



FY 2025 POPULAR ANNUAL **FINANCIAL** **REPORT**

FISCAL YEAR ENDED
JUNE 30, 2025





A MESSAGE FROM OFFICIALS

December 30, 2025

Dear Residents of Montgomery County:

We are pleased to present our Popular Annual Financial Report (PAFR) of Montgomery County, Maryland (the County) as of and for the fiscal year (FY) ended June 30, 2025. The County received the Government Finance Officers Association (GFOA) Award for Outstanding Achievement in Popular Annual Financial Reporting for the County's PAFR for the fiscal year ended June 30, 2024. An award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year. We believe this PAFR continues to meet the PAFR Program's requirements.

The PAFR is a companion document to the County's award-winning Annual Comprehensive Financial Report (ACFR). It is designed to present information about the County's financial position and results in a more user-friendly format. It is a summarized and condensed version of the County's FY 2025 ACFR and represents the County's continuing commitment to excellence and financial transparency to its residents. This report also includes some information that is supplemental to the ACFR.

The ACFR is a detailed and complete financial report, prepared annually by the County's Department of Finance, in conformity with Generally Accepted Accounting Principles in the United States of America (GAAP). The public accounting firm of SB & Company, LLC has performed an independent audit of, and issued an unmodified (clean) opinion on the County's financial statements as of and for the fiscal year ended June 30, 2025. This PAFR and the full ACFR are both available on our website:
montgomerycountymd.gov/Finance/financial.html

Sincerely,



Richard Madaleno
Richard Madaleno
Chief Administrative
Officer



Michael J. Coveyou
Michael J. Coveyou
Director of Finance

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Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

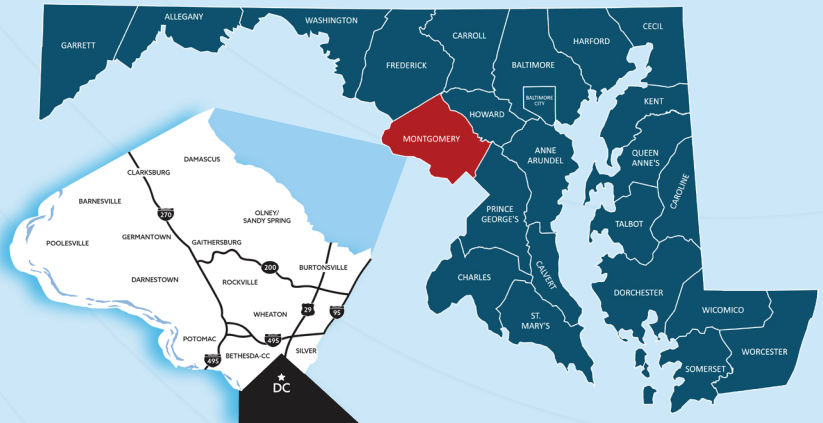
**Montgomery County
Maryland**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2024

INTRODUCTION

Montgomery County, named after the early American general, Richard Montgomery, was established in 1776 by the State Convention. Currently, the County is the most populous in Maryland and is one of its most affluent jurisdictions.



Top 10 Employers in Montgomery County

- 1.) U.S. Department of Health and Human Services
- 2.) Montgomery County Public Schools
- 3.) Montgomery County Government
- 4.) U.S. Department of Commerce
- 5.) U.S. Department of Defense
- 6.) Adventist Healthcare
- 7.) AstraZeneca Pharmaceuticals LP
- 8.) Holy Cross Hospital of Silver Spring
- 9.) Montgomery College
- 10.) Giant of Maryland, LLC

Source: FY 2025 ACFR Statistical Table 22

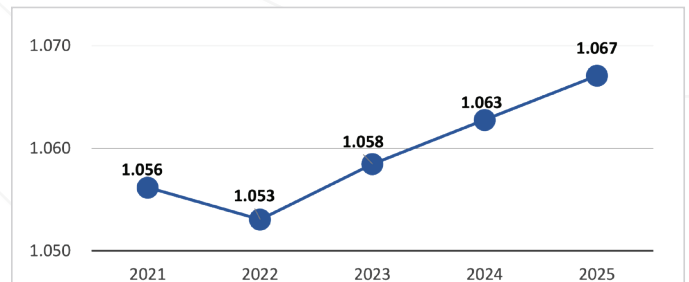
Montgomery County Quick Facts

Governing Authority:	Montgomery County Charter
Form of Government:	County Council/Executive
Population Rank in Maryland:	1st
Land Area Rank in Maryland:	5th
Median Age:	40.6 years old
Homeownership Rate:	65.1%
Average Family Size:	3.36
Employment Rate:	66.7%
Bachelor's Degree or Higher:	61.3%
Diversity	43.2% Persons with language other than English spoken at home

Source: U.S. Census Bureau, based on 2020-2024 data

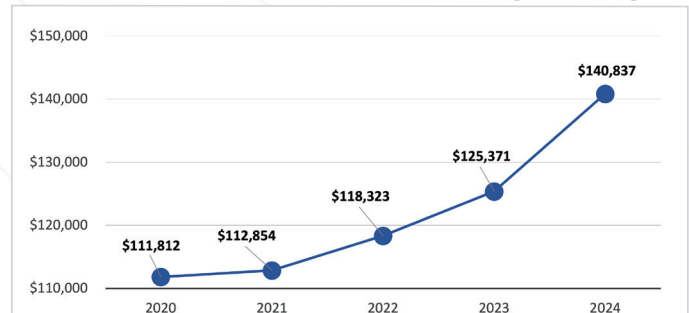
County's Selected Demographics

Population (Millions of Persons)



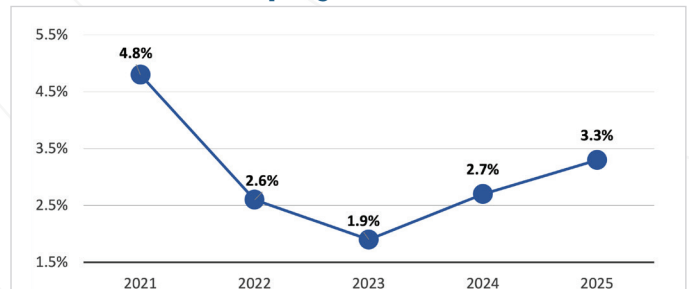
Source: FY 2025 ACFR Statistical Table 23

Median Household Income (in USD)



Source: U.S. Census Bureau

Unemployment Rates



Source: FY 2025 ACFR Statistical Table 23

ELECTED OFFICIALS



Marc Elrich
County Executive



Kate Stewart
Council President



Will Jawando
Council
Vice President



Gabe Albornoz
Councilmember



Marilyn Balcombe
Councilmember



Natali Fani-González
Councilmember



Andrew Friedson
Councilmember



Evan Glass
Councilmember



Sidney Katz
Councilmember



Dawn Luedtke
Councilmember



Kristin Mink
Councilmember



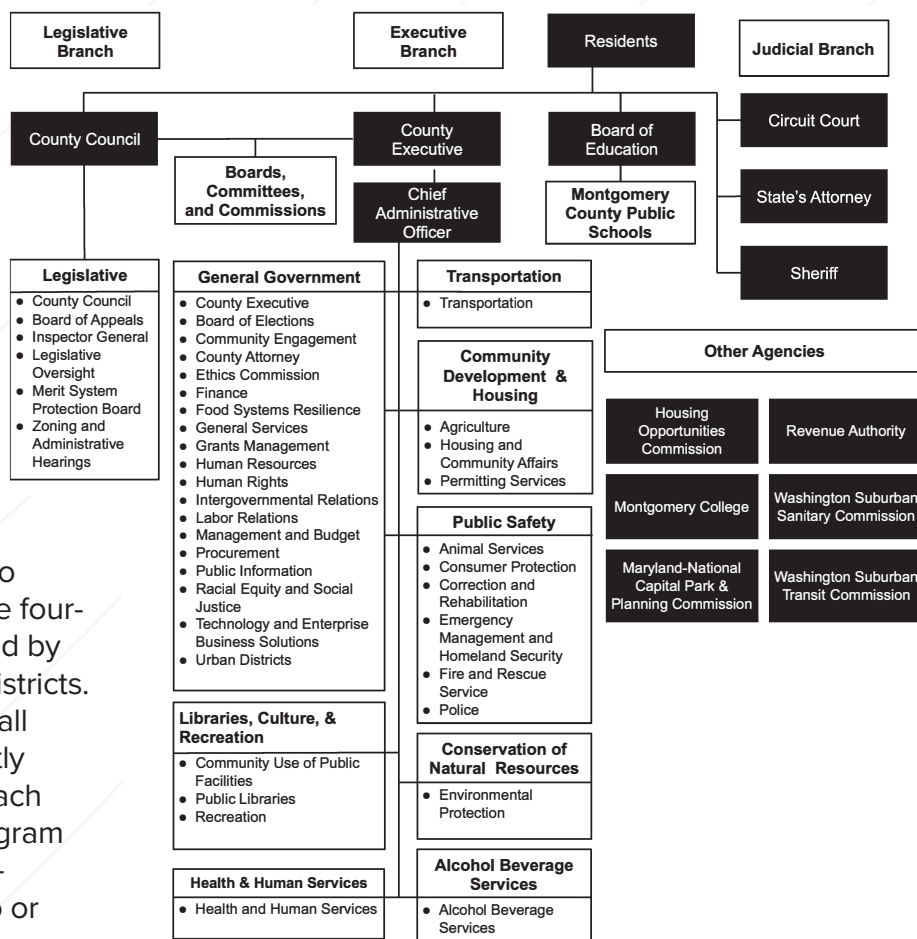
Laurie-Anne Sayles
Councilmember

ORGANIZATION

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.

The executive branch implements and enforces the County's laws and provides executive direction to the government. Its chief executive officer is the County Executive who is limited to serving two consecutive four-year terms. There are over 30 executive branch departments and offices that deliver services to County residents.

The Charter defines the Council's powers in three major areas: legislation, land use, and budget. There are eleven council members who are limited to serving three consecutive four-year terms. Seven members are elected by the voters of their respective council districts. Four members are elected at-large by all voters of the County. There are currently seven Council standing committees. Each committee has budget review and program oversight responsibilities. Some cross-cutting issues may be reviewed by two or more committees meeting jointly.



INITIATIVES AND ACCOMPLISHMENTS

The following represent accomplishments and initiatives, which include both activities that began during FY2025 and those planned for future fiscal years:



Thriving Youth and Families

Provide \$4 million to the Early Care and Education Non-Departmental Account to support ongoing childcare subsidies for families earning up to 450% of the federal poverty level.



A Growing Economy

The Business Center Team in the Office of the County Executive assisted more than 1,200 business with direct queries and engaged more than 830 business with proactive outreach.



A Greener County

The County has introduced 26 battery-electric buses to replace diesel-powered buses in the Ride On Bus fleet. An additional 86 electric buses are scheduled to be added, expanding the fleet to a total of 112 electric buses by the end of FY26.



Easier Commutes

Make Ride On bus service a fare-free way to boost ridership, reduce traffic and emissions, and improve access for low-income residents - advancing the County's environmental and equity goals.



An Affordable and Welcoming County for a Lifetime

To support affordable housing, the Department of Housing and Community Affairs is underwriting targeted loans, with 15 multifamily projects identified for FY26. These are expected to preserve or create 2,353 units, including 2,018 affordable ones.



Safe Neighborhoods

Launch the Speed-on-Green Traffic Camera pilot program to reduce collisions, aggressive driving, and speeding at the intersections of Colesville Road and Georgia Avenue and Colesville Road and University Boulevard.



Effective, Sustainable Government

Through the nationally recognized Artificial Intelligence Center of Excellence (AICOE), the Department of Technology and Enterprise Business Solutions drives innovation by partnering with departments to apply AI solutions that improve efficiency, service delivery, and data-driven decision-making.

ECONOMIC DEVELOPMENT

Montgomery County continues to invest in strategic projects to facilitate economic growth. In FY25, the County launched the J.O.B.S. (Jobs, Opportunities & Business Support) Initiative, a historic \$20 million dollar investment to spur technology innovation, commercialization, and job growth. Additionally, the County launched Biohub Maryland at Montgomery County to create a state-of-the-art, multifunctional life sciences facility and specialized curriculum to upskill workers and fill high-demand jobs in key industries.

The County works closely with the Montgomery County Economic Development Corporation (MCEDC) to provide essential support to businesses that are expanding and relocating. In FY25, MCEDC assisted with projects that created or retained 1,506 jobs in the County. Projects that MCEDC supported in the fields of life sciences, cybersecurity, commercial real estate, hospitality and other industries invested over \$30 million in capital expenditures.

Other Business Statistics:

- Nearly \$3 billion in private venture capital invested in County companies in calendar year 2024.
- The Biohealth Capital Region remains #3 among national biotechnology hubs behind Boston/Cambridge and the San Francisco Bay Area.
- Montgomery County is home to 39 companies that were included on the Inc. 5000 fastest growing private companies in America list (2024). These companies include a cross-section of industries, and account for 35% of Maryland's total representation. The highest-ranking company in the region is Rockville's Autosled Inc., which debuted at No.12, and Rockville's Chaberton Energy was the second highest at No.34.



Several projects occurred in FY25 that will enhance economic growth in the County. Below are descriptions of some of these projects:



- North Bethesda Metro Station - this University of Maryland-anchored mixed-use project is one of the County's largest development efforts. The site will house the University's Institute for Health Computing with a groundbreaking ceremony anticipated to occur in 2028. The project is set to include office space, housing, retail, and public areas. Current renderings show up to seven new buildings, and a new northern entrance to the Metro Station. The developer Hines and the Washington Metropolitan Area Transit Authority are in the process of negotiating agreements related to site development.
- Viva White Oak - Baltimore-based MCB Real Estate anticipates groundbreaking in 2026 on a development project that could bring as much as 12.2 million square feet of office, residential, hotel, conference center, restaurant and retail use to a 280-acre site. The first phase, which will deliver by 2033, calls for 938 homes, 1,290 apartments, 504,000 square feet of retail, a 175-key hotel, and over 79,000 square feet of medical office space. A second phase would involve nearly 2,500 additional housing units, 1.7 million square feet of life sciences office, lab and manufacturing space, and additional hotel space.
- In October 2024, global giant Millipore Sigma opened a \$286 million biosafety testing center in Rockville. The new 250,000 square-foot facility will allow Millipore Sigma to increase its capacity for biosafety testing and drug development. The company already employs 870 workers in the County and anticipates adding an additional 300 jobs in the next several years.

TAXES

Taxes constitute the largest source of County revenues. Property and local income taxes accounted for 87.6% of all County tax revenues. In FY 2025, property tax revenue accounted for \$2,126.5 million or 33.7% of total revenues of the County, along with income tax accounting for \$2,272.6 million or 36.0% of total revenues. There was a 2.9% increase in FY 2025 General Fund property tax collections compared to the prior year primarily due to a 4.7 cent per \$100 of assessed value rate increase dedicated to funding Montgomery County Public Schools. The major tax supported functions are Education, General Government, Public Safety and Health & Human Services. Applicable rates for key tax sources are as follows:

- The weighted average real property tax rate was \$1.0255 per \$100 of assessed value in FY 2025. The County's property tax rate is among the lowest of the jurisdictions in the surrounding area.
- The local income tax rate was 3.2% of State taxable income for FY 2025, consistent with the FY 2024 rate.

The County's property values are higher than the previous peak value in FY 2011. The taxable assessments for real property increased 4.9% from FY 2024 to FY 2025. This was the twelfth consecutive increase beginning with FY 2014.

Changes in home prices may affect both the property tax assessments and the transfer and recordation taxes. The average price for existing home sales was up 5.4% in FY 2025. Similarly, collections from residential transfer taxes in General Fund increased 11.0% from FY 2024. Overall, the total transfer taxes for both residential and non-residential were up 9.4% in FY 2025. Total recordation tax collections increased 12.7% in FY 2025.

The homestead tax credit limits annual increases in homeowners' taxable assessments to 10% per year; other taxable assessments such as

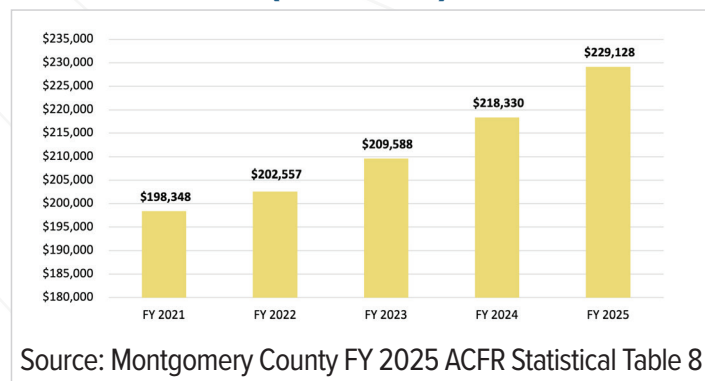
those on commercial and investment residential properties are not limited by this credit. The homestead credit is the amount of annual assessment growth above the 10% limit, and the forgone revenue from the homestead tax credit was \$612.3 million in FY 2025.

Montgomery County Major Tax Rates

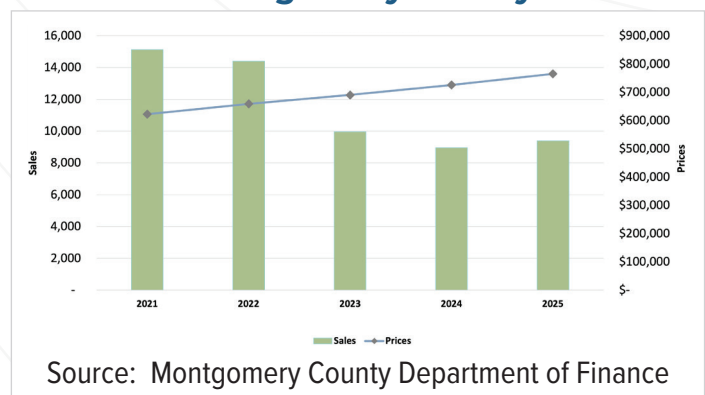
Average Weighted Real Property Tax (per \$100 assessed value)	\$1.0255
Individual Local Income Tax	3.2%
Recordation Tax (per \$500 of consideration)	\$4.45-\$11.35
Transfer Tax	.25% - 6%
Hotel-Motel Tax	7%
Admissions & Amusements Tax	7%

Note: There is no local sales tax in the State of Maryland
Source: Montgomery County Department of Finance

Real Property Assessed Value Trend (in Millions)



Home Sales and Average Home Prices Montgomery County



COUNTY FINANCIAL RESULTS

In the County's ACFR, the financial statements present the primary government and its five component units:



In contrast, this PAFR mainly focuses on the Primary Government and excludes discretely presented component unit and fiduciary fund information. It contains condensed financial information and does not provide all the necessary financial statements and note disclosures required by GAAP. This PAFR also exclusively extracts the financial information from government-wide financial statements, which present a long-term perspective about the County's assets, liabilities, deferred outflows/inflows of resources and net position. Government-wide financial statements are reported using the accrual basis of accounting. Net Position is the financial position of the County after subtracting liabilities and deferred inflows of resources (what the County owes) from assets and deferred outflows of resources (what the County owns).

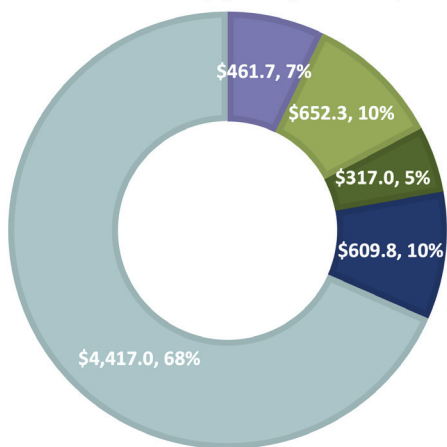
The County's current and other assets increased by \$267.0 million or 7.3 % from FY 2024, which is mainly driven by the increase in income taxes.

Summary of Net Position June 30, 2025, 2024, and 2023 (in Millions)

Total Primary Government			
	2025	2024	2023
Total Assets	\$10,171.9	\$9,880.1	\$9,619.0
Deferred Outflows of Resources	656.8	713.1	437.0
Total Liabilities	(6,457.8)	(6,307.7)	(6,346.5)
Deferred Inflows of Resources	(621.5)	(746.3)	(834.2)
Total Net Position	\$3,749.4	\$3,539.2	\$2,875.3

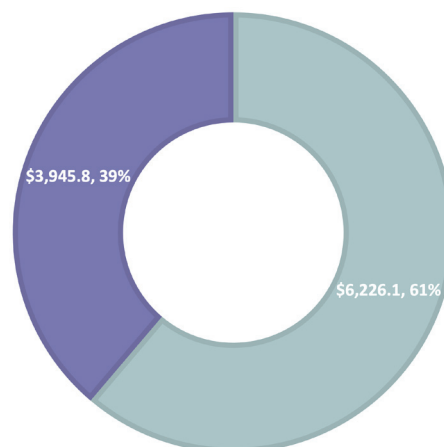
Capital Assets, which totaled \$6,226.1 million at the end of FY 2025, are growing to support infrastructure needs in the community. Total capital assets increased by \$24.8 million from FY 2024, and investments in infrastructure, improvements and buildings were the primary drivers of the increase.

Total Liabilities \$6,457.8 (in Millions)



- Other non-debt related liabilities
- Other liabilities
- Net pension liability
- Net OPEB liability
- Bond, leases and note payable

Total Assets \$10,171.9 (in Millions)



- Capital Assets, net
- Current and other assets

COUNTY FINANCIAL RESULTS

The County provides a variety of services exclusively to its residents and businesses. Like all governments, the County raises funds to pay for those services. These sources of funds, referred to as revenue, are raised mainly through taxes, charges for services and grants. Once the County collects taxes and other revenues, the funds must be spent efficiently to provide services. The condensed version of the summary of Changes in Net Position provides a snapshot of the flow of money in and out of the Primary Government. Change in Net Position is a strong measure of the County's overall financial health. The County's total government-wide net position increased by \$231.7 million from FY 2024. This increase means that the County's revenues were more than sufficient to cover all expenses, and the County's net worth increased.

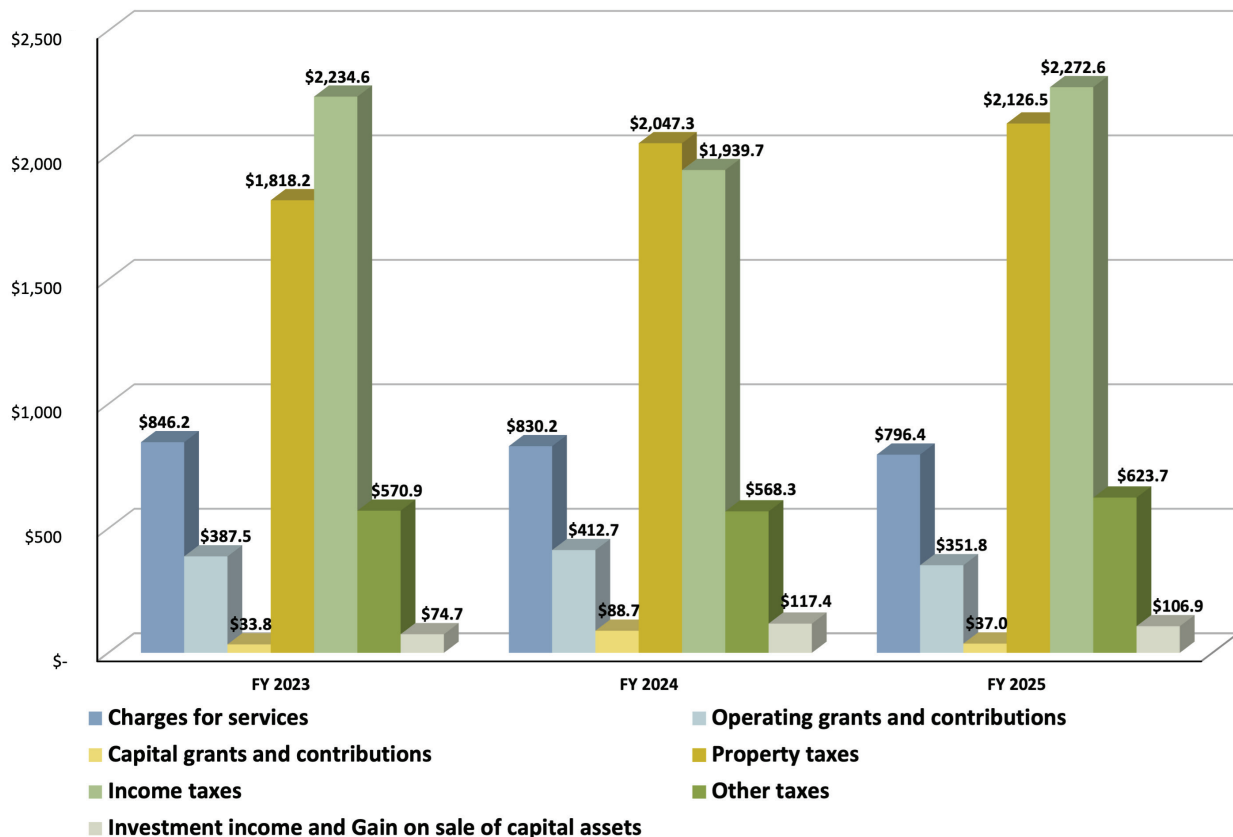
Summary of Changes in Net Position For the Fiscal Years Ended June 30, 2025, 2024, and 2023 (in Millions)

Total Primary Government			
	FY 2025	FY 2024	FY 2023
Total Revenues	\$6,314.9	\$6,004.3	\$5,965.9
Total Expenses	6,083.2	5,340.4	5,323.0
Change in Net Position	231.7	663.9	642.9
Net Position, beginning of year, as restated *	3,517.7	2,875.3	2,232.4
Net Position, end of year	\$3,749.4	\$3,539.2	\$2,875.3

* Restated beginning net position due to the adoption of GASB Standard No. 101, Compensated Absences.

The chart below shows the breakdown of revenue coming into the County from FY2023 to FY 2025.

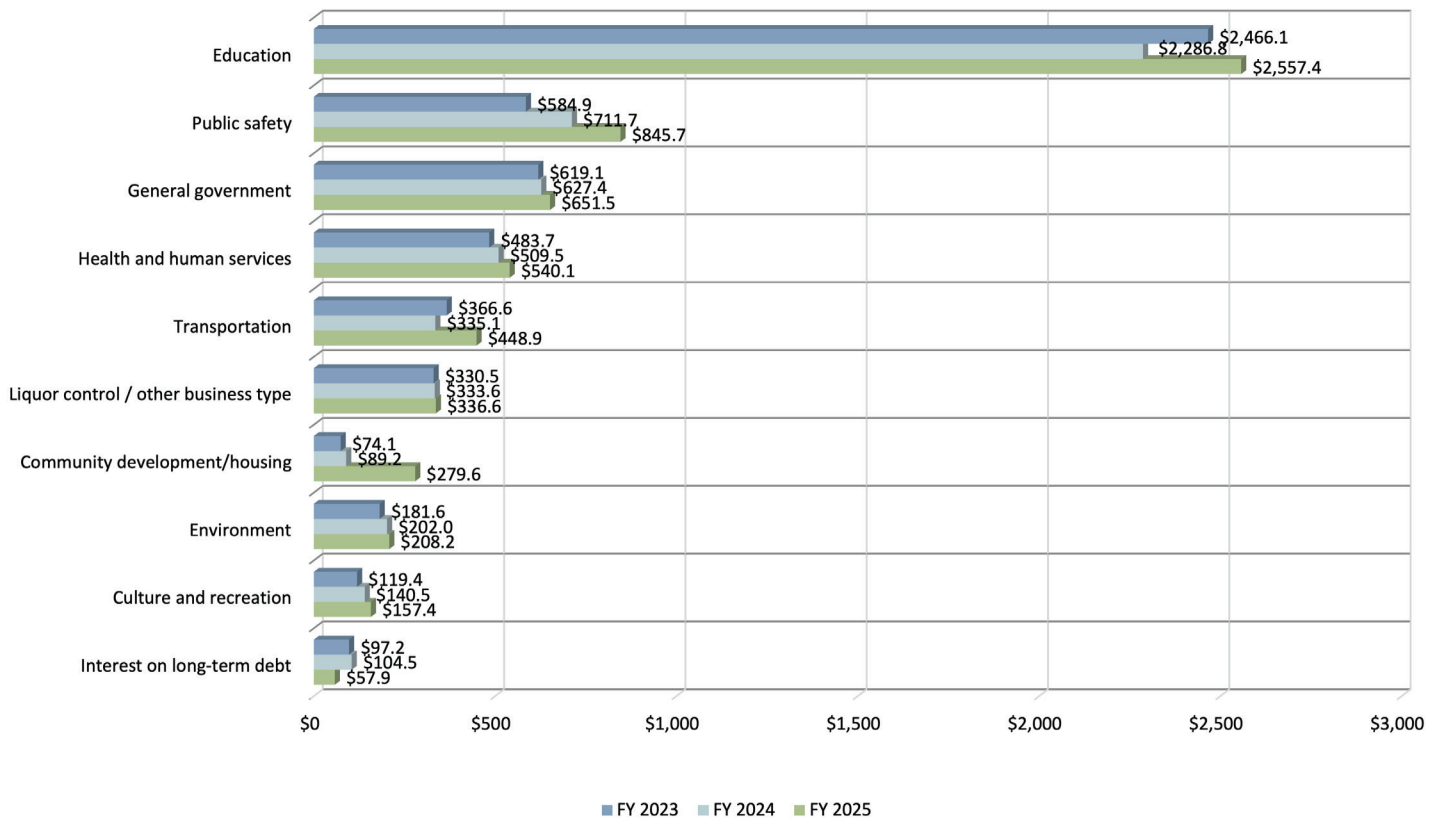
Revenues by Source (in Millions)



COUNTY FINANCIAL RESULTS

The chart below indicates how the County spent its money from FY23 to FY25. The Primary Government consists of governmental activities and business-type activities. Governmental activities normally are supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

**Expenses by Function
Primary Government
(in Millions)**



- Education is the largest expense category with 42.0% of total expenses in FY 2025
- Public Safety comprises 13.9% of total expenses in FY 2025
- General Government comprises 10.7% of total expenses in FY 2025

Governmental activities experienced an increase in net position of \$245.8 million for FY 2025; Business - Type activities experienced a decrease in net position of \$14.1 million for FY 2025, primarily driven by Permitting Services and Solid Waste Activities. The FY 2025 total change in net position of \$231.7 million for the Primary Government was an increase compared to prior years, primarily due to major increases in income tax revenues. Expenditures in the General Fund that were \$41.5 million less than the final budget also contributed to the change in net position.

LONG-TERM FINANCIAL PLANNING

Reserves

As part of the annual operating budget process, the County develops and retains 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.

The County is required to maintain a reserve in the General Fund, the County's chief operating fund, of more than 10% of adjusted governmental fund revenues (AGR). The balance of the Revenue Stabilization Fund, as defined in the County's Revenue Stabilization Fund law, is included in the General Fund reserves. The Revenue Stabilization Fund was established by the County to accumulate funds during periods of strong economic growth to provide budgetary flexibility during times of funding shortfalls. Total reserves as of June 30, 2025, were \$1,067.9 million, or 15.8% of AGR. Further information on reserves can be found in the County's ACFR.

Other Postemployment Benefits (OPEB)

Beginning in FY08, the County implemented a plan to set aside funds for retiree health benefits, similar to the County's 50-year-old practice of pre-funding for retiree pension benefits. Due to exponential growth in expected retiree health costs, the County had determined the cost of funding these benefits, which were being paid out as the bills came due, would become unaffordable. Setting aside money now and investing it in a trust fund, which is invested in a similar manner as the pension fund, is a prudent and responsible approach that will result in significant savings over the long-term. During FY 2025, the County and other contributing entities contributed \$76.9 million for current premiums, claims and prefunding future benefits.

In FY 2025, the County reported a net OPEB liability of \$609.8 million. Further information regarding the County's OPEB plan, funding policy, and financial reporting can be found in the County's FY 2025 ACFR and the Consolidated Retiree Health Benefits Trust's FY 2025 annual report on the County's website: <https://www.montgomerycountymd.gov/mcerp/trustees.html>

PARTICIPATE



SAVE



INVEST



RETIRE

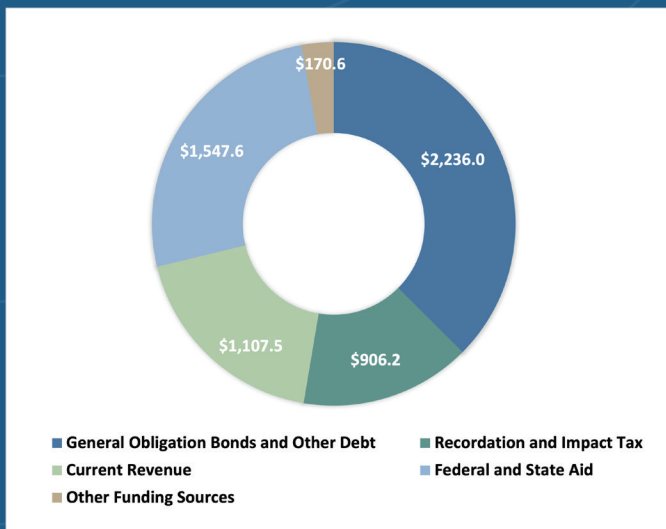
LONG-TERM CAPITAL PLANNING

Capital Improvements Program

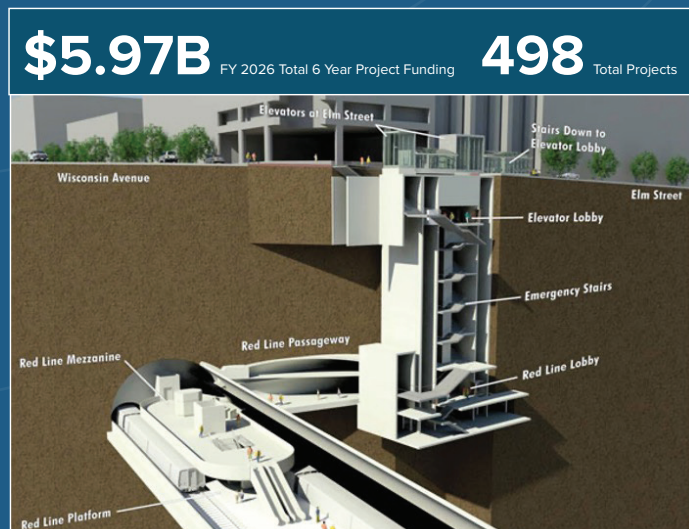
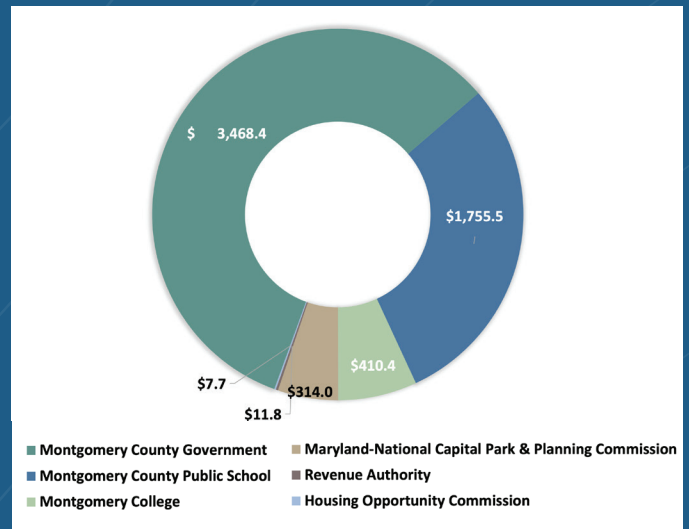
The Montgomery County Charter (Section 302) requires the County Executive to submit a comprehensive six-year program for capital improvements, called the Capital Improvements Program (CIP). The Council approves the six-year program on a biennial basis with opportunities for limited amendments in the intervening years. The CIP is the presentation of capital project expenditure estimates, funding requirements, capital budget requests, and program data for the construction of all public buildings, roads, and other facilities planned by County agencies over a six -year period. It includes all capital projects and programs of all agencies for which the county sets tax rates or approves budgets or programs. According to the FY26 Approved Capital Budget, there are 498 total projects in operation.

The following charts present how the approved FY25-30 six-year \$5,967.8 million CIP budget (excluding Washington Suburban Sanitary Commission) is funded by major sources and expended by categories.

**FY25-30 Six-year CIP Funding
(in Millions)**



**FY25-30 Six-year CIP Expenditure
(in Millions)**



Major Capital Project In Progress: Bethesda Metro Station South Entrance

The Bethesda Metro Station South Entrance project provides access from Elm Street west of Wisconsin Avenue to the southern end of the Bethesda Metrorail station, and will integrate the Metro system with the new Purple Line light rail system (LRT). The Bethesda LRT station will have platforms located just west of Wisconsin Avenue on the Georgetown Branch right-of-way, making transfers between LRT and Metro as convenient as possible. The station would also include a new south entrance to the Metrorail station. See details for all capital projects: <https://apps.montgomerycountymd.gov/BASISCAPITAL/Common/Index.aspx>

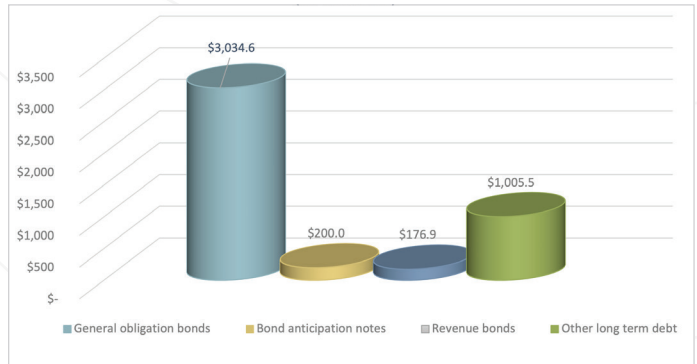
LONG-TERM DEBT

The County is authorized by State law and County Charter to issue debt to finance capital projects. Consistent with County fiscal policy, the County issues debt to finance a major portion of the construction of long-lived additions or improvements to the County's publicly-owned infrastructure. The County's budget and fiscal plan for these improvements is known as the Capital Improvements Program (CIP). Bonds are repaid to bondholders with a series of principal and interest payments over a period of years, known as debt service. In this manner, the initial high cost of capital improvements is absorbed over time and assigned to current and future residents benefiting from the facilities. Due to various Federal, State, and local tax policies, interest rates are lower than in the private sector.

As of June 30, 2025, the County's total bonds, leases and notes payable were \$4,417.0 million. General Obligation (G.O.) bonds comprise 69% of total long-term debt. Currently, G.O. bonds are anticipated to fund approximately 29.7% of the County's capital expenditures for the six years of the approved FY25-30 CIP. The adjacent chart shows the County's long-term debt outstanding at the end of FY25.

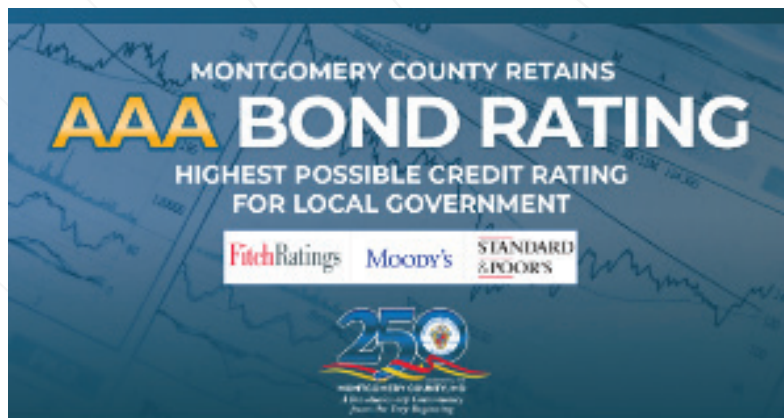
Since 1973, the County has consistently maintained a Aaa rating from Moody's Investors Service, Inc. Bonds issued by the County since July 1976 have consistently been rated AAA by S&P Global Ratings and by Fitch Ratings

**Long-Term Debt Outstanding -
Primary Government As of June 30, 2025
(in Millions)**



since 1991. Montgomery County is one of only 15 "Triple AAA" rated counties in the nation with a population greater than one million. These highest-level ratings reflect the County's growing and diverse economy, its substantial tax base, strong financial position, and strong financial management. The AAA rating means the County pays lower interest rates and can therefore build more schools and facilities for residents' tax dollars.

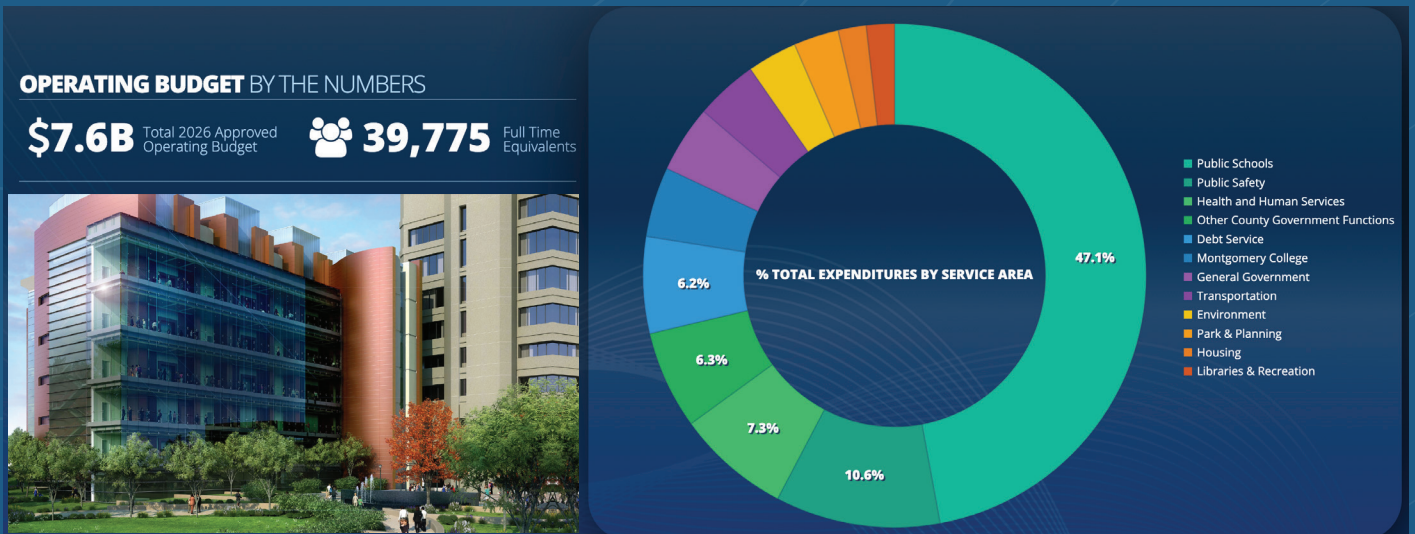
To improve the County's budget flexibility, to balance the needs of the operating and capital budgets, and to maintain the County's AAA credit rating, the County intends to not exceed an annual G.O. bond issuance of \$300 million for the next six years. This will slow the growth of the County's debt service payments and help the funding of other critical programs and services.



OPERATING BUDGET HIGHLIGHTS

FY 2026 Approved Operating Budget

The Operating Budget and Public Service Program covers the costs of running the County. It pays for the transportation worker who fixes a pothole, powers the lights at your local library, provides health and human services and much, much more. Funds are set aside to operate each County department and agency. This also includes debt service, the County's loan payments for long-term capital projects for which the County borrows money.



The County approved a total County operating budget from all sources of \$7.6 billion, which is \$501.2 million or 7.0% more than the FY 2025 budget.

The chart indicates how the budget is distributed. For details, please visit the County's Office of Management and Budget website:

<https://apps.montgomerycountymd.gov/BASISOPERATING/Common/Index.aspx>

Service Area	Appropriation	% of Total	FTE's
➔ Montgomery County Public Schools	\$3,595.6M	47.1%	25,387.32
➔ Public Safety	\$811.4M	10.6%	4,162.18
➔ Health and Human Services	\$557.3M	7.3%	2,068.39
➔ Other County Government Functions	\$480.6M	6.3%	474.14
➔ Debt Service	\$472.8M	6.2%	0.00
➔ Montgomery College	\$346.9M	4.5%	1,926.35
➔ General Govt. & Other Functions	\$326.2M	4.3%	1,686.95
➔ Transportation	\$308.6M	4.0%	1,241.53
➔ Environment	\$241.3M	3.2%	251.84
➔ Maryland-National Capital Park and Planning Commission	\$217.9M	2.9%	1,170.51
➔ Community Development and Housing	\$137.9M	1.8%	385.93
➔ Libraries , Culture, and Recreation	\$135.3M	1.8%	1,020.11

ACKNOWLEDGEMENTS AND COUNTY'S OPEN DATA PORTAL

Popular Annual Financial Report developed and prepared by:

Department of Finance

Michael J. Coveyou
Director of Finance

Karen Q. Hawkins, CPA
Chief Operating Officer

Adaora Azubike, MSA
Controller

Michael Lee, CPA
General Accounting Manager

Jiaojiao Gu, CPA
Accounting Manager

Nadia Khan
Fiscal and Policy Analyst

Biniam Debebe, CPA
Accountant/Auditor Supervisor

Florence Shum, CPA
Accountant/Auditor Supervisor

Moses Ogunwuyi
Accountant/Auditor

Cheyenne Williams
Accountant/Auditor

Public Information Office

Mary Anderson
Director of
Public Information Office

Sean Clark
Program Manager


Special Thanks To:





Efforts of the Department of Finance's
Controller Division Staff without which
this project would not have been possible

Montgomery County Open Data Portal

More County financial and budget
information can be found at:

<https://data.montgomerycountymd.gov/>

**dataMontgomery**

 dataMONTGOMERY Direct access to County data sets in consumable formats is available here. The public can review and analyze, and use the data sets for a variety of purposes.	 Open Budget Provides you with an intuitive way to understand how our budget is structured and get the answers you need.	 CountyStat See how the County and its departments are performing by exploring performance dashboards and data visualizations.	 Property Taxes View property tax records to view and/or make payments on-line by credit card or bank account as appropriate.
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Department of Finance
Division of the Controller
101 Monroe Street
Rockville, Maryland 20850
240-777-8860

This and other County financial reports are available at:
montgomerycountymd.gov/Finance/financial.html