery County Council enacted legislation (Bill No. 28-07) to establish a new trust effective July 1, 2007 to fund certain County retiree benefit plans. Effective July 1, 2011, the Montgomery County Council enacted legislation (Bill No. 17-11) to change the name to Consolidated Retiree Health Benefits Trust (CRHBT) due to the addition of County-funded agency retiree benefits plans. The County-funded agencies are MCPS and MCC, both component units of the reporting entity. During FY13, the County contributed \$58,853,092 and \$1,779,914 to the CRHBT on behalf of MCPS and MCC for the health benefits of their retirees, respectively. The CRHBT is a cost-sharing multiple-employer defined benefit healthcare plan sponsored by the County. Other agencies and political subdivisions have the right to elect participation. The Board of Trustees (Board) has the exclusive authority to manage the assets of the CRHBT. The Board consists of nineteen trustees and functions as part of the County. Separate financial statements are not issued for the CRHBT.

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

Plan membership at June 30, 2012, the most recent actuarial valuation, consisted of the following:

Retirees and beneficiaries receiving benefits	7,224
Active plan members	<u>9,511</u>
Total	<u><u>16,735</u></u>

Condensed FY13 financial statements for the Consolidated Retiree Health Benefits Trust are as follows:

Condensed Statement of Fiduciary Net Position		Condensed Statement of Changes in Fiduciary Net Position	
ASSETS		ADDITIONS	
Cash and investments	\$ 236,246,006	Contributions	\$ 170,729,165
Other assets	<u>6,140,961</u>	Net investment income (loss)	<u>8,635,131</u>
Total Assets	<u>242,386,967</u>	Total Additions, net	<u>179,364,296</u>
LIABILITIES		DEDUCTIONS	
Claims payable	4,032,961	Benefits	53,700,188
Other liabilities	<u>236,529</u>	Administrative	<u>3,777,357</u>
Total Liabilities	<u>4,269,490</u>	Total Deductions	<u>57,477,545</u>
NET POSITION:		Change in Net Position	181,886,751
Held in trust for other		Beginning Net Position	<u>116,230,726</u>
postemployment benefits	<u>\$ 238,117,477</u>	Ending Net Position	<u>\$ 238,117,477</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 FY13, plan members and beneficiaries receiving benefits contributed \$19,569,393 (approximately 35 percent of current contributions). The County and other contributing entities contributed \$88,441,893, including \$35,649,327 (approximately 65 percent of current contributions) for current premiums, claims and administrative expenses, and \$52,792,566 toward prefunding future benefits.

Funding Status and Funding Progress – As of June 30, 2012, the most recent actuarial valuation, the actuarial accrued liability (AAL) was \$1,403,693,000 and there was \$92,610,000 of actuarial plan assets; therefore, the unfunded AAL (UAAL) was \$1,311,083,000. The annual covered payroll of active employees covered by the Plan was \$618,227,000 and the ratio of the UAAL to covered payroll was 212.1 percent.

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

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

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

Annual OPEB Cost and Net OPEB Obligation - The ARC, or annual OPEB cost (AOC), for FY13 was based on an actuarial valuation as of June 30, 2012, the latest valuation available on the date the County Council was required to approve the FY13 budget.

The AOC and the net OPEB obligation of the County as of June 30, 2013 were as follows:

Annual required contribution (ARC)	\$ 132,388,000
Interest on net OPEB obligation	28,552,000
Adjustment to annual required contribution	(22,049,000)
Annual OPEB cost	138,891,000
Contributions made	(90,526,766)
Increase in net OPEB obligation	48,364,234
Net OPEB obligation - beginning of year	380,693,810
Net OPEB obligation - end of year	<u>\$ 429,058,044</u>

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

Fiscal Year Ended June 30	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
2011	\$150,836,000	29.2 %	\$ 287,497,491
2012	161,060,000	42.1	380,693,810
2013	138,891,000	65.2	429,058,044

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, 2012
Actuarial method	Projected unit credit
Amortization method	Level percentage of projected payroll
Amortization period	30 years (open period)
Investment rate of return	7.50%
Salary scale	3.00%
Inflation rate	3.00%
Mortality	RP 2000 projected 30 years, separate tables for males and females
Health care cost trend rates:	(initial, ultimate)
Medical (excluding Indemnity plan) pre-65	8.52%, 5.54%
Medical (excluding Indemnity plan) post-65	7.03%, 5.19%
Medical (Indemnity plan)	8.00%, 5.48%
Medical (Indemnity plan) post-65	8.00%, 5.18%
Dental	5.50%, 4.50%

REQUIRED SUPPLEMENTARY INFORMATION



MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
RSI-1

	Budget			Variance
	Original	Final	Actual	Positive
	Budget	Budget		(Negative)
Revenues:				
Taxes:				
Property	\$ 1,025,203,222	\$ 1,025,203,222	\$ 1,033,873,492	\$ 8,670,270
Property - penalty and interest	-	-	2,354,137	2,354,137
Total Property Tax	1,025,203,222	1,025,203,222	1,036,227,629	11,024,407
County income tax	1,263,585,546	1,263,585,546	1,317,533,090	53,947,544
Other Local Taxes:				
Real property transfer	80,650,000	80,650,000	84,391,394	3,741,394
Recordation	55,947,220	55,947,220	57,635,661	1,688,441
Fuel energy	233,790,000	233,790,000	223,948,716	(9,841,284)
Hotel - motel	19,051,600	19,051,600	18,910,872	(140,728)
Telephone	48,749,000	48,749,000	45,696,525	(3,052,475)
Other	2,501,000	2,501,000	3,451,483	950,483
Total Other Local Taxes	440,688,820	440,688,820	434,034,651	(6,654,169)
Total Taxes	2,729,477,588	2,729,477,588	2,787,795,370	58,317,782
Licenses and Permits:				
Business	4,497,365	4,497,365	4,022,738	(474,627)
Non business	5,773,280	5,773,280	5,681,007	(92,273)
Total Licenses and Permits	10,270,645	10,270,645	9,703,745	(566,900)
Intergovernmental Revenue:				
State Aid and Reimbursements:				
DHR State reimbursement - HB669	22,500	22,500	45,620	23,120
Highway user revenue	3,347,550	3,347,550	2,767,466	(580,084)
Police protection	8,683,265	8,683,265	8,682,015	(1,250)
Health and human services programs	4,697,276	4,697,276	4,712,015	14,739
Public libraries	5,339,000	5,339,000	4,687,092	(651,908)
911 Emergency	5,420,000	5,420,000	5,110,854	(309,146)
Other	1,837,164	1,837,164	736,444	(1,100,720)
Total State Aid and Reimbursements	29,346,755	29,346,755	26,741,506	(2,605,249)
Federal Reimbursements:				
Federal financial participation	9,295,158	9,295,158	13,629,923	4,334,765
Other	1,892,036	2,900,036	8,105,347	5,205,311
Total Federal Reimbursements	11,187,194	12,195,194	21,735,270	9,548,076
Other Intergovernmental	1,638,160	1,638,160	3,322,426	1,684,266
Total Intergovernmental Revenue	42,172,109	43,180,109	51,799,202	8,619,093
Charges for Services:				
General government	989,404	989,404	715,429	(273,975)
Public safety	6,085,050	6,085,050	5,783,885	(301,165)
Health and human services	1,375,868	1,375,868	1,381,824	5,956
Culture and recreation	600	600	29,725	29,125
Environment	269,250	269,250	2,268,332	1,999,082
Public works and transportation:	284,024	310,274	372,833	62,559
Total Charges for Service	9,004,196	9,030,446	10,552,028	1,521,582
Fines and Forfeitures	20,461,110	20,461,110	23,160,668	2,699,558
Investment Income:				
Pooled investment income	172,250	172,250	(17,539)	(189,789)
Other interest income	80,000	80,000	83,754	3,754
Total Investment Income	252,250	252,250	66,215	(186,035)
Miscellaneous Revenue:				
Property rentals	5,114,970	5,114,970	4,879,923	(235,047)
Sundry	3,103,440	3,187,496	4,569,165	1,381,669
Total Miscellaneous Revenues:	8,218,410	8,302,466	9,449,088	1,146,622
Total Revenues	2,819,856,308	2,820,974,614	2,892,526,316	71,551,702
Expenditures:				
Departments or Offices:				
County Council:				
Personnel costs	8,398,900	8,464,540	8,451,412	13,128
Operating	943,683	869,293	620,295	248,998
Totals	9,342,583	9,333,833	9,071,707	262,126
Board of Appeals:				
Personnel costs	521,176	521,176	504,199	16,977
Operating	57,064	56,510	51,439	5,071
Totals	578,240	577,686	555,638	22,048
Legislative Oversight:				
Personnel costs	1,290,727	1,290,727	1,237,707	53,020
Operating	40,410	40,410	37,503	2,907
Totals	1,331,137	1,331,137	1,275,210	55,927

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
RSI-1

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Board of Appeals:				
Personnel costs	\$ 521,176	\$ 521,176	\$ 504,199	\$ 16,977
Operating	57,064	56,510	51,439	5,071
Totals	578,240	577,686	555,638	22,048
Legislative Oversight:				
Personnel costs	1,290,727	1,290,727	1,237,707	53,020
Operating	40,410	40,410	37,503	2,907
Totals	1,331,137	1,331,137	1,275,210	55,927
Merit System Protection Board:				
Personnel costs	143,677	83,677	52,004	31,673
Operating	15,420	75,420	75,253	167
Totals	159,097	159,097	127,257	31,840
Zoning and Administrative Hearings:				
Personnel costs	516,083	514,083	437,483	76,600
Operating	99,305	100,124	99,604	520
Totals	615,388	614,207	537,087	77,120
Inspector General:				
Personnel costs	619,374	574,374	538,887	35,487
Operating	167,999	212,999	206,767	6,232
Totals	787,373	787,373	745,654	41,719
Circuit Court:				
Personnel costs	8,134,200	8,053,760	8,053,757	3
Operating	2,392,036	2,560,846	2,552,180	8,666
Totals	10,526,236	10,614,606	10,605,937	8,669
State's Attorney:				
Personnel costs	12,126,580	12,781,410	12,721,877	59,533
Operating	609,448	853,558	831,360	22,198
Totals	12,736,028	13,634,968	13,553,237	81,731
County Executive:				
Personnel costs	3,896,367	3,896,367	3,774,099	122,268
Operating	872,139	871,704	741,113	130,591
Totals	4,768,506	4,768,071	4,515,212	252,859
Community Engagement Cluster:				
Personnel costs	2,736,538	2,736,538	2,608,063	128,475
Operating	517,453	516,511	424,555	91,956
Totals	3,253,991	3,253,049	3,032,618	220,431
Ethics Commission:				
Personnel costs	246,496	274,876	272,853	2,023
Operating	62,164	55,160	53,943	1,217
Totals	308,660	330,036	326,796	3,240
Intergovernmental Relations				
Personnel costs	761,678	761,678	614,801	146,877
Operating	89,630	89,630	88,804	826
Totals	851,308	851,308	703,605	147,703
Public Information:				
Personnel costs	3,927,319	3,938,329	3,937,326	1,003
Operating	1,363,541	1,506,307	1,492,336	13,971
Totals	5,290,860	5,444,636	5,429,662	14,974
Board of Elections:				
Personnel costs	2,784,756	3,414,586	3,388,144	26,442
Operating	3,978,224	3,632,448	3,428,368	204,080
Totals	6,762,980	7,047,034	6,816,512	230,522
County Attorney:				
Personnel costs	4,695,291	4,735,361	4,731,715	3,646
Operating	1,053,098	1,105,425	1,100,365	5,060
Totals	5,748,389	5,840,786	5,832,080	8,706

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
RSI-1

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Management and Budget:				
Personnel costs	\$ 3,591,619	\$ 3,514,119	\$ 3,361,168	\$ 152,951
Operating	128,572	206,072	190,586	15,486
Total Management & Budget	3,720,191	3,720,191	3,551,754	168,437
Finance:				
Personnel costs	9,564,920	8,730,260	8,019,842	710,418
Operating	2,089,676	2,852,868	2,677,440	175,428
Totals	11,654,596	11,583,128	10,697,282	885,846
Human Resources:				
Personnel costs	4,565,389	5,062,429	5,040,618	21,811
Operating	2,787,855	2,421,563	2,296,207	125,356
Totals	7,353,244	7,483,992	7,336,825	147,167
Technology Services				
Personnel costs	14,277,333	14,368,073	14,355,761	12,312
Operating	13,882,325	13,707,452	13,707,443	9
Totals	28,159,658	28,075,525	28,063,204	12,321
General Services:				
Personnel costs	13,618,243	14,202,526	14,202,519	7
Operating	13,473,231	18,301,340	18,038,127	263,213
Totals	27,091,474	32,503,866	32,240,646	263,220
Consumer Protection				
Personnel costs	1,992,262	1,996,762	1,995,860	902
Operating	190,350	185,850	126,272	59,578
Totals	2,182,612	2,182,612	2,122,132	60,480
Corrections and Rehabilitation:				
Personnel costs	58,420,073	59,099,843	59,038,039	61,804
Operating	6,979,653	8,558,145	8,414,172	143,973
Totals	65,399,726	67,657,988	67,452,211	205,777
Human Rights Commission:				
Personnel costs	838,110	897,298	892,041	5,257
Operating	87,507	81,627	68,065	13,562
Totals	925,617	978,925	960,106	18,819
Police:				
Personnel costs	209,248,173	203,254,476	203,254,423	53
Operating	44,799,793	46,167,396	46,165,218	2,178
Totals	254,047,966	249,421,872	249,419,641	2,231
Sheriff:				
Personnel costs	18,760,098	19,226,728	19,184,299	42,429
Operating	2,356,926	2,561,945	2,529,944	32,001
Totals	21,117,024	21,788,673	21,714,243	74,430
Homeland Security				
Personnel costs	1,029,388	1,029,388	874,855	154,533
Operating	425,935	422,935	364,488	58,447
Totals	1,455,323	1,452,323	1,239,343	212,980
Public Works and Transportation:				
Personnel costs	18,942,053	23,539,662	22,200,265	1,339,397
Operating	23,203,377	37,857,867	37,089,268	768,599
Totals	42,145,430	61,397,529	59,289,533	2,107,996
Health and Human Services:				
Personnel costs	105,277,760	100,539,710	100,539,613	97
Operating	82,053,673	81,347,656	81,116,650	231,006
Totals	187,331,433	181,887,366	181,656,263	231,103
Libraries:				
Personnel costs	25,385,011	25,325,151	24,853,974	471,177
Operating	7,025,460	7,060,934	7,048,962	11,972
Totals	32,410,471	32,386,085	31,902,936	483,149
Housing and Community Affairs:				
Personnel costs	3,880,077	3,880,077	3,768,325	111,752
Operating	697,231	686,665	671,425	15,240
Totals	4,577,308	4,566,742	4,439,750	126,992

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), CONTINUED
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
RSI-1

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Economic Development:				
Personnel costs	\$ 3,763,517	\$ 3,487,107	\$ 3,486,777	\$ 330
Operating	5,598,765	6,209,747	6,196,523	13,224
Totals	9,362,282	9,696,854	9,683,300	13,554
Environmental Protection:				
Personnel costs	1,386,792	1,351,792	1,334,322	17,470
Operating	253,780	288,210	284,524	3,686
Totals	1,640,572	1,640,002	1,618,846	21,156
Total Departments	763,635,703	783,011,500	776,516,227	6,495,273
Nondepartmental:				
State retirement contribution - operating	1,135,590	1,135,590	1,135,590	-
Retirees group insurance - operating	32,462,450	32,462,450	31,961,461	500,989
Consolidated Retiree Health Benefits Trust (MCPS)	58,853,092	58,853,092	58,853,092	-
Consolidated Retiree Health Benefits Trust (MC)	1,779,914	1,779,914	1,779,914	-
State positions supplement - personnel	85,113	85,113	64,824	20,289
Retiree Health Benefits Trust	41,386,568	41,386,568	41,386,568	-
Compensation adjustment - personnel	91,731	117,571	115,220	2,351
Compensation adjustment - operating	629,340	644,170	642,820	1,350
Municipal tax duplication - operating	8,174,160	8,174,160	8,144,804	29,356
Tax grants to municipalities - operating	28,020	28,020	28,012	8
Rebate - Takoma Park police - operating	949,860	949,860	927,663	22,197
Rebate - Takoma Park library - operating	151,320	151,320	127,618	23,702
Homeowners' association roadways - operating	49,250	49,250	49,250	-
Contribution to risk management - operating	17,282,930	17,282,930	16,707,992	574,938
Historical activities - operating	287,090	287,090	287,090	-
Conference and Visitors Bureau - operating	732,543	732,543	732,543	-
Arts Council - operating	3,376,337	3,376,337	3,376,337	-
Community grants - operating	6,381,538	6,342,568	6,107,621	234,947
Conference Center - personnel	115,350	115,350	109,001	6,349
Conference Center - operating	449,690	449,690	189,302	260,388
English literacy - operating	716,058	716,058	716,058	-
County associations - operating	72,710	72,710	72,709	1
Metropolitan Washington C O G - operating	770,500	770,500	767,173	3,327
Public Technology, Inc. - operating	17,000	17,000	17,000	-
Independent audit - operating	420,820	420,820	240,822	179,998
Prisoner medical services - operating	50,000	50,000	13,535	36,465
State property tax services - operating	5,339,430	5,339,430	5,266,228	73,202
Boards, committees and commissions - operating	22,950	22,950	21,346	1,604
Charter Review Commission - operating	150	150	-	150
Working families income supplement - operating	14,867,000	14,867,000	14,720,616	146,384
Interagency technology, policy & coordinating committee - operating	5,307	5,307	2,242	3,065
County leases - personnel	-	358,740	286,999	71,741
County leases - operating	23,700,501	23,341,761	22,416,774	924,987
Rockville Parking District - operating	375,000	375,000	369,115	5,885
Legislative communications outreach - operating	522,000	522,000	392,207	129,793
Legislative communications outreach - personnel	58,000	90,050	87,131	2,919
Desktop computer modernization - operating	5,793,073	5,792,911	5,788,258	4,653
Utilities - operating	26,148,118	26,148,118	22,718,705	3,429,413
Snow removal and storm cleanup	5,884,990	-	-	-
Total - Nondepartmental	259,165,493	253,314,091	246,623,640	6,690,451
Total Expenditures	1,022,801,196	1,036,325,591	1,023,139,867	13,185,724
Excess of Revenues over (under) Expenditures	1,797,055,112	1,784,649,023	1,869,386,449	84,737,426

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), CONCLUDED
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
RSI-1

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Other Financing Sources (Uses):				
Transfers In:				
Special Revenue Funds:				
Consolidated Fire Tax District	\$ 120,750	\$ 120,750	\$ 120,750	\$ -
Noise Abatement Districts	1,577	4,070	3,876	(194)
Recreation	3,887,370	3,887,370	3,887,370	-
Mass Transit	7,553,320	7,553,320	7,553,320	-
Water Quality Protection	972,950	972,950	972,950	-
Urban Districts	361,060	361,060	361,060	-
Housing Activities	202,560	202,560	202,560	-
Grants	636,870	636,870	636,870	-
Cable TV	10,765,961	10,765,961	10,765,961	-
Total Special Revenue Funds	24,502,418	24,504,911	24,504,717	(194)
Enterprise Funds:				
Liquor	22,297,140	22,297,140	22,297,140	-
Parking Lot Districts	610,170	610,170	610,170	-
Solid Waste Activities	2,080,440	2,080,440	2,080,440	-
Community Use of Public Facilities	350,620	350,620	350,620	-
Permitting Services	3,062,540	3,062,540	3,062,540	-
Total Enterprise Funds	28,400,910	28,400,910	28,400,910	-
Internal Service Funds:				
Self Insurance Employee Health Benefits	8,572,842	19,034,302	19,034,302	-
Total Internal Service Funds	8,572,842	19,034,302	19,034,302	-
Total Transfers In	61,476,170	71,940,123	71,939,929	(194)
Component Units:				
Montgomery College	247,610	247,610	232,538	(15,072)
Total Transfers In - Component Units	247,610	247,610	232,538	(15,072)
Transfers (Out):				
Special Revenue Fund:				
Recreation	(1,009,700)	(1,009,700)	(1,009,700)	-
Urban Districts	(1,038,090)	(1,038,090)	(1,038,090)	-
Mass Transit	(531,310)	(531,310)	(531,310)	-
Noise Abatement Districts	-	(363)	(363)	-
Consolidated Fire Tax District	(250,000)	(250,000)	(408,200)	(158,200)
Housing Activities	(15,589,247)	(15,589,247)	(15,589,247)	-
Economic Development	(4,995,050)	(9,155,050)	(9,155,050)	-
Grants	-	(158,200)	(514,931)	(356,731)
Total Special Revenue Funds	(23,413,397)	(27,731,960)	(28,246,891)	(514,931)
Internal Service Fund:				
Motor Pool	(1,466,225)	(1,532,488)	(1,597,958)	(65,470)
Total Internal Service Funds	(1,466,225)	(1,532,488)	(1,597,958)	(65,470)
Enterprise Funds:				
Community Use of Public Facilities	(259,300)	(259,300)	(259,300)	-
Parking Lot Districts	(55,728)	(136,069)	(28,349)	107,720
Solid Waste Activities	(1,431,670)	(1,431,670)	(1,431,670)	-
Permitting Services	(1,153,770)	(1,153,770)	(1,153,770)	-
Total Enterprise Funds	(2,900,468)	(2,980,809)	(2,873,089)	107,720
Debt Service Fund	(258,193,030)	(258,278,926)	(252,311,377)	5,967,549
Capital Projects Fund	-	(72,873,252)	(45,695,781)	27,177,471
Total Transfers (Out)	(285,973,120)	(363,397,435)	(330,725,096)	32,672,339
Transfers (Out) - Component Units / Joint Ventures:				
Montgomery County Public Schools - Operating	(1,420,971,292)	(1,420,971,292)	(1,420,971,292)	-
Montgomery County Public Schools - Capital	-	(27,459,718)	(16,501,093)	10,958,625
Total Montgomery County Public Schools	(1,420,971,292)	(1,448,431,010)	(1,437,472,385)	10,958,625
Montgomery College - Operating	(96,663,605)	(96,663,605)	(96,663,605)	-
Montgomery College - Capital	-	(14,537,727)	(6,965,266)	7,572,461
Total Montgomery College	(96,663,605)	(111,201,332)	(103,628,871)	7,572,461
Housing Opportunities Commission - Operating	(5,583,230)	(5,583,230)	(5,588,102)	(4,872)
Housing Opportunities Commission - Capital	-	(3,892,659)	-	3,892,659
Total Housing Opportunities Commission	(5,583,230)	(9,475,889)	(5,588,102)	3,887,787
Maryland National Capital Park and Planning - Operating	(849,000)	(1,099,000)	(1,099,000)	-
Total Transfers (Out) - Component Units / Joint Ventures	(1,524,067,127)	(1,570,207,231)	(1,547,788,358)	22,418,873
Total Other Financing Sources (Uses)	(1,748,316,467)	(1,861,416,933)	(1,806,340,987)	55,075,946
Excess of Revenues and Other Financing Sources over (under) Expenditures & Other Financing Uses	48,738,645	(76,767,910)	63,045,462	139,813,372
Fund Balance - Beginning of Year	161,184,867	115,332,683	231,475,601	116,142,918
Fund Balance - End of Year	\$ 209,923,512	\$ 38,564,773	\$ 294,521,063	\$ 255,956,290

MONTGOMERY COUNTY, MARYLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

HOUSING INITIATIVE SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

RSI-2

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes - transfer	\$ 5,165,500	\$ 5,165,500	\$ 10,319,181	\$ 5,153,681
Investment Income:				
Pooled investment income	500,000	500,000	287	(499,713)
Other interest income	-	-	3,052,400	3,052,400
Total Investment Income	500,000	500,000	3,052,687	2,552,687
Miscellaneous:				
Property rentals, MPDU and other contributions	394,776	394,776	784,797	390,021
Total Miscellaneous	394,776	394,776	784,797	390,021
Total Revenues	6,060,276	6,060,276	14,156,665	8,096,389
Expenditures:				
Personnel	1,540,363	1,540,363	1,517,784	22,579
Operating	53,084,595	53,675,485	22,210,334	31,465,151
Total Expenditures	54,624,958	55,215,848	23,728,118	31,487,730
Excess of Revenues over (under) Expenditures	(48,564,682)	(49,155,572)	(9,571,453)	39,584,119
Other Financing Sources (Uses):				
Transfers In (Out):				
From Capital Projects Fund	34,857,355	34,857,355	34,857,355	-
From General Fund	15,589,247	15,589,247	15,589,247	-
To Capital Projects	-	-	(8,657,597)	(8,657,597)
To General Fund	(202,560)	(202,560)	(202,560)	-
To Debt Service Fund	(5,643,610)	(5,643,610)	(4,476,343)	1,167,267
Mortgage repayment	2,500,000	2,500,000	9,297,607	6,797,607
Sale of property	1,250,000	1,250,000	1,814,418	564,418
Total Other Financing Sources (Uses)	48,350,432	48,350,432	48,222,127	(128,305)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(214,250)	(805,140)	38,650,674	39,455,814
Fund Balance - Beginning of Year	(3,725,536)	(3,725,536)	(3,725,536)	-
Fund Balance - End of Year	\$ (3,939,786)	\$ (4,530,676)	\$ 34,925,138	\$ 39,455,814

Reconciliation of budgetary schedule to GAAP basis 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	\$ 38,650,674
Reconciling items:	
Elimination of encumbrances outstanding	233,064
Increase in mortgages receivable	(1,086,661)
GAAP - Net Change in Fund Balance	\$ 37,797,077

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GRANTS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
RSI-3

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Intergovernmental:				
Federal grants	\$ 61,000,969	\$ 62,020,716	\$ 80,500,142	\$ 18,479,426
State grants	46,064,501	120,684,587	23,540,171	(97,144,416)
Other non-state and non-federal reimbursements	95,000	2,667,187	1,524,421	(1,142,766)
Total Intergovernmental	107,160,470	185,372,490	105,564,734	(79,807,756)
Investment income:				
Other principal and interest income	1,000,000	753,912	1,418,577	664,665
Total Investment Income	1,000,000	753,912	1,418,577	664,665
Miscellaneous	-	348,291	724,414	376,123
Total Revenues	108,160,470	186,474,693	107,707,725	(78,766,968)
Expenditures:				
General Government:				
Circuit Court:				
Personnel costs	2,198,541	582,338	582,338	-
Operating	182,941	527,721	119,876	407,845
Totals	2,381,482	1,110,059	702,214	407,845
Office of State's Attorney:				
Personnel costs	195,691	689,753	231,797	457,956
Operating	-	32,650	32,650	-
Totals	195,691	722,403	264,447	457,956
Office of the County Executive:				
Personnel costs	111,740	489,199	114,364	374,835
Operating	14,880	257,478	22,215	235,263
Totals	126,620	746,677	136,579	610,098
Regional Service Centers:				
Operating	-	9,015	-	9,015
Totals	-	9,015	-	9,015
Intergovernmental Relations:				
Operating	30,670	61,344	30,664	30,680
Totals	30,670	61,344	30,664	30,680
Community Engagement Cluster:				
Personnel costs	60,190	156,726	57,551	99,175
Operating	-	29,329	24,846	4,483
Totals	60,190	186,055	82,397	103,658
General Services:				
Operating	-	280,735	1,985	278,750
Totals	-	280,735	1,985	278,750
Department of Technology Services:				
Operating	-	1,266,057	35,735	1,230,322
Totals	-	1,266,057	35,735	1,230,322
Total General Government	2,794,653	4,382,345	1,254,021	3,128,324
Public Safety:				
Department of Corrections and Rehabilitation:				
Personnel costs	-	26,349	10,394	15,955
Operating	-	157,772	83,905	73,867
Totals	-	184,121	94,299	89,822
Department of Fire and Rescue Services:				
Personnel costs	130,200	5,037,566	3,472,618	1,564,948
Operating	-	9,865,734	4,989,858	4,875,876
Totals	130,200	14,903,300	8,462,476	6,440,824
Department of Police:				
Personnel costs	248,630	2,298,036	989,548	1,308,488
Operating	-	6,383,381	3,976,122	2,407,259
Totals	248,630	8,681,417	4,965,670	3,715,747
Office of the County Sheriff:				
Personnel costs	498,520	1,897,346	922,525	974,821
Operating	164,480	905,802	314,196	591,606
Totals	663,000	2,803,148	1,236,721	1,566,427
Office of Emergency Management & Homeland Security:				
Personnel costs	171,707	3,347,466	1,165,912	2,181,554
Operating	-	1,484,679	1,484,679	-
Totals	171,707	4,832,145	2,650,591	2,181,554
Total Public Safety	1,213,537	31,404,131	17,409,757	13,994,374
Transportation:				
Department of Transportation:				
Personnel costs	1,776,115	8,934,326	1,852,093	7,082,233
Operating	2,947,569	2,184,148	2,184,148	-
Total Transportation	4,723,684	11,118,474	4,036,241	7,082,233
Department of Economic Development:				
Personnel costs	-	1,558,573	-	1,558,573
Operating	2,742,854	3,806,185	3,491,068	315,117
Total Economic Development	2,742,854	5,364,758	3,491,068	1,873,690

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), CONCLUDED
GRANTS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
RSI-3

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Health and Human Services:				
Department of Health and Human Services:				
Personnel costs	\$ 42,197,670	\$ 49,632,336	\$ 43,028,646	\$ 6,603,690
Operating	29,009,227	50,967,548	30,245,983	20,721,565
Total Health and Human Services	71,206,897	100,599,884	73,274,629	27,325,255
Culture and Recreation:				
Department of Libraries:				
Personnel costs	40,290	52,848	40,527	12,321
Operating	12,000	25,197	11,603	13,594
Total Libraries	52,290	78,045	52,130	25,915
Department of Recreation:				
Personnel costs	71,195	102,845	65,596	37,249
Operating	-	55,903	-	55,903
Total Recreation	71,195	158,748	65,596	93,152
Total Culture and Recreation	123,485	236,793	117,726	119,067
Housing:				
Department of Housing and Community Affairs:				
Personnel costs	1,697,739	2,495,972	1,761,661	734,311
Operating	3,657,621	18,978,470	6,889,732	12,088,738
Total Housing and Community Affairs	5,355,360	21,474,442	8,651,393	12,823,049
Environment:				
Department of Environmental Protection:				
Personnel costs	-	6,338	-	6,338
Operating	-	146,965	146,964	1
Total Environmental Protection	-	153,303	146,964	6,339
Department of Liquor Control:				
Personnel costs	-	23,802	3,992	19,810
Operating	-	14,245	819	13,426
Total Liquor Control	-	38,047	4,811	33,236
Nondepartmental:				
NDA Historical Activities - Operating	20,000,000	12,855,607	330,220	12,525,387
Future Grants - Personnel	-	-	-	-
Total Nondepartmental	20,000,000	12,855,607	330,220	12,525,387
Total Expenditures	108,160,470	187,627,784	108,716,830	78,910,954
Excess of Revenues over (under) Expenditures	-	(1,153,091)	(1,009,105)	(143,986)
Other Financing Sources (Uses):				
Transfers In:				
General Fund	-	158,200	514,932	356,732
Mass Transit Special Revenue Fund	-	803,000	265,518	(537,482)
Fire Tax District Special Revenue Fund	-	828,761	865,525	36,764
Total Transfers In	-	1,789,961	1,645,975	(143,986)
Transfers Out - General Fund	-	(636,870)	(636,870)	-
Total Transfers Out	-	(636,870)	(636,870)	-
Total Other Financing Sources (Uses)	-	1,153,091	1,009,105	(143,986)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

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

	Revenues	Expenditures & Encumbrances	Other Financing Sources (Uses)	Effect on Fund Balance
As reported - Budgetary basis	\$ 107,707,725	\$ 108,716,830	\$ 1,009,105	\$ -
Reconciling items:				
Loan expenditures	(4,673,749)	(4,673,749)	-	-
Indirect costs	(932,405)	(932,405)	-	-
Pass-through expenditures	5,870,668	5,870,668	-	-
As reported - GAAP basis	\$ 107,972,239	\$ 108,981,344	\$ 1,009,105	\$ -

REQUIRED SUPPLEMENTARY INFORMATION**CONSOLIDATED RETIREE HEALTH BENEFITS TRUST**

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
6/30/2008	\$ 35,279,000	\$ 1,161,222,000	\$ 1,125,943,000	3.0 %	\$ 667,400,000	168.7 %
6/30/2010	47,962,000	1,859,450,000	1,811,488,000	2.6	694,040,000	261.0
6/30/2012	92,610,000	1,403,693,000	1,311,083,000	6.6	618,227,000	212.1

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

SCHEDULE OF EMPLOYER AND OTHER CONTRIBUTING ENTITIES' CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contributions	Percentage Contributed		Net OPEB Obligation
		Employers	Other Contributing Entities	
2008	\$ 102,320,000	38.6 %	4.1 %	\$ 58,598,791
2009	111,677,000	51.0	1.2	113,534,939
2010	107,397,000	37.5	2.1	180,712,589
2011	147,582,000	28.7	1.1	287,497,491
2012	147,327,000	44.4	1.6	380,693,810
2013	123,152,000	71.8	1.7	429,058,044

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.

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, 2013
Exhibit B-1

	Special Taxing Districts	Rehabilitation Loan	Economic Development	Cable TV	Other	Total Nonmajor Governmental Funds
ASSETS						
Equity in pooled cash and investments	\$ 38,051,792	\$ 1,067,849	\$ 5,064,939	\$ 1,442,076	\$ 22,746,336	\$ 68,372,992
Cash	7,600	-	-	-	25,000	32,600
Receivables (net of allowances for uncollectibles):						
Property taxes	5,384,495	-	-	-	-	5,384,495
Accounts	6,048,433	-	-	5,455,443	559,192	12,063,068
Notes	-	-	565,741	-	189,797	755,538
Parking violations	230,901	-	-	-	-	230,901
Mortgages receivable	-	3,360,615	-	-	-	3,360,615
Due from other funds	2,098,292	-	-	-	-	2,098,292
Due from other governments	1,797,438	-	-	-	-	1,797,438
Prepays	102,478	-	-	-	-	102,478
Total Assets	<u>\$ 53,721,429</u>	<u>\$ 4,428,464</u>	<u>\$ 5,630,680</u>	<u>\$ 6,897,519</u>	<u>\$ 23,520,325</u>	<u>\$ 94,198,417</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 2,546,958	\$ -	\$ 4,500	\$ 310,732	\$ 1,137,663	\$ 3,999,853
Retainage payable	-	-	-	-	86,062	86,062
Accrued liabilities	9,282,664	-	4,145	1,452,626	690,680	11,430,115
Deposits	-	-	-	163,818	-	163,818
Due to other funds	3,409,795	-	1,012	30,769	53,787	3,495,363
Due to component units	814	-	-	-	-	814
Due to other governments	17,595	-	-	377,558	1,936,745	2,331,898
Unearned revenue	12,673,992	-	-	-	499,817	13,173,809
Total Liabilities	<u>27,931,818</u>	<u>-</u>	<u>9,657</u>	<u>2,335,503</u>	<u>4,404,754</u>	<u>34,681,732</u>
Fund Balances:						
Nonspendable	102,478	-	-	-	-	102,478
Restricted	16,222,820	4,428,464	5,621,023	817,172	13,727,781	40,817,260
Committed	9,464,313	-	-	3,744,844	5,387,790	18,596,947
Total Fund Balances	<u>25,789,611</u>	<u>4,428,464</u>	<u>5,621,023</u>	<u>4,562,016</u>	<u>19,115,571</u>	<u>59,516,685</u>
Total Liabilities and Fund Balances	<u>\$ 53,721,429</u>	<u>\$ 4,428,464</u>	<u>\$ 5,630,680</u>	<u>\$ 6,897,519</u>	<u>\$ 23,520,325</u>	<u>\$ 94,198,417</u>

MONTGOMERY COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-2

	Special Taxing Districts	Rehabilitation Loan	Economic Development	Cable TV	Other	Total Nonmajor Governmental Funds
REVENUES						
Taxes	\$ 334,196,304	\$ -	\$ -	\$ -	\$ 2,652,278	\$ 336,848,582
Licenses and permits	1,034,488	-	-	-	-	1,034,488
Intergovernmental	29,703,832	-	-	-	10,577	29,714,409
Charges for services	40,129,755	-	-	26,404,524	22,908,958	89,443,237
Fines and forfeitures	391,879	-	-	-	437,634	829,513
Investment income (loss)	14,371	55,397	31,922	-	5,767	107,457
Miscellaneous	136,830	-	282,522	-	507,796	927,148
Total Revenues	<u>405,607,459</u>	<u>55,397</u>	<u>314,444</u>	<u>26,404,524</u>	<u>26,523,010</u>	<u>458,904,834</u>
EXPENDITURES						
General government	7,372,571	-	7,168,138	505,202	652,789	15,698,700
Public safety	206,141,203	-	-	-	456,828	206,598,031
Public works and transportation	112,535,109	-	-	-	-	112,535,109
Culture and recreation	27,515,195	-	-	11,934,177	-	39,449,372
Environment	-	-	-	-	17,042,576	17,042,576
Total Expenditures	<u>353,564,078</u>	<u>-</u>	<u>7,168,138</u>	<u>12,439,379</u>	<u>18,152,193</u>	<u>391,323,788</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>52,043,381</u>	<u>55,397</u>	<u>(6,853,694)</u>	<u>13,965,145</u>	<u>8,370,817</u>	<u>67,581,046</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	16,054,203	-	9,155,050	-	-	25,209,253
Transfers (out)	(44,470,795)	-	-	(11,768,016)	(5,424,959)	(61,663,770)
Total Other Financing Sources (Uses)	<u>(28,416,592)</u>	<u>-</u>	<u>9,155,050</u>	<u>(11,768,016)</u>	<u>(5,424,959)</u>	<u>(36,454,517)</u>
Net Change in Fund Balances	23,626,789	55,397	2,301,356	2,197,129	2,945,858	31,126,529
Fund Balances - Beginning of Year	<u>2,162,822</u>	<u>4,373,067</u>	<u>3,319,667</u>	<u>2,364,887</u>	<u>16,169,713</u>	<u>28,390,156</u>
Fund Balances - End of Year	<u>\$ 25,789,611</u>	<u>\$ 4,428,464</u>	<u>\$ 5,621,023</u>	<u>\$ 4,562,016</u>	<u>\$ 19,115,571</u>	<u>\$ 59,516,685</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS
 JUNE 30, 2013
Exhibit B-3

	Recreation	Fire Tax District	Mass Transit Facilities	Urban Districts	Noise Abatement Districts	Total
ASSETS						
Equity in pooled cash and investments	\$ 4,912,031	\$ 13,214,549	\$ 18,635,776	\$ 1,288,808	\$ 628	\$ 38,051,792
Cash	5,550	-	2,050	-	-	7,600
Receivables (net of allowances for uncollectibles):						
Property taxes	462,463	3,319,496	1,512,456	90,080	-	5,384,495
Accounts	44,382	5,591,037	341,218	71,796	-	6,048,433
Parking violations	-	-	230,901	-	-	230,901
Due from other funds	-	223,715	1,874,577	-	-	2,098,292
Due from other governments	-	-	1,797,438	-	-	1,797,438
Prepays	9,325	72,265	20,888	-	-	102,478
Total Assets	<u>\$ 5,433,751</u>	<u>\$ 22,421,062</u>	<u>\$ 24,415,304</u>	<u>\$ 1,450,684</u>	<u>\$ 628</u>	<u>\$ 53,721,429</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	391,813	1,028,760	1,009,459	116,926	-	2,546,958
Accrued liabilities	1,114,499	5,693,175	2,300,097	174,886	7	9,282,664
Due to other funds	130,841	2,574,294	679,435	24,650	575	3,409,795
Due to component units	814	-	-	-	-	814
Due to other governments	16,946	649	-	-	-	17,595
Unearned revenue	456,997	10,039,660	2,044,323	133,012	-	12,673,992
Total Liabilities	<u>2,111,910</u>	<u>19,336,538</u>	<u>6,033,314</u>	<u>449,474</u>	<u>582</u>	<u>27,931,818</u>
Fund Balances:						
Nonspendable	9,325	72,265	20,888	-	-	102,478
Restricted	2,827,206	1,303,553	11,426,058	665,957	46	16,222,820
Committed	485,310	1,708,706	6,935,044	335,253	-	9,464,313
Total Fund Balances	<u>3,321,841</u>	<u>3,084,524</u>	<u>18,381,990</u>	<u>1,001,210</u>	<u>46</u>	<u>25,789,611</u>
Total Liabilities and Fund Balances	<u>\$ 5,433,751</u>	<u>\$ 22,421,062</u>	<u>\$ 24,415,304</u>	<u>\$ 1,450,684</u>	<u>\$ 628</u>	<u>\$ 53,721,429</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, 2013
Exhibit B-4

	Recreation	Fire Tax District	Mass Transit Facilities	Urban Districts	Noise Abatement Districts	Total
REVENUES						
Taxes	\$ 30,477,220	\$ 222,883,937	\$ 79,577,447	\$ 1,256,682	\$ 1,018	\$ 334,196,304
Licenses and permits	-	469,399	565,089	-	-	1,034,488
Intergovernmental	-	1,303,272	28,400,560	-	-	29,703,832
Charges for services	9,925,395	4,069,940	25,932,834	201,586	-	40,129,755
Fines and forfeitures	-	-	391,879	-	-	391,879
Investment income (loss)	2,324	11,307	734	-	6	14,371
Miscellaneous	47,764	69,321	19,745	-	-	136,830
Total Revenues	<u>40,452,703</u>	<u>228,807,176</u>	<u>134,888,288</u>	<u>1,458,268</u>	<u>1,024</u>	<u>405,607,459</u>
EXPENDITURES						
General government	-	-	-	7,372,571	-	7,372,571
Public safety	-	206,141,203	-	-	-	206,141,203
Public works and transportation	-	-	112,535,109	-	-	112,535,109
Culture and recreation	<u>27,515,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,515,195</u>
Total Expenditures	<u>27,515,195</u>	<u>206,141,203</u>	<u>112,535,109</u>	<u>7,372,571</u>	<u>-</u>	<u>353,564,078</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>12,937,508</u>	<u>22,665,973</u>	<u>22,353,179</u>	<u>(5,914,303)</u>	<u>1,024</u>	<u>52,043,381</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,009,700	408,200	8,958,530	5,677,410	363	16,054,203
Transfers (out)	<u>(12,540,504)</u>	<u>(13,415,874)</u>	<u>(18,118,932)</u>	<u>(361,060)</u>	<u>(34,425)</u>	<u>(44,470,795)</u>
Total Other Financing Sources (Uses)	<u>(11,530,804)</u>	<u>(13,007,674)</u>	<u>(9,160,402)</u>	<u>5,316,350</u>	<u>(34,062)</u>	<u>(28,416,592)</u>
Net Change in Fund Balances	1,406,704	9,658,299	13,192,777	(597,953)	(33,038)	23,626,789
Fund Balances - Beginning of Year	<u>1,915,137</u>	<u>(6,573,775)</u>	<u>5,189,213</u>	<u>1,599,163</u>	<u>33,084</u>	<u>2,162,822</u>
Fund Balances - End of Year	<u>\$ 3,321,841</u>	<u>\$ 3,084,524</u>	<u>\$ 18,381,990</u>	<u>\$ 1,001,210</u>	<u>\$ 46</u>	<u>\$ 25,789,611</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - OTHER
 JUNE 30, 2013
Exhibit B-5

	Agricultural Transfer Tax	Drug Enforcement Forfeitures	Water Quality Protection	Restricted Donations	Totals
ASSETS					
Equity in pooled cash and investments	\$ 2,236,978	\$ 3,495,995	\$ 13,057,338	\$ 3,956,025	\$ 22,746,336
Cash	-	25,000	-	-	25,000
Receivables (net of allowances for uncollectibles):					
Accounts	-	-	529,127	30,065	559,192
Notes	-	-	-	189,797	189,797
Total Assets	<u>\$ 2,236,978</u>	<u>\$ 3,520,995</u>	<u>\$ 13,586,465</u>	<u>\$ 4,175,887</u>	<u>\$ 23,520,325</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 138,182	\$ 981,079	\$ 18,402	\$ 1,137,663
Retainage payable	-	-	86,062	-	86,062
Accrued liabilities	-	795	620,821	69,064	690,680
Due to other funds	-	-	53,787	-	53,787
Due to other governments	12,951	-	1,919,076	4,718	1,936,745
Unearned revenue	-	-	499,817	-	499,817
Total Liabilities	<u>12,951</u>	<u>138,977</u>	<u>4,160,642</u>	<u>92,184</u>	<u>4,404,754</u>
Fund Balances:					
Restricted	-	3,382,018	6,293,664	4,052,099	13,727,781
Committed	<u>2,224,027</u>	<u>-</u>	<u>3,132,159</u>	<u>31,604</u>	<u>5,387,790</u>
Total Fund Balances	<u>2,224,027</u>	<u>3,382,018</u>	<u>9,425,823</u>	<u>4,083,703</u>	<u>19,115,571</u>
Total Liabilities and Fund Balances	<u>\$ 2,236,978</u>	<u>\$ 3,520,995</u>	<u>\$ 13,586,465</u>	<u>\$ 4,175,887</u>	<u>\$ 23,520,325</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, 2013
Exhibit B-6

	Agricultural Transfer Tax	Drug Enforcement Forfeitures	Water Quality Protection	Restricted Donations	Totals
REVENUES					
Taxes	\$ 262,634	\$ -	\$ 2,389,644	\$ -	\$ 2,652,278
Intergovernmental	-	-	-	10,577	10,577
Charges for services	-	-	22,908,958	-	22,908,958
Fines and forfeitures	-	437,634	-	-	437,634
Investment income	-	229	3,516	2,022	5,767
Miscellaneous - contributions	-	-	-	507,796	507,796
Total Revenues	<u>262,634</u>	<u>437,863</u>	<u>25,302,118</u>	<u>520,395</u>	<u>26,523,010</u>
EXPENDITURES					
General government	-	-	-	652,789	652,789
Public safety	-	456,828	-	-	456,828
Environment	<u>105,054</u>	<u>-</u>	<u>16,937,522</u>	<u>-</u>	<u>17,042,576</u>
Total Expenditures	<u>105,054</u>	<u>456,828</u>	<u>16,937,522</u>	<u>652,789</u>	<u>18,152,193</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>157,580</u>	<u>(18,965)</u>	<u>8,364,596</u>	<u>(132,394)</u>	<u>8,370,817</u>
OTHER FINANCING SOURCES (USES)					
Transfers (out)	<u>(696,160)</u>	<u>-</u>	<u>(4,728,799)</u>	<u>-</u>	<u>(5,424,959)</u>
Total Other Financing Sources (Uses)	<u>(696,160)</u>	<u>-</u>	<u>(4,728,799)</u>	<u>-</u>	<u>(5,424,959)</u>
Net Change in Fund Balances	(538,580)	(18,965)	3,635,797	(132,394)	2,945,858
Fund Balances - Beginning of Year	<u>2,762,607</u>	<u>3,400,983</u>	<u>5,790,026</u>	<u>4,216,097</u>	<u>16,169,713</u>
Fund Balances - End of Year	<u>\$ 2,224,027</u>	<u>\$ 3,382,018</u>	<u>\$ 9,425,823</u>	<u>\$ 4,083,703</u>	<u>\$ 19,115,571</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-7

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Intergovernmental	\$ 6,278,730	\$ 6,278,730	\$ 6,111,775	\$ (166,955)
Investment Income:				
Pooled investment income	35,000	35,000	114	(34,886)
Other investment income	-	-	3,717	3,717
Total Investment Income	35,000	35,000	3,831	(31,169)
Miscellaneous	-	-	1,281,306	1,281,306
Total Revenues	6,313,730	6,313,730	7,396,912	1,083,182
Expenditures:				
Operating:				
Principal and Interest for General Obligation Bonds:				
General county	32,551,540	32,551,540	31,544,095	1,007,445
Roads and Storm Drainage	60,931,310	60,351,310	60,350,215	1,095
Parks and Recreation	9,270,320	9,270,320	9,192,758	77,562
Public Schools	122,423,790	122,423,790	121,987,885	435,905
Community College	15,129,550	15,129,550	14,902,744	226,806
Public Housing	62,080	62,080	-	62,080
Recreation	9,753,140	9,753,140	9,270,330	482,810
Fire and Rescue	7,201,560	7,201,560	6,886,445	315,115
Mass Transit	5,658,860	6,238,860	6,235,302	3,558
Bradley Noise Abatement District	23,550	23,550	23,549	1
Cabin John Noise Abatement District	7,000	7,000	7,000	-
Issuing costs	1,146,200	4,357,904	4,354,244	3,660
Bond anticipation note interest	4,769,380	2,269,380	753,371	1,516,009
Principal and interest on long-term equipment notes	-	1,114,056	1,114,056	-
Principal and interest on Revenue Bonds	-	6,642,324	5,554,847	1,087,477
Long-term leases:				
General Fund	18,222,590	18,222,590	16,743,522	1,479,068
Recreation	2,323,020	2,323,020	2,323,016	4
Montgomery Housing Initiative	5,643,610	5,643,610	4,476,343	1,167,267
Mass Transit	4,570,460	4,570,460	3,801,617	768,843
Fire and Rescue	4,747,690	4,747,690	4,418,126	329,564
Water Quality Protection	3,210,000	-	-	-
Total Expenditures	307,645,650	312,903,734	303,939,465	8,964,269
Excess of Revenues over (under) Expenditures	(301,331,920)	(306,590,004)	(296,542,553)	10,047,451
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	258,193,030	258,278,926	252,311,376	(5,967,550)
From Special Revenue Funds:				
Recreation	12,076,160	12,076,160	11,305,454	(770,706)
Mass Transit	10,229,320	10,229,320	9,607,321	(621,999)
Bradley Noise Abatement District	23,550	23,550	23,549	(1)
Cabin John Noise Abatement District	7,000	7,000	7,000	-
Fire Tax District	11,949,250	11,949,250	11,684,141	(265,109)
Montgomery Housing Initiative	5,643,610	5,643,610	4,476,343	(1,167,267)
Water Quality Protection	3,210,000	3,210,000	2,876,413	(333,587)
From Liquor Enterprise Fund	-	3,432,324	3,432,323	(1)
Total Other Financing Sources (Uses)	301,331,920	304,850,140	295,723,920	(9,126,220)
Excess of Revenues and Other Financing Sources				
over (under) Expenditures and Other Financing Uses	-	(1,739,864)	(818,633)	921,231
Fund Balance - Beginning of Year	(5,672,428)	(5,672,428)	(5,672,428)	-
Fund Balance - End of Year	\$ (5,672,428)	\$ (7,412,292)	\$ (6,491,061)	\$ 921,231

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), CONCLUDED
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-7

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Reconciliation of budgetary schedule to GAAP basis Statement of Revenues, Expenditures, and Changes in Fund Balances:				
	Revenues	Expenditures and Encumbrances	Other Financing Sources (Uses)	Effect on Fund Balance
As reported - budgetary basis	\$ 7,396,912	\$ 303,939,465	\$ 295,723,920	\$ (818,633)
Reconciling items:				
Elimination of encumbrances outstanding	-	(983,195)	-	983,195
Bond anticipation note activity	-	-	(326,790,000)	(326,790,000)
Premium on general obligation bonds	-	-	31,788,169	31,788,169
Premium on Conference Center Bonds	-	-	3,020,750	3,020,750
Lease revenue bond activity not required to be budgeted	3,472,363	3,472,363	-	-
Issuing costs paid by premium for:				
General obligation bonds	-	413,000	413,000	-
General obligation refunding bonds	-	159,568	29,303	(130,265)
Conference Center Bonds	-	-	159,568	159,568
Proceeds of:				
General obligation bonds	-	-	295,000,000	295,000,000
As reported - GAAP basis	\$ 10,869,275	\$ 307,001,201	\$ 299,344,710	\$ 3,212,784

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-8

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ (931,000)	\$ (931,000)	\$ 78,937,588	\$ 79,868,588
Intergovernmental	42,949,000	60,390,000	9,561,102	(50,828,898)
Investment income:				
Pooled	452,000	452,000	47,785	(404,215)
Miscellaneous	888,000	4,769,000	1,039,272	(3,729,728)
Total Revenues	43,358,000	64,680,000	89,585,747	24,905,747
Expenditures - Capital Projects	283,744,000	662,092,261	635,691,663	26,400,598
Excess of Revenues over (under) Expenditures	(240,386,000)	(597,412,261)	(546,105,916)	51,306,345
Other Financing Sources (Uses):				
Transfers In	24,842,000	27,965,000	58,325,934	30,360,934
Transfers Out:				
To Montgomery Housing Initiative	-	(34,857,355)	(34,857,355)	-
Sale of land	-	-	3,838,021	3,838,021
Proceeds from bond anticipation notes	-	74,000,000	326,790,000	252,790,000
General Obligation Bonds issued	114,731,000	114,210,000	-	(114,210,000)
Premium on Long Term Debt	-	-	2,457,405	2,457,405
Proceeds from Revenue Bonds	22,882,000	22,882,000	37,835,000	14,953,000
Proceeds from Taxable Limited Obligations	10,000,000	10,000,000	-	(10,000,000)
Proceeds from Certificates of Participation	59,933,000	59,933,000	-	(59,933,000)
Proceeds from Lease Financing	7,998,000	29,143,000	-	(29,143,000)
Total Other Financing Sources (Uses)	240,386,000	303,275,645	394,389,005	91,113,360
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	-	(294,136,616)	(151,716,911)	142,419,705
Fund Balance - Beginning of Year	(293,700,201)	(293,700,201)	(293,700,201)	-
Fund Balance - End of Year	\$ (293,700,201)	\$ (587,836,817)	\$ (445,417,112)	\$ 142,419,705

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

	Revenues	Expenditures and Encumbrances	Other Financing Sources (Uses)	Effect on Fund Balance
As reported - Budgetary basis	\$ 89,585,747	\$ 635,691,663	\$ 394,389,005	\$ (151,716,911)
Reconciling Items:				
Elimination of encumbrances outstanding	-	(278,578,045)	-	278,578,045
Expenditures of bond proceeds for component units	-	246,688,042	-	(246,688,042)
As reported - GAAP Basis	\$ 89,585,747	\$ 603,801,660	\$ 394,389,005	\$ (119,826,908)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RECREATION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-9

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes - property	\$ 30,299,986	\$ 30,299,986	\$ 30,477,220	\$ 177,234
Charges for services - activity fees	11,606,910	11,606,910	9,925,395	(1,681,515)
Investment income	-	-	2,324	2,324
Miscellaneous	(105,360)	(105,360)	47,764	153,124
Total Revenues	<u>41,801,536</u>	<u>41,801,536</u>	<u>40,452,703</u>	<u>(1,348,833)</u>
Expenditures:				
Personnel costs	16,824,157	16,824,157	16,775,521	48,636
Operating	<u>9,155,479</u>	<u>9,618,761</u>	<u>8,510,311</u>	<u>1,108,450</u>
Total Expenditures	<u>25,979,636</u>	<u>26,442,918</u>	<u>25,285,832</u>	<u>1,157,086</u>
Excess of Revenues over (under) Expenditures	<u>15,821,900</u>	<u>15,358,618</u>	<u>15,166,871</u>	<u>(191,747)</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	1,009,700	1,009,700	1,009,700	-
To General Fund	(3,887,370)	(3,887,370)	(3,887,370)	-
To Debt Service Fund	<u>(12,076,160)</u>	<u>(12,076,160)</u>	<u>(11,305,454)</u>	<u>770,706</u>
Total Other Financing Sources (Uses)	<u>(14,953,830)</u>	<u>(14,953,830)</u>	<u>(14,183,124)</u>	<u>770,706</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	868,070	404,788	983,747	578,959
Fund Balance - Beginning of Year	<u>1,002,378</u>	<u>1,002,378</u>	<u>1,002,378</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,870,448</u>	<u>\$ 1,407,166</u>	<u>\$ 1,986,125</u>	<u>\$ 578,959</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	\$ 983,747
Reconciling items:	
Non-budgeted item -bad debt expense	(62,353)
Elimination of encumbrances outstanding	485,310
GAAP - Net Change in Fund Balance	<u>\$ 1,406,704</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE TAX DISTRICT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-10

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes - property	\$ 221,293,918	\$ 221,293,918	\$ 222,883,937	\$ 1,590,019
Licenses and permits	485,420	485,420	469,399	(16,021)
Intergovernmental	1,306,000	2,613,799	1,303,272	(1,310,527)
Charges for services	10,293,090	10,293,090	4,069,940	(6,223,150)
Investment income	-	-	11,307	11,307
Miscellaneous	10,000	10,000	69,321	59,321
Total Revenues	<u>233,388,428</u>	<u>234,696,227</u>	<u>228,807,176</u>	<u>(5,889,051)</u>
Expenditures:				
Personnel costs	169,006,350	170,886,044	170,836,059	49,985
Operating	35,940,538	35,345,615	35,345,608	7
Total Expenditures	<u>204,946,888</u>	<u>206,231,659</u>	<u>206,181,667</u>	<u>49,992</u>
Excess of Revenues over (under) Expenditures	<u>28,441,540</u>	<u>28,464,568</u>	<u>22,625,509</u>	<u>(5,839,059)</u>
Other Financing Sources:				
Transfers In (Out):				
From General Fund	250,000	250,000	408,200	158,200
To Capital Projects Fund	-	(763,000)	(745,457)	17,543
To Debt Service Fund	(11,949,250)	(11,949,250)	(11,684,141)	265,109
To General Fund	(120,750)	(120,750)	(120,750)	-
To Grants Fund	-	-	(865,525)	(865,525)
Total Other Financing Sources (Uses)	<u>(11,820,000)</u>	<u>(12,583,000)</u>	<u>(13,007,673)</u>	<u>(424,673)</u>
Excess of Revenues and Other Financing Sources over (under)				
Expenditures and Other Financing Uses	16,621,540	15,881,568	9,617,836	(6,263,732)
Fund Balance - Beginning of Year	<u>(8,330,869)</u>	<u>(8,330,869)</u>	<u>(8,330,869)</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 8,290,671</u>	<u>\$ 7,550,699</u>	<u>\$ 1,286,967</u>	<u>\$ (6,263,732)</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	\$ 9,617,836
Reconciling items:	
Elimination of encumbrances outstanding	3,205,684
Non-budgeted item - bad debt expense	(3,165,221)
GAAP - Net Change in Fund Balance	<u>\$ 9,658,299</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
MASS TRANSIT FACILITIES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-11

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes - property	\$ 79,269,463	\$ 79,269,463	\$ 79,577,447	\$ 307,984
Licenses and permits	531,000	531,000	565,089	34,089
Intergovernmental	22,815,530	22,815,530	28,400,560	5,585,030
Charges for services:				
Fare receipts	23,017,010	23,017,010	25,290,852	2,273,842
Parking fees	1,315,645	1,315,645	641,982	(673,663)
Total Charges for Services	<u>24,332,655</u>	<u>24,332,655</u>	<u>25,932,834</u>	<u>1,600,179</u>
Fines and forfeitures	300,000	300,000	391,879	91,879
Investment income	-	-	734	734
Miscellaneous	-	-	19,745	19,745
Total Revenues	<u>127,248,648</u>	<u>127,248,648</u>	<u>134,888,288</u>	<u>7,639,640</u>
Expenditures:				
Personnel costs	62,228,987	59,999,156	59,829,226	169,930
Operating	53,122,564	54,097,922	53,653,434	444,488
Total Division of Transit Services	<u>115,351,551</u>	<u>114,097,078</u>	<u>113,482,660</u>	<u>614,418</u>
Washington Suburban Transit Commission:				
Operating	105,880	105,880	104,280	1,600
Total Expenditures	<u>115,457,431</u>	<u>114,202,958</u>	<u>113,586,940</u>	<u>616,018</u>
Excess of Revenues over (under) Expenditures	<u>11,791,217</u>	<u>13,045,690</u>	<u>21,301,348</u>	<u>8,255,658</u>
Other Financing Sources:				
Transfers In (Out):				
From General Fund	531,310	531,310	531,310	-
From Enterprise Funds	9,029,630	9,029,630	8,427,220	(602,410)
To General Fund	(7,553,320)	(7,553,320)	(7,553,320)	-
To Debt Service Fund	(10,229,320)	(10,229,320)	(9,607,321)	621,999
To Grants Fund	-	(250,000)	(265,518)	(15,518)
To Parking Lot Districts	(43,325)	(43,325)	(43,325)	-
To Capital Projects Fund	-	(1,011,000)	(649,448)	361,552
Total Other Financing Sources (Uses)	<u>(8,265,025)</u>	<u>(9,526,025)</u>	<u>(9,160,402)</u>	<u>365,623</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	3,526,192	3,519,665	12,140,946	8,621,281
Fund Balance - Beginning of Year	3,979,471	3,979,471	3,979,471	-
Fund Balance - End of Year	<u>\$ 7,505,663</u>	<u>\$ 7,499,136</u>	<u>\$ 16,120,417</u>	<u>\$ 8,621,281</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	\$ 12,140,946
Reconciling items:	
Elimination of encumbrances outstanding	1,051,831
GAAP - Net Change in Fund Balance	<u>\$ 13,192,777</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
URBAN DISTRICT SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-12

	Budget			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
BETHESDA URBAN DISTRICT				
Revenues:				
Taxes - property	\$ 465,990	\$ 465,990	\$ 465,163	\$ (827)
Charges for Services - maintenance fees	150,000	150,000	107,780	(42,220)
Total Revenues	<u>615,990</u>	<u>615,990</u>	<u>572,943</u>	<u>(43,047)</u>
Expenditures:				
Personnel costs	120,416	122,626	122,175	451
Operating	3,296,470	3,300,342	3,298,500	1,842
Total Expenditures	<u>3,416,886</u>	<u>3,422,968</u>	<u>3,420,675</u>	<u>2,293</u>
Excess of Revenues over (under) Expenditures	<u>(2,800,896)</u>	<u>(2,806,978)</u>	<u>(2,847,732)</u>	<u>(40,754)</u>
Other Financing Sources (Uses):				
Transfers in (Out):				
From Enterprise Funds	2,815,000	2,815,000	2,815,000	-
To General Fund	(14,610)	(14,610)	(14,610)	-
Total Other Financing Sources (Use)	<u>2,800,390</u>	<u>2,800,390</u>	<u>2,800,390</u>	<u>-</u>
Excess of Revenues and other Financing Sources over (under)				
Expenditures and Other Financing Uses	(506)	(6,588)	(47,342)	(40,754)
Fund Balance - Beginning of Year	375,796	375,796	375,796	-
Fund Balance - End of Year	<u>\$ 375,290</u>	<u>\$ 369,208</u>	<u>\$ 328,454</u>	<u>\$ (40,754)</u>
SILVER SPRING URBAN DISTRICT				
Revenues:				
Taxes - property	\$ 595,465	\$ 595,465	\$ 640,833	\$ 45,368
Charges for Services - maintenance fees	134,000	134,000	93,805	(40,195)
Total Revenues	<u>729,465</u>	<u>729,465</u>	<u>734,638</u>	<u>5,173</u>
Expenditures:				
Personnel costs	1,793,273	1,793,273	1,548,764	244,509
Operating	909,204	1,222,078	1,221,184	894
Total Expenditures	<u>2,702,477</u>	<u>3,015,351</u>	<u>2,769,948</u>	<u>245,403</u>
Excess of Revenues over (under) Expenditures	<u>(1,973,012)</u>	<u>(2,285,886)</u>	<u>(2,035,310)</u>	<u>250,576</u>
Other Financing Sources (Uses):				
Transfers in (Out):				
From Enterprise Funds	1,532,000	1,532,000	1,532,000	-
To General Fund	(217,520)	(217,520)	(217,520)	-
Total Other Financing Sources (Use)	<u>1,314,480</u>	<u>1,314,480</u>	<u>1,314,480</u>	<u>-</u>
Excess of Revenues and other Financing Sources over (under)				
Expenditures and Other Financing Uses	(658,532)	(971,406)	(720,830)	250,576
Fund Balance - Beginning of Year	18,028	18,028	18,028	-
Fund Balance - End of Year	<u>\$ (640,504)</u>	<u>\$ (953,378)</u>	<u>\$ (702,802)</u>	<u>\$ 250,576</u>

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), CONCLUDED
URBAN DISTRICT SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-12

	Budget			Variance
	Original	Final		Positive
	Budget	Budget	Actual	(Negative)
WHEATON URBAN DISTRICT				
Revenues:				
Taxes - property	\$ 146,466	\$ 146,466	\$ 150,687	\$ 4,221
Total Revenues	146,466	146,466	150,687	4,221
Expenditures:				
Personnel costs	1,062,903	1,000,533	953,368	47,165
Operating	462,586	576,297	563,831	12,466
Total Expenditures	1,525,489	1,576,830	1,517,199	59,631
Excess of Revenues over (under) Expenditures	(1,379,023)	(1,430,364)	(1,366,512)	63,852
Other Financing Sources (Uses):				
Transfers in (Out):				
From General Fund	1,038,090	1,038,090	1,038,090	-
From Enterprise Fund	292,320	292,320	292,320	-
To General Fund	(128,930)	(128,930)	(128,930)	-
Total Other Financing Sources (Use)	1,201,480	1,201,480	1,201,480	-
Excess of Revenues and other Financing Sources over (under)				
Expenditures and Other Financing Uses	(177,543)	(228,884)	(165,032)	63,852
Fund Balance - Beginning of Year	(64,614)	(64,614)	(64,614)	-
Fund Balance - End of Year	\$ (242,157)	\$ (293,498)	\$ (229,646)	\$ 63,852

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

	Bethesda	Spring	Wheaton	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (47,342)	\$ (720,830)	\$ (165,032)	\$ (933,204)
Reconciling item:				
Elimination of encumbrances outstanding	<u>2,114</u>	<u>305,158</u>	<u>27,979</u>	<u>335,251</u>
GAAP - Net Change in Fund Balance	<u>\$ (45,228)</u>	<u>\$ (415,672)</u>	<u>\$ (137,053)</u>	<u>\$ (597,953)</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NOISE ABATEMENT DISTRICTS SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-13

	Budget			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
BRADLEY NOISE ABATEMENT DISTRICT				
Revenues:				
Investment Income	\$ -	\$ -	\$ 5	\$ 5
Total Revenues	-	-	5	5
Expenditures:	-	-	-	-
Excess of Revenues over (under) Expenditures	-	-	5	5
Other Financing Sources:				
Transfers In (Out):				
To Debt Service Fund	(24,933)	(24,933)	(23,549)	1,384
To General Fund	-	(3,876)	(3,876)	-
Total Other Financing Sources (Uses)	(24,933)	(28,809)	(27,425)	1,384
Excess of Revenues and other sources over (under) Expenditures	(24,933)	(28,809)	(27,420)	1,389
Fund Balance - Beginning of Year	27,427	27,427	27,427	-
Fund Balance - End of Year	<u>\$ 2,494</u>	<u>\$ (1,382)</u>	<u>\$ 7</u>	<u>\$ 1,389</u>
CABIN JOHN NOISE ABATEMENT DISTRICT				
Revenues:				
Taxes - property	\$ 1,050	\$ 1,050	\$ 1,018	\$ (32)
Investment Income	-	-	1	1
Total Revenues	1,050	1,050	1,019	(31)
Expenditures:	-	-	-	-
Excess of Revenues over (under) Expenditures	1,050	1,050	1,019	(31)
Other Financing Sources:				
Transfers In (Out):				
From General Fund	-	363	363	-
To Debt Service Fund	(7,000)	(7,000)	(7,000)	-
To General Fund	(194)	-	-	-
Total Other Financing Sources (Uses)	(7,194)	(6,637)	(6,637)	-
Excess of Revenues and other sources over (under) Expenditures	(6,144)	(5,587)	(5,618)	(31)
Fund Balance - Beginning of Year	5,657	5,657	5,657	-
Fund Balance - End of Year	<u>\$ (487)</u>	<u>\$ 70</u>	<u>\$ 39</u>	<u>\$ (31)</u>

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	<u>\$ (27,420)</u>	<u>\$ (5,618)</u>	<u>\$ (33,038)</u>
GAAP - Net Change in Fund Balance			<u>\$ (33,038)</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
REHABILITATION LOAN SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-14

	Budget			Variance
	Original	Final		Positive
	Budget	Budget	Actual	(Negative)
Revenues:				
Investment income:				
Pooled investment income	\$ -	\$ -	\$ 290	\$ 290
Other interest income	-	-	55,107	55,107
Total Revenues	-	-	55,397	55,397
Expenditure:	-	-	-	-
Excess of Revenues over (under) Expenditures	-	-	55,397	55,397
Other Financing Sources (Uses):				
Loan repayments	-	-	40,015	40,015
Mortgage loans	(972,437)	(972,437)	-	972,437
Total Other Financing Sources (Uses)	(972,437)	(972,437)	40,015	1,012,452
Excess of Revenues and Other Financing Sources over (under)				
Expenditures and Other Financing Uses	(972,437)	(972,437)	95,412	1,067,849
Fund Balance - Beginning of Year	972,437	972,437	972,437	-
Fund Balance - End of Year	\$ -	\$ -	\$ 1,067,849	\$ 1,067,849

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	\$ 95,412
Reconciling items - Change in mortgages and notes receivable	(40,015)
GAAP - Net Change in Fund Balance	\$ 55,397

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY)
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-15

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Investment Income:				
Pooled investment income	\$ -	\$ -	\$ 226	\$ 226
Other interest income	-	-	31,696	31,696
Total Investment Income	-	-	31,922	31,922
Miscellaneous	-	-	142,806	142,806
Total Revenues	-	-	174,728	174,728
Expenditures:				
Personnel costs	118,130	118,130	127,227	(9,097)
Operating	7,213,530	11,373,530	6,932,161	4,441,369
Total Expenditures	7,331,660	11,491,660	7,059,388	4,432,272
Excess of Revenues over (under) Expenditures	(7,331,660)	(11,491,660)	(6,884,660)	4,607,000
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	4,995,050	9,155,050	9,155,050	-
Loan repayment	94,970	94,970	139,716	44,746
Loan disbursements	(108,750)	(108,750)	(108,750)	-
Total Other Financing Sources (Uses)	4,981,270	9,141,270	9,186,016	44,746
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(2,350,390)	(2,350,390)	2,301,356	4,651,746
Fund Balance - Beginning of Year	2,350,390	2,350,390	2,350,390	-
Fund Balance - End of Year	\$ -	\$ -	\$ 4,651,746	\$ 4,651,746

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	\$ 2,301,356
Reconciling item: Change in notes receivable	-
GAAP - Net Change in Fund Balance	\$ 2,301,356

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL (NON GAAP BUDGETARY BASIS)
CABLE TV SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-16

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Charges for services	\$ 25,476,953	\$ 25,476,953	\$ 26,404,524	927,571
Investment income	10,000	10,000	-	(10,000)
Total Revenues	<u>25,486,953</u>	<u>25,486,953</u>	<u>26,404,524</u>	<u>917,571</u>
Expenditures:				
Personnel costs	2,905,030	2,905,030	2,905,020	10
Operating	10,755,623	11,246,010	11,215,789	30,221
Total Expenditures	<u>13,660,653</u>	<u>14,151,040</u>	<u>14,120,809</u>	<u>30,231</u>
Excess of Revenues over (under) Expenditures	<u>11,826,300</u>	<u>11,335,913</u>	<u>12,283,715</u>	<u>947,802</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
To General Fund	(10,765,961)	(10,765,961)	(10,765,961)	-
To Capital Projects Fund	-	(1,831,000)	(1,002,055)	828,945
Total Other Financing Sources (Uses)	<u>(10,765,961)</u>	<u>(12,596,961)</u>	<u>(11,768,016)</u>	<u>828,945</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	1,060,339	(1,261,048)	515,699	1,776,747
Fund Balance - Beginning of Year	213,188	213,188	213,188	-
Fund Balance - End of Year	<u>\$ 1,273,527</u>	<u>\$ (1,047,860)</u>	<u>\$ 728,887</u>	<u>\$ 1,776,747</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	\$ 515,699
Reconciling items:	
Elimination of encumbrances outstanding	1,681,430
GAAP - Net Change in Fund Balance	<u>\$ 2,197,129</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DRUG ENFORCEMENT FORFEITURES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-17

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 437,634	\$ 437,634
Investment income	-	-	229	229
Total Revenues	-	-	437,863	437,863
Expenditures				
Operating	3,177,155	3,177,155	959,964	2,217,191
Total Expenditures	3,177,155	3,177,155	959,964	2,217,191
Excess of Revenues over (under) Expenditures	(3,177,155)	(3,177,155)	(522,101)	2,655,054
Fund Balance - Beginning of Year	3,031,275	3,031,275	3,031,275	-
Fund Balance - End of Year	\$ (145,880)	\$ (145,880)	\$ 2,509,174	\$ 2,655,054

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	\$ (522,101)
Reconciling items:	
Elimination of encumbrances outstanding	503,136
GAAP - Net Change in Fund Balance	\$ (18,965)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER QUALITY PROTECTION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-18

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes	\$ 561,640	\$ 561,640	\$ 2,389,644	\$ 1,828,004
Charges for services	22,935,660	22,935,660	22,908,958	(26,702)
Investment income	10,000	10,000	3,516	(6,484)
Total Revenues	<u>23,507,300</u>	<u>23,507,300</u>	<u>25,302,118</u>	<u>1,794,818</u>
Expenditures:				
Personnel costs	6,884,352	6,884,352	6,796,388	87,964
Operating	12,297,727	12,106,654	11,591,164	515,490
Total Expenditures	<u>19,182,079</u>	<u>18,991,006</u>	<u>18,387,552</u>	<u>603,454</u>
Excess of Revenues over (under) Expenditures	<u>4,325,221</u>	<u>4,516,294</u>	<u>6,914,566</u>	<u>2,398,272</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
To Debt Service Fund	(3,210,000)	(3,210,000)	(2,876,413)	333,587
To General Fund	(972,950)	(972,950)	(972,950)	-
To Capital Projects Fund	-	(1,150,000)	(879,436)	270,564
Total Other Financing Sources	<u>(4,182,950)</u>	<u>(5,332,950)</u>	<u>(4,728,799)</u>	<u>604,151</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	142,271	(816,656)	2,185,767	3,002,423
Fund Balance - Beginning of Year	856,695	856,695	856,695	-
Fund Balance - End of Year	<u>\$ 998,966</u>	<u>\$ 40,039</u>	<u>\$ 3,042,462</u>	<u>\$ 3,002,423</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	\$ 2,185,767
Reconciling items:				
Elimination of encumbrances outstanding				1,450,030
GAAP - Net Change in Fund Balance				<u>\$ 3,635,797</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RESTRICTED DONATIONS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit B-19

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 10,577	\$ 10,577
Investment income	-	-	2,022	2,022
Miscellaneous - contributions	-	-	507,796	507,796
Total Revenues	-	-	520,395	520,395
Expenditures				
Operating	4,112,532	4,112,532	684,393	3,428,139
Total Expenditures	4,112,532	4,112,532	684,393	3,428,139
Excess of Revenues over (under) Expenditures	(4,112,532)	(4,112,532)	(163,998)	3,948,534
Fund Balance - Beginning of Year	4,112,532	4,112,532	4,112,532	-
Fund Balance - End of Year	\$ -	\$ -	\$ 3,948,534	\$ 3,948,534

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	\$ (163,998)
Reconciling items:	
Elimination of encumbrances outstanding	31,604
GAAP - Net Change in Fund Balance	\$ (132,394)



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 POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2013
Exhibit C-1

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Equity in pooled cash and investments	\$ 36,183,383	\$ 7,720,813	\$ 43,904,196
Receivables (net of allowances for uncollectibles):			
Accounts	25,118	29,679	54,797
Total Current Assets	<u>36,208,501</u>	<u>7,750,492</u>	<u>43,958,993</u>
Noncurrent Assets:			
Restricted Assets:			
Capital Assets:			
Furniture, fixtures, equipment, and machinery	1,816,608	49,423	1,866,031
Automobiles and trucks	215,595	-	215,595
Subtotal	2,032,203	49,423	2,081,626
Less: Accumulated depreciation	1,835,554	44,921	1,880,475
Total Capital Assets (net of accumulated depreciation)	<u>196,649</u>	<u>4,502</u>	<u>201,151</u>
Total Noncurrent Assets	<u>196,649</u>	<u>4,502</u>	<u>201,151</u>
Total Assets	<u>36,405,150</u>	<u>7,754,994</u>	<u>44,160,144</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	237,625	153,613	391,238
Deposits	9,506,645	-	9,506,645
Accrued liabilities	2,054,219	209,410	2,263,629
Due to other funds	277,143	29,472	306,615
Due to component units	-	724,237	724,237
Unearned revenue	140,540	2,583,954	2,724,494
Total Current Liabilities	<u>12,216,172</u>	<u>3,700,686</u>	<u>15,916,858</u>
Noncurrent Liabilities:			
Equipment note payable	92,784	-	92,784
Compensated absences	489,795	48,126	537,921
Other postemployment benefits	1,260,848	159,078	1,419,926
Total Noncurrent Liabilities	<u>1,843,427</u>	<u>207,204</u>	<u>2,050,631</u>
Total Liabilities	<u>14,059,599</u>	<u>3,907,890</u>	<u>17,967,489</u>
NET POSITION			
Net investment in capital assets	196,649	4,502	201,151
Unrestricted	22,148,902	3,842,602	25,991,504
Total Net Position	<u>\$ 22,345,551</u>	<u>\$ 3,847,104</u>	<u>\$ 26,192,655</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit C-2

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 4,051,898	\$ 10,522,286	\$ 14,574,184
Licenses and permits	40,775,893	-	40,775,893
Fines and penalties	65,311	-	65,311
Total Operating Revenues	<u>44,893,102</u>	<u>10,522,286</u>	<u>55,415,388</u>
OPERATING EXPENSES			
Personnel costs	20,863,760	2,515,443	23,379,203
Other post employment contributions	1,838,820	271,300	2,110,120
Postage	10,296	844	11,140
Insurance	149,420	-	149,420
Supplies and materials	370,731	241,143	611,874
Contractual services	566,931	4,054,772	4,621,703
Communications	210,218	45,944	256,162
Transportation	684,750	8,017	692,767
Public utility services	-	1,895,027	1,895,027
Rentals	2,225,214	283,799	2,509,013
Maintenance	476,252	119,949	596,201
Depreciation	44,970	7,206	52,176
Other	36,945	89,797	126,742
Total Operating Expenses	<u>27,478,307</u>	<u>9,533,241</u>	<u>37,011,548</u>
Operating Income	<u>17,414,795</u>	<u>989,045</u>	<u>18,403,840</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	9,889	918	10,807
Miscellaneous	(55,749)	-	(55,749)
Other revenue	15,737	-	15,737
Total Nonoperating Revenues	<u>(30,123)</u>	<u>918</u>	<u>(29,205)</u>
Income Before Transfers	<u>17,384,672</u>	<u>989,963</u>	<u>18,374,635</u>
Transfers In (Out):			
Transfers in	-	125,000	125,000
Transfers out	<u>(3,062,540)</u>	<u>(350,620)</u>	<u>(3,413,160)</u>
Total Transfers In (Out)	<u>(3,062,540)</u>	<u>(225,620)</u>	<u>(3,288,160)</u>
Change in Net Position	14,322,132	764,343	15,086,475
Total Net Position - Beginning of Year	<u>8,023,419</u>	<u>3,082,761</u>	<u>11,106,180</u>
Total Net Position - End of Year	<u>\$ 22,345,551</u>	<u>\$ 3,847,104</u>	<u>\$ 26,192,655</u>

MONTGOMERY COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit C-3

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 43,836,978	\$ 10,512,600	\$ 54,349,578
Payments to suppliers	(6,378,093)	(6,790,775)	(13,168,868)
Payments to employees	(20,743,629)	(2,538,000)	(23,281,629)
Internal activity - operating payments from other funds	1,153,770	-	1,153,770
Other operating receipts	15,737	-	15,737
Other operating payments	(4,264,497)	-	(4,264,497)
Miscellaneous	(55,748)	-	(55,748)
Other revenue	5,285,400	-	5,285,400
Net cash provided (Used) by Operating Activities	<u>18,849,918</u>	<u>1,183,825</u>	<u>20,033,743</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies receipts and transfers from other funds	-	125,000	125,000
Operating subsidies payments and transfers to other funds	(3,062,540)	(350,620)	(3,413,160)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(3,062,540)</u>	<u>(225,620)</u>	<u>(3,288,160)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income from pooled investments	9,889	918	10,807
Net Cash Provided (Used) by Investing Activities	<u>9,889</u>	<u>918</u>	<u>10,807</u>
Net Increase (Decrease) in Cash and Cash Equivalents	15,797,267	959,123	16,756,390
Balances - Beginning of Year	20,386,116	6,761,690	27,147,806
Balances - End of Year	<u>\$ 36,183,383</u>	<u>\$ 7,720,813</u>	<u>\$ 43,904,196</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 17,414,795	\$ 989,045	\$ 18,403,840
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	44,970	7,206	52,176
Other revenues	15,737	-	15,737
Miscellaneous	(55,749)	-	(55,749)
Change in assets and liabilities:			
Receivables, net	59,377	(9,687)	49,690
Accounts payable and other liabilities	229,754	203,876	433,630
Accrued expenses	1,141,034	(6,615)	1,134,419
Net Cash Provided (Used) by Operating Activities	<u>\$ 18,849,918</u>	<u>\$ 1,183,825</u>	<u>\$ 20,033,743</u>
Noncash investing, capital and financing activities:			
Capital asset disposals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit C-4

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
LIQUOR				
Personnel costs	\$ 25,125,652	\$ 25,232,722	\$ 25,227,365	\$ 5,357
Other operating	25,570,980	23,318,631	20,877,639	2,440,992
Total	<u>\$ 50,696,632</u>	<u>\$ 48,551,353</u>	46,105,004	<u>\$ 2,446,349</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			1,547,073	
Cost of goods sold			181,941,516	
Interest expense			1,442,087	
Deductions:				
Cash interest payments			(1,592,853)	
Encumbrances outstanding at year-end			(3,694,114)	
GAAP Expenses			<u>\$ 225,748,713</u>	
PERMITTING SERVICES				
Personnel costs	\$ 21,346,634	\$ 20,863,764	\$ 20,863,760	\$ 4
Other operating	6,272,560	6,961,909	6,954,422	7,487
Total	<u>\$ 27,619,194</u>	<u>\$ 27,825,673</u>	27,818,182	<u>\$ 7,491</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			44,970	
Deduction - Encumbrances outstanding at year-end			(384,845)	
GAAP Expenses			<u>\$ 27,478,307</u>	
COMMUNITY USE OF PUBLIC FACILITIES				
Personnel costs	\$ 2,576,900	\$ 2,576,900	\$ 2,515,443	\$ 61,457
Other operating	7,529,150	7,538,404	7,036,472	501,932
Total	<u>\$ 10,106,050</u>	<u>\$ 10,115,304</u>	9,551,915	<u>\$ 563,389</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			7,206	
Deduction - Encumbrances outstanding at year-end			(25,880)	
GAAP Expenses			<u>\$ 9,533,241</u>	

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), CONTINUED
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit C-4

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
SOLID WASTE DISPOSAL				
Personnel costs	\$ 9,183,649	\$ 9,183,649	\$ 8,945,181	\$ 238,468
Other operating	93,062,946	95,069,105	94,287,886	781,219
Total	<u>\$ 102,246,595</u>	<u>\$ 104,252,754</u>	<u>103,233,067</u>	<u>\$ 1,019,687</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			1,681,074	
Interest expense			170,553	
Accrued landfill closing cost			1,158,853	
Bad debt expense			83,461	
Deductions:				
Capital outlay expenditures			(636,433)	
Encumbrances outstanding at year-end			(8,108,805)	
Principal paid on bonds			(2,685,000)	
Cash interest payments			(134,250)	
Adjustment of landfill closure costs			(829,321)	
GAAP Expenses			<u>\$ 93,933,199</u>	
SOLID WASTE COLLECTION				
Personnel costs	\$ 1,232,121	\$ 1,232,121	\$ 1,232,029	\$ 92
Other operating	4,934,170	5,040,209	4,777,178	263,031
Total	<u>\$ 6,166,291</u>	<u>\$ 6,272,330</u>	<u>6,009,207</u>	<u>\$ 263,123</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			12,096	
Deduction - Encumbrances outstanding at year-end			(105,357)	
GAAP Expenses			<u>\$ 5,915,946</u>	
SOLID WASTE LEAFING				
Personnel costs	\$ 2,969,017	\$ 2,846,727	\$ 2,846,721	\$ 6
Other operating	2,475,320	2,516,120	2,487,164	28,956
Total	<u>\$ 5,444,337</u>	<u>\$ 5,362,847</u>	<u>5,333,885</u>	<u>\$ 28,962</u>
Reconciliation to GAAP expenses:				
Additions:				
Interfund activities budgeted as transfers - charges for services from disposal			892,410	
Deduction - Encumbrances outstanding at year-end			(36,402)	
GAAP Expenses			<u>\$ 6,189,893</u>	
Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Assets:				
GAAP Expenses:				
Solid Waste Disposal			\$ 93,933,199	
Solid Waste Collection			5,915,946	
Solid Waste Leafing			6,189,893	
Total Solid Waste Activities			<u>\$ 106,039,038</u>	*

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), CONTINUED
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit C-4

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive Negative
SILVER SPRING PARKING				
Personnel costs	\$ 2,094,821	\$ 2,094,821	\$ 1,957,694	\$ 137,127
Other operating	8,852,521	8,918,465	7,598,039	1,320,426
Total	<u>\$ 10,947,342</u>	<u>\$ 11,013,286</u>	<u>9,555,733</u>	<u>\$ 1,457,553</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			5,480,297	
CIP-other operating costs			276,905	
Deduction - Encumbrances outstanding at year-end			(812,861)	
GAAP Expenses			<u>\$ 14,500,074</u>	
BETHESDA PARKING				
Personnel costs	\$ 1,948,916	\$ 1,948,916	\$ 1,838,756	\$ 110,160
Other operating	11,084,312	11,056,203	10,703,942	352,261
Total	<u>\$ 13,033,228</u>	<u>\$ 13,005,119</u>	<u>12,542,698</u>	<u>\$ 462,421</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			4,774,163	
Interest expense			1,570,869	
CIP-other operating costs			110,921	
Deductions:				
Encumbrances outstanding at year-end			(596,899)	
Revenue bond principal reduction			(2,020,000)	
Cash interest payments			(2,030,369)	
GAAP Expenses			<u>\$ 14,351,383</u>	
WHEATON PARKING				
Personnel costs	\$ 323,425	\$ 327,645	\$ 326,807	\$ 838
Other operating	994,395	1,003,515	934,850	68,665
Total	<u>\$ 1,317,820</u>	<u>\$ 1,331,160</u>	<u>1,261,657</u>	<u>\$ 69,503</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			349,023	
CIP-other operating costs			4,844	
Deduction - Encumbrances outstanding at year-end			(250,559)	
GAAP Expenses			<u>\$ 1,364,965</u>	

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), CONCLUDED
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit C-4

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
MONTGOMERY HILLS PARKING				
Personnel costs	\$ 39,754	\$ 42,774	\$ 42,177	\$ 597
Other operating	92,613	90,050	87,786	2,264
Total	<u>\$ 132,367</u>	<u>\$ 132,824</u>	<u>129,963</u>	<u>\$ 2,861</u>
Reconciliation to GAAP expenses:				
Deduction - Encumbrances outstanding at year-end			(25,199)	
GAAP Expenses			<u>\$ 104,764</u>	
Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Assets:				
GAAP Expenses:				
Silver Spring Parking			\$ 14,500,074	
Bethesda Parking			14,351,383	
Wheaton Parking			1,364,965	
Montgomery Hills Parking			104,764	
Total Parking Lot Districts			<u>\$ 30,321,186</u>	*

* Includes operating and nonoperating expenses

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

MOTOR POOL - Accounts for the fiscal activity related to the automotive and other motorized equipment needs of the using departments of the County.

LIABILITY AND PROPERTY COVERAGE SELF-INSURANCE - Accounts for the fiscal activity related to liability, property, and workers' compensation insurance needs of the participating governmental agencies.

EMPLOYEE HEALTH BENEFITS SELF-INSURANCE - Accounts for the fiscal activity related to health, life, vision, dental, and long-term disability insurance needs of active employees of the participating governmental agencies.

CENTRAL DUPLICATING - Accounts for the fiscal activity related to printing and postage services provided to the using agencies.

MONTGOMERY COUNTY, MARYLAND
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013
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	\$ 10,618,615	\$ 112,411,496	\$ 46,719,049	\$ 177	\$ 169,749,337
Cash	300	-	-	-	300
Accounts	1,037,174	165,366	263,657	-	1,466,197
Due from other funds	-	-	5,166,603	-	5,166,603
Due from component units	139,498	-	1,335,162	15,566	1,490,226
Due from other governments	30,500	-	108,076	15,122	153,698
Inventory of supplies	4,657,427	-	-	-	4,657,427
Prepays	15,258	24,643	-	167,629	207,530
Total Current Assets	<u>16,498,772</u>	<u>112,601,505</u>	<u>53,592,547</u>	<u>198,494</u>	<u>182,891,318</u>
Noncurrent Assets:					
Capital Assets:					
Land, improved and unimproved	22,506	-	-	-	22,506
Improvements other than buildings	268,565	-	-	-	268,565
Furniture, fixtures, equipment, and machinery	3,013,567	-	-	1,776,562	4,790,129
Automobiles and trucks	73,994,829	-	-	-	73,994,829
Construction in progress	-	-	691,302	-	691,302
Subtotal	77,299,467	-	691,302	1,776,562	79,767,331
Less: Accumulated depreciation	56,804,088	-	-	1,546,538	58,350,626
Total Capital Assets (net of accumulated depreciation)	<u>20,495,379</u>	<u>-</u>	<u>691,302</u>	<u>230,024</u>	<u>21,416,705</u>
Total Assets	<u>36,994,151</u>	<u>112,601,505</u>	<u>54,283,849</u>	<u>428,518</u>	<u>204,308,023</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	2,354,338	1,406,624	4,374,187	374,730	8,509,879
Claims payable	-	28,812,993	8,553,904	-	37,366,897
Accrued liabilities	1,595,063	388,345	910,401	196,455	3,090,264
Due to other funds	195,634	43,616	3,707,077	413,593	4,359,920
Due to other governments	-	2,306	-	-	2,306
Equipment notes payable	298,909	-	-	-	298,909
Unearned revenue	-	-	36,049	-	36,049
Total Current Liabilities	<u>4,443,944</u>	<u>30,653,884</u>	<u>17,581,618</u>	<u>984,778</u>	<u>53,664,224</u>
Noncurrent Liabilities:					
Claims payable	-	98,238,735	6,108,000	-	104,346,735
Compensated absences	347,084	86,198	47,287	43,074	523,643
Other postemployment benefits	983,943	43,753	-	113,518	1,141,214
Total Noncurrent Liabilities	<u>1,331,027</u>	<u>98,368,686</u>	<u>6,155,287</u>	<u>156,592</u>	<u>106,011,592</u>
Total Liabilities	<u>5,774,971</u>	<u>129,022,570</u>	<u>23,736,905</u>	<u>1,141,370</u>	<u>159,675,816</u>
NET POSITION					
Net investment in capital assets	20,196,470	-	691,302	230,024	21,117,796
Unrestricted	<u>11,022,710</u>	<u>(16,421,065)</u>	<u>29,855,642</u>	<u>(942,876)</u>	<u>23,514,411</u>
Total Net Position (Deficit)	<u>\$ 31,219,180</u>	<u>\$ (16,421,065)</u>	<u>\$ 30,546,944</u>	<u>\$ (712,852)</u>	<u>\$ 44,632,207</u>

MONTGOMERY COUNTY, MARYLAND
COMBINING STATEMENT REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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	\$ 78,764,930	\$ 55,722,810	\$ 130,302,324	\$ 7,135,780	\$ 271,925,844
Claim recoveries	<u>1,244,796</u>	<u>431,907</u>	<u>-</u>	<u>-</u>	<u>1,676,703</u>
Total Operating Revenues	<u>80,009,726</u>	<u>56,154,717</u>	<u>130,302,324</u>	<u>7,135,780</u>	<u>273,602,547</u>
OPERATING EXPENSES					
Personnel costs	18,091,260	3,693,384	1,244,528	2,173,915	25,203,087
Other post employment contributions	1,999,590	110,530	-	301,450	2,411,570
Postage	2,486	132	29,912	1,168,428	1,200,958
Self-insurance incurred and estimated claims	-	39,603,266	115,690,475	-	155,293,741
Insurance	2,506,200	4,258,113	-	-	6,764,313
Supplies and materials	30,103,445	12,938	28,775	703,802	30,848,960
Contractual services	402,855	5,728,059	5,364,241	487,048	11,982,203
Communications	131,948	9,479	55,498	420,883	617,808
Transportation	200,023	15,796	3,575	50,144	269,538
Public utility services	1,044,480	-	-	-	1,044,480
Rentals	15,445	-	-	1,810,565	1,826,010
Maintenance	12,148,282	1,729	3,030	125,854	12,278,895
Depreciation	6,121,172	-	-	33,728	6,154,900
Other	<u>53,417</u>	<u>24,443</u>	<u>18,356</u>	<u>333</u>	<u>96,549</u>
Total Operating Expenses	<u>72,820,603</u>	<u>53,457,869</u>	<u>122,438,390</u>	<u>7,276,150</u>	<u>255,993,012</u>
Operating Income (Loss)	<u>7,189,123</u>	<u>2,696,848</u>	<u>7,863,934</u>	<u>(140,370)</u>	<u>17,609,535</u>
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of capital assets	96,220	-	-	-	96,220
Investment income	1,648	16,399	8,286	-	26,333
Interest expense	(11,367)	-	-	-	(11,367)
Other revenue	26,705	1,760	2,542,385	(2,926)	2,567,924
Insurance recoveries	<u>-</u>	<u>369,881</u>	<u>-</u>	<u>4,397</u>	<u>374,278</u>
Total Nonoperating Revenues (Expenses)	<u>113,206</u>	<u>388,040</u>	<u>2,550,671</u>	<u>1,471</u>	<u>3,053,388</u>
Income (Loss) Before Transfers	<u>7,302,329</u>	<u>3,084,888</u>	<u>10,414,605</u>	<u>(138,899)</u>	<u>20,662,923</u>
Transfers In (Out):					
Transfers in	1,597,958	-	-	-	1,597,958
Transfers out	<u>-</u>	<u>-</u>	<u>(19,034,302)</u>	<u>-</u>	<u>(19,034,302)</u>
Total Transfers In (Out)	<u>1,597,958</u>	<u>-</u>	<u>(19,034,302)</u>	<u>-</u>	<u>(17,436,344)</u>
Change in Net Position	8,900,287	3,084,888	(8,619,697)	(138,899)	3,226,579
Total Net Position - Beginning of Year	<u>22,318,893</u>	<u>(19,505,953)</u>	<u>39,166,641</u>	<u>(573,953)</u>	<u>41,405,628</u>
Total Net Position - End of Year	<u>\$ 31,219,180</u>	<u>\$ (16,421,065)</u>	<u>\$ 30,546,944</u>	<u>\$ (712,852)</u>	<u>\$ 44,632,207</u>

MONTGOMERY COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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	\$ 79,297,063	\$ 56,022,898	\$ 129,715,507	\$ 7,174,762	\$ 272,210,230
Payments to suppliers	(49,271,194)	(4,803,479)	(23,706,155)	(5,029,134)	(82,809,962)
Payments to employees	(18,478,885)	(3,648,054)	(1,283,690)	(2,023,957)	(25,434,586)
Other operating receipts	26,705	433,667	2,542,385	1,471	3,004,228
Claims paid	-	(39,603,266)	(98,719,086)	-	(138,322,352)
Net cash provided (Used) by Operating Activities	<u>11,573,689</u>	<u>8,401,766</u>	<u>8,548,961</u>	<u>123,142</u>	<u>28,647,558</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies, transfers and payments to other funds	-	-	(19,034,302)	-	(19,034,302)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>(19,034,302)</u>	<u>-</u>	<u>(19,034,302)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	236,725	369,881	-	-	606,606
Purchases of capital assets	(5,362,021)	-	-	(179,938)	(5,541,959)
Interest paid on capital debt	(11,367)	-	-	-	(11,367)
Internal activity - payment from other funds	1,597,958	-	-	-	1,597,958
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,538,705)</u>	<u>369,881</u>	<u>-</u>	<u>(179,938)</u>	<u>(3,348,762)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income from pooled investments	1,648	16,310	8,286	-	26,244
Investment income from nonpooled investments	-	89	-	-	89
Net Cash Provided (Used) by Investing Activities	<u>1,648</u>	<u>16,399</u>	<u>8,286</u>	<u>-</u>	<u>26,333</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,036,632	8,788,046	(10,477,055)	(56,796)	6,290,827
Balances - Beginning of Year	2,582,283	103,623,450	57,196,104	56,973	163,458,810
Balances - End of Year	<u>\$ 10,618,915</u>	<u>\$ 112,411,496</u>	<u>\$ 46,719,049</u>	<u>\$ 177</u>	<u>\$ 169,749,637</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 7,189,123	\$ 2,696,848	\$ 7,863,934	\$ (140,370)	\$ 17,609,535
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	6,121,172	-	-	33,728	6,154,900
Other revenues	26,705	1,760	2,542,385	1,471	2,572,321
Change in assets and liabilities:					
Receivables, net	(712,662)	300,088	(586,817)	38,982	(960,409)
Inventories, prepaids and other assets	(257,628)	(24,123)	-	(149,707)	(431,458)
Accounts payable and other liabilities	(388,867)	5,389,088	(1,927,422)	576,925	3,649,724
Accrued expenses	(404,154)	38,105	656,881	(237,887)	52,945
Net Cash Provided (Used) by Operating Activities	<u>\$ 11,573,689</u>	<u>\$ 8,401,766</u>	<u>\$ 8,548,961</u>	<u>\$ 123,142</u>	<u>\$ 28,647,558</u>
Noncash investing, capital and financing activities:					
Capital asset disposals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit D-4

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
LIABILITY AND PROPERTY COVERAGE SELF-INSURANCE				
Personnel costs	\$ 3,849,962	\$ 3,849,962	\$ 3,693,384	\$ 156,578
Other operating	46,652,310	46,652,310	46,070,268	582,042
Total	<u>\$ 50,502,272</u>	<u>\$ 50,502,272</u>	49,763,652	<u>\$ 738,620</u>
Reconciliation to GAAP expenses				
Additions:				
Portion of incurred but not reported claims not required to be budgeted			5,163,728	
Deductions:				
Encumbrances outstanding at year end			<u>(1,469,511)</u>	
GAAP Expenses			<u>\$ 53,457,869</u>	
EMPLOYEE HEALTH BENEFITS SELF - INSURANCE				
Personnel costs	\$ 1,691,916	\$ 1,691,916	\$ 1,244,528	\$ 447,388
Other operating	198,181,205	198,181,205	128,620,657	69,560,548
Total	<u>\$ 199,873,121</u>	<u>\$ 199,873,121</u>	129,865,185	<u>\$ 70,007,936</u>
Reconciliation to GAAP expenses				
Additions:				
Portion of incurred but not reported claims not required to be budgeted			(1,952,280)	
Deductions:				
Encumbrances outstanding at year end			<u>(5,474,515)</u>	
GAAP Expenses			<u>\$ 122,438,390</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
Tricentennial

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

Recreation Activities
Property Tax
Miscellaneous

MONTGOMERY COUNTY, MARYLAND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2013
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	\$ 1,108,905	\$ 556,797	\$ -	\$ 344,900	\$ 2,010,602
Investments:					
Government and agency obligations	282,344,930	-	-	-	282,344,930
Asset-backed securities	3,212,480	-	-	-	3,212,480
Municipal/Provincial bonds	22,924,377	-	-	-	22,924,377
Corporate bonds	582,765,510	-	-	-	582,765,510
Collateralized mortgage obligations	25,117	-	-	-	25,117
Common and preferred stock	1,356,684,162	-	-	-	1,356,684,162
Mutual and commingled funds	369,851,201	234,672,571	303,302,906	235,901,106	1,143,727,784
Short-term investments	75,697,933	-	-	-	75,697,933
Cash collateral received under securities lending agreements	291,568,717	-	-	-	291,568,717
Real assets	235,951,453	-	-	-	235,951,453
Private equity	238,964,221	-	-	-	238,964,221
Total Investments	3,459,990,101	234,672,571	303,302,906	235,901,106	4,233,866,684
Receivables (net of allowances for uncollectibles):					
Receivables and accrued interest	14,762,968	-	-	-	14,762,968
Accounts	198,110	53,776	-	34,400	286,286
Due from other funds	6,076,608	869,951	609,861	3,698,316	11,254,736
Due from component units	125,704	12,159	-	2,073,600	2,211,463
Due from other governments	22,666	2,414	-	334,645	359,725
Total Current Assets	3,482,285,062	236,167,668	303,912,767	242,386,967	4,264,752,464
Total Assets	3,482,285,062	236,167,668	303,912,767	242,386,967	4,264,752,464
LIABILITIES					
Current Liabilities:					
Accounts payable	297,705,215	7,047	-	203,496	297,915,758
Accrued liabilities	196,256	14,416	-	24,989	235,661
Claims payable	-	-	-	4,032,961	4,032,961
Due to other funds	11,567	648	-	593	12,808
Unearned revenue	77,121	-	-	-	77,121
Total Current Liabilities	297,990,159	22,111	-	4,262,039	302,274,309
Noncurrent Liabilities:					
Compensated absences	49,692	3,624	-	7,451	60,767
Total Liabilities	298,039,851	25,735	-	4,269,490	302,335,076
NET POSITION					
Held in trust for pension and other postemployment benefits	\$ 3,184,245,211	\$ 236,141,933	\$ 303,912,767	\$ 238,117,477	\$ 3,962,417,388

MONTGOMERY COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit E-2

	Employees' Retirement System	Employees' Retirement Savings Plan	Deferred Compensation Plan	Retiree Health Benefits	Total
ADDITIONS					
Contributions:					
Employers	\$ 127,887,620	\$ 15,628,750	\$ -	\$ 149,074,899	\$ 292,591,269
Members	24,854,331	8,273,565	18,228,940	19,569,393	70,926,229
Federal government - Medicare Part D	-	-	-	2,084,873	2,084,873
Total Contributions	<u>152,741,951</u>	<u>23,902,315</u>	<u>18,228,940</u>	<u>170,729,165</u>	<u>365,602,371</u>
Investment income (loss)	325,321,923	23,370,612	34,096,559	9,023,875	391,812,969
Less: Investment expenses	<u>17,462,520</u>	<u>7,780</u>	<u>-</u>	<u>388,744</u>	<u>17,859,044</u>
Net Investment Income (Loss)	<u>307,859,403</u>	<u>23,362,832</u>	<u>34,096,559</u>	<u>8,635,131</u>	<u>373,953,925</u>
Other income - forfeitures	-	353,400	-	-	353,400
Total Additions, net	<u>460,601,354</u>	<u>47,618,547</u>	<u>52,325,499</u>	<u>179,364,296</u>	<u>739,909,696</u>
DEDUCTIONS					
Benefits:					
Annuities:					
Retirees	153,566,262	-	-	-	153,566,262
Survivors	8,601,914	-	-	-	8,601,914
Disability	46,635,541	-	-	-	46,635,541
Claims	-	-	-	53,700,188	53,700,188
Total Benefits	208,803,717	-	-	53,700,188	262,503,905
Member refunds	1,925,124	9,388,909	19,847,470	-	31,161,503
Administrative expenses	<u>2,400,996</u>	<u>201,052</u>	<u>-</u>	<u>3,777,357</u>	<u>6,379,405</u>
Total Deductions	<u>213,129,837</u>	<u>9,589,961</u>	<u>19,847,470</u>	<u>57,477,545</u>	<u>300,044,813</u>
Net Increase (Decrease)	247,471,517	38,028,586	32,478,029	121,886,751	439,864,883
Net Position - Beginning of Year	<u>2,936,773,694</u>	<u>198,113,347</u>	<u>271,434,738</u>	<u>116,230,726</u>	<u>3,522,552,505</u>
Net Position - End of Year	<u>\$ 3,184,245,211</u>	<u>\$ 236,141,933</u>	<u>\$ 303,912,767</u>	<u>\$ 238,117,477</u>	<u>\$ 3,962,417,388</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2013
Exhibit E-3

	Private Contributions	Tri- Centennial	Total
ASSETS			
Equity in pooled cash and investments	\$ 198,220	\$ 7,262	\$ 205,482
Total Assets	<u>198,220</u>	<u>7,262</u>	<u>205,482</u>
LIABILITIES			
Accounts Payable	<u>69,585</u>	<u>-</u>	<u>69,585</u>
Total Liabilities	<u>69,585</u>	<u>-</u>	<u>69,585</u>
NET POSITION			
Held in trust	<u>\$ 128,635</u>	<u>\$ 7,262</u>	<u>\$ 135,897</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit E-4

	Private Contributions	Tri- Centennial	Total
ADDITIONS			
Contributions:			
Members	\$ -	\$ -	\$ -
Investment Income:			
Investment income	-	-	-
Other interest income	-	-	-
Total Investment Income	-	-	-
Total Additions	-	-	-
DEDUCTIONS			
Program expenses	48,389	-	48,389
Total Deductions	48,389	-	48,389
Net Increase (Decrease)	(48,389)	-	(48,389)
Net Position - Beginning of Year	177,024	7,262	184,286
Net Position - End of Year	\$ 128,635	\$ 7,262	\$ 135,897

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit E-5

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<u>RECREATION ACTIVITIES FUND</u>				
ASSETS				
Equity in pooled cash and investments	\$ 2,785,506	\$ 22,561,781	\$ 22,273,407	\$ 3,073,880
Accounts receivable	25,016	-	-	25,016
Total Assets	<u>\$ 2,810,522</u>	<u>\$ 22,561,781</u>	<u>\$ 22,273,407</u>	<u>\$ 3,098,896</u>
LIABILITIES				
Accounts payable	\$ 27,864	\$ 3,455,367	\$ 3,317,416	\$ 165,815
Other liabilities	2,782,658	3,627,367	3,476,944	2,933,081
Total Liabilities	<u>\$ 2,810,522</u>	<u>\$ 7,082,734</u>	<u>\$ 6,794,360</u>	<u>\$ 3,098,896</u>
<u>PROPERTY TAX FUND</u>				
ASSETS				
Equity in pooled cash and investments	\$ 24,815,395	\$ 1,930,699,982	\$ 1,939,216,846	\$ 16,298,531
Property taxes receivable	5,061,489	385,050,000	384,168,813	5,942,676
Accounts receivable	544	263,506	7,182	256,868
Due from other governments	1,296,257	391,583,686	392,665,712	214,231
Total Assets	<u>\$ 31,173,685</u>	<u>\$ 2,707,597,174</u>	<u>\$ 2,716,058,553</u>	<u>\$ 22,712,306</u>
LIABILITIES				
Deposits	\$ 463,011	\$ -	\$ -	\$ 463,011
Uncollected property taxes due to governments	4,737,003	385,050,000	384,168,813	5,618,190
Undistributed taxes and refunds	16,689,683	1,934,679,132	1,947,475,023	3,893,792
Tax Sale surplus and redemptions payable	2,999,773	6,951,900	7,335,146	2,616,527
Other Liabilities	6,284,215	405,177,819	401,341,248	10,120,786
Total Liabilities	<u>\$ 31,173,685</u>	<u>\$ 2,731,858,851</u>	<u>\$ 2,740,320,230</u>	<u>\$ 22,712,306</u>
<u>MISCELLANEOUS AGENCY FUND</u>				
ASSETS				
Equity in pooled cash and investments	\$ 5,441,117	\$ 5,207,796	\$ 5,239,623	\$ 5,409,290
Cash	113,795	168,068	-	281,863
Property tax receivable	1	1,163,695	1,163,415	281
Accounts receivable	90,118	392,867	398,786	84,199
Total Assets	<u>\$ 5,645,031</u>	<u>\$ 6,932,426</u>	<u>\$ 6,801,824</u>	<u>\$ 5,775,633</u>
LIABILITIES				
Due to other governments	\$ 943,672	\$ 2,040,079	\$ 2,029,029	\$ 954,722
Other liabilities	3,444,549	11,725,798	10,768,016	4,402,331
Deposits	1,256,810	1,602,422	2,440,652	418,580
Total Liabilities	<u>\$ 5,645,031</u>	<u>\$ 15,368,299</u>	<u>\$ 15,237,697</u>	<u>\$ 5,775,633</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit E-5

	Balance				Balance	
	June 30, 2012		Additions		Deductions	
					June 30, 2013	
<u>TOTALS - ALL AGENCY FUNDS</u>						
ASSETS						
Equity in pooled cash and investments	\$	33,042,018	\$	1,958,469,559	\$	1,966,729,876
Cash		113,795		168,068		-
Property taxes receivable		5,061,490		386,213,695		385,332,228
Accounts receivable		115,678		656,373		405,968
Due from other governments		1,296,257		391,583,686		392,665,712
Total Assets	\$	39,629,238	\$	2,737,091,381	\$	2,745,133,784
LIABILITIES						
Accounts payable	\$	27,864	\$	3,455,367	\$	3,317,416
Deposits		1,719,821		1,602,422		2,440,652
Due to other governments		943,672		2,040,079		2,029,029
Uncollected property taxes due to governments		4,737,003		385,050,000		384,168,813
Undistributed taxes and refunds		16,689,683		1,934,679,132		1,947,475,023
Tax sale surplus and redeptions payable		2,999,773		6,951,900		7,335,146
Other liabilities		12,511,422		420,530,984		415,586,208
Total Liabilities	\$	39,629,238	\$	2,754,309,884	\$	2,762,352,287



NONMAJOR COMPONENT UNITS



MONTGOMERY COUNTY, MARYLAND
COMBINING STATEMENT OF NET ASSETS
NONMAJOR COMPONENT UNITS
JUNE 30, 2013
Exhibit F-1

	BUPI	MCRA	MCC	Total
ASSETS				
Equity in pooled cash and investments	\$ -	\$ -	\$ 36,792,211	\$ 36,792,211
Cash with fiscal agents	-	-	12,594,013	12,594,013
Cash	849,176	5,623,651	129,736	6,602,563
Investments - cash equivalents	-	-	19,815,012	19,815,012
Investments	-	-	37,480,621	37,480,621
Receivables (net of allowances for uncollectables):				
Capital leases	-	18,584,448	-	18,584,448
Accounts	71,105	545,042	15,798,773	16,414,920
Notes	-	57,785,000	-	57,785,000
Other	-	-	1,025,664	1,025,664
Due from primary government	655	-	12,259,528	12,260,183
Due from other governments	13,451	32,643	3,112,795	3,158,889
Inventory of supplies	-	395,358	1,748,540	2,143,898
Prepays	15,045	27,699	1,515,958	1,558,702
Unamortized charges	-	412,435	-	412,435
Other assets	5,075	-	65,104,110	65,109,185
Restricted Assets:				
Equity in pooled cash and investments	-	-	14,069,754	14,069,754
Cash	-	471,511	-	471,511
Investments	-	2,954,971	-	2,954,971
Capital assets:				
Nondepreciable assets	-	30,637,666	135,515,818	166,153,484
Depreciable assets, net	234,538	13,191,662	310,619,675	324,045,875
Total Assets	<u>1,189,045</u>	<u>130,662,086</u>	<u>667,582,208</u>	<u>799,433,339</u>
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decrease in fair value of hedging derivatives	-	137,737	-	137,737
Total Assets and Deferred Outflow of Resources	<u>1,189,045</u>	<u>130,799,823</u>	<u>667,582,208</u>	<u>799,571,076</u>
LIABILITIES				
Accounts payable	111,294	357,821	32,902,317	33,371,432
Interest payable	-	633,818	-	633,818
Retainage payable	-	-	-	-
Accrued liabilities	255,224	652,025	-	907,249
Deposits	-	206,717	-	206,717
Due to primary government	17,689	88,724	78,096	184,509
Due to other governments	-	49,865	-	49,865
Unearned revenue	100,989	501,155	8,145,473	8,747,617
Other liabilities	23,092	-	-	23,092
Noncurrent liabilities:				
Due within one year	-	5,516,145	5,106,857	10,623,002
Due in more than one year	-	91,195,859	126,923,954	218,119,813
Total Liabilities	<u>508,288</u>	<u>99,202,129</u>	<u>173,156,697</u>	<u>272,867,114</u>
NET POSITION				
Net investment in capital assets	234,538	25,176,313	385,242,934	410,653,785
Restricted for:				
Capital projects	-	57,599	-	57,599
Debt service	-	2,954,971	-	2,954,971
Other purposes	-	413,912	27,093,507	27,507,419
Unrestricted (deficit)	446,219	2,994,899	82,089,070	85,530,188
Total Net Position	<u>\$ 680,757</u>	<u>\$ 31,597,694</u>	<u>\$ 494,425,511</u>	<u>\$ 526,703,962</u>

MONTGOMERY COUNTY, MARYLAND
 COMBINING STATEMENT OF ACTIVITIES
 NONMAJOR COMPONENT UNITS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Exhibit F-2

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	BUPI	MCRA	MCC	Total
Component Units:								
General government	\$ 4,471,400	\$ 4,311,405	\$ 218,782	\$ -	\$ 58,787	\$ -	\$ -	\$ 58,787
Culture and recreation	18,495,505	16,690,212	-	398,778	-	(1,406,515)	-	(1,406,515)
Education	288,337,005	76,977,267	15,171,127	319,724	-	-	(195,868,887)	(195,868,887)
Total component units	<u>\$ 311,303,910</u>	<u>\$ 97,978,884</u>	<u>\$ 15,389,909</u>	<u>\$ 718,502</u>	<u>58,787</u>	<u>(1,406,515)</u>	<u>(195,868,887)</u>	<u>(197,216,615)</u>
General revenues:								
Grants and contributions not restricted to specific programs					-	-	235,545,892	235,545,892
Investment income					-	2,624,300	4,957,925	7,582,225
Gain on sale of capital assets					7,000	-	-	7,000
Total general revenues					<u>7,000</u>	<u>2,624,300</u>	<u>240,503,817</u>	<u>243,135,117</u>
Change in net assets					65,787	1,217,785	44,634,930	45,918,502
Net position - beginning, as restated					614,970	30,379,909	449,790,581	480,785,460
Net position - ending					<u>\$ 680,757</u>	<u>\$ 31,597,694</u>	<u>\$ 494,425,511</u>	<u>\$ 526,703,962</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 POSITION BY COMPONENT - GOVERNMENT-WIDE
(GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)
LAST TEN FISCAL YEARS
Table 1

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
Net investment in capital assets	\$ 1,597,253,419	\$ 1,747,572,143	\$ 1,769,233,330	\$ 1,880,672,363	\$ 1,875,327,937	\$ 1,937,493,317	\$ 1,965,289,080	\$ 1,923,668,729	\$ 1,880,813,780	\$ 1,932,495,036
Restricted	288,675,222	287,333,081	338,811,955	440,714,792	410,457,623	393,404,279	380,181,540	426,265,013	502,059,858	296,564,191
Unrestricted (deficit) (1, 2)	(500,390,531)	(480,714,029)	(425,270,974)	(423,363,652)	(652,576,967)	(1,043,969,070)	(1,372,709,340)	(1,388,128,738)	(1,365,476,872)	(1,139,340,754)
Total Governmental Activities Net Position	1,385,538,110	1,554,191,195	1,682,774,311	1,898,023,503	1,633,208,593	1,286,928,526	972,761,280	961,805,004	1,017,396,766	1,089,718,473
Business-type Activities:										
Net investment in capital assets (2)	137,937,194	158,430,251	152,244,454	160,807,324	166,059,652	177,697,087	178,781,693	173,232,831	185,300,678	191,266,741
Restricted	91,478,147	68,389,069	80,486,538	72,370,254	76,590,751	66,606,205	54,684,729	52,817,393	93,254,622	94,329,133
Unrestricted	22,928,565	28,768,364	31,001,878	33,422,201	36,328,335	24,449,753	16,127,031	18,434,295	26,894,257	41,954,255
Total Business-type Activities Net Position	252,343,906	255,587,684	263,732,870	266,599,779	278,978,738	268,753,045	249,593,453	244,484,519	305,449,557	327,550,129
Primary Government:										
Net investment in capital assets (2)	1,735,190,613	1,906,002,394	1,874,877,273	1,996,886,602	1,999,970,988	2,003,119,670	2,109,006,202	2,065,797,289	2,066,114,458	2,123,761,777
Restricted	380,153,369	380,153,369	419,298,493	513,085,046	513,085,046	487,048,374	434,866,269	479,082,406	595,314,480	390,893,324
Unrestricted (deficit) (1, 2)	(477,461,966)	(477,461,966)	(347,668,585)	(345,348,366)	(348,382,752)	(577,980,713)	(1,321,517,738)	(1,338,590,172)	(1,338,582,615)	(1,097,386,499)
Total Primary Government Net Position	\$ 1,637,882,016	\$ 1,808,693,797	\$ 1,946,507,181	\$ 2,164,623,282	\$ 2,164,623,282	\$ 1,912,187,331	\$ 1,222,354,733	\$ 1,206,289,523	\$ 1,322,846,323	\$ 1,417,268,602
NOTES:										
* This table is a summary of net position information presented in the basic financial statement Exhibit A-1.										
* Government-wide net position information is reported on the accrual basis of accounting.										
* Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the County.										
* Beginning in FY13, the County implemented GASB Statement No. 63, <i>Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position</i> , which requires amounts formerly reported as net assets be reported as net position. The effect of this implementation is reflected in the above table.										
(1) The County's governmental activities has an unrestricted deficit because the County issues debt to fund construction costs for MCPS and MCC, two of its component units, and for M-NCPPC, a joint venture. Absent the effect of this relationship, the County would have reported a smaller government-wide deficit for its governmental activities and for government-wide purposes. Government-wide unrestricted net position would have been:										
Unrestricted (deficit) net position reported above	\$ (477,461,966)	\$ (477,461,966)	\$ (347,668,585)	\$ (345,348,366)	\$ (348,382,752)	\$ (577,980,713)	\$ (1,321,517,738)	\$ (1,338,590,172)	\$ (1,338,582,615)	\$ (1,097,386,499)
Debt issued for capital on behalf of others	817,668,162	786,773,722	902,249,062	1,109,741,009	1,023,021,034	1,122,854,267	1,252,293,676	1,359,354,018	1,399,452,195	1,471,314,322
County net position absent effect of this relationship	\$ 340,206,196	\$ 309,311,756	\$ 554,580,477	\$ 764,392,643	\$ 674,638,282	\$ 544,873,554	\$ (69,224,062)	\$ 20,763,846	\$ 60,869,580	\$ 373,927,823
(2) Beginning in FY05, for government-wide purposes, the Business-type Activities net investment in capital assets 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 position for Governmental Activities purposes. However, for total Primary Government purposes, the impact of such debt has been reclassified out of unrestricted net position and reflected with the associated capital asset, in net investment in capital assets.										

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General government (3)	\$ 211,957,281	\$ 227,211,859	\$ 257,586,189	\$ 274,005,357	\$ 304,526,806	\$ 337,557,085	\$ 293,349,395	\$ 287,987,929	\$ 351,138,451	\$ 400,023,515
Public safety	373,518,674	418,990,301	473,624,268	529,748,046	601,156,598	626,855,553	611,714,420	614,081,563	600,877,545	609,565,746
Public works and transportation	175,276,975	178,010,391	192,228,591	210,395,916	233,193,597	257,041,963	297,864,026	263,586,549	278,716,716	272,032,818
Health and human services	210,481,464	213,988,337	235,394,838	252,066,273	286,907,329	288,519,635	287,883,637	283,727,427	256,703,043	93,965,468
Culture and recreation	79,110,368	84,339,831	93,460,648	103,765,006	118,017,417	116,186,268	108,990,460	88,433,456	93,560,027	37,821,686
Community development and housing	19,970,947	19,915,566	19,280,438	18,213,040	19,134,520	17,345,597	16,426,603	73,432,068	46,198,670	28,913,062
Environment	8,310,848	8,664,457	9,157,156	12,962,711	14,967,339	13,618,312	10,446,934	19,189,065	28,584,840	1,797,097,286
Education	1,322,003,030	1,446,592,632	1,595,747,791	1,669,681,121	1,783,953,133	1,842,962,933	1,738,633,028	1,728,747,256	1,751,721,080	112,841,235
Interest on long-term debt	69,895,441	70,401,131	73,675,523	81,262,618	95,931,334	92,511,000	86,352,825	99,272,929	116,354,151	3,630,977,532
Total Governmental Activities Expenses	2,470,525,028	2,668,114,509	2,950,155,442	3,152,100,088	3,457,788,073	3,596,618,346	3,481,362,328	3,450,602,993	3,508,724,356	3,892,543,726
Business-type Activities:										
Liquor control	144,912,612	152,098,599	168,325,049	180,243,618	190,742,139	197,044,956	204,677,766	215,359,402	220,242,176	225,759,582
Solid waste activities	97,987,992	104,106,630	99,911,970	103,455,706	98,166,937	96,857,869	100,709,914	100,890,192	99,723,180	106,039,038
Parking lot districts	19,370,927	24,063,575	26,568,228	26,622,097	27,854,499	29,003,485	30,698,606	30,755,951	29,724,042	30,321,385
Permitting services	19,970,101	20,744,660	21,962,821	23,463,486	26,977,767	27,878,868	27,306,059	25,490,571	25,039,256	27,534,056
Community use of public facilities	5,918,985	5,958,685	6,810,783	7,657,662	8,456,433	8,744,741	8,397,989	8,727,217	8,890,716	9,533,241
Total Business-type Activities Expenses	288,160,617	306,972,149	323,578,853	341,142,569	352,197,775	359,529,919	371,390,334	381,223,333	383,619,870	399,187,302
Total Primary Government Expenses	2,758,685,645	2,975,086,658	3,273,734,295	3,493,242,657	3,809,985,848	3,956,148,265	3,853,152,662	3,831,826,326	3,892,543,726	4,030,164,834
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	38,997,961	54,138,552	70,760,591	58,026,709	52,271,766	55,124,011	53,793,781	72,444,386	69,255,366	67,955,551
Public safety	18,515,962	24,345,320	21,261,849	21,633,121	33,618,772	44,359,719	33,115,674	38,595,219	35,960,217	44,887,666
Public works and transportation	16,615,039	17,091,962	17,417,455	18,262,635	17,750,337	18,997,028	22,214,073	26,974,805	28,375,493	31,024,303
Health and human services	3,225,931	4,187,736	3,733,918 (4)	3,894,842	6,504,109	5,604,372	1,497,239	4,721,205	5,785,003	4,976,188
Culture and recreation	20,823,203	22,226,891	24,180,695	26,155,477	27,740,337	29,964,898	31,559,913	32,590,653	36,029,762	37,693,903
Community development and housing	8,014	224,834	201,156	245,105	3,947,238	3,937,188	4,745,237	5,019,056	5,328,444	7,882,996
Environment	2,973,085	2,975,231	4,566,822	5,954,673	6,062,667	8,594,412	10,832,323	11,860,231	17,686,313	23,115,938
Operating Grants and Contributions:										
General government	9,867,856	10,043,510	8,624,075	9,906,187	9,833,718	6,720,731	8,425,267	5,849,908	4,727,151	4,746,333
Public safety	32,536,979	28,464,670	33,672,335	32,672,761	29,421,302	30,138,410	30,382,733	37,520,540	34,066,226	37,548,290
Public works and transportation	49,346,739	52,716,808	65,846,601	65,774,815	65,513,498	71,494,515	30,127,888	29,181,943	17,616,341	34,642,383
Health and human services	113,039,923	112,440,726 (4)	100,845,243	113,457,584	102,694,709	109,573,451	95,136,860	104,007,562	87,045,926	105,230,050
Culture and recreation	3,814,833	3,874,050	4,284,853	4,852,256	5,084,296	4,729,985	5,270,729	5,566,409	5,391,330	12,344,981
Community development and housing	4,095,431	4,608,273	8,905,322	4,568,516	3,825,474	6,300,663	10,997,335	10,261,792	13,596,969	738,299
Environment	14,056	2,031	9,377	336,713	20,104	924	86,862	567,585	2,984,828	623,999
Capital Grants and Contributions:										
General government	1,573,901	30,226,685	621,102	1,068	702,125	2,019,511	1,785,014	5,102,185	6,279,853	6,998,575
Public safety	5,249,230	4,870,655	4,151,203	6,444,925	1,867,152	5,112,282	1,830,899	212,915	805,520	1,866,778
Public works and transportation (4)	35,167,935	17,477,530	25,154,942	29,777,979	22,482,671	16,919,856	43,203,926	38,384,823	49,814,738	11,801,526
Health and human services	-	-	-	-	-	-	-	-	-	-
Culture and recreation	31,230,991	11,660,618	8,961,749	11,974,970	3,183,810	7,909,851	1,565,933	3,123,739	3,794,333	1,739,360
Community development and housing	7,321,863	1,751,192	1,703,776	3,252,035	3,071,146	2,567,589	1,760,429	79,902	556,768	1,006,236
Environment	1,956,845	132,139	3,678,066	-	1,999,900	5,024,146	-	493,943	12,063	-
Total Governmental Activities Program Revenues	396,375,777	403,459,413	408,581,130	417,192,371	397,595,151	430,069,196	393,356,261	432,358,801	425,112,644	436,825,355

Business-type Activities:											
Charges for Services:											
Liquor control											
Solid waste activities	168,250,661	177,938,916	191,351,999	201,744,558	213,711,131	220,795,524	229,317,194	242,802,606	252,285,232	259,327,227	
Parking for districts	97,480,785	96,179,903	102,432,416	99,990,932	102,107,187	100,139,024	103,373,586	106,304,522	108,410,918	108,780,916	
Permitting services	21,065,475	22,123,851	22,978,890	25,306,639	26,486,431	27,303,666	28,252,122	30,647,758	29,206,719	31,980,146	
Community use of public facilities	24,005,994	25,466,582	23,949,256	7,869,818	7,888,733	8,576,323	8,405,087	9,854,373	41,196,475	45,231,452	
Operating Grants and Contributions:	6,161,170	6,338,050	7,977,618						10,378,258	10,555,506	
Solid waste activities	-	-	-	11,135	10,000	8,700	30,000	-	-	-	
Total Business-type Activities Program Revenues	316,964,085	328,047,302	348,690,179	360,446,717	378,423,979	379,821,560	397,218,893	420,146,285	441,479,602	455,875,247	
Total Primary Government Program Revenues	713,339,862	731,506,715	757,271,309	777,639,088	776,019,130	809,890,756	790,375,154	852,505,086	866,592,246	892,700,602	
Net (Expense) Revenue (1)											
Governmental activities	(2,074,149,251)	(2,264,655,096)	(2,541,574,312)	(2,734,907,717)	(3,060,192,922)	(3,166,349,150)	(3,088,006,067)	(3,018,244,192)	(3,083,611,712)	(3,194,152,177)	
Business-type activities	28,803,468	21,075,153	25,111,328	19,004,148	26,226,204	20,291,641	25,428,559	38,922,952	57,860,232	56,687,945	
Total Primary Government Net Expense	(2,045,345,783)	(2,243,579,943)	(2,516,462,984)	(2,715,903,569)	(3,033,966,718)	(3,146,357,509)	(3,062,577,508)	(2,979,321,240)	(3,025,751,480)	(3,137,464,232)	
General Revenues and Other Changes in Net Assets											
Governmental Activities:											
Taxes (2)	2,081,341,922	2,374,587,742	2,602,766,145	2,867,870,217	2,707,037,561	2,759,520,047	2,711,817,013	2,945,614,528	3,083,078,491	3,208,768,624	
Investment income (4)	5,759,893	15,806,293	29,769,889	42,003,532	42,586,707	14,173,076	8,299,709	5,543,975	7,035,479	8,036,630	
Gain on sale of capital assets (3)	-	13,112,218	5,187,756	6,209,594	13,309,573	1,604,285	(1,366,889)	2,669,858	1,103,216	4,965,531	
Special items	-	-	-	-	-	-	-	-	-	-	
Transfers	(2,987,331)	29,801,928	32,433,658	34,073,566	32,444,171	44,971,675	55,088,988	53,459,555	47,986,288	44,703,090	
Total Governmental Activities	2,084,114,484	2,433,308,181	2,670,157,428	2,950,156,909	2,795,378,012	2,830,269,083	2,773,838,821	3,007,287,916	3,139,203,474	3,266,473,884	
Business-type Activities:											
Property taxes	7,591,413	8,412,877	9,199,381	9,562,592	11,266,747	11,854,882	9,931,045	9,273,198	8,503,222	10,063,874	
Investment income	1,821,746	3,557,676	6,267,935	8,339,098	7,330,179	2,599,459	569,792	154,471	43,202	51,852	
Gain on sale of capital assets	2,528,262	-	-	34,637	-	-	-	-	42,544,670	-	
Special items	-	-	-	-	-	-	-	-	-	-	
Transfers	2,987,331	(29,801,928)	(32,433,658)	(34,073,566)	(32,444,171)	(44,971,675)	(55,088,988)	(53,459,555)	(47,986,288)	(44,703,090)	
Total Business-type Activities	14,928,752	(17,831,375)	(16,966,142)	(16,137,239)	(13,847,245)	(30,317,334)	(44,388,151)	(44,031,886)	3,104,806	(34,587,373)	
Total Primary Government	2,099,043,236	2,415,476,806	2,653,191,286	2,934,019,670	2,781,530,767	2,789,751,749	2,729,250,670	2,963,256,030	3,142,308,280	3,231,886,511	
Change in Net Position											
Governmental activities	9,965,233	168,653,085	128,583,116	215,249,192	(264,814,910)	(346,380,067)	(314,167,246)	(10,956,276)	55,591,762	72,321,707	
Business-type activities	43,732,220	3,243,778	8,145,186	2,866,909	12,378,959	(10,225,693)	(19,159,592)	60,965,038	60,965,038	22,100,572	
Total Primary Government	\$ 53,697,453	\$ 171,896,863	\$ 136,728,302	\$ 218,116,101	\$ (252,435,951)	\$ (356,505,760)	\$ (333,326,838)	\$ (16,065,210)	\$ 116,556,800	\$ 94,422,279	

NOTES:

* This table presents information from the basic financial statement Exhibit A-2.
 * Government-wide net position information is reported on the accrual basis of accounting.

(1) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and general revenues. Numbers in parentheses indicate that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses mean that program revenues were more than sufficient to cover expenses.

(2) See Table 2-b for detail of General Tax Revenues.

(3) For FY04, the value of developer dedicated roads has been reclassified from Investment Income, where it was inadvertently originally classified, to Public Works and Transportation Program Revenues to conform with the FY05 and subsequent years' presentation.

(4) Certain amounts have been reclassified to conform with the following year's presentation.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Property taxes	\$ 919,320,985	\$ 1,010,964,428	\$ 1,064,737,107	\$ 1,126,632,925	\$ 1,146,965,583	\$ 1,296,974,051	\$ 1,371,964,491	\$ 1,358,968,819	\$ 1,395,693,492	\$ 1,463,855,656
County income taxes	812,975,046	940,274,273	1,117,543,440	1,388,927,139	1,246,939,067	1,169,568,981	1,010,874,757	1,151,260,721	1,265,289,159	1,311,161,472
Real property transfer taxes	108,270,290	133,654,796	145,478,479	106,902,482	80,380,388	64,771,739	77,106,332	71,809,475	76,089,437	84,391,394
Recordation taxes	110,810,439	127,300,257	96,239,932	72,672,928	54,658,577	42,437,216	44,934,687	57,725,334	51,207,341	57,635,661
Fuel energy taxes	74,594,014	114,904,208	117,381,196	118,853,224	118,277,973	129,328,307	156,880,330	233,408,845	226,148,664	223,948,716
Hotel-motel taxes	12,695,573	14,162,958	15,869,779	17,476,723	17,783,194	16,829,254	17,064,493	19,295,158	18,167,827	18,910,872
Telephone taxes	26,927,301	29,907,857	29,176,263	29,375,812	30,472,124	30,906,025	29,741,879	49,087,889	46,470,315	45,696,525
Other taxes	15,748,274	3,418,965	16,339,949	7,028,984	11,560,655	8,704,474	3,250,044	4,058,287	4,012,256	3,168,328
Total Taxes - Governmental Activities	\$ 2,081,341,922	\$ 2,374,587,742	\$ 2,602,766,145	\$ 2,867,870,217	\$ 2,707,037,561	\$ 2,759,520,047	\$ 2,711,817,013	\$ 2,945,614,528	\$ 3,083,078,491	\$ 3,208,768,624

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

	2004	2005	2006	2007	2008
General Fund:					
Reserved	\$ 19,830,438	\$ 5,971,759	\$ 7,016,227	\$ 7,774,404	\$ 8,465,100
Unreserved	139,105,758	240,577,408	281,770,188	308,977,204	164,347,706
Nondspendable	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>158,936,196</u>	<u>246,549,167</u>	<u>288,786,415</u>	<u>316,751,608</u>	<u>172,812,806</u>
All Other Governmental Funds:					
Reserved	209,373,844	123,395,950	191,517,700	266,598,847	210,340,019
Unreserved (deficit), reported in:					
Capital Projects Fund	(52,352,138)	(57,358,204)	(33,910,656)	19,800,904	(12,377,776)
Special Revenue Funds	129,628,646	141,841,345	159,766,560	186,764,337	211,866,176
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Total All Other Governmental Funds	<u>286,650,352</u>	<u>207,879,091</u>	<u>317,373,604</u>	<u>473,164,088</u>	<u>409,828,419</u>
Total All Governmental Funds	<u>\$ 445,586,548</u>	<u>\$ 454,428,258</u>	<u>\$ 606,160,019</u>	<u>\$ 789,915,696</u>	<u>\$ 582,641,225</u>

	2009	2010	2011 (1)	2012	2013
General Fund:					
Reserved	\$ 8,621,928	\$ 7,596,839	\$ -	\$ -	\$ -
Unreserved	99,484,134	39,665,617	-	-	-
Nondspendable	-	-	4,181,482	5,635,580	5,649,319
Restricted	-	-	-	-	184,879,381
Committed	-	-	23,275,746	41,243,696	49,695,245
Assigned	-	-	11,022,956	20,382,922	29,344,177
Unassigned	-	-	69,031,737	192,937,060	238,947,394
Total General Fund	<u>108,106,062</u>	<u>47,262,456</u>	<u>107,511,921</u>	<u>260,199,258</u>	<u>508,515,516</u>
All Other Governmental Funds:					
Reserved	225,379,967	292,759,512	-	-	-
Unreserved (deficit), reported in:					
Capital Projects Fund	(86,447,622)	(34,256,005)	-	-	-
Special Revenue Funds	176,689,046	107,931,281	-	-	-
Nondspendable	-	-	212,311,293	212,663,632	222,942,022
Restricted	-	-	116,843,705	172,168,580	50,404,409
Committed	-	-	97,110,019	117,227,649	23,217,760
Unassigned	-	-	(16,187,982)	(6,573,775)	(4,023,811)
Total All Other Governmental Funds	<u>315,621,391</u>	<u>366,434,788</u>	<u>410,077,035</u>	<u>495,486,086</u>	<u>292,540,380</u>
Total All Governmental Funds	<u>\$ 423,727,453</u>	<u>\$ 413,697,244</u>	<u>\$ 517,588,956</u>	<u>\$ 755,685,344</u>	<u>\$ 801,055,896</u>

NOTE:

* This table presents summary fund balance information from the basic financial statement Exhibit A-3.

* Fund balance information for governmental funds is reported on the modified accrual basis of accounting.

(1) Beginning in fiscal year 2011, the County implemented GASB Statement No. 54 which revised the fund balance categories for Governmental Fund

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

	2004	2005	2006	2007	2008
Revenues					
Taxes	\$ 2,129,939,312	\$ 2,380,939,173	\$ 2,545,906,852	\$ 2,751,864,063	\$ 2,752,355,883
Licenses and permits	10,984,340	12,030,638	12,025,093	12,418,584	11,192,157
Intergovernmental	276,077,146	223,088,334	265,785,477	267,675,931	244,672,132
Charges for services	50,332,507	63,607,620	77,204,023	79,501,815	80,355,654
Fines and forfeitures	8,567,764	8,902,320	10,305,177	12,588,526	21,583,162
Investment income	5,012,370	13,647,809	24,832,274	34,147,428	37,012,601
Miscellaneous (1)	12,198,056	16,053,279	14,645,165	13,199,158	13,919,065
Total Revenues	2,493,111,495	2,718,269,173	2,950,704,061	3,171,395,505	3,161,090,654
Expenditures					
General government	174,518,839	202,052,021	228,669,438	248,252,022	257,381,611
Public safety	355,912,668	401,114,616	455,433,491	506,729,330	543,200,962
Public works and transportation	131,812,057	132,317,794	152,837,852	171,901,834	171,903,223
Health and human services	209,019,100	211,560,906	233,967,221	251,396,734	272,823,056
Culture and recreation	66,039,364	72,074,300	78,486,537	87,872,720	96,010,787
Community development and housing	15,991,314	16,947,062	17,297,254	17,125,576	15,916,219
Environment	5,619,435	5,487,891	6,452,471	8,620,911	9,242,386
Education (2)	1,217,639,366	1,345,450,958	1,382,898,458	1,490,679,488	1,563,374,406
Debt service:					
Principal	275,916,602	315,168,034	324,184,297	383,983,419	146,194,699
Interest	60,230,979	62,517,128	68,164,530	75,133,526	78,949,436
Leases and other obligations	24,312,486	26,593,959	26,245,116	16,030,672	16,358,135
Issuing costs	876,054	1,901,439	1,044,430	1,208,672	937,441
Capital projects	298,405,112	257,856,073	382,096,212	342,299,052	424,518,682
Total Expenditures	2,836,293,376	3,051,042,181	3,357,777,307	3,601,233,956	3,596,811,043
Excess (Deficiency) of Revenues over (under) Expenditures	(343,181,881)	(332,773,008)	(407,073,246)	(429,838,451)	(435,720,389)
Other Financing Sources (Uses)					
Transfers in	304,735,307	299,714,554	340,111,748	349,888,069	382,434,018
Transfers (out)	(308,495,187)	(265,244,530)	(307,303,502)	(316,432,051)	(352,397,173)
Sale of property	7,284,065	15,102,273	5,205,424	6,540,519	13,370,213
Financing under notes and leases payable	36,860,624	-	5,207,377	3,259,280	-
Payment to refunded bond escrow agent	(54,073,409)	(238,509,132)	-	-	(74,751,270)
Debt Issued:					
General obligation bonds	165,706,411	214,639,300	105,456,700	268,839,000	-
Premium on general obligation bonds	-	-	-	-	-
Bond anticipation notes	190,000,000	50,000,000	300,000,000	300,000,000	150,000,000
Certificates of participation	-	-	-	-	34,583,195
Lease revenue bonds	-	10,661,561	1,747,573	835,614	399,231
Taxable LTD obligation certificate	-	-	-	-	-
Variable rate demand obligations	-	-	100,000,000	-	-
Notes payable	5,332,000	-	-	-	-
Premium on general obligation refunding bonds	-	-	-	-	-
Capital lease financing	6,790,969	16,028,103	8,379,687	663,698	12,407
General obligation refunding bonds	54,293,716	239,222,589	-	-	74,795,297
Lease revenue refunding bonds	-	-	-	-	-
Premium on lease revenue refunding bonds	-	-	-	-	-
Revenue bonds	-	-	-	-	-
Premium on revenue bonds	-	-	-	-	-
Total Other Financing Sources (Uses)	408,434,496	341,614,718	558,805,007	613,594,129	228,445,918
Special Item					
Gain on extinguishment of liability	-	-	-	-	-
Net Change in Fund Balances	\$ 65,252,615	\$ 8,841,710	\$ 151,731,761	\$ 183,755,678	\$ (207,274,471)
Debt service as a percentage of noncapital expenditures (1, 2, 3)	12.59%	12.94%	12.26%	13.29%	6.56%

NOTES:

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

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

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

(2) Noncapital expenditures represents Total Expenditures above, less Capital Projects Fund and capital outlay expenditures that resulted in capital assets.

(3) For FY08, decrease in debt service as a percentage of non-capital expenditures due to general obligation bonds not being issued.

2009	2010	2011	2012	2013
\$ 2,872,519,430	\$ 2,742,547,034	\$ 2,842,907,152	\$ 3,071,355,492	\$ 3,213,926,861
11,545,500	11,864,114	12,846,648	12,195,140	10,738,233
226,479,924	247,787,259	233,177,719	238,828,101	203,295,273
89,226,745	88,114,055	95,328,028	104,474,174	118,897,641
28,423,775	24,010,876	22,095,048	19,823,291	23,990,181
12,114,916	8,167,875	2,501,375	1,678,682	3,559,251
17,856,623	13,186,434	35,697,895	32,262,972	28,609,607
3,258,166,913	3,135,677,647	3,244,553,865	3,480,617,852	3,603,017,047
277,007,216	251,799,095	250,208,030	304,292,249	377,437,886
569,158,754	551,861,356	540,676,570	545,731,975	584,117,898
176,414,373	209,734,805	172,602,449	163,495,587	182,373,840
276,831,826	274,811,330	259,840,844	241,758,579	262,670,134
93,616,178	87,134,422	69,468,004	69,919,113	75,063,030
19,208,889	38,595,295	56,344,179	44,426,304	42,401,492
10,318,956	12,667,903	13,758,025	20,857,521	20,173,173
1,643,643,553	1,562,095,633	1,525,074,457	1,484,470,943	1,541,101,257
373,014,292	136,317,844	142,318,320	160,126,917	164,255,364
87,192,902	85,337,817	90,118,001	96,102,824	26,472,773
19,857,064	20,921,170	28,650,471	24,704,102	112,329,448
2,087,524	5,544,495	4,407,985	6,108,436	3,943,616
447,794,002	511,372,430	496,309,888	559,056,287	603,801,660
3,996,145,529	3,748,193,595	3,649,777,223	3,721,050,837	3,996,141,571
(737,978,616)	(612,515,948)	(405,223,358)	(240,432,985)	(393,124,524)
367,718,614	440,418,586	407,905,174	494,213,344	500,639,293
(324,259,745)	(370,535,898)	(351,883,159)	(447,138,462)	(438,499,850)
1,629,312	1,596,976	3,124,492	1,578,365	5,652,438
-	22,969,000	97,525	35,151,498	8,395,000
-	(183,217,861)	-	(314,114,061)	(33,636,846)
250,000,000	310,000,000	325,000,000	320,000,000	295,000,000
9,937,130	28,107,877	37,661,920	-	32,201,168
250,000,000	125,000,000	75,000,000	-	-
-	24,483,684	-	-	-
15,059,652	14,700	29,360,000	28,840,000	-
-	30,400,000	-	-	-
10,000,000	-	-	-	-
-	22,055,598	-	43,863,734	2,013,430
-	11,985	-	-	-
8,917,011	161,755,000	-	237,655,000	23,360,000
-	-	-	35,465,000	-
-	-	-	5,353,035	57,288
-	-	-	-	37,835,000
-	-	-	-	5,478,155
579,064,844	594,888,900	516,711,909	478,529,373	438,495,076
-	-	-	-	-
\$ (158,913,772)	\$ (17,627,048)	\$ 111,488,551	\$ 238,096,388	\$ 45,370,552
12.13%	6.44%	6.80%	7.47%	5.15%

MONTGOMERY COUNTY, MARYLAND
FINANCIAL TRENDS
COMBINED SCHEDULE OF "CASH AND INVESTMENTS" AND
"INVESTMENT AND INTEREST INCOME" - ALL FUNDS
AS OF JUNE 30, 2013 AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Table 5

	Cash and Investments			Investment and Interest Income (Loss)		
	Pooled	Nonpooled	Total	Pooled	Nonpooled	Total
Primary Government:						
General Fund	\$ 454,643,578	\$ 4,765,427	\$ 459,409,005	\$ (13,524)	\$ 11,819	\$ (1,705)
Debt Service Fund	202,834	6,930,270	7,133,104	750	3,081	3,831
Capital Projects Fund	54,491,848	35,002,324	89,494,172	13,811	202,030	215,841
Special Revenue Funds:						
Recreation	4,912,031	5,550	4,917,581	2,324	-	2,324
Fire Tax District	13,214,549	-	13,214,549	11,307	-	11,307
Mass Transit Facilities	18,635,776	2,050	18,637,826	734	-	734
Urban Districts	1,288,808	-	1,288,808	-	-	-
Noise Abatement Districts	628	-	628	6	-	6
Housing Initiative	12,005,289	212,450	12,217,739	287	3,052,400	3,052,687
Rehabilitation Loan	1,067,849	-	1,067,849	290	55,107	55,397
Economic Development	5,064,939	-	5,064,939	226	31,696	31,922
Cable TV	1,442,076	-	1,442,076	-	-	-
Grants	-	-	-	-	276,290	276,290
Agricultural Transfer Tax	2,236,978	-	2,236,978	-	-	-
Drug Enforcement Forfeitures	3,495,995	25,000	3,520,995	229	-	229
Water Quality Protection	13,057,338	-	13,057,338	3,516	-	3,516
Restricted Donations	3,956,025	-	3,956,025	-	2,022	2,022
Total Special Revenue Funds	80,378,281	245,050	80,623,331	18,919	3,417,515	3,436,434
Enterprise Funds:						
Liquor	5,099,811	2,282,933	7,382,744	-	278	278
Solid Waste Activities	56,635,807	3,799,253	60,435,060	17,510	8,121	25,631
Parking Lot Districts	20,748,492	15,330,426	36,078,918	5,779	9,357	15,136
Permitting Services	36,183,383	-	36,183,383	9,889	-	9,889
Community Use of Public Facilities	7,720,813	-	7,720,813	918	-	918
Total Enterprise Funds	126,388,306	21,412,612	147,800,918	34,096	17,756	51,852
Internal Service Funds:						
Motor Pool	10,618,615	300	10,618,915	1,648	-	1,648
Liability & Property Coverage Self-Insurance	112,411,496	-	112,411,496	16,310	57	16,367
Employee Health Benefits Self-Insurance	46,719,049	-	46,719,049	8,286	-	8,286
Central Duplicating	177	-	177	-	-	-
Total Internal Service Funds	169,749,337	300	169,749,637	26,244	57	26,301
Pension and Other Employee Benefit Trust Funds	2,010,602	4,233,866,684	4,235,877,286	5,741	391,807,228	391,812,969
Investment Trust Fund	18,566,486	-	18,566,486	37,833	-	37,833
Private Purpose Trust Funds	205,482	-	205,482	-	55	-
Agency Funds	24,781,701	281,863	25,063,564	152	-	152
Total Primary Government	931,418,455	4,302,504,530	5,233,922,985	124,022	395,364,368	395,488,390
Component Units (Participation in County Pool)	680,829	-	680,829	2,207	-	2,207
Total	\$ 932,099,284	\$ 4,302,504,530	\$ 5,234,603,814	\$ 126,229	\$ 395,364,368	\$ 395,490,597

MONTGOMERY COUNTY, MARYLAND
 FINANCIAL TRENDS
 COMBINED SCHEDULE OF CASH AND INVESTMENTS - BY FINANCIAL INSTITUTION
 JUNE 30, 2013
Table 6

Description	Total
PNC Bank	\$ 581,759,880
Bank of New York	1,000,000
Bank of America, N. A.	55,048,395
Capital One Bank	22,088,727
M & T Bank	5,798,911
Congressional Bank	2,104,697
Eagle Bank	15,303,853
Capital Bank	1,781,588
OBA Bank	1,685,997
Monument Bank	400,000
Wells Fargo Bank	16,963,626
Total Financial Institutions	<u>703,935,674</u>
Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow:	
General Fund	4,765,427
Debt Service Fund	6,930,270
Capital Projects Fund	35,002,324
Special Revenue Funds	245,050
Enterprise Funds	13,302,966
Internal Service Funds	300
Fiduciary Funds	281,863
Total Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow	<u>60,528,200</u>
Total Cash Deposits in Financial Institutions and on Hand	<u>764,463,874</u>
Investments, at carrying value (see Table below)	4,470,092,073
Accrued interest receivable	47,867
Total Cash and Investments (1)	<u><u>\$ 5,234,603,814</u></u>

MONTGOMERY COUNTY, MARYLAND
 FINANCIAL TRENDS
 COMBINED SCHEDULE OF INVESTMENTS
 JUNE 30, 2013
Table 7

	Pooled	Non-Pooled		Total Carrying Value (2)
		Enterprise	Fiduciary	
Investments, including accrued interest:				
U.S. Government Securities	\$ -	\$ 1,291,502	\$ -	\$ 1,291,502
Agency Bond Discount	24,964,618	-	-	24,964,618
Bankers' Acceptances	-	-	-	-
Commercial paper	22,448,586	-	-	22,448,586
Federal Home Loan Banks	34,994,350	-	-	34,994,350
Federal Home Loan Mortgage Corporation	14,988,179	-	-	14,988,179
Money Market Funds	20,148,847	6,818,144	-	26,966,991
State Pool	110,571,163	-	-	110,571,163
Pension and Other Employee Benefit Trusts	-	-	4,233,866,684	4,233,866,684
Total (1)	<u>\$ 228,115,743</u>	<u>\$ 8,109,646</u>	<u>\$ 4,233,866,684</u>	<u>\$ 4,470,092,073</u>

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						Ratio of Total Assessed to Total					
	Residential (1)			Commercial/Other			Real and Personal Property Total			Total Assessed to Total		
	Assessed Value	Estimated Market Value	Assessed Value	Assessed Value	Estimated Market Value	Total	Assessed Value	Estimated Actual Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Estimated Actual Value
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	\$ 93,226,806,877	\$ 102,055,016,190	\$ 102,055,016,190	\$ 93,226,806,877	\$ 102,055,016,190	91.35
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	102,184,336,833	109,242,081,266	109,242,081,266	102,184,336,833	109,242,081,266	93.54
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	114,360,878,346	122,425,244,161	122,425,244,161	114,360,878,346	122,425,244,161	93.41
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	129,659,725,668	135,583,270,092	135,583,270,092	129,659,725,668	135,583,270,092	95.63
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	146,276,982,963	149,181,195,934	149,181,195,934	146,276,982,963	149,181,195,934	98.05
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	162,053,662,492	167,959,062,589	167,959,062,589	162,053,662,492	167,959,062,589	96.48
2010	131,149,193,561	137,472,949,225	35,947,649,976	37,680,974,818	167,096,843,537	175,153,924,043	171,220,840,149	179,277,920,655	179,277,920,655	171,220,840,149	179,277,920,655	95.51
2011	131,778,908,275	149,071,163,208	36,011,884,254	40,737,425,626	167,790,792,529	189,808,588,834	171,646,984,481	193,664,780,786	193,664,780,786	171,646,984,481	193,664,780,786	88.63
2012	129,513,818,139	139,412,075,499	32,683,331,619	35,181,196,575	162,197,149,758	174,593,272,075	165,916,095,468	178,312,217,785	178,312,217,785	165,916,095,468	178,312,217,785	93.05
2013	124,783,384,563	134,320,112,554	33,489,446,285	36,048,919,575	158,272,830,848	170,369,032,129	161,877,309,598	173,973,510,879	173,973,510,879	161,877,309,598	173,973,510,879	93.05

NOTES:

- * Exempt and nontaxable property are not included in this table.
- * The following classes of property are not taxed: 1) personal property not used in a trade, business, or profession; and 2) business inventories.
- * Intangible personal property is exempt from taxation except in two instances: shares of stock in certain domestic utilities and oil pipeline corporations (shown above) and intangible personal property of corporations under a contract with the State, granted charter exemptions from property taxation.
- * Property owned by the Federal government, the State, or a subdivision or agency of either, is exempt. Also exempt are real and personal property used for religious, educational, or charitable purposes. Specific exemptions involve historical property, societies and museums, conservation property, cemeteries, certain fraternal and service organizations, continuing care facilities for the aged, nonprofit housing property, and dwelling houses of disabled veterans and blind persons.
- (1) Residential real property includes single-family homes, townhouses, and condominiums but excludes apartment dwellings which are included under the Commercial/Other category.
- (2) For personal property, the assessed value and estimated actual value are the same.
- (3) See Table 9-a for real and personal property direct tax rates.

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

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

	County-wide					Substantially County-wide (1)					Total County Direct Rate (3)	
	County		M-NCPPC (2)			County		M-NCPPC (2)				
	County	Fire	Transit District	Advance	Land Acquisition	Subtotal	Recreation	Storm	Regional District	Metropolitan		Prorata Tax Rate
		Tax						Drainage		District		
		District										
Real Property:												
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	
2010	.683	.105	.037	.001	.826	.019	.003	.018	.050	.078	.904	
2011	.699	.097	.037	.001	.834	.018	.003	.015	.045	.070	.904	
2012	.713	.121	.038	.001	.873	.018	.003	.017	.048	.074	.947	
2013	.724	.134	.048	.001	.907	.021	.003	.018	.054	.083	.990	
Personal Property:												
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	
2010	1.707	.262	.092	.003	2.064	.047	.007	.045	.125	.183	2.247	
2011	1.747	.242	.092	.003	2.084	.045	.007	.038	.112	.163	2.247	
2012	1.783	.303	.095	.003	2.184	.045	.008	.043	.120	.173	2.357	
2013	1.810	.335	.120	.003	2.268	.053	.008	.045	.135	.173	2.441	

NOTES:

- * The Tax rates are per \$100 of assessed value.
- * The charter requires that revenues from real property taxes cannot exceed last year's revenues adjusted by the rate of inflation excluding revenues from new construction. The Council can adopt tax rates that exceed this limit by a supermajority of seven out of nine councilmembers.
- * No discounts are allowed.
- * Taxes are levied as of July 1, are due by September 30, and become delinquent the following October 1 for non-owner occupied property.
- * Unless homeowners elect to pay their real property taxes annually, taxes are paid on a semi-annual basis with payment due by September 30 and December 31 for owner occupied property.
- * Interest and penalty at 20 percent are assessed on delinquent tax bills.
- * Revised tax bills based upon certifications from the State received after September 1 may be paid within thirty days without interest.
- * Delinquent taxes on real property are collected by sale. Taxes on personal property are enforced by legal action. Corporations may lose charter for failure to pay taxes.
- * Costs of tax sale, which vary, are added to tax bills. The last sale cost \$50 per parcel.
- * Tax sale date: second Monday in June.
- * Personal property tax rates are applied to 100 percent of the property assessment.

- (1) Rates classified as substantially county-wide represent those tax rates that are levied against all of the County's assessable base, except those incorporated cities and municipalities that provide their own such service.
- (2) M-NCPPC County property tax rates are included in the County's direct rate since the County Council has the power to set, modify, or approve these tax rates for this joint venture organization.
- (3) County direct rate includes: County tax rates that are levied County-wide, and County tax rates levied by M-NCPPC. For County special taxing district tax rates that are levied substantially County-wide, the direct rate includes a prorata portion of the tax rate that corresponds to the portion of the County's assessable base against which the rate is levied. Therefore, the total County direct rate presented above is not a mathematical sum of all the individual rates presented.

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

Fiscal Year	Parking Lot Districts (1)				Urban Districts			Noise Abatement Districts	Development Districts			
	Silver Spring	Bethesda	Wheaton	Montgomery Hills	Silver Spring	Bethesda	Wheaton	Bradley	Cabin John	Kingsview Village	West Germantown	White Flint (2)
Real Property:												
2004	\$.28	\$.28	\$.24	\$.24	\$.030	\$.016	\$.02	\$.15	\$.18	\$.101	\$.213	\$ -
2005	.28	.28	.24	.24	.030	.016	.02	.145	.18	.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	-
2010	.28	.18	.24	.24	.024	.012	.03	.080	.080	.086	.137	-
2011	.32	.10	.24	.24	.024	.012	.03	.080	.080	.079	.163	-
2012	.317	.104	.240	.240	.024	.012	.030	.077	.080	.099	.165	.107
2013	.317	.124	.240	.240	.024	.012	.030	.000	.010	.099	.173	.112
Personal Property:												
2004	\$.70	\$.70	\$.60	\$.60	\$.075	\$.04	\$.05	\$.36	\$.44	\$ -	\$ -	\$ -
2005	.70	.70	.60	.60	.075	.04	.05	.363	.438	-	-	-
2006	.70	.70	.60	.60	.060	.04	.08	.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	-	-	-
2010	.70	.45	.60	.60	.060	.03	.075	.200	.200	-	-	-
2011	.79	.26	.60	.60	.060	.03	.075	.200	.200	-	-	-
2012	.793	.260	.600	.600	.060	.030	.075	.193	.200	-	-	-
2013	.793	.310	.600	.600	.060	.030	.075	.000	.025	-	-	-

NOTES:

- * Tax rates are per \$100 of assessed value.
- * Personal property tax rates are applied to 100 percent of the property assessment.
- * The County special taxing district rates above represent taxes that are levied against mutually exclusive specific geographic portions of the County's assessable base. Such rates are not included in the County direct rate on Table 9-a, as they are not reflective of what all County taxpayers would pay.

- (1) Parking Lot Districts also carry a tax rate of one-half the amount shown which applies to property zoned commercial but not used as such.
- (2) White Flint Special Taxing District was established in November 2010 and levy year 2011 was the first year that the property tax on commercial properties went into effect.



MONTGOMERY COUNTY, MARYLAND
REVENUE CAPACITY
REAL AND PERSONAL PROPERTY TAX RATES - OVERLAPPING GOVERNMENTS - CITIES AND TOWNS
LAST TEN FISCAL YEARS
Table 9-c

Fiscal Year	Cities			Towns			
	Gaithersburg	Rockville	Takoma Park	Barnesville	Brookeville	Chevy Chase	Garrett Park
Real Property:							
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
2010	.212	.292	.580	.049	.15	.010	.192
2011	.262	.292	.580	.0514	.15	.010	.192
2012	.262	.292	.580	.0514	.15	.0105	.210
2013	.262	.292	.580	.0514	.15	.0104	.210
Personal Property:							
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
2010	.53	.805	1.450	.20	.45	.10	1.000
2011	.53	.805	1.450	.20	.45	.10	1.000
2012	.53	.805	1.450	.20	.45	.10	1.000
2013	.53	.805	1.550	.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.

Glen Echo	Kensington	Laytonsville	Poolesville	Somerset	Washington Grove
\$.14	\$.187	\$.160	\$.240	\$.05	\$.217
.13	.170	.160	.230	.05	.217
.12	.155	.160	.221	.045	.202
.12	.147	.140	.200	.040	.202
.12	.139	.140	.180	.040	.202
.13	.130	.120	.160	.040	.181
.13	.122	.110	.150	.040	.181
.13	.136	.100	.1594	.080	.221
.13	.136	.110	.1594	.080	.221
.134	.136	.110	.1590	.080	.317
\$.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
.80	.50	.31	.60	1.000	.60
.80	.55	.30	.60	1.000	.60
.80	.55	.30	.60	1.000	.60
.80	.55	.30	.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 Section 5	Chevy Chase View	Chevy Chase Village	Drummond	Friendship Heights	Martin's Additions to Chevy Chase	North Chevy Chase	Oakmont
Real Property:										
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	-	.022	.111	.048	.04	.008	.052	.06
2009	.05	.02	-	.022	.103	.048	.04	.008	.052	.04
2010	.05	.02	-	.022	.096	.048	.04	.008	.052	.04
2011	.05	.02	-	.022	.0898	.048	.04	.040	.052	.04
2012	.05	.02	-	.022	.1005	.048	.04	.046	.052	.04
2013	.05	.02	-	.022	.1005	.048	.04	.0466	.052	.04
Personal Property:										
2004	\$.125	\$.05	\$.00	\$.00	\$.50	\$.12	\$.06	\$.008	\$.13	\$.06
2005	.125	.05	-	-	.60	.12	.06	.008	.13	.00
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
2010	.125	.05	-	-	.66	.12	.04	.500	.13	.10
2011	.125	.05	-	-	.66	.12	.04	.500	.13	.10
2012	.125	.05	-	-	.66	.12	.04	.500	.13	.10
2013	.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.

MONTGOMERY COUNTY, MARYLAND
TEN HIGHEST COMMERCIAL PROPERTY TAXPAYERS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Table 10

For the Fiscal Year Ended June 30, 2013				
	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 714,754,210	\$ -	\$ 714,754,210	0.44%
Verizon Maryland Inc	530,706,663	41,110,733	489,595,930	0.33%
Montgomery Mall LLC	280,682,610	280,115,000	567,610	0.17%
Washington Gas Light Co.	258,719,080	-	258,719,080	0.16%
Wheaton Plaza Reg Shopping Center	213,403,400	212,858,800	544,600	0.13%
Chevy Chase Land Co	207,339,733	207,339,733	-	0.13%
Camalier, Anne D et al, Trustee	202,494,900	202,494,900	-	0.13%
7501 Wisconsin Avenue LLC	200,029,560	200,000,000	29,560	0.12%
Federal Realty Investment Trust	198,438,757	196,053,067	2,385,690	0.12%
WP Project Developer LLC	165,434,493	165,371,263	63,230	0.10%
Total	\$ 2,972,003,406	\$ 1,505,343,496	\$ 1,466,659,910	1.84%
Total Assessable Base	\$ 161,877,309,598			100.00%

For the Fiscal Year Ended June 30, 2004				
	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 766,285,986	\$ 5,860,436	\$ 760,425,550	0.82%
Verizon/Bell Atlantic	629,743,666	27,223,826	602,519,840	0.68%
Montgomery Mall	224,504,932	224,144,332	360,600	0.24%
Washington Gas Light Co.	206,249,370	-	206,249,370	0.22%
Mirant Mid-Atlantic LLC	205,747,732	69,733,532	136,014,200	0.22%
Bryant F. Foulger, Trustee	155,509,300	155,509,300	-	0.17%
7501 Wisconsin Ave LLC	155,000,000	155,000,000	-	0.17%
Camalier, Anne D et al, Trustee	139,042,168	139,042,168	-	0.15%
Democracy Associates	137,266,666	137,266,666	-	0.15%
Marbeth Partnership	129,021,000	129,021,000	-	0.14%
Total	\$ 2,748,370,820	\$ 1,042,801,260	\$ 1,705,569,560	2.95%
Total Assessable Base	\$ 93,226,806,877			100.00%

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		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
2004	\$ 927,789,542	\$ (1,669,220)	\$ 926,120,322	\$ 924,992,688	99.70 %	\$ 1,106,599	\$ 926,099,287	100.00 %
2005	1,006,556,130	(672,818)	1,005,883,312	1,005,935,155	99.94	(2,900,587)	1,003,034,568	99.72
2006	1,032,231,333	(2,363,989)	1,029,867,344	1,031,967,800	99.97	(3,845,674)	1,028,122,126	99.83
2007	1,087,613,905	(1,842,593)	1,085,771,312	1,081,566,118	99.44	(896,167)	1,080,669,951	99.53
2008	1,137,590,824	(3,628,576)	1,133,962,248	1,132,548,519	99.56	(2,995,049)	1,129,553,470	99.61
2009	1,282,437,423	1,231,332	1,283,668,755	1,278,337,019	99.68	516,011	1,278,853,030	99.62
2010	1,344,626,102	(5,078,739)	1,339,547,363	1,343,140,289	99.89	(16,271,483)	1,326,868,806	99.05
2011	1,350,416,973	(1,784,592)	1,348,632,381	1,349,698,631	99.95	(2,453,929)	1,347,244,702	99.90
2012	1,365,605,932	1,881,620	1,367,487,552	1,363,217,734	99.83	359,100	1,363,576,834	99.71
2013	1,390,542,228	-	1,390,542,228	1,384,563,178	99.57	-	1,384,563,178	99.57

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. Penalties and interest are excluded.
See Table 12 Note (2) for treatment of such overpayments.

MONTGOMERY COUNTY, MARYLAND
REVENUE CAPACITY
SCHEDULE OF FISCAL YEAR PROPERTY TAX LEVY, PROPERTY TAX REVENUES,
AND ADDITIONAL ITEMS RELATED TO THE PROPERTY TAX BILLING
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
Table 12

	Fiscal Year Property Tax Levy	Collections of Current Levy Year Assessment (1)	Collection of Prior Levy Year Assessment (1)	Adjustments and Accruals	Total Revenues (2)
General Fund	\$ 1,081,306,701	\$ 1,077,695,770	\$ (2,621,017)	\$ (42,013,551)	\$ 1,033,061,202
Special Revenue Funds :					
Recreation	27,235,065	27,095,645	(76,309)	3,375,920	30,395,256
Bethesda Urban District	465,754	453,294	(7,946)	17,542	462,890
Silver Spring Urban District	640,458	607,399	11,212	18,280	636,891
Wheaton Urban District	154,026	147,487	(4,152)	2,813	146,148
Mass Transit	71,440,950	70,742,094	(183,351)	8,790,953	79,349,696
Bradley Noise Abatement District	0	-	-	-	-
Cabin John Noise Abatement District	923	930	-	41	971
Fire Tax District	199,437,519	198,361,834	(223,067)	24,133,993	222,272,760
Total Special Revenue Funds	299,374,695	297,408,683	(483,613)	36,339,542	333,264,612
Enterprise Funds:					
Silver Spring Parking Lot District	6,748,545	6,412,324	232,615	234,969	6,879,908
Bethesda Parking Lot District	2,563,106	2,505,385	(55,050)	100,762	2,551,097
Wheaton Parking Lot District	468,353	461,439	(33,424)	41,620	469,635
Montgomery Hills Parking Lot District	80,828	79,577	(666)	836	79,747
Total Enterprise Funds	9,860,832	9,458,725	143,475	378,187	9,980,387
Total Property Tax - Montgomery County	1,390,542,228	1,384,563,178	(2,961,155)	(5,295,822)	1,376,306,201
Tax Bill Items Other than Montgomery County					
Property Taxes:					
M-NCPPC Joint Venture Property Taxes:					
M-NCPPC Administration	23,203,751	23,039,727	(77,227)	3,009,290	25,971,790 *
M-NCPPC Park	69,607,152	69,301,096	(207,678)	8,670,821	77,764,239 *
M-NCPPC Land Acquisition	1,506,532	1,497,176	(554)	181,652	1,678,274 *
Agency Relationship Property Taxes:					
State of Maryland	177,724,401	177,485,603	(1,385,059)	1,867,525	177,968,069 *
Municipalities	80,233,532	78,925,217	(192,526)	610,796	79,343,487 *
Development Districts	2,141,055	2,141,906	9,147	24,764	2,175,817 *
Charges for Services:					
Refuse Disposal - Solid Waste Activities Fund	68,693,405	67,916,633	(78,525)	173,133	68,011,241 *
Refuse Collection - Solid Waste Activities Fund	6,020,240	6,014,665	1,538	3,830	6,020,033 *
Leaf Vacuuming	6,566,363	6,559,766	(4,187)	10,394	6,565,973 *
Water Quality Protection Charges	23,056,012	22,811,541	(68,345)	111,844	22,855,040 *
Municipality Refuse Charges	1,034,191	1,032,811	482	(117)	1,033,176 *
Development District Special Assessments	200,408	200,408	-	-	200,408 *
WSSC FFBC	23,777,884	23,745,865	(44,088)	134,777	23,836,554 *
Bay Restoration Fund	915,120	913,169	7	(10,680)	902,496 *
Total Other Items	484,680,046	481,585,583	(2,047,015)	14,788,029	494,326,597
Grand Total	\$ 1,875,222,274	\$ 1,866,148,761	\$ (5,008,170)	\$ 9,492,207	\$ 1,870,632,798

NOTES:

* Amounts represent collections, rather than revenues.

(1) Amounts represent collections received net of refunds.

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

MONTGOMERY COUNTY, MARYLAND
REVENUE CAPACITY
SCHEDULE OF PROPERTY TAXES RECEIVABLE BY FUND TYPE
JUNE 30, 2013
Table 13

Year	General	Special Revenue	Enterprise	Other Fiduciary	Total
2004 & prior	\$ 1,541,912	\$ 367,865	\$ 55,721	\$ 589,807	\$ 2,555,305
2005	365,141	122,129	11,608	220,395	719,273
2006	259,044	82,039	13,711	96,998	451,792
2007	259,816	92,316	11,225	117,527	480,884
2008	419,498	151,052	26,955	130,154	727,659
2009	876,212	249,074	43,473	274,096	1,442,855
2010	866,160	215,316	32,783	300,415	1,414,674
2011	1,047,195	283,929	62,342	357,516	1,750,982
2012	4,631,423	1,232,400	88,126	1,168,774	7,120,723
2013	<u>8,134,254</u>	<u>2,588,375</u>	<u>448,662</u>	<u>2,687,275</u>	<u>13,858,566</u>
Total Property Taxes Receivable	<u>\$ 18,400,655</u>	<u>\$ 5,384,495</u>	<u>\$ 794,606</u>	<u>\$ 5,942,957</u>	<u>\$ 30,522,713</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	
2002	2.00 %	3.00 %	4.00 %	4.75 %	2.95
2003	2.00	3.00	4.00	4.75	2.95
2004	2.00	3.00	4.00	4.75	3.20
2005	2.00	3.00	4.00	4.75	3.20
2006	2.00	3.00	4.00	4.75	3.20
2007	2.00	3.00	4.00	4.75	3.20
2008	2.00	3.00	4.00	4.75 - 6.25	3.20
2009	2.00	3.00	4.00	4.75 - 6.25	3.20
2010	2.00	3.00	4.00	4.75 - 6.25	3.20
2011	2.00	3.00	4.00	4.75 - 6.25	3.20

NOTE:

- * Rates are based on tax year which coincides with calendar year.
- * 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.
- * Beginning with tax year 2011, the State's income tax rates for net taxable income in excess of \$3,000 were 4.75%, 5.00%, 5.25%, and 5.50%, depending on the filing status and net taxable income.

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

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

Table 15

Tax Year	Number of Taxable Returns	Maryland		Net Taxable Income	Net Income Tax	Local Income Tax	Total Tax Liability	Montgomery County	
		Gross Income	Adjusted					Income Tax	Direct Rate
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	
2008	379,739	41,070,791,364	32,876,469,466	1,511,917,178	1,046,272,919	2,558,190,097		3.20	
2009	376,323	39,060,773,506	31,075,877,228	1,410,063,716	987,098,452	2,397,162,168		3.20	
2010	386,891	42,234,426,562	34,040,992,827	1,556,444,328	1,081,538,245	2,637,982,573		3.20	
2011	393,640	43,986,140,274	35,879,078,661	1,622,232,304	1,139,960,820	2,762,193,124		3.20	

NOTES:

* See Table 16 for detailed breakout of adjusted gross income level.

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

* 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 2011 is the latest tax year for which data are available.

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



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

	2011				2010			
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total
Adjusted Gross Income Level								
\$200,000 and higher	43,367	11.0 %	\$ 18,940,921,100	52.8 %	\$ 606,109,387	53.1 %	41,013	10.6 %
\$100,000 - 199,999	78,493	19.9	8,754,369,086	24	280,131,565	25	77,120	20
<i>\$80,000 - 99,999</i>	31,549	8.0	2,109,818,960	6	67,512,836	6	31,087	8
<i>\$50,000 - 79,999</i>	69,024	17.5	3,158,538,933	9	101,065,265	9	68,176	18
\$25,000 - 49,999	93,603	23.9	2,230,397,502	6	67,065,011	6	91,738	24
\$10,000 - 24,999	67,074	17.0	647,673,860	2	17,271,011	2	66,278	17
Under \$10,000	10,530	2.7	37,359,220	0	805,745	0	11,479	3
Total	393,640	100.0	\$ 35,879,078,661	100.0	\$ 1,139,960,820	100.0	386,891	100.0
	2009				2008			
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total
Adjusted Gross Income Level								
\$200,000 and higher	37,938	10.1 %	\$ 15,099,696,016	48.6 %	\$ 483,182,753	48.9 %	38,578	10.2 %
\$100,000 - 199,999	75,337	20.0	8,205,421,074	26.4	262,570,303	26.6	74,717	19.7
<i>\$80,000 - 99,999</i>	30,539	8.1	1,991,569,519	6.4	63,727,815	6.5	30,776	8.1
<i>\$50,000 - 79,999</i>	67,318	17.9	2,997,962,262	9.6	95,930,462	9.7	68,045	17.9
\$25,000 - 49,999	91,012	24.2	2,133,139,837	6.9	64,605,378	6.6	92,617	24.4
\$10,000 - 24,999	63,453	16.8	609,402,845	2.0	16,258,806	1.6	62,729	16.5
Under \$10,000	10,726	2.9	38,685,675	0.1	822,935	0.1	12,277	3.2
Total	376,323	100.0	\$ 31,075,877,228	100.0	\$ 987,098,452	100.0	379,739	100.0
	2007				2006			
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total
Adjusted Gross Income Level								
\$200,000 and higher	39,973	10.3 %	\$ 20,721,888,649	56.1 %	\$ 663,101,691	56.4 %	35,634	9.3 %
\$100,000 - 199,999	73,690	19.0	8,058,872,420	21.8	257,889,666	21.9	70,202	18.3
<i>\$80,000 - 99,999</i>	30,713	7.9	2,030,595,581	5.5	64,983,024	5.5	30,178	7.9
<i>\$50,000 - 79,999</i>	67,534	17.4	3,057,948,389	8.3	97,861,191	8.3	66,285	17.3
\$25,000 - 49,999	93,694	24.2	2,298,139,649	6.2	71,322,924	6.1	95,337	24.8
\$10,000 - 24,999	67,786	17.5	719,513,016	1.9	19,469,703	1.7	70,328	18.4
Under \$10,000	14,485	3.7	60,208,890	0.2	1,308,000	0.1	15,250	4.0
Total	387,875	100.0	\$ 36,947,166,594	100.0	\$ 1,175,936,195	100.0	383,214	100.0
	2006				2005			
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total
Adjusted Gross Income Level								
\$200,000 and higher	35,634	9.3 %	\$ 18,364,689,191	53.8 %	\$ 587,671,196	54.2 %	35,634	9.3 %
\$100,000 - 199,999	70,202	18.3	7,643,868,101	22.4	244,608,348	22.6	70,202	18.3
<i>\$80,000 - 99,999</i>	30,178	7.9	1,998,995,282	5.9	63,973,086	5.9	30,178	7.9
<i>\$50,000 - 79,999</i>	66,285	17.3	2,995,838,794	8.8	95,875,398	8.8	66,285	17.3
\$25,000 - 49,999	95,337	24.8	2,306,395,629	6.8	71,796,673	6.6	95,337	24.8
\$10,000 - 24,999	70,328	18.4	715,858,507	2.1	19,067,166	1.8	70,328	18.4
Under \$10,000	15,250	4.0	63,505,940	0.2	1,448,924	0.1	15,250	4.0
Total	383,214	100.0	\$ 34,089,151,444	100.0	\$ 1,084,440,791	100.0	383,214	100.0

(Continued)

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

	2005				2004					
	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	32,289	8.5 %	\$ 16,822,880,955	52.1 %	\$ 538,333,470	52.5 %	10,214,344,217	45.9 %	\$ 326,859,346	41.4 %
\$100,000 - 199,999	67,171	17.7	7,344,360,047	22.8	235,024,270	22.9	6,729,437,859	30.2	215,346,908	33.1
\$80,000 - 99,999	29,705	7.8	1,973,884,323	6.1	63,168,474	6.2	2,416,623,481	10.9	77,335,230	11.9
\$50,000 - 79,999	65,722	17.3	2,990,204,062	9.3	95,694,416	9.3	2,455,348,478	11.0	78,581,106	12.1
\$25,000 - 49,999	96,118	25.3	2,312,771,299	7.2	72,276,536	7.0	2,300,676,859	10.3	72,216,385	11.1
\$10,000 - 24,999	72,054	18.9	727,599,564	2.3	19,364,575	1.9	715,905,106	3.2	19,080,205	2.9
Under \$10,000	17,182	4.5	70,263,335	0.2	1,675,108	0.2	69,017,842	0.3	1,695,663	0.3
Total	380,241	100.0 %	\$ 32,241,963,585	100.0 %	\$ 1,025,536,849	100.0 %	\$ 24,901,353,842	111.8 %	\$ 791,114,843	112.8 %
	2003				2002					
	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	21,620	6.0 %	\$ 8,524,970,852	37.1 %	\$ 251,486,662	37.5 %	7,887,781,460	35.5 %	\$ 232,563,263	35.7 %
\$100,000 - 199,999	58,288	16.3	6,372,559,207	27.8	187,994,449	28.0	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	71,356,625	10.6	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	73,000,914	10.9	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	67,753,134	10.1	2,398,287,771	10.8	69,728,546	10.7
\$10,000 - 24,999	71,880	20.1	724,230,132	3.2	17,860,602	2.7	740,420,038	3.3	18,425,403	2.8
Under \$10,000	16,823	4.7	68,666,358	0.3	1,626,742	0.2	71,307,014	0.3	1,741,317	0.3
Total	357,522	100.0 %	\$ 22,917,536,979	100.0 %	\$ 671,079,128	100.0 %	\$ 22,249,338,226	100.0 %	\$ 651,225,903	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 2011 is the latest tax year for which data are available.

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

MONTGOMERY COUNTY, MARYLAND
DEBT CAPACITY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (2)
Table 17

Fiscal Year	Governmental Activities									
	General Obligation Bonds	Variable Rate Demand Obligations	Taxable BABs General Obligations	Bond Anticipation Notes	Notes Payable	Lease Revenue Bonds	State MICRF Loan	Certificates of Participation	Capital Leases	Revenue Bonds
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	14,463,000
2010	1,437,839,285	100,000,000	232,000,000	425,000,000	13,897,942	33,320,000	-	50,255,000	81,564,283	13,923,324
2011	1,517,280,000	100,000,000	338,320,000	500,000,000	15,023,170	31,550,000	-	43,935,000	71,156,741	42,803,956
2012	1,658,970,000	100,000,000	338,320,000	500,000,000	59,537,476	33,100,000	-	37,420,000	46,530,000	41,265,110
2013	1,930,155,391	100,000,000	339,827,520	500,000,000	49,800,724	33,802,447	-	30,675,000	20,130,000	35,556,016

NOTES:

- (1) See Table 23 for personal income and population data, used in calculating these ratios.
- (2) Beginning in fiscal year 2013, the County changed its presentation of outstanding debt in the statistical section to include unamortized premiums, discounts, and deferred differences on refundings. Amounts presented prior to fiscal year 2013 are shown at gross amounts.

Taxable Limited Obligation Certificates	Total Governmental Activities	Business-type Activities				Total 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)
\$ -	\$ 1,614,284,552	\$ 108,131	\$ 70,915,000	\$ 800,000	\$ -	\$ 71,823,131	\$ 1,686,107,683	3.23	1,843
-	1,562,949,654	56,512	62,655,000	-	-	62,711,512	1,625,661,166	2.91	1,764
-	1,734,740,422	4,894	70,620,000	-	-	70,624,894	1,805,365,316	2.99	1,949
-	1,896,222,056	2,447	61,800,000	926,268	10,033,172	72,761,887	1,968,983,943	3.14	2,113
-	1,921,401,484	-	54,685,000	724,795	-	55,409,795	1,976,811,279	3.00	2,097
-	2,060,218,071	-	79,567,000	467,876	-	80,034,876	2,140,252,947	3.38	2,232
30,400,000	2,418,199,834	-	73,101,676	252,610	-	73,354,286	2,491,554,120	3.78	2,564
29,470,000	2,689,538,867	-	71,566,044	81,782	-	71,647,826	2,761,186,693	3.98	2,816
56,265,000	2,871,407,586	-	87,674,890	-	-	87,674,890	2,959,082,476	4.08	2,990
54,661,870	3,142,608,968	-	86,295,600	1,976,348	-	88,271,948	3,230,880,916	4.40	3,233

MONTGOMERY COUNTY, MARYLAND
DEBT CAPACITY
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
Table 18

Fiscal Year	General Bonded Debt Outstanding (1)			Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
	General Obligation Bonds (2)	Variable Rate Demand Obligations(2)	Taxable BABs General Obligations (2)			
2004	1,329,778,054	-	-	1,329,778,054	1.30	1,444
2005	1,415,208,054	-	-	1,415,208,054	1.30	1,524
2006	1,393,888,054	100,000,000	-	1,493,888,054	1.22	1,597
2007	1,512,675,607	100,000,000	-	1,612,675,607	1.19	1,713
2008	1,366,758,054	100,000,000	-	1,466,758,054	0.98	1,538
2009	1,496,561,371	100,000,000	-	1,596,561,371	0.95	1,643
2010	1,437,839,285	100,000,000	232,000,000	1,769,839,285	0.99	1,821
2011	1,517,280,000	100,000,000	338,320,000	1,955,600,000	1.01	1,996
2012	1,658,970,000	100,000,000	338,320,000	2,097,290,000	1.18	2,119
2013	1,930,155,391	100,000,000	339,827,520	2,369,982,911	1.36	2,372

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, variable rate demand obligations and build america bonds 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. However, when population data for prior years is revised, per capita amounts presented herein are reported as originally stated.

MONTGOMERY COUNTY, MARYLAND
DEBT CAPACITY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)
JUNE 30, 2013
Table 19

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Debt:			
Towns, Cities, and Villages: (2, 3)			
Garrett Park - bonds	\$ 445,100	100.00 %	\$ 445,100
Poolesville - bonds	1,496,604	100.00	1,496,604
Rockville:		100.00	
Bonds	42,908,541		
Certificates or notes	2,472,665		
Somerset - bonds	1,675,000	100.00	1,675,000
Takoma Park:			
Bonds	2,880,000	100.00	2,880,000
Certificates or notes	150,000	100.00	150,000
Component Units (2):			
MCPS - capital leases	47,090,756	100.00	47,090,756
MCC - capital leases	58,069,610	100.00	58,069,610
Joint Venture - M-NCPPC (4):			
Park acquisition and development bonds	79,476,123	40.23	31,970,000
Advance land acquisition bonds	1,665,000	100.00	1,665,000
Development Districts (2):			
Kingsview Village Center - bonds	1,695,000	100.00	1,695,000
West Germantown - bonds	13,890,000	100.00	13,890,000
Total Overlapping Debt			161,027,070
Montgomery County direct debt (5)			3,142,608,968
Total Direct and Overlapping Debt			<u>\$ 3,303,636,038</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

	2004	2005	2006	2007
Assessed Value				
Real property (1, 3)	\$ 89,263,005,267	\$ 98,281,724,723	\$ 110,529,249,116	\$ 125,710,776,118
Personal property (2)	3,963,801,610	3,902,612,110	3,831,629,230	3,948,949,550
Total Assessed Value	<u>\$ 93,226,806,877</u>	<u>\$ 102,184,336,833</u>	<u>\$ 114,360,878,346</u>	<u>\$ 129,659,725,668</u>
Legal Debt Margin				
Debt Limit - Percentage of Assessable Base:				
For real property at 6% (15% for 2001 and prior) (2)	\$ 5,355,780,316	\$ 5,896,903,483	\$ 6,631,754,947	\$ 7,542,646,567
For personal property at 15%	594,570,242	585,391,817	574,744,385	592,342,433
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds	<u>5,950,350,558</u>	<u>6,482,295,300</u>	<u>7,206,499,332</u>	<u>8,134,989,000</u>
Debt Applicable to Limit:				
General obligation bonds	1,329,778,054	1,415,208,054	1,393,888,054	1,512,675,607
Variable Rate Demand Obligation	-	-	100,000,000	100,000,000
Taxable BABs General Obligation	-	-	-	-
Bond anticipation notes	150,000,000	-	100,000,000	150,000,000
Long-term notes payable	1,270,924	1,198,385	-	-
Total Debt Applicable to Limit	<u>1,481,048,978</u>	<u>1,416,406,439</u>	<u>1,593,888,054</u>	<u>1,762,675,607</u>
Legal Debt Margin	<u>\$ 4,469,301,580</u>	<u>\$ 5,065,888,861</u>	<u>\$ 5,612,611,278</u>	<u>\$ 6,372,313,393</u>
Legal Debt Margin as a Percentage of Debt Limit	75%	78%	78%	78%

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.

2008	2009	2010	2011	2012	2013
\$ 142,306,435,593	\$ 158,133,491,472	\$ 167,096,843,537	\$ 167,790,792,529	\$ 162,197,149,758	158,272,830,848
3,970,547,370	3,920,171,020	4,123,996,612	3,856,191,952	3,718,945,710	3,604,478,750
<u>\$ 146,276,982,963</u>	<u>\$ 162,053,662,492</u>	<u>\$ 171,220,840,149</u>	<u>\$ 171,646,984,481</u>	<u>\$ 165,916,095,468</u>	<u>\$ 161,877,309,598</u>
\$ 8,538,386,136	\$ 9,488,009,488	\$ 10,025,810,612	\$ 10,067,447,552	\$ 9,731,828,985	\$ 9,496,369,851
595,582,106	588,025,653	618,599,492	578,428,793	557,841,857	540,671,813
<u>9,133,968,242</u>	<u>10,076,035,141</u>	<u>10,644,410,104</u>	<u>10,645,876,345</u>	<u>10,289,670,842</u>	<u>10,037,041,663</u>
1,366,758,054	1,496,561,371	1,437,839,285	1,517,280,000	1,658,970,000	1,930,155,391
100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
-	-	232,000,000	338,320,000	338,320,000	339,827,520
300,000,000	300,000,000	425,000,000	500,000,000	500,000,000	500,000,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,766,758,054</u>	<u>1,896,561,371</u>	<u>2,194,839,285</u>	<u>2,455,600,000</u>	<u>2,597,290,000</u>	<u>2,869,982,911</u>
<u>\$ 7,367,210,188</u>	<u>\$ 8,179,473,770</u>	<u>\$ 8,449,570,819</u>	<u>\$ 8,190,276,345</u>	<u>\$ 7,692,380,842</u>	<u>\$ 7,167,058,752</u>
81%	81%	79%	77%	75%	71%

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:							
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
2010	20,046,662	8,188,688	11,857,974	1,840,000	1,429,335	3,269,335	362.70
2011	19,217,766 (a)	7,829,314	11,388,452	1,915,000	1,355,235	3,270,235	348.25
2012	18,137,767 (a)	8,038,372	10,099,395	1,995,000	1,278,135	3,273,135	308.55
2013	20,201,622 (a)	8,006,351	12,195,271	2,020,000	2,030,369	4,050,369	301.09
Silver Spring Parking Lot District:							
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
2010	16,498,990	9,986,029	6,512,961	-	-	-	-
2011	17,594,964 (a)	9,490,979	8,103,985	-	-	-	-
2012	17,766,813 (a)	9,488,193	8,278,620	-	-	-	-
2013	19,703,426 (a)	9,019,777	10,683,649	-	-	-	-
Solid Waste Disposal:							
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
2010	96,959,071	91,412,244	5,546,827	3,420,000	589,000	4,009,000	138.36
2011	99,586,525	91,656,696	7,929,829	3,550,000	460,750	4,010,750	197.71
2012	101,442,438	90,666,676	10,775,762	3,690,000	318,750	4,008,750	268.81
2013	102,571,476	98,271,467	4,300,009	2,685,000	134,250	2,819,250	152.52
Liquor Control:							
2010	\$ 229,335,472	\$ 201,443,397	\$ 27,892,075	\$ 1,745,000	\$ 2,024,478	\$ 3,769,478	739.95 %
2011	242,614,756	212,550,427	30,064,329	1,550,000	2,108,248	3,658,248	821.82
2012	252,364,670	217,254,363	35,110,307	2,825,000	3,530,455	6,355,455	552.44
2013	258,903,266	222,759,553	36,143,713	2,790,000	3,561,750	6,351,750	569.04
Metrorail Garage Project:							
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
2010	3,294,214	-	3,294,214	1,705,000	1,589,214	3,294,214	100.00
2011	3,292,009	-	3,292,009	1,770,000	1,522,009	3,292,009	100.00
2012	3,416,120	-	3,416,120	2,365,000	1,051,120	3,416,120	100.00
2013	3,472,363	-	3,472,363	1,860,000	1,612,363	3,472,363	100.00
Water Quality Protection							
2013	\$ 25,302,118	\$ 16,937,522	\$ 8,364,596	\$ 915,000	\$ 1,207,601	\$ 2,122,601	394.07 %

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

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

Employer	Fiscal Year 2013			Fiscal Year 2004		
	Employees(1)	Rank	Percentage of Total County Employment(2,3)	Employees	Rank	Percentage of Total County Employment(2)
U.S. Department of Health and Human Services	28,195	1	5.91 %	34,600	1	7.70 %
Montgomery County Public Schools	24,913	2	5.22	20,682	2	4.60
U.S. Department of Defense	11,686	3	2.45	13,030	3	2.90
Montgomery County Government	10,485	4	2.20	8,099	4	1.80
U.S. Department of Commerce	7,334	5	1.54	6,500	5	1.45
Adventist Healthcare	5,669	6	1.19	6,000	6	1.33
Marriott International, Inc. (Headquarters)	5,497	7	1.15	*		-
Lockheed Martin	5,200	8	1.09	3,896	10	0.87
Verizon	3,571	9	0.75	4,700	8	1.05
Giant Food Corporation	3,493	10	0.73	4,900	7	1.09
Chevy Chase Bank	*		-	4,700	8	1.05
Total	106,043		22.23 %	107,107		23.84 %

NOTES:

* Employer is not one of the ten largest employers during the year noted.
 Note: Excludes post offices, state and local governments.

- (1) The employee numbers listed were prepared jointly by Montgomery County's Department of Economic Development (DED) and the Maryland Department of Business & Economic Development. The figures are based on DED's analysis of the MD Department of Labor, Licensing & Regulation's Quarterly Census of Employment & Wages, 4th quarter 2012 data of public and private employers in Montgomery County.
 - (2) Employee counts for Federal & Military facilities exclude contractors to the extent possible; embedded contractors may be included.
 - (3) Total payroll employment in FY13 was 477,000.
- Source: Montgomery County Department of Economic Development

MONTGOMERY COUNTY, MARYLAND
 DEMOGRAPHIC STATISTICS
 LAST TEN YEARS
Table 23

Calendar Year	Population (1)	Personal Income (\$ thousands) (2)	Per Capita Income (3)	Civilian Labor Force (4)	Resident Employment (5)	Unemployment Rate (6)	Average Registered Number of Pupils (Fiscal Year)(7)
2004	914,991	\$ 52,238,928	\$ 57,092	497,204	481,248	3.2 %	139,203
2005	921,531	55,846,295	60,602	508,251	492,431	3.1	139,337
2006	926,492	60,372,289	65,162	518,142	503,476	2.8	139,387
2007	931,694	62,643,745	67,236	512,934	499,536	2.6	137,798
2008	942,748	65,845,731	69,844	519,330	502,802	3.2	137,745
2009	959,013	62,962,957	65,654	522,875	493,501	5.6	137,763
2010	975,439	65,904,393	67,564	525,384	494,889	5.8	140,500
2011	989,794	69,050,166	69,762	529,997	501,697	5.3	143,309
2012	991,247	71,540,000	72,172	534,178	506,730	5.1	146,497
2013	999,247	73,420,000	73,475	540,133	512,246	5.2	149,018

NOTES:

- (1) Sources: Data for 2004-2011 from the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Data for 2010 from Montgomery Planning Department (MNCPPC) and for 2012 and 2013 are estimated by the Montgomery County Department of Finance from Round 8.2 Cooperative Estimates and pertain to population in households. Estimates for 2004-2011 published by BEA in November 2012 and reflect the County's population estimates available as of November 2012.
- (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 2009-2010 were revised by BEA and data for 2011 are a preliminary estimate from BEA. Data for 2012 through 2013 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 2008 - 2012. Data for 2013 estimated by Montgomery County Department of Finance based on the percent change from first half of CY2012 to the first half of CY2013.
- (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 2008-2012 revised by BLS. Data for 2013 estimated by Montgomery County Department of Finance based on the percent change from first half of CY2012 to the first half of CY2013.
- (6) The unemployment rates for 2008 through 2012 were revised by the Bureau of Labor Statistics, U.S. Department of Labor. Unemployment rate for 2013 estimated by Montgomery County Department of Finance based on the average of the monthly unemployment rates for the first half of 2013.
- (7) Source: County Executive's Recommended FY14 Operating Budget, Office of Management and Budget, Montgomery County, p 10-5.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
General Government:										
Legislative Branch:										
Board of Appeals	5	5	5	5	5	5	5	4	4	4
County Council	70	69	69	70	73	77	75	70	73	75
Inspector General	4	3	5	5	6	6	5	3	4	5
Legislative Oversight	8	8	10	11	11	11	11	9	9	10
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	-	-
Zoning and Administrative Hearings	4	4	4	4	4	4	4	4	4	4
Judicial Branch:										
Circuit Court	100	103	106	111	108	109	110	107	106	117
State's Attorney	104	108	112	115	118	121	122	119	122	129
Executive Branch:										
Board of Elections	33	33	28	47	47	47	46	44	40	31
Board of Liquor License Commissioners	13	12	12	12	-	-	-	-	-	-
Commission for Women	12	10	10	11	11	11	10	6	-	-
Community Engagement (2)	-	-	-	-	-	-	-	-	24	22
County Attorney	46	45	44	44	44	43	39	37	34	42
County Executive	41	40	38	37	41	50	47	32	26	28
Ethics Commission	2	2	2	3	3	3	2	-	2	3
Finance	118	115	116	117	121	116	108	103	107	114
General Services	-	-	-	-	-	194	199	179	178	184
Human Resources	56	52	57	58	61	59	58	44	49	60
Human Rights	23	23	23	22	22	22	19	18	-	-
Intergovernmental Relations	4	4	5	5	5	5	5	5	5	5
Management and Budget	33	32	31	31	31	30	29	25	25	28
Procurement	28	29	29	30	30	-	-	-	-	-
Public Information	12	9	9	9	9	9	8	42	42	43
Regional Services Centers	28	27	29	30	31	34	29	17	-	-
Technology Services	137	140	147	156	150	146	138	107	102	104
Urban Districts	50	51	57	57	57	58	58	50	52	55
Non-Departmental Accounts	2	1	3	3	3	3	3	3	2	2
Public Safety:										
Consumer Protection	-	-	-	23	22	21	19	15	15	16
Correction and Rehabilitation	540	572	585	626	635	622	599	555	557	512
Emergency Management and Homeland Security	-	-	70	72	72	10	9	10	11	11
Fire and Rescue	1,078	1,142	1,155	1,236	1,335	1,351	1,349	1,267	1,240	1,254
Police	1,513	1,582	1,651	1,733	1,777	1,819	1,789	1,720	1,724	1,744
Sheriff	164	166	169	177	183	183	176	169	166	178
Transportation:										
Fleet Management	155	164	164	170	191	205	202	194	206	205
Transit Services	625	642	652	680	762	871	831	789	831	814
Other (3)	493	515	472	477	480	315	346	305	258	258
Health and Human Services	1,423	1,437	1,476	1,506	1,605	1,613	1,577	1,462	1,484	1,559
Culture and Recreation:										
Cable TV	7	13	13	14	15	17	19	26	27	30
Public Libraries	407	402	403	420	428	426	388	299	273	314
Recreation	412	405	416	442	450	451	422	365	343	375
Community Development and Housing:										
Economic Development	36	37	40	45	52	46	41	32	26	29
Housing and Community Affairs	92	90	91	74	77	73	67	59	58	66
Environment	43	43	45	49	51	51	52	51	84	91
Business-Type Activities:										
Community Use of Public Facilities	26	26	26	26	26	27	25	22	26	27
Liquor Control	292	293	321	330	341	344	337	313	323	324
Parking Lot Districts	46	42	43	45	47	50	51	46	48	49
Permitting Services	189	191	191	215	214	218	197	173	178	198
Solid Waste Activities	139	148	152	156	155	159	105	99	103	103
Total Workyears	8,616	8,838	9,089	9,512	9,912	10,038	9,734	9,002	8,992	9,223

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) Community Engagement Cluster created in FY12 by consolidating the staffing of the Regional Services Centers, the Gilchrist Center and the Commission for Women.
- (3) Excludes programs presented under business-type activities.

Source: County Executive's Annual Recommended Operating and Public Services Program, Schedule D-2, various years.

MONTGOMERY COUNTY, MARYLAND
OPERATING INFORMATION
LAST TEN FISCAL YEARS
Table 25

	2004	2005	2006	2007	2008	2009	2010	2011	2012(1)	2013
Governmental Activities:										
General Government:										
Number of Procurement Office actions (2)	8,280	8,066	8,588	8,779	8,396	7,709	7,188	6,610	6,750	7,605
Number of property tax bills processed	342,000	344,000	348,000	353,000	357,000	359,500	360,200	361,300	364,100	366,800
Number of payments issued	147,000	143,000	150,000	162,959	153,201	154,416	137,856	117,831 (6)	111,211	112,507
Investment portfolio return (5)	1.13 %	2.19 %	4.19 %	5.21 %	4.41 %	1.71 %	0.22 %	0.10 %	0.02 %	0.16 %
Public Safety:										
Fire and Rescue:										
Number of responses to incidents	101,184	98,508	100,805	103,758	106,321	105,736	107,527	109,153	109,597	108,996
Number of inspections completed	NA	NA	NA	10,901	16,771	24,663	20,994	13,139 (7)	7,353	6,036
Number of fire incidents investigated	397	342	405	515	520	584	531	728 (8)	668	745
Police:										
Number of arrests	11,978	11,769	13,221	12,943	11,741	13,286	13,150 (6)	13,567 (6)	13,216	12,511
Number of traffic citations (calendar years)	110,612	122,805	123,018	106,183	102,280	93,796	82,119	65,439	55,710	53,540
Number of warrants served	6,079	11,413	12,500	12,104	10,222	9,052	7,823	7,542	9,598	12,623
Transportation (3):										
Lane-miles of streets resurfaced	182	205	213	292	248	250	377	258	332	442
Number of passengers transported	23,198,000	25,134,000	27,294,000	28,220,000	29,673,000	29,627,000	27,895,138	26,719,517	27,240,110	26,603,242
Health and Human Services:										
Number of applicants approved for the Home Energy Program	4,224	4,729	5,140	6,402	6,840	8,077	9,681	9,438	8,778	7,308
Number of individuals served through the Crisis Center	40,467	53,757	59,175	61,332	60,390	59,966	60,150	50,083	47,075	48,312
Number of licensed and registered child care slots in the County	32,536	33,484	33,224	33,500	34,382	35,501	35,403	36,426	38,722	39,806
Number of in-home aide service hours for seniors and people with disabilities	180,720	173,087	193,317	199,478	219,515	182,761	156,634	122,991	101,905	90,000
Culture and Recreation:										
Library:										
Number of items circulated	11,406,540	10,611,894	10,857,498	11,035,542	11,451,481	11,836,563	12,105,851	10,137,952	9,403,471	9,303,918
Recreation:										
Number of community center visits/contacts	7,595,000	3,989,146	3,718,474	4,050,000	4,050,000	1,760,336	1,315,022	1,299,619	1,320,664	1,178,398
Number of visits to County pools	1,148,108	1,245,472	1,358,734	1,590,683	1,600,000	2,230,406	2,232,902	2,234,904	2,246,874	2,255,874
Number of persons registered for camps and classes	33,205	25,300	25,133	25,000	25,000	51,785	66,029	51,648	53,746	55,044
Community Development and Housing:										
Housing and Community Affairs:										
Number of housing rental licenses issued	78,590	80,006	80,245	80,173	82,205	85,285	86,267	89,286	91,555	92,527
Number of housing code enforcement cases	6,777	6,804	7,451	5,955	6,574	7,547	7,282	7,186	6,988	6,597
Environment:										
Number of sediment control inspections performed for development sites	19,406	19,115	18,063	16,790	16,389	17,859	17,666	13,472	12,206	12,839
Education:										
Average number of pupils registered pre-K through 12 (4)	139,059	139,337	139,387	137,798	137,745	139,276	141,777	144,064	146,497	148,779
College students - credit and non-credit (4)	46,457	55,118	56,490	59,374	58,506	59,479	60,698	60,970	63,837	62,417
Business-Type Activities:										
Land development plans approved	4,032	4,587	4,674	4,244	4,324	3,302	3,432	4,066	4,967	4,517
Refuse collected (tons)	83,152	80,472	77,596	83,545	83,181	81,704	83,826	85,628	86,512	87,885
Waste processed at the Resource Recovery Facility (tons)	640,101	574,663	621,822	593,185	579,660	540,407	535,980	575,000	540,644	546,644
Number of cases transferred from warehouse to County-operated liquor stores to be sold	772,000	808,000	849,000	895,785	921,681	979,464	1,014,804	1,096,702	1,093,554	1,094,530
Number of wholesale liquor cases sold to private liquor stores	4,026,000	4,026,000	4,144,000	4,147,332	4,191,956	4,092,765	4,104,740	4,142,590	4,104,574	4,068,430

NOTES:

Source of Information is: 2006 and prior: *Montgomery Measures Up!* (1); 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

(7) The decrease in number of inspections reflects a loss of 12 inspector positions from mid-2010 thru mid-2011

(8) The increase in investigations reflects a change in the manner in which explosives incidents are reported to the State.

The State captures all explosives incidents including good intent calls for service.

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

	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:								
General Government:								
Number of conference centers	1	1	1	1	1	1	1	1
Landfills	3	3	3	3	3	3	3	3
Public Safety:								
Police stations	6	6	6	6	6	6	6	6
Police satellites	6	7	8	8	8	8	4	4
Police vehicles	1,252	1,255	1,340	1,410	1,369	1,327	1,363	1,341
Fire stations	34	34	34	35	37	38	38	38
Fire engines	464	463	471	498	518	452	464	451
Transportation:								
Streets (miles)	2,588	2,602	2,609	2,611	2,621	2,621	2,623	2,627
Ride-On buses (1)	398	459	469	480	462	390	410	412
Administrative vehicles	762	778	757	806	785	757	734	738
Fire vehicles	96	110	130	134	122	121	120	115
Heavy equipment	645	596	540	482	456	454	460	463
Streetlights	63,489	65,225	66,528	66,752	66,903	66,962	67,211	67,781
Traffic signals	747	756	772	779	791	800	814	823
Culture and Recreation:								
Libraries	21	22	22	22	22	22	22	22
Volumes in library collection	2,977,017	3,203,802	3,131,150	3,168,551	2,809,010	2,660,221	2,564,280	2,500,705
Swimming pools	13	14	14	14	13	13	13	13
Community Development and Housing:								
Number of low income housing units (1)	102	102	102	102	101	101	101	101
Environment:								
Storm drains (miles)	854	860	864	864	874	874	875	877
Education:								
Elementary, Middle and High School buildings	194	199	200	199	200	200	200	202
College buildings	42	43	43	44	46	48	48	49
Business-Type Activities:								
Parking spaces in parking lot districts	21,479	21,282	21,160	21,169	21,185	21,173	20,470	19,989
Parking garages/lots	41	40	41	41	41	41	40	40

NOTES:

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

(1) FY06 to FY07 restated

Sources: Various County departments, MCPS, and MCC.



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* POEB = Pension and Other Employee Benefits





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