

**MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF
MONTGOMERY COUNTY, MARYLAND)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



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**MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
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YEAR ENDED JUNE 30, 2025**

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Directors
Montgomery County Revenue Authority
Mt. Airy, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Montgomery County Revenue Authority (the Authority), a component unit of Montgomery County, Maryland, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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

Management is responsible for the other information included in the annual report. The other information comprises the schedule of management activities revenues and expenses by activity but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025, on our consideration of the Authority'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
October 15, 2025

**MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

As financial managers of the Montgomery County Revenue Authority (the Authority), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2025. Our discussion and analysis is designed to assist readers in focusing on significant issues and activities, and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

Management activities produced an operating income of \$2,284,000 for the year ended June 30, 2025, compared to an operating income of \$3,142,000 for June 30, 2024. The Authority's management activities revenue for the current year was \$31,784,000, as compared to \$31,964,000 for the year ended June 30, 2024.

The change in net position was an increase of \$5,700,000 for the year ended June 30, 2025, compared to an increase of \$3,197,000 for the year ended June 30, 2024. This change was primarily due to an increase in federal funding to maintain safety standards at Montgomery County Airpark.

See the condensed statements of revenues, expenses and changes in net position by segment below for more detailed information concerning the activity.

Overview of Financial Statements

The management's discussion and analysis is intended to serve as an introduction to the basic financial statements and supplementary information. It represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's annual report, budget, bond resolutions and other management tools were used for this analysis.

A proprietary fund type - enterprise fund is used to account for the entire operations of the Authority, as the activities of the Authority are similar to those often found in the private sector. The measurement focus is upon determination of net income. All the activities of the Authority are operated as an enterprise fund because it is the intent of the Authority that the costs of providing these services to the general public, both directly and through arrangements with Montgomery County (the County), will be financed and recovered solely through user charges.

The Authority comprises three major segments: Golf Course/Management, Montgomery County Airpark (Airpark), and The Crossvines.

**MONTGOMERY COUNTY REVENUE AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

The Golf Course/Management segment is further broken down into 11 activities:

- Falls Road Golf Course
- Laytonsville Golf Course
- Golf at The Crossvines
- Rattlewood Golf Course
- Hampshire Greens Golf Course
- Sligo Creek Golf Course
- Northwest Park Golf Course
- Needwood Golf Course
- Little Bennett Golf Course
- Golf Academy
- Management

The financial statements include a statement of net position, statement of revenues, expenses and changes in net position and statement of cash flows, and notes to the financial statements. The statement of net position presents the financial position of the Authority on a full accrual basis. While the statement of net position provides information about the nature and amount of resources and obligations at year- end, the statement of revenues, expenses and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The statement of cash flows presents changes in cash and cash equivalents resulting from operational, financing and investing activities. This statement presents cash receipts and cash disbursements information, without consideration of the earnings event, when an obligation arises, or when depreciation of capital assets occurs.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant accounting balances and activities, material risks, obligations, commitment, contingencies, and subsequent events, if any.

MONTGOMERY COUNTY REVENUE AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

Financial Analysis

The following is a summary of net position by each of the three segments as of June 30, 2025 and 2024:

Condensed Statements of Net Position by Segment
(In Thousands of Dollars)

	Golf System and Management		Montgomery County Airpark		Crossvines		Total
	2025	2024	2025	2024	2025	2024	2025
Assets:							
Current	\$ 18,790	\$ 16,276	\$ 3,643	\$ 172	\$ (1,600)	\$ (360)	\$ 20,833
Capital	29,746	29,325	28,919	29,572	18,365	19,092	77,030
Other	982	1,251	-	4	-	-	982
Total Assets	49,518	46,852	32,562	29,748	16,765	18,732	98,845
Deferred Outflows of Resources	2,124	5,077	-	-	-	-	2,124
Liabilities:							
Current	448	803	9,114	8,732	4,358	3,445	13,920
Noncurrent	7,513	9,718	2	-	15,137	15,624	22,652
Total Liabilities	7,961	10,521	9,116	8,732	19,495	19,069	36,572
Deferred Inflows of Resources	5,051	8,431	3	7	-	-	5,054
Net Position:							
Net Investment in Capital Assets	20,794	21,526	28,919	29,572	2,774	3,037	52,487
Restricted	7,776	1,622	198	167	-	98	7,974
Unrestricted (Deficit)	10,060	9,829	(5,674)	(8,730)	(5,504)	(3,478)	(1,118)
Total Net Position	<u>\$ 38,630</u>	<u>\$ 32,977</u>	<u>\$ 23,443</u>	<u>\$ 21,009</u>	<u>\$ (2,730)</u>	<u>\$ (343)</u>	<u>\$ 59,343</u>

The current assets balance for the Golf System and Management segment as of June 30, 2025, increased approximately \$2,514,000 or 15.4% as compared to June 30, 2024, largely due to greens fee revenue as golf rounds continued to be strong during the year. The current liabilities balance for the Golf System and Management segment as of June 30, 2025 decreased approximately \$355,000 or -44.2%, and the noncurrent liabilities decreased approximately \$2,205,000 or -22.7% as compared to June 30, 2024. There were no other significant fluctuations in the Golf System and Management segment's asset and liability balances.

The current assets balance for the Airpark segment as of June 30, 2025 increased approximately \$3,471,000 or 2018% as compared to June 30, 2024. These changes are mainly due to federal funding received for the acquisition of property to maintain safety standards at the Airpark. There were no other significant fluctuations in the Airpark segment's asset and liability balances.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

The following is a summary of statements of revenue, expenses and changes in net position by each of the three segments as of June 30, 2025 and 2024:

Condensed Statements of Revenues, Expenses, and Changes in Net Position by Segment
(In Thousands of Dollars)

	Golf System and Management		Montgomery County Airpark		Crossvines		Total
	2025	2024	2025	2024	2025	2024	2025
Operating Revenues and Expenses:							
Operating Revenues	\$ 29,368	\$ 30,100	\$ 356	\$ 351	\$ 2,060	\$ 1,513	\$ 31,784
Depreciation	(1,984)	(1,856)	(694)	(621)	(758)	(691)	(3,436)
Other Operating Expenses	(21,558)	(21,505)	(682)	(610)	(3,824)	(3,539)	(26,064)
Total Operating Revenues and Expenses	5,826	6,739	(1,020)	(880)	(2,522)	(2,717)	2,284
Nonoperating Revenues and Expenses:							
Interest Income	349	302	-	-	1	31	350
Interest Expense	(525)	(584)	-	-	134	97	(391)
Loss on Insurance	(10)	-	-	-	-	-	(10)
Loss on Disposal of Capital Assets	13	(186)	-	-	-	-	13
Capital Contribution	-	-	3,454	305	-	90	3,454
Total Nonoperating Revenues and Expenses	(173)	(468)	3,454	305	135	218	3,416
Change in Net Position	5,653	6,271	2,434	(575)	(2,387)	(2,499)	5,700
Net Position - Beginning of Year	32,977	26,706	21,009	21,584	(343)	2,156	53,643
Net Position - End of Year	<u>\$ 38,630</u>	<u>\$ 32,977</u>	<u>\$ 23,443</u>	<u>\$ 21,009</u>	<u>\$ (2,730)</u>	<u>\$ (343)</u>	<u>\$ 59,343</u>

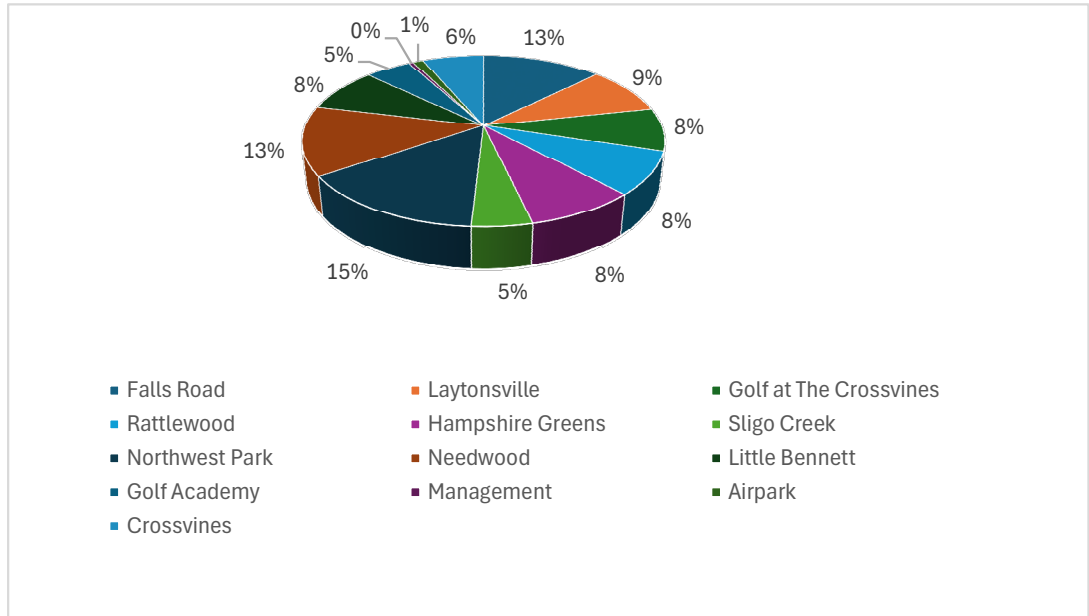
Enterprise revenues are generated from a variety of sources. Golf System revenues are generated from greens fees, cart rental, food and beverage sales, golf shop sales, and other services provided at the nine golf courses. Airpark segment revenues are generated from rents, common area maintenance charges and user fees. The Airpark user fees are kept in a separate account and are used for improvements and other expenses at the Airpark. The Crossvines generates its revenues from Bistro sales, event catering, and the production and sale of wine and cider.

Although there was a slight decrease in operating revenues for the Golf System and Management segment in 2025 from 2024, in the amount of \$732,000 or -2.4%, golf continues to thrive as a sport. Depreciation expense in 2025 increased approximately \$128,000 or 6.9% as compared to 2024. There were no other significant fluctuations in the revenue and expenses of the Golf System and Management segment.

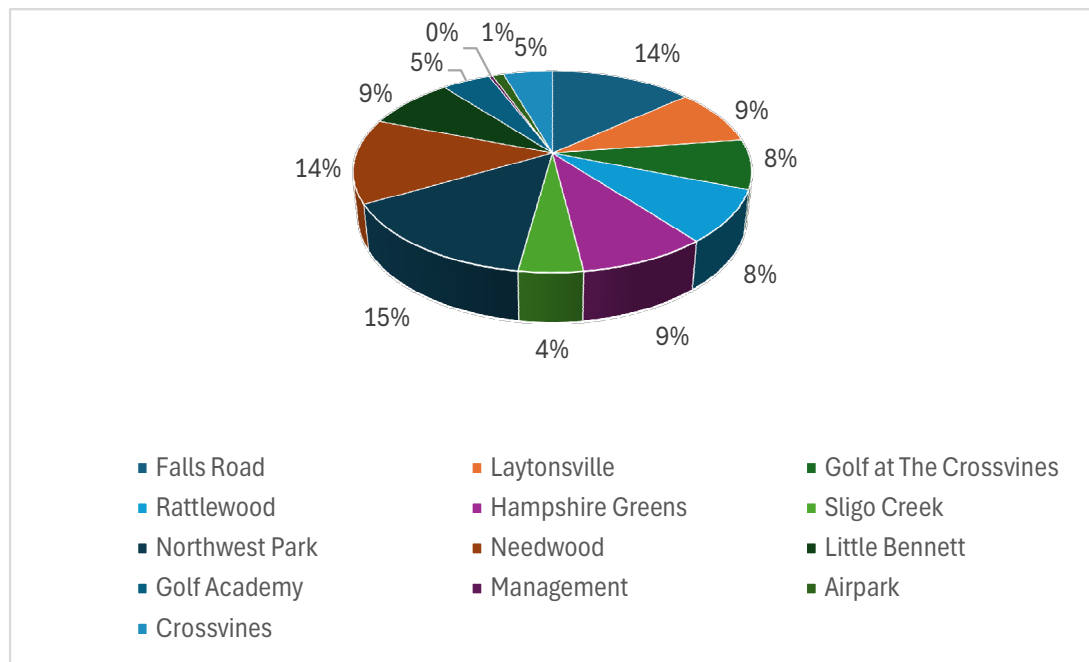
Operating revenues for the Airpark segment in 2025 increased approximately \$5,000 or 1.4% over the prior year, while depreciation expense increased by approximately \$73,000 or 11.8%, and other operating expenses increased by approximately \$72,000 or 11.8%. There were no other significant fluctuations in the revenue and expenses of the Airpark segment.

**MONTGOMERY COUNTY REVENUE AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

Operating Revenues – 2025

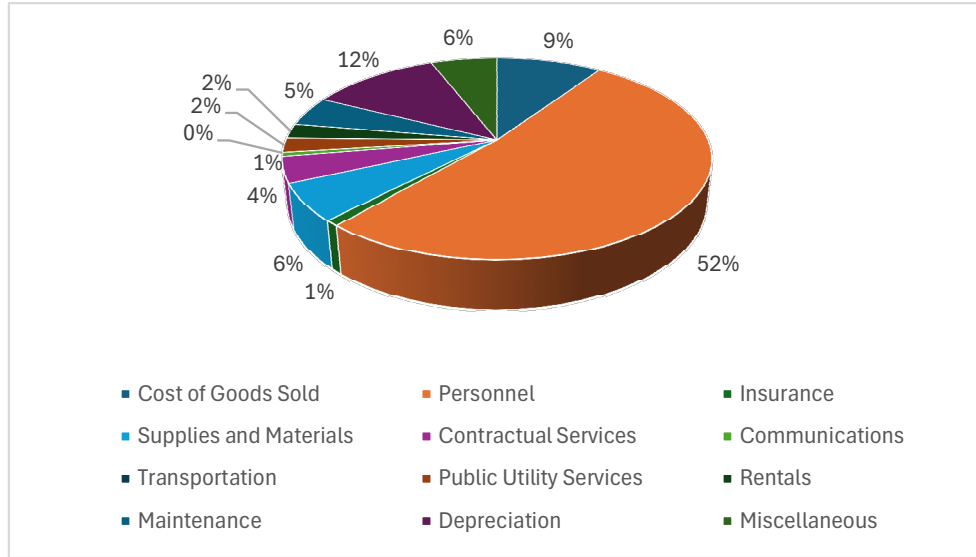


Operating Revenues – 2024

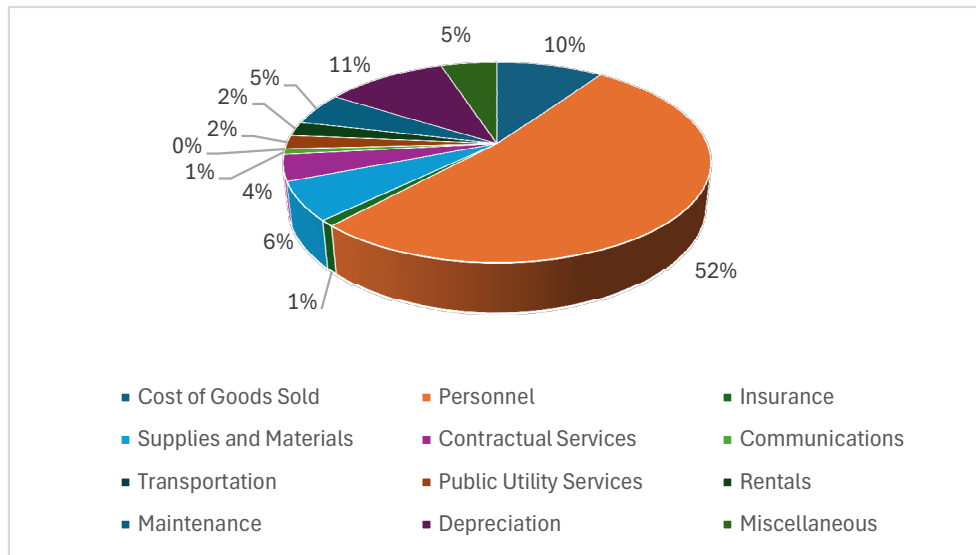


**MONTGOMERY COUNTY REVENUE AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

Operating Expenses – 2025



Operating Expenses – 2024



MONTGOMERY COUNTY REVENUE AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

During the year, cash and cash equivalents for Golf System and Management increased by \$3,070,000 to \$18,073,000 as of June 30, 2025. The Authority's overall cash and cash equivalents increased by \$1,788,000, from \$14,104,000 to \$15,890,000.

Specific changes are summarized below:

Condensed Statements of Cash Flows by Segment
(In Thousands of Dollars)

	Golf System and Management		Montgomery County Airpark		Crossvines		Total
	2025	2024	2025	2024	2025	2024	2025
Net Cash Provided (Used) by Operating Activities	\$ 7,312	\$ 8,571	\$ (3,392)	\$ (334)	\$ (830)	\$ (1,951)	\$ 3,090
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,591)	(6,355)	3,413	(172)	(474)	(709)	(1,652)
Net Cash Provided (Used) by Investing Activities	349	302	-	-	1	31	350
Net Increase (Decrease) in Cash and Cash Equivalents	3,070	2,518	21	(506)	(1,303)	(2,629)	1,788
Cash and Cash Equivalents - Beginning of Year	15,003	12,485	160	666	(1,059)	1,570	14,104
Cash and Cash Equivalents - End of Year	\$ 18,073	\$ 15,003	\$ 181	\$ 160	\$ (2,362)	\$ (1,059)	\$ 15,892

Capital Assets and Debt Administration

The Authority's investment in capital assets amounts to approximately \$77,030,000 (net of accumulated depreciation) as of June 30, 2025, which is a net decrease of \$959,000 compared to June 30, 2024. The capital asset additions were funded via operating revenues for the Golf System and Management segment, via grant revenues for the Airpark segment as part of the Airport Improvement Program, and via State grants and bond proceeds for the Crossvines segment. During the year ended June 30, 2025, capital assets totaled approximately \$29,746,000 for Golf System and Management, \$28,919,000 for the Airpark segment, and \$18,365,000 for the Crossvines segment. See Note 4 to the basic financial statements for more detailed information concerning the Authority's investment in capital assets.

As of June 30, 2025, the long-term debt of the Authority was \$24,580,000, which is \$2,246,000 less than the \$26,826,000 as of June 30, 2024. See Note 5 to the basic financial statements for more detailed information concerning the activity and ending composition of debt.

Factors Expected to Have an Effect on Future Operations

Including projects currently in progress as of June 30, 2025, and those proposed over the next five years, the Montgomery County Airpark capital improvement plan calls for completed projects totaling \$3,788,000, with funding coming from the Federal Aviation Administration (90% of the total) and the Maryland Aviation Administration (5% of the total), along with a 5% Authority match. These projects are directed at the safety of the flying public and the neighborhoods surrounding the airport.

**MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Keith Miller, Chief Executive Officer, Montgomery County Revenue Authority, 13501 Penn Shop Road, Mt. Airy, Maryland 21771.

BASIC FINANCIAL STATEMENTS

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and Cash Equivalents	\$ 13,927,837
Restricted Cash and Cash Equivalents	1,962,060
Lease Receivable	80,641
Other Receivables, Net of Allowance	3,731,504
Inventory	1,118,200
Prepaid Expenses	13,470
Total Current Assets	<u>20,833,712</u>

NONCURRENT ASSETS

Interest Rate Swap Agreements	148,005
Lease Receivable	834,299
Capital Assets, Net of Accumulated Depreciation	<u>77,030,299</u>
Total Noncurrent Assets	<u>78,012,603</u>

Total Assets	<u>98,846,315</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pension Related Items	1,381,193
Other Postemployment Benefits Related Items	685,841
Loss on Debt Refundings	<u>57,320</u>
Total Deferred Outflows of Resources	<u>2,124,354</u>

Total Assets and Deferred Outflows of Resources	<u><u>\$ 100,970,669</u></u>
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See accompanying Notes to Financial Statements.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2025

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES

Revenue Bonds Payable	\$ 2,065,657
Loan Payable	3,312,720
Accounts Payable	1,352,175
Due to Other Government	2,719,297
Accrued Expenses	1,910,382
Compensated Absences	189,170
Unearned Revenue	2,261,446
Security and Other Deposits Payable	<u>108,222</u>
Total Current Liabilities	13,919,069

NONCURRENT LIABILITIES

Revenue Bonds Payable	19,201,520
Compensated Absences	277,370
Net Pension Liability	1,023,156
Net Other Postemployment Benefits Liability	<u>2,150,745</u>
Total Noncurrent Liabilities	22,652,791

Total Liabilities	<u>36,571,860</u>
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DEFERRED INFLOWS OF RESOURCES

Pension Related Items	2,422,817
Other Postemployment Benefits Related Items	1,613,605
Lease Related Items	870,346
Accumulated Increase in Fair Value of Hedging Derivatives	<u>148,005</u>
Total Deferred Inflows of Resources	<u>5,054,773</u>

NET POSITION

Net Investment in Capital Assets	52,487,395
Restricted for:	
Capital Projects	6,281,705
Debt Service	1,692,859
Unrestricted	<u>(1,117,923)</u>
Total Net Position	<u>59,344,036</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 100,970,669</u></u>
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See accompanying Notes to Financial Statements.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025

OPERATING REVENUES

Sales	\$ 26,451,820
Rent Income	2,993,360
Other	<u>2,338,610</u>
Total Operating Revenues	31,783,790

OPERATING EXPENSES

Cost of Goods Sold	2,778,280
Personnel Costs	15,315,950
Insurance	266,980
Supplies and Materials	1,759,860
Contractual Services	1,223,820
Communications	185,410
Transportation	3,130
Public Utility Services	685,550
Rentals	687,210
Maintenance	1,410,820
Depreciation	3,435,386
Miscellaneous	<u>1,747,294</u>
Total Operating Expenses	<u>29,499,690</u>

INCOME FROM OPERATIONS 2,284,100

NONOPERATING REVENUES (EXPENSES)

Interest Income	349,420
Interest Expense	(390,470)
Loss on Insurance	(9,500)
Gain on Disposal of Capital Assets	<u>13,180</u>
Total Nonoperating (Expenses)	<u>(37,370)</u>

INCOME BEFORE CAPITAL GRANTS AND CONTRIBUTIONS 2,246,730

Capital Grants and Contributions 3,453,970

CHANGE IN NET POSITION 5,700,700

Net Position - Beginning of Year 53,643,336

NET POSITION - END OF YEAR \$ 59,344,036

See accompanying Notes to Financial Statements.

**MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 29,424,655
Cash Paid to Suppliers	(10,621,112)
Cash Paid to Employees	(15,713,143)
Net Cash Provided by Operating Activities	<u>3,090,400</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Grants and Contributions Received	3,453,970
Acquisition of Capital Assets	(2,516,067)
Proceeds From Sale of Capital Assets	13,180
Principal Paid on Bonds	(2,212,594)
Interest Paid on Bonds	(390,470)
Net Cash Used by Capital and Related Financing Activities	<u>(1,651,981)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on Investment	<u>349,420</u>
Net Cash Provided by Investing Activities	<u>349,420</u>

**NET INCREASE IN CASH, CASH EQUIVALENTS, AND
RESTRICTED CASH**

1,787,839

Cash, Cash Equivalents, and Restricted Cash - Beginning of Year

14,102,058

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR

\$ 15,889,897

See accompanying Notes to Financial Statements.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2025

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 2,284,100
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Net Pension Expense Adjustment for Changes in Net Pension Liability and Pension Related Deferred Outflows and Inflows	(764,102)
Net OPEB Expense Adjustment for Changes in Net OPEB Liability and Other OPEB Related Deferred Outflows and Inflows	(289,393)
Deferred Outflows from Loss on Debt Refundings	42,016
Deferred Inflows of Lease Related Items	(85,563)
Deferred Inflows of Hedge Related Items	(191,788)
Accumulated Increase in Fair Value of Hedging Derivatives	191,788
Depreciation	3,435,386
Gain on Sale of Capital Assets	(13,180)
Changes in Assets and Liabilities:	
(Increase) Decrease in:	
Other Receivables	(2,797,217)
Inventory	(157,625)
Prepaid Expenses	2
Leases Receivable	78,070
Increase (Decrease) in:	
Accounts Payable	4,967
Due to Other Government	859,112
Accrued Expenses	328,355
Compensated Absences	68,838
Unearned Revenue	438,082
Security and Other Deposits Payable	(341,448)
Net Cash Provided by Operating Activities	<u>\$ 3,090,400</u>

See accompanying Notes to Financial Statements.

**MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Nature of operations: Montgomery County Revenue Authority (the Authority) is a component unit of Montgomery County, Maryland (the County), authorized by the Montgomery County Revenue Authority Act, to engage in projects for public use and welfare. The Authority owns and operates five public golf courses, along with operating four additional golf courses owned by the Maryland-National Capital Park and Planning Commission (MNCPPC). As further discussed in Note 9, three of the MNCPPC golf courses are under a long-term lease agreement and one MNCPPC golf course is under an operating agreement. The Authority is also engaged in the leasing of the Montgomery County Airpark (Airpark). Additionally, the Authority is engaged in obtaining financing and the construction of a grape-crushing economic development facility.

The Authority also uses its bonding authority to partner with the private sector and governmental agencies to fund projects throughout Montgomery County, Maryland. Currently, the Authority has debt conduit obligation as described by Governmental Accounting Standards Board (GASB) Statement 91. The Authority has provided its bonding authority to Montgomery College Foundation Inc. (the Foundation) to issue debt and leasing arrangements for constructing an arts center and parking garage, and purchasing an office building leased to Montgomery College (the College), as further discussed in Note 6. The Authority has not provided any commitment to pay those debts. They are the sole obligation of the Foundation.

In accordance with the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an Amendment of GASB Statement 14, and GASB Statement No. 61, *Financial Reporting Entity: Omnibus*, an amendment of GASB Statements No. 14 and No. 34, the financial statements must present the Authority and its component units. The Authority has no component units. The Authority, however, is considered a component unit of the County and, accordingly, its financial statements are incorporated into the County's financial statements.

Basis of Presentation and Accounting

The Authority's financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Authority applies all GASB pronouncements.

A proprietary fund type is used to account for the entire operations of the Authority, as the activities of the Authority are similar to those often found in the private sector. The measurement focus is upon determination of net income. All of the activities of the Authority are operated as an enterprise fund because it is the intent of the Authority that costs of providing these services to the general public, both directly and through arrangements with the County, will be financed and recovered solely through user charges.

**MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Accounting (Continued)

The Authority comprises of three major segments:

- Golf Course/Management
- Airpark
- Crossvines

The golf course/management segment is further broken down into 11 activities:

- Falls Road Golf Course
- Laytonsville Golf Course
- Golf at The Crossvines
- Rattlewood Golf Course
- Hampshire Greens Golf Course
- Sligo Creek Golf Course
- Northwest Park Golf Course
- Needwood Golf Course
- Little Bennett Golf Course
- Golf Academy
- Management

Accounting and Reporting Standards

These financial statements have been prepared in accordance with U.S. GAAP, as prescribed by GASB Codification Section 2100, which establishes standards for defining and reporting on the financial reporting entity.

The GASB defines the basic financial statements of a business-type activity as the statement of net position, statement of revenues, expenses, and changes in net position, and the statement of cash flows. The statement of net position is presented to illustrate both the current and noncurrent balances of each asset and liability. All revenues and expenses are classified as either operating or nonoperating activities in the statement of revenues, expenses, and changes in net position. Operating activities are those that support the mission and purpose of the Authority. Nonoperating activities represent transactions that are capital, investing, legislative, or regulated in nature.

**MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Accounting and Reporting Standards

The GASB requires that resources be classified into three categories of net position. Net position represents the residual interest in the Authority's assets, plus deferred outflows (as applicable) of resources after liabilities, plus deferred inflows (as applicable) of resources are deducted and consist of net investment in capital assets, restricted and unrestricted, as follows:

Net Investment in Capital Assets – The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position – Restricted net position represents the portion of net position that is reported as restricted when there are external third-party limitations (statutory, contractual, or bond covenant) on its use.

Unrestricted Net Position – Unrestricted net position represents the portion of net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by the Board of Directors (the Board) or may be otherwise limited by contractual agreements with outside parties.

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenue and expenses of operating activities consist primarily of charges for services and direct costs associated with providing such services, including depreciation. Operating revenue and expenses of financing and leasing activities consists of the Authority's private and public partnering arrangements which include lease payments received, and financing and investment income earned, along with direct interest costs associated with providing such leasing and financing arrangements and amortization. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses, including interest income and interest costs not directly associated with these leasing and financing activities and federal and state capital grants and contributions.

Cash and Cash Equivalents

The Authority considers highly liquid debt instruments with an original maturity of three months or less when purchased to be cash equivalents.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are funds restricted by external parties. These funds consist of debt service and repairs and replacements reserves which are a requirement of the golf course bonds, Series 2010 funds reserved for Airpark expenditures which represent program income, as required by the Federal Aviation Administration, and unspent bond proceeds from the Crossvines bonds for construction of the grape crushing economic development facility.

Other Receivable

Other receivables are carried at original invoice amount, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the provision for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions.

Management has established an allowance of \$0 as of June 30, 2025. Other receivables are written off when deemed uncollectible. Recoveries of other receivables previously written off are recorded when received.

Inventory

Inventories are valued at lower cost (first-in, first-out method) or market, and consist primarily of golf pro shop merchandise.

Prepaid Expenses

Prepaid expenses are expenditures that have not yet been consumed, and are recorded as an asset until the Authority receives the benefit.

Discounts and Premiums

Bond discounts and premiums are deferred and amortized over the term of the bonds using the bond outstanding method, which approximates the effective interest method. Note receivable discounts and premiums are deferred and amortized over the term of the note using the effective interest method.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased or constructed are stated at cost and are defined as assets with an initial, individual cost of more than \$2,500. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Capital assets donated to the Authority are stated at acquisition value at the date of donation. Depreciation is computed on the straight-line method over the following estimated useful lives:

<u>Category</u>	<u>Estimated Useful Lives (Years)</u>
Buildings and Land Improvements	5 to 48
Furniture, Fixtures, Equipment, and Machinery	3 to 12

Lease Receivables

The Authority is a lessor for leases of land and a radio tower. The Authority recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position. At the commencement of the lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term, reduced by any provision for uncollectible amounts, if applicable. Deferred inflows related to leases will be reduced as lease receivables are collected over the lease terms.

Valuation of Long-Lived Assets

The Authority records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted net cash flows expected to be generated by those assets are less than the carrying amounts of those assets.

Deferred Outflows of Resources

Deferred outflows are the consumption of net assets by the Authority that is applicable to a future period and, as such, will not be recognized as an outflow of resources (expense) until that time. These items are reported as a category below assets on the statement of net position. The Authority reports the following deferred outflows consisting of accumulated decrease in fair value of hedging derivatives, net charge on refunding of debt, and changes relating to pension and other post-employment benefits (OPEB) expense. Deferred outflow of resources relating to pensions and OPEB are described in Notes 10 and 11, respectively. Contributions to the County's pension and OPEB plans made subsequent to the measurement date will be recognized as a decrease of the net pension liability and net OPEB liability in the Authority's subsequent year. Other pension related deferred outflows are amortized into pension expense over periods between one to four years. Other OPEB related deferred outflows are amortized into OPEB expense over periods between one to six years. Net charge on refunding is being amortized over the term of the respective bonds using the bond outstanding method which approximates the effective interest method.

**MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Deferred Inflows of Resources

Deferred inflows are the acquisition of net assets by the Authority that is applicable to a future period and, as such, will not be recognized as an inflow of resources (revenue) until that time. These items are reported as a category below liabilities on the statement of net position. The Authority's deferred inflows consist of changes relating to pension and OPEB expense, which are described in Notes 10 and 11, respectively, and amount related to lease receivables. Pension related deferred inflows are amortized into pension expense over periods between one to four years. OPEB related deferred inflows are amortized into OPEB expense over periods between one to six years.

Accrued Vacation

It is the Authority's policy to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from service. The amount of accrued vacation earned but unused is \$289,600 at June 30, 2025. This liability is included in the financial statements as an accrued expense.

Unpaid Sick Leave

Personnel policies provide the Authority employees with varying amounts of sick leave. No reimbursement is made upon termination for accumulated sick leave. However, the accumulated sick leave of retiring employees hired prior to October 1, 1994, is added to any retirement benefit received. The liability owed to the Authority employees associated with sick leave is approximately \$191,407 at June 30, 2025, based upon the salary and wage rates in effect at that date. This liability is included in the financial statements as an accrued expense.

Net Position

The Authority is required to maintain a separate reserve account restricted for repairs and replacement. The Airpark is restricted in its use of revenues generated by the Airpark for capital or operating costs of the Airpark. The Special Projects segment is required to restrict its cash and investments for construction commitments and bond retirements.

Pensions

The Authority participates in the Employees' Retirement System of Montgomery County, Maryland (ERS). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the ERS and additions to/deductions from ERS's fiduciary have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefits (OPEB)

The Authority participates in the Retiree Health Benefit Plan of Montgomery County, Maryland (RHB Plan). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the RHB Plan and additions to/deductions from RHB Plan's fiduciary net position have been determined on the same basis as they are reported by the RHB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Self-Insurance

The Authority participates in the County's self-insurance program for group health, liability, life and workers' compensation benefits. The Authority is charged premiums by the County's self-insurance fund.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND CASH EQUIVALENTS

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. Cash deposits are made in accordance with the Annotated Code of Maryland (the Code), which requires depositories to give security in the form of collateral as provided for in the Code, for safekeeping and forthcoming, when required of these deposits. It is the bank's policy to collateralize deposits based on the prior day's closing bank balance. As of June 30, 2025, all of the Authority's deposits were either covered by federal depository insurance or were covered by collateral held by the Authority's agent in the Authority's name, in accordance with bank policy. For the cash equivalent, the risk is that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the cash equivalent or collateral securities that are in the possession of an outside party. The Authority does not have an investment policy for custodial credit risk. At June 30, 2025, none of the Authority's cash equivalent is exposed to custodial credit risk.

	Carrying Amount	Bank Balance
Unrestricted:		
Deposit Insured or Collateralized	13,927,837	\$ 13,859,037
Restricted:		
Deposit Insured or Collateralized	269,201	269,176
Money Market Account	1,692,859	1,692,859
Total Cash and Cash Equivalents	<u>\$ 15,889,897</u>	<u>\$ 15,821,072</u>

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's cash equivalents consist entirely of U.S. Government Money Market Funds which are restricted for bond retirements. State statutes require that 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 Authority's cash equivalents have a Standard & Poor's rating of AAAM as of June 30, 2025, and a Moody's rating of Aaa-mf as of June 30, 2025.

NOTE 3 RECEIVABLES AND PAYABLES

Receivables and payables consist of the following as of June 30, 2025:

Other Receivables:

Accounts Receivable	3,685,769
Accrued Interest	8,210
Insurance Claims	<u>37,525</u>
Subtotal	<u>3,731,504</u>
Less: Allowance for Doubtful Accounts	<u>-</u>
Total Receivables	<u><u>\$ 3,731,504</u></u>

Accounts Payable:

Vendors	<u>\$ 1,352,175</u>
Total Accounts Payable	<u><u>1,352,175</u></u>

Due to Other Government:

Montgomery County, Maryland	<u><u>\$ 2,719,297</u></u>
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Accrued Expenses:

Payroll and Payroll Taxes	\$ 777,089
Interest	14,591
Other	<u>1,118,702</u>
Total Accrued Expenses	<u><u>\$ 1,910,382</u></u>

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 CAPITAL ASSETS

Capital assets activity consisted of the following as of and for the year ended June 30, 2025:

	Beginning Balance	Additions/ Transfers	Deductions/ Transfers	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 32,249,571	\$ -	\$ -	\$ 32,249,571
Construction in Progress	183,782	74,741	(20,624)	237,899
Total Capital Assets Not Being Depreciated	32,433,353	74,741	(20,624)	32,487,470
Capital Assets Being Depreciated:				
Land Improvements	30,935,163	193,283	-	31,128,446
Buildings	30,596,157	230,385	-	30,826,542
Furniture, Fixtures, Equipment, and Machinery	16,177,673	2,039,336	(530,957)	17,686,052
Software	65,899	-	(65,899)	-
Total Capital Assets Being Depreciated	77,774,892	2,463,004	(596,856)	79,641,040
Accumulated Depreciation for:				
Land Improvements	(16,709,745)	(1,006,471)	-	(17,716,216)
Buildings	(7,586,003)	(958,751)	-	(8,544,754)
Furniture, Fixtures, Equipment, and Machinery	(7,907,512)	(1,456,748)	527,019	(8,837,241)
Software	(16,312)	(13,416)	29,728	-
Total Accumulated Depreciation	(32,219,572)	(3,435,386)	556,747	(35,098,211)
Total Capital Assets Being Depreciated, Net	45,555,320	(972,382)	(40,109)	44,542,829
Total Capital Assets, Net	\$ 77,988,673	\$ (897,641)	\$ (60,733)	\$ 77,030,299

NOTE 5 LONG-TERM DEBT

Long-term debt activity consisted of the following as of and for the year ended June 30, 2025:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Revenue Bonds Payable	\$ 22,599,125	\$ -	\$ (2,212,594)	\$ 20,386,531	\$ 2,065,657
Revenue Bonds Premiums	914,297	-	(33,651)	880,646	-
Loan Payable	3,312,720	-	-	3,312,720	-
Total	\$ 26,826,142	\$ -	\$ (2,246,245)	\$ 24,579,897	\$ 2,065,657

Crossvines Lease Revenue Bonds

In December 2021, the Authority issued \$15,940,000 lease revenue bonds, Series 2021, for the construction of the Crossvines grape crushing facility and events center. Simultaneously, the Authority entered into two 25-year agreements with the County. Under a land lease agreement, the County will lease the land from the Authority for the project and directly pay the bonds' principal and interest. Under an operations agreement, the Authority has committed to construct and operate the facility, and is required to repay the County for bond payments made from net operating profits, as defined by the agreement. If, after 25 years, an outstanding balance remains due to the County, the Authority will repay the County in equal installments over five years. Amounts due to the County on June 30, 2025, was \$2,719,297, included in the due to other government in the statement of net position.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 LONG-TERM DEBT (CONTINUED)

The revenue bonds payable at June 30, 2025, consist of the following:

<u>Description</u>	<u>Amount</u>
Golf course revenue bond, Series 2010; bank-held bank qualified tax-exempt bonds December 2010, up to \$21,373,765; secured by net revenues of the golf course system along with cash deposited in debt service reserve fund of \$1,473,756, and a security interest in trust estate; monthly interest payments at 65% of one-month London InterBank Offered Rate (LIBOR) plus 130 basis points along with interest rate hedging protection on 100% of the debt with a fixed rate interest rate swap of 0.6175% for an overall effective rate of 1.9175%; annual principal payments made monthly April through September, corresponding with bond sinking fund requirements varying annually \$903,684-\$2,238,380; July 2, 2013 entered into supplemental indenture whereby initial index floating rate period was extended to December 2023, along with the bank agreeing to re-amortize the principal payments due varying \$994,820-\$2,245,187; final maturity date December 2027.	\$ 5,181,852
Golf course revenue bond, Series 2013; up to \$2,000,000; secured by net revenues of the golf course system; monthly interest payments at 64% of one-month LIBOR plus 130 basis points along with interest rate hedging protection on 100% of the debt with a fixed rate interest rate swap of 0.5955% for an overall effective rate of 1.8955%; annual principal payments made monthly April through September corresponding with bond sinking fund requirements varying annually \$110,011-\$171,394; final maturity date December 2027.	494,679
Crossvines lease revenue bond; secured by deed of trust on land and assigned lease payments; \$15,940,000 serial bond payable in annual principal payments of \$390,000-\$850,000 due October 1, 2022 through 2046; interest payable semi-annually on October 1 and April 1 at 2.0%-5.0%; final maturity date October 2046.	<u>14,710,000</u>
Total	20,386,531
Unamortized Bond Premiums	<u>880,646</u>
Total Revenue Bonds	<u><u>\$ 21,267,177</u></u>

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 LONG-TERM DEBT (CONTINUED)

Future principals and interests of the revenue bonds at June 30, 2025, are as follows:

<u>Year Ending June 30,</u>	<u>Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2026	\$ 2,065,657	\$ 470,311	\$ 2,535,968
2027	2,141,794	425,431	2,567,225
2028	2,899,080	367,949	3,267,029
2029	525,000	333,738	858,738
2030	555,000	306,737	861,737
2031-2035	3,130,000	1,169,361	4,299,361
2036-2040	3,505,000	800,362	4,305,362
2041-2045	3,885,000	417,430	4,302,430
2046-2047	1,680,000	40,138	1,720,138
Subtotal	20,386,531	\$ 4,331,457	24,717,988
Unamortized Bond Premiums	880,646		880,646
Total	<u>\$ 21,267,177</u>		<u>\$ 25,598,634</u>

** Interest is calculated using the 10-year interest rate swaps fixed rates of 0.6175% and 0.5955%, plus the 130-basis point spread on the variable interest rate of the debts for overall effective rates of 1.9175% and 1.8955% on the Series 2010 bonds and Series 2013 bonds, respectively, applied to maturity of the bonds.

NOTE 6 CONDUIT DEBT OBLIGATIONS

To further economic development in the County, the Authority has issued conduit revenue bonds to provide capital financing to the College, Earle Manor Mezzanine Partners LLC, and MHP Franklin MM LLC for the acquisition and construction of various facilities. The properties financed are secured by the assignment of the rents between the Foundation, the College, and Deeds of Trust on the Facilities. The Authority does not have any additional or moral commitment beyond maintaining the tax-exempt status of the conduit debt obligations. Accordingly, the bonds are not reported as liabilities in the Authority's financial statements.

On November 21, 2024, the Authority issued \$6,376,390 of revenue bonds to provide capital financing to Earle Manor Mezzanine Partners LLC for the acquisition of affordable workforce housing and parking for residents and related transaction costs in connection with the Earle Manor Apartments, a 140-unit apartment building located in Wheaton, Maryland. Interest of 9% is deferred and will be paid upon maturity in October 2032.

On December 5, 2024, the Authority issued \$6,181,347 of revenue bonds to provide capital financing to MHP Franklin MM LLC for acquisition of affordable workforce housing and parking for residents and related transaction costs in connection with the Franklin Apartments, a 185-unit apartment building located in Silver Spring, Maryland. Interest of 9% is deferred and will be paid upon maturity in November 2029.

As of June 30, 2025, the aggregate outstanding principal amount of conduit debt obligations issued by the Authority is \$48,426,421.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 INTEREST RATE SWAP AGREEMENTS

In March 2021, the Authority entered into an interest rate swap with an initial notional amount of \$11,520,866 that amortizes equal to the obligation under the 2010 golf course revenue bonds, and expires in October 2027. Under the synthetic instrument method of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, this swap qualifies as an effective cash flow hedge. The Authority receives a variable interest rate based on 65% of the LIBOR British Bankers' Association (BBA) index, reset monthly, and pays a fixed rate of 0.6175% under the swap, combined with the variable interest rate of the debt based on 65% of the monthly LIBOR plus 130 basis, for an overall fixed synthetic rate of 1.9175%. The Authority has an option to terminate which began October 2023. At June 30, 2025, the fair value of the interest rate swap was projected to be an asset of \$135,827 and is reflected in the accompanying statement of net position. The resulting accumulated decrease in fair value of \$174,865 at June 30, 2025, is reflected in the accompanying statement of revenues, expenses and changes in net position.

In March 2021, the Authority entered into a second-interest rate swap agreement with an initial notional amount of \$1,190,423 that amortizes equal to the obligation of the 2013 bonds, and expires in October 2027. Under the synthetic instrument method of GASB Statement No. 53, this swap qualifies as an effective cash flow hedge. The Authority will receive a variable interest rate based on 65% LIBOR BBA index, reset monthly, and will pay a fixed rate of 0.5955% under the swap, combined with the variable interest rate of the debt based on 65% of the monthly LIBOR plus 130 basis, for an overall fixed effective rate of 1.8955%. The Authority has the option to terminate beginning October 2023. At June 30, 2025, the fair value of the interest rate swap was projected to be an asset of \$12,178, and is reflected in the accompanying statement of net position. The resulting accumulated decrease in fair value of \$16,923 at June 30, 2025, is reflected in the accompanying statement of net revenues, expenses and changes in net position.

Credit Risk

Credit risk is the risk that a counterparty will not fulfill its obligations. The Authority is exposed to credit risk on the swaps only when the fair value of the swaps is positive (an asset). The fair value of the swaps at June 30, 2025, had a value of \$148,005, which represents the Authority's credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the swaps. The Authority is exposed to interest rate risk because, as LIBOR decreases, the Authority receives a lower payout from the swaps and its net payment on the swaps increases, causing the fair value of the swaps to decrease.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 INTEREST RATE SWAP AGREEMENTS (CONTINUED)

Basis Risk

Interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the actual market-determined variable borrowing rate on the bond is called the basis risk. The Authority was not subject to basis risk as of June 30, 2025, because the Authority's variable rate on the underlying bond is based on the same reference rate as the variable rate received on the swaps.

Termination Risk

The swap agreements provide for certain events that could cause the counterparty or the Authority to terminate the swaps, including (1) the failure to make payments when due, (2) a material breach of representations or warranties, an event of illegality or a credit event upon merger, or (3) the failure to comply with any other provisions of the agreement after a specified notice period. The Authority also has the right, but not the obligation, to terminate the swap agreements without cause, which began October 2023. The Authority shall not be obligated to pay the counterparty any termination payment or premium of any kind with respect to such early termination.

Rollover Risk

The Authority is not exposed to rollover risk on the interest rate swaps as the swaps terminate December 1, 2027, and the final maturity of the bonds is also December 1, 2027.

Market-Access Risk

Market-access risk is the risk that the Authority will not be able to enter credit markets or that credit will become more costly. The Authority is not exposed to market-access risk as the swaps terminate December 1, 2027, and the final maturity of the bonds are also December 1, 2027.

MONTGOMERY COUNTY REVENUE AUTHORITY
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NOTE 8 SEGMENT INFORMATION

Segment information as of and for the year ended June 30, 2025, is as follows:

Condensed Statement of Net Position

	Golf Course/ Management	Montgomery County Airpark	Crossvines	Eliminations	Total
Assets:					
Current	\$ 25,100,160	\$ 3,643,441	\$ (1,600,064)	\$ (6,309,825)	\$ 20,833,712
Capital	29,746,429	28,919,257	18,364,613	-	77,030,299
Other	982,304	-	-	-	982,304
Total Assets	55,828,893	32,562,698	16,764,549	(6,309,825)	98,846,315
Deferred Outflows of Resources	2,124,354	-	-	-	2,124,354
Liabilities:					
Current	6,757,799	9,113,764	4,357,331	(6,309,825)	13,919,069
Noncurrent	7,513,367	1,938	15,137,486	-	22,652,791
Total Liabilities	14,271,166	9,115,702	19,494,817	(6,309,825)	36,571,860
Deferred Inflows of Resources	5,051,440	3,333	-	-	5,054,773
Net Position:					
Net Investment in Capital Assets	20,794,171	28,919,257	2,773,967	-	52,487,395
Restricted	7,776,135	198,415	14	-	7,974,564
Unrestricted (Deficit)	10,060,335	(5,674,009)	(5,504,249)	-	(1,117,923)
Total Net Position	\$ 38,630,641	\$ 23,443,663	\$ (2,730,268)	\$ -	\$ 59,344,036

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

	Golf Course/ Management	Montgomery County Airpark	Crossvines	Eliminations	Total
Operating Revenues (Expenses):					
Operating Revenues	\$ 29,367,914	\$ 355,803	\$ 2,060,073	\$ -	\$ 31,783,790
Depreciation Expense	(1,983,763)	(693,648)	(757,975)	-	(3,435,386)
Other Operating Expenses	(21,558,471)	(681,745)	(3,824,088)	-	(26,064,304)
Income from Operations	5,825,680	(1,019,590)	(2,521,990)	-	2,284,100
Nonoperating Revenues (Expenses):					
Interest Income	348,645	-	775	-	349,420
Interest Expense	(524,621)	-	134,151	-	(390,470)
Loss on Insurance	(9,500)	-	-	-	(9,500)
Gain on Disposal of Capital Assets	13,180	-	-	-	13,180
Total Nonoperating Revenues (Expenses)	(172,296)	-	134,926	-	(37,370)
Income Before Capital Contribution	5,653,384	(1,019,590)	(2,387,064)	-	2,246,730
Capital Contribution	-	3,453,970	-	-	3,453,970
Change in Net Position	5,653,384	2,434,380	(2,387,064)	-	5,700,700
Net Position - Beginning of Year	32,977,257	21,009,283	(343,204)	-	53,643,336
Net Position - End of Year	\$ 38,630,641	\$ 23,443,663	\$ (2,730,268)	\$ -	\$ 59,344,036

MONTGOMERY COUNTY REVENUE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
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NOTE 8 SEGMENT INFORMATION (CONTINUED)

Condensed Statement of Cash Flows

	Golf Course/ Management	Montgomery County Airpark	Crossvines	Eliminations	Total
Net Cash Provided (Used) by:					
Operating Activities	\$ 7,312,244	\$ (3,391,822)	\$ (830,022)	\$ -	\$ 3,090,400
Capital and Related Financing Activities	(4,591,074)	3,413,388	(474,295)	-	(1,651,981)
Investing Activities	348,645	-	775	-	349,420
Net Increase (Decrease) in Cash and Cash Equivalents	3,069,815	21,566	(1,303,542)	-	1,787,839
Cash and Cash Equivalents - Beginning of Year	15,002,252	158,978	(1,059,172)	-	14,102,058
Cash and Cash Equivalents - End of Year	<u>\$ 18,072,067</u>	<u>\$ 180,544</u>	<u>\$ (2,362,714)</u>	<u>\$ -</u>	<u>\$ 15,889,897</u>

NOTE 9 LEASES

Lessor

Leases Receivable

Effective July 1, 2021, the Authority adopted GASB Statement No. 87, *Leases*, which impacted the accounting for leases that were previously classified as operating leases. As of June 30, 2025, the Authority has a lease receivable balance of \$914,940. Also, the Authority has a deferred inflow of resources associated with the leases that will be recognized as revenue over the term of the leases. The Authority recognized \$85,556 in lease revenue and \$31,167 in interest revenue during the current fiscal year. The Authority has the following leases under the GASB Statement No. 87 in the current fiscal year:

The Authority entered into a 99-year land lease with Meridian Nursing Centers, Inc. (assumed by 3227 Bel Pre Road, LLC). The Authority currently receives monthly payments from the lessor in the amount of \$2,063, which will continue to the end of the lease period of September 2084. At June 30, 2025, the lease receivable was \$646,713, and deferred inflows was \$621,953.

The Authority entered into a 15-year land lease expiring September 30, 2025, to lease 2000 square feet of land at the Airpark to a third-party at annual payments of \$3,000, plus annual Consumer Price Index adjustment payable on or before August 1 each year. At June 30, 2025, the lease receivable was \$7,223, and deferred inflows was \$3,333.

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NOTE 9 LEASES (CONTINUED)

The Authority entered into an eight-year lease agreement with WIN Radio Broadcasting whereby the Authority leases two radio towers on Falls Road Golf Course. Monthly payments begin at \$6,000 a month, with \$100 a month annual increase. The lease ends on November 30, 2028, a date that coincides with the end of the lease term between the Authority and the County for the golf course. Win Radio Broadcasting has the conditional right to extend the lease provided the Authority's lease with the County is extended. At June 30, 2025, the lease receivable was \$261,004, and deferred inflows was \$245,060.

Future collections on the three lease receivables, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 80,642	\$ 28,593	\$ 109,235
2027	79,635	25,935	105,570
2028	82,262	23,309	105,571
2029	37,449	20,980	58,429
2030	4,182	20,574	24,756
2031-2035	23,073	100,707	123,780
2036-2040	27,138	96,642	123,780
2041-2045	31,919	92,862	124,781
2046-2050	37,543	86,237	123,780
2051-2055	44,158	79,622	123,780
2056-2060	51,939	71,842	123,781
2061-2065	61,089	62,331	123,420
2066-2070	71,852	51,928	123,780
2071-2075	84,512	39,268	123,780
2076-2080	99,401	24,379	123,780
2081-2085	98,146	7,067	105,213
Total	<u>\$ 914,940</u>	<u>\$ 832,276</u>	<u>\$ 1,747,216</u>

Lessee

Variable Lease

On November 1, 2006, the Authority entered into a lease agreement with MNCPPC, whereby MNCPPC transferred the operation and maintenance of Sligo Creek, Northwest Park, Needwood, and Little Bennett golf courses, owned by MNCPPC, to the Authority. The lease expires on October 31, 2036, with a one 10-year renewal period. Percentage rent began on the fifth anniversary of the lease term and will continue for the remaining term of the lease, and will be payable based on net revenues in excess of \$5,100,000 as follows: year five-5%, year six-6%, year seven-7%, year eight-8%, year nine-9% and years 10 through 30-10%. Percentage rent incurred under the lease agreement was \$550,751 for the year ended June 30, 2025. Through various amendments, the Sligo Creek Golf Course was removed from the lease. However, the Authority continues to operate the Sligo Creek Golf under a month-to-month arrangement as the master lease precludes any other operators.

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NOTE 10 PENSION PLANS

Plan descriptions, memberships, contributions, and benefits provided:

Plan Descriptions

The employees of the Authority are covered by one of three Montgomery County employee retirement plans, depending upon date of employment. The Employees' Retirement System (ERS) is a cost-sharing, multiemployer defined-benefit plan that is closed to employees hired on or after October 1, 1994, who, instead, participate in the Retirement Savings Plan (RSP). The RSP is a cost-sharing, multiemployer defined contribution plan. In fiscal year 2009, the Montgomery County Council passed legislation enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the ERS. During fiscal year 2010, eligible County employees who were members of the RSP were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being member of the RSP.

These plans are considered part of the County's financial reporting entity, and are included in the County's basic financial statements as a pension and other employee benefit trust fund. Additionally, the County issues an Annual Comprehensive Financial Report (ACFR) for the plans. That report may be obtained on-line at www.montgomerycountymd.gov/retirement.

MONTGOMERY COUNTY REVENUE AUTHORITY
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NOTE 10 PENSION PLANS (CONTINUED)

Plan Memberships

Membership in the ERS and RSP, as reported at the most recent actuarial valuation dates, was as follows:

	<u>July 1, 2023</u>
Employees' Retirement System (ERS):	
Retirees and Beneficiaries Receiving Benefits	6,986
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	768
Active Plan Members	<u>6,229</u>
Total	<u><u>13,983</u></u>
Retirement Savings Plan (RSP):	
Active Plan Members	3,321
Inactive Plan Members	<u>1,238</u>
Total	<u><u>4,559</u></u>

Contributions

The ERS is a contributory plan with employees contributing a percentage of their base annual salary. Required employee contribution rates vary from 6% to 11.25% of regular earnings annually, based on group classification, and contributions earn interest at the rate of 4% per annum, as specified under Section 33-39(b) of the County Code (the Code). The County and each participating agency are required to contribute the remaining amounts necessary to fund the ERS using the actuarial basis as specified in Section 33-40 of the Code.

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

Under Section 33-116 of the Code, the RSP requires nonpublic safety employees to contribute 4% of regular earnings up to the Social Security wage base and 8% above the Social Security wage base. Public safety employees are required to contribute 3% of regular earnings, up to the Social Security wage base, and 6% above the Social Security wage base. Section 33-117 of the Code requires the County and each participating agency to contribute 8% and 10% of regular earnings for nonpublic safety and public safety employees, respectively.

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NOTE 10 PENSION PLANS (CONTINUED)

Contributions (Continued)

The County assigns a contribution percentage to the Authority on a fiscal year basis. The contribution percentage varies with the plan applicable to the employee. The County assigned a contribution percentage to the Authority of 6% for the ERS, 8% for the RSP, and 5.94% for the GRIP for the year ended June 30, 2025. The Authority is also required to make additional annual contributions to the ERS of \$91,901 for a 20-year period beginning in fiscal year ended June 30, 2017. For fiscal year ended June 30, 2025, there was no administrative charge for all RSP and GRIP participating employees. The Authority's aggregate required contributions and administrative charges paid to the County and charged to operations under each of the three plans for the year ended June 30, 2025, was \$441,509, which includes ERS and GRIP contributions of \$123,148, or 22.52%, of total covered payroll.

Benefits Provided

Benefit provisions are established under the Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups within the ERS. Members enrolled before July 1, 1978, belong to either the optional nonintegrated 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 group assigned depends upon the job classification of the member (i.e., nonpublic 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 nonintegrated group members and optional integrated group members is defined as the high 12 months and, for mandatory integrated plan 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%, to a maximum of 60%, depending on the number of years early retirement precedes normal retirement.

The ERS provides options for disability and death benefits to eligible participants. Annual cost-of-living adjustments are provided to retirees and beneficiaries based on the percentage change in the Consumer Price Index.

For members of the GRIP, employee contributions and earnings thereon vest immediately, and employer contributions and earnings, thereon, are vested after three years of service or upon death, disability, or reaching retirement age. At separation, a participant's benefit is determined based upon the account balance, which includes contributions and investment earnings.

MONTGOMERY COUNTY REVENUE AUTHORITY
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NOTE 10 PENSION PLANS (CONTINUED)

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

The County determined the ERS's unfunded actuarial accrued liability for each of the plans' participating units of government, which was used as the basis for allocating each participating government unit's proportionate share of the total net pension liability. At June 30, 2025, the County reported a net pension liability of \$278,635,126, and the Authority's actuarially determined proportionate liability share of \$1,023,156, or 0.3672%, of the total ERS's net pension liability, actuarially measured as of June 30, 2025. The Authority's share of the total ERS's net pension liability decreased by .7028% at June 30, 2025.

For the year ended June 30, 2025, the Authority recognized pension expense of \$(650,283). The Authority recognized deferred outflows of resources, deferred inflows of resources, and expense related to pensions as of and for the year ended June 30, 2025, as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 555,200	\$ 11,923
Differences Between Employer Contributions and Proportionate Share of Contributions	57,420	2,298,883
Assumption Changes	-	112,011
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Assets	645,415	-
Authority Contributions Subsequent to the Measurement Date	123,158	-
Total	<u>\$ 1,381,193</u>	<u>\$ 2,422,817</u>

MONTGOMERY COUNTY REVENUE AUTHORITY
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NOTE 10 PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$123,158 reported as deferred outflows of resources related to pensions resulting from Authority contributions to the ERS, subsequent to the measurement date, will be recognized as a reduction in the net pension liability in fiscal year ended June 30, 2026. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (2,135,775)
2027	721,672
2028	222,817
2029	26,504
Total	<u>\$ (1,164,782)</u>

Actuarial Methods and Assumptions

The total pension liability of the ERS in the June 30, 20243, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method for Funding	Level percentage of payroll, separate closed period bases for Public Safety and GRIP, single closed period amortization for nonpublic safety.
Amortization Period for Funding	For Public Safety and GRIP: Initial amortization period of 20 years for the base established July 1, 2015. Initial amortization period of 20 years for subsequent bases. For Nonpublic Safety: Single closed amortization period of nine years established July 1, 2015. Average amortization period of 7.6 years for total ERS.
Asset Valuation Method	Market Value
Valuation Date	July 1, 2023
Measurement Date	June 30, 2024
Investment Rate of Return	7.50% per year
Projected Salary Increases	
Depending on Service	3.00% - 11.00%
Cost-of-Living (Inflation Rate)	2.50% compound for service before July 1, 2011 for optional integrated and non-integrated plan members, 2.45% compound for service before July 1, 2011 for mandatory integrated plan members (1.50% compound for service before July 1, 2011 for defined groups of mandatory integrated plan members) and 2.2% compound for service on or after July 1, 2011.
Adjustments	
Post-Retirement Increases	Consumer Price Index - by Group
Mortality Rates After Retirement	Pub-2010 Health Retiree Mortality Table (for General and Safety Employees), sex-distinct, with rates projected from 2010 using projection scale MP-2021 (generational mortality). Updated for the 2023 valuation.

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NOTE 10 PENSION PLANS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The actuarial assumptions used in the actuarial valuation are based on the experience study report covering the period July 1, 2014 through July 1, 2018 and the phase 1 experience study report covering the period July 1, 2018 through July 1, 2022.

Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	12.70 %	2.25 %
International Equities	7.50	2.28
Emerging Market Equities	3.80	5.93
Global Equities	3.50	2.75
Private Equity	15.00	5.70
Credit Opportunities	6.00	5.67
High Yield Bonds	4.00	3.53
Emerging Market Debt	1.50	2.40
Directional Hedge Funds	2.25	3.86
Long Duration Fixed Income	7.00	1.49
Cash	1.00	1.31
Diversifying Hedge Funds	2.25	3.25
Global IIs	16.50	3.99
Private Real Assets	12.00	3.91
Public Real Assets	5.00	5.48
Total	100.00 %	

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NOTE 10 PENSION PLANS (CONTINUED)

Investments (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate, and contributions from the County and other participating agencies will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Authority's proportionate share of the net pension liability, calculated using a single discount rate of 7.50%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Authority's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,995,495</u>	<u>\$ 1,023,156</u>	<u>\$ (644,260)</u>

MONTGOMERY COUNTY REVENUE AUTHORITY
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JUNE 30, 2025

NOTE 10 PENSION PLANS (CONTINUED)

Additional Information

Additional financial information supporting the preparation of the schedule of employer allocations and the schedule of pension amounts by employer (including the disclosure of the net pension liability and the unmodified audit opinion on the financial statements) is located in the Montgomery County Employee Retirement Plans' Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. The supporting actuarial information is included in the June 30, 2025, actuarial valuation for the ERS. The additional financial and actuarial information is available at: Montgomery County Employee Retirement Plans, 101 Monroe Street, 15th Floor, Rockville, Maryland 20850 or by calling 240-777-8220.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Montgomery County Council enacted legislation to establish a trust effective July 1, 2007, to fund the Montgomery County Retiree Health Benefits Plan (RHB Plan). Effective July 1, 2011, the Montgomery County Council enacted legislation to change the name of the trust to the Montgomery County Consolidated Retiree Health Benefits Trust (CRHBT) due to the addition of separate County-funded agency retiree benefit plans. The RHB Plan is a cost-sharing, multiemployer defined benefit healthcare plan sponsored by Montgomery County. Other agencies and political subdivisions have elected to participate.

CRHBT is considered part of the County's financial reporting entity and is included in the County's basic financial statements as another post-employee benefit trust fund. Additionally, the County issues stand-alone financial statements for the plan. That report may be obtained online at <https://www.montgomerycountymd.gov/mcerp/trustees.html>.

Benefits Provided

Authority employees who retire from active service are provided with postemployment benefits, such as medical, life, dental, vision and prescription coverage under the RHB Plan. These benefits are provided through the Montgomery County Group Insurance Plan. Retirees may elect coverage for their dependents. Postemployment benefit provisions and eligibility requirements for retirees are described in the Montgomery County Group Insurance Summary Plan Description. At June 30, 2025, the Authority has 24 retirees who have met the eligibility requirements and 63 active plan members.

MONTGOMERY COUNTY REVENUE AUTHORITY
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NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Membership

At June 30, 2024, the date of the latest actuarial valuation, membership in the plan consisted of:

Retirees and Beneficiaries Currently Receiving Benefit	
Payments	7,869
Active Plan Members	<u>9,993</u>
Total	<u><u>17,862</u></u>

Contributions

The Montgomery County Council has the authority to establish and amend contribution requirements of the RHB Plan's 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. The Authority has signed an agreement with the County, whereby the Authority makes quarterly contributions to pre-fund its portion of the liability and monthly payments for premiums and administrative charges, based upon benefits provided to current retirees.

The Authority's annual required contribution is actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the RHB Plan from the Authority were \$203,609 for the year ended June 30, 2025.

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

At June 30, 2025, the Authority reported a liability of \$2,150,745 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2024. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the RHB Plan relative to the projected contributions of all participating agencies, actuarially determined. At June 30, 2025, the Authority's proportion was 0.3440%, which remained the same from the Authority's portion of 0.3440% at June 30, 2024.

MONTGOMERY COUNTY REVENUE AUTHORITY
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NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2025, the Authority recognized expense of \$(86,178). At June 30, 2025, the Authority reported deferred outflows of resources, deferred inflows of resources and OPEB expense related to OPEB as of and for the year ended June 30, 2025, as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	64,612	709,500
Assumption Changes	305,077	735,413
Net Difference Between Projected and Actual Investment Earnings on Plan Assets	112,543	-
Change in Proportion	-	168,692
Authority Contributions Subsequent to the Measurement Date	203,609	-
Total	<u>\$ 685,841</u>	<u>\$ 1,613,605</u>

\$203,609 reported as deferred outflows of resources related to OPEB resulting from Authority contributions, subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (377,858)
2027	(162,891)
2028	(251,130)
2029	(192,896)
2030	(107,793)
Thereafter	(38,805)
Total	<u>\$ (1,131,373)</u>

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Valuation Date	April 1, 2023
Measurement Date	June 30, 2024
Discount Rate	7.50%
20-Year Municipal Bond Rate	Change from 3.86% to 3.97%
Municipal Bond Rate Basis	20-Year tax-exempt general obligation municipal bond with average rating of AA/Aa
Investment Rate of Return	7.50%, net of OPEB plan investment expense and inflation
Salary Increases	Vary based on participant group and service. Increase start between 4.25% and 8.25% at hire and decrease to 0.05% after 30 years of service. Increases are net of inflation.
General Inflation	3.00%
Mortality - Healthy Retirees	Group A, H, J, GRIP - Pub-2010 Healthy Mortality, Headcount weighted, General Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2018. Group E, F, G - Pub-2010 Healthy Mortality, Headcount weighted, Public Safety Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2018
Mortality - Disabled Retirees	Group A, H, J, GRIP - Pub-2010 Disabled Mortality, Headcount weighted, General Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2018. Group E, F, G - Pub-2010 Disabled Mortality, Headcount weighted, Public Safety Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2018
Health Care Cost Trend Rates	The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model, version 2019_b. The SOA model is flexible and allows for adjustments that ultimately control how quickly the current trend converges to the percentage increase in the GDP. Montgomery County has selected the following assumptions which were used as input variables into the SOA model: Rate of Inflation: 2.40% Rate of Growth in Real Income / GDP per capita: 1.25% Excess Medical Growth: 1.20% Expected Health Share of GDP in 2018: 20.50% Health Share of GDP Resistance Point: 15.00% Year for Limiting Cost Growth to GDP Growth - 2040 The initial trend rate is 5.30% in 2021 and decreases until reaching the ultimate rate of 3.68% in 2040. The dental trend is set to 4.50% per year.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to July 1, 2023.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Investments

The long-term expected rate of return on the RHB Plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	18.25 %	2.25 %
International Equities	10.00	2.58
Emerging Market Equities	5.10	5.93
Global Equities	4.65	2.75
Private Equity	8.00	5.70
Credit Opportunities	2.00	5.67
High Yield Bonds	7.50	3.53
Emerging Market Debt	2.50	2.40
Directional Hedge Funds	2.50	3.86
Long Duration Fixed Income	9.50	1.49
Cash	1.00	1.31
Diversifying Hedge Funds	2.50	3.25
Global IIs	16.50	3.99
Private Real Assets	5.00	5.48
Public Real Assets	5.00	3.91
Total	100.00 %	

Discount Rate

A single discount rate of 7.50% was used to measure the total OPEB liability. This single discount rate was based on the expected long-term rate of return on RHB Plan investments of 7.50%. The County's policy is to attain a 75 percent funded percentage by July 1, 2039. After 2039, future contributions are set to the amount required to maintain 75 percent funding. Under this contribution policy, the plan's assets will never be exhausted so the expected rate of return on plan assets was used to measure the total OPEB liability.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The following presents the Authority's proportionate share of the net OPEB liability, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current discount rate:

	1% Decrease to 6.50%	Current Discount Rate 7.50%	1% Increase to 8.50%
Authority's Proportionate Share of the Net Other Postemployment Benefits Liability	<u>\$ 2,741,390</u>	<u>\$ 2,150,745</u>	<u>\$ 1,654,620</u>

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease 2.78%	Trend Rate 3.78%	1% Increase 4.78%
Authority's Proportionate Share of the Net Other Postemployment Benefits Liability	<u>\$ 1,577,963</u>	<u>\$ 2,150,745</u>	<u>\$ 2,850,644</u>

Retiree Health Benefits (RHB) Plan Fiduciary Net Position

Detailed information about the RHB Plan's fiduciary net position is available in the County Retiree Health Benefits Trust (CRHBT) stand-alone financial statements for the fiscal year ended June 30, 2024.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 RELATED-PARTY TRANSACTIONS

As previously discussed, the Authority participates in various transactions in the normal course of business with the County, as well as with other component units of the County. A summary of such transactions for the year ended June 30, 2025, and the amounts due to/from these related parties as of June 30, 2025, are as follows:

Costs Incurred for:

Group Health Insurance Paid to Montgomery County, Including OPEB	\$ 1,155,705
Required Retirement Plan Contributions Paid to Montgomery County	123,148
Property and Casualty Insurance Paid to Montgomery County	195,832
Rent Expense Paid to Montgomery County	542,080
Legal Services Paid to Montgomery County	45,630

Amount Due to Related Parties:

Due to Montgomery County	2,719,297
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The Authority participates in both of the County's self-insurance internal service funds. One fund is maintained for liability and property coverage under which the Authority shares with other participants the costs of workers' compensation, comprehensive general, automobile and professional liability (errors and omissions), property coverage, including fire and theft, and other selected areas that 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. The liability for claims with respect to all participants transfers to the self-insurance fund. The second self-insurance fund is maintained for employee health benefits under which participants share medical, prescription, dental, vision, and life insurance. Payments to the self-insurance funds by the Authority and other participants are based on actuarial estimates. For the past four years, no insurance settlements exceeded commercial insurance coverage in either self-insurance fund.

NOTE 13 FAIR VALUE MEASUREMENT

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 FAIR VALUE MEASUREMENT (CONTINUED)

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the best level of input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Interest Rate Swaps – Valued at the estimated amount that the bank or financial institution would receive or pay to terminate the swap agreement at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The following table sets forth by level, within the fair value hierarchy, the Authority's liabilities at fair value.

		Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Interest Rate Swap Agreement	\$ 148,005	\$ -	148,005	\$ -

To assess the appropriate classification of investments within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. The Authority evaluates the significance of transfers between levels based upon the nature of the investment and size of the transfer relative to net position.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 14 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARDS

The GASB has issued several pronouncements prior to the year ended June 30, 2025, with effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statement of the Authority:

- GASB Statement No. 103, *Financial Reporting Model*, is effective for the Authority beginning with its year ending June 30, 2026. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government's accountability. This Statement also addresses certain application issues.
- GASB Statement No. 104, *Disclosure of Certain Assets*, is effective for the Authority beginning with its year ending June 30, 2026. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MONTGOMERY COUNTY, MARYLAND EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(UNAUDITED)
(SEE INDEPENDENT AUDITOR'S REPORT)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's Proportion of the Net Pension Liability	0.367%	1.070%	-0.859%	-0.564%	2.460%	1.533%	0.497%	0.404%	0.283%	0.236%
Authority's Proportionate Share of the Net Pension Liability	1,023,156	\$ 1,475,406	\$ 1,325,942	\$ 4,161,740	\$ 2,697,604	\$ 805,701	\$ 959,317	\$ 1,381,146	\$ 1,530,408	\$ 991,708
Authority's Covered-Employee Payroll	\$ 513,163	\$ 481,664	\$ 416,873	\$ 461,868	\$ 463,533	\$ 306,155	\$ 283,315	\$ 194,886	\$ 192,909	\$ 254,024
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	199.38%	306.31%	318.07%	901.07%	581.97%	263.17%	338.60%	708.69%	793.33%	390.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.64%	97.20%	103.30%	116.20%	97.53%	98.80%	95.55%	92.00%	87.06%	89.69%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. In accordance with GASB 68, the above information is not required to be presented retroactively.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
MONTGOMERY COUNTY, MARYLAND EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(UNAUDITED)
(SEE INDEPENDENT AUDITOR'S REPORT)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contributions	\$ 123,158	\$ 122,126	\$ 120,269	\$ 117,723	\$ 119,726	\$ 119,766	\$ 109,599	\$ 108,786	\$ 102,419	\$ 37,012
Actual Contributions Made:										
ERS (Defined Benefit Plan)	96,787	98,166	98,080	97,850	97,742	97,423	97,343	97,153	96,609	29,500
GRIP (Defined Benefit Plan)	26,371	23,960	22,189	19,873	21,984	22,343	12,256	11,633	5,810	7,512
Total	<u>123,158</u>	<u>122,126</u>	<u>120,269</u>	<u>117,723</u>	<u>119,726</u>	<u>119,766</u>	<u>109,599</u>	<u>108,786</u>	<u>102,419</u>	<u>37,012</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$ 546,921	\$ 513,163	\$ 481,664	\$ 416,873	\$ 461,868	\$ 463,533	\$ 306,155	\$ 283,315	\$ 194,886	\$ 192,909
Contributions as a Percentage of Covered-Employee Payroll	22.52%	23.80%	24.97%	28.24%	25.92%	25.84%	35.80%	38.40%	52.55%	19.19%

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MONTGOMERY COUNTY, MARYLAND RETIREE HEALTH BENEFIT PLAN
LAST EIGHT FISCAL YEARS*
(UNAUDITED)
(SEE INDEPENDENT AUDITOR'S REPORT)

	2025	2024	2023	2022	2021	2020	2019	2018
Authority's Proportion of the Net OPEB Liability	0.3440%	0.3440%	0.3440%	0.3437%	0.3437%	0.3607%	0.3499%	0.2368%
Authority's Proportionate Share of the Net OPEB Liability	\$ 2,150,745	\$ 2,566,225	\$ 2,791,995	\$ 2,896,436	\$ 3,476,572	\$ 3,078,330	\$ 4,656,922	\$ 3,604,611
Authority's Covered-Employee Payroll	\$ 4,591,766	\$ 4,372,306	\$ 3,831,004	\$ 3,906,297	\$ 3,719,105	\$ 3,296,350	\$ 3,380,754	\$ 3,287,909
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	46.84%	58.69%	72.88%	74.15%	93.48%	93.39%	137.75%	109.63%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	57.68%	50.98%	47.82%	49.28%	38.02%	39.35%	26.99%	22.38%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. In accordance with GASB 68, the above information is not required to be presented retroactively. This schedule will not present 10 years' worth of information until fiscal year 2027.

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
MONTGOMERY COUNTY, MARYLAND RETIREE HEALTH BENEFIT PLAN
LAST NINE FISCAL YEARS*
(UNAUDITED)
(SEE INDEPENDENT AUDITOR'S REPORT)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 226,000	\$ 226,854	\$ 233,989	\$ 261,140	\$ 247,980	\$ 421,070	\$ 411,042	\$ 266,876	\$ 266,305
Contributions in Relation to the Contractually Required Contribution	<u>203,609</u>	<u>184,309</u>	<u>173,935</u>	<u>188,102</u>	<u>184,672</u>	<u>328,331</u>	<u>345,763</u>	<u>285,627</u>	<u>300,254</u>
Contribution Deficiency (Excess)	<u>\$ 22,391</u>	<u>\$ 42,545</u>	<u>\$ 60,054</u>	<u>\$ 73,038</u>	<u>\$ 63,308</u>	<u>\$ 92,739</u>	<u>\$ 65,279</u>	<u>\$ (18,751)</u>	<u>\$ (33,949)</u>
Authority's Covered-Employee Payroll	\$ 4,879,521	\$ 4,591,766	\$ 4,372,306	\$ 3,831,004	\$ 3,906,297	\$ 3,719,105	\$ 3,296,350	\$ 3,380,754	\$ 3,287,909
Contributions as a Percentage of Covered-Employee Payroll	4.17%	4.01%	3.98%	4.91%	4.73%	8.83%	10.49%	8.45%	9.13%

Notes to Schedule:

Change in Assumptions:

The discount rate was changed as of the following measurement dates:

June 30, 2021 - 7.50%
June 30, 2022 / June 30, 2023 - 6.20%
June 30, 2021 - 5.28%
June 30, 2020 - 5.68%
June 30, 2019 - 6.10%
June 30, 2018 - 6.26%
June 30, 2017 - 5.88%
June 30, 2016 - 5.39%

The mortality assumptions were changed as of the following measurement date:

June 30, 2019 / June 30, 2020 - Pub-2010 fully generational projected from 2010 using scale MP-2018
June 30, 2018 - RP-2014 generational mortality table, using Scale MP-2017 for projection of mortality improvement
June 30, 2017 - RP-2014 generational mortality table, using Scale MP-2016 for projection of mortality improvement
June 30, 2016 - RP-2014 generational mortality table, using Scale MP-2015 for projection of mortality improvement

* In accordance with GASB 68, the above information is not required to be presented retroactively. This schedule will not present 10 years' worth of information until fiscal year 2026.

**OTHER INFORMATION
(UNAUDITED)**

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
SCHEDULE OF MANAGEMENT ACTIVITIES REVENUES AND EXPENSES BY ACTIVITY
YEAR ENDED JUNE 30, 2025
(UNAUDITED)
(SEE INDEPENDENT AUDITOR'S REPORT)

	Falls Road Golf Course	Laytonsville Golf Course	Golf at The Crossvines	Rattlewood Golf Course	Hampshire Greens Golf Course	Sligo Creek Golf Course	Northwest Park Golf Course
MANAGEMENT ACTIVITIES REVENUES							
Sales	\$ 3,644,494	\$ 2,501,659	\$ 2,178,703	\$ 2,209,484	\$ 2,646,908	\$ 1,248,867	\$ 4,125,660
Rent Income	382,343	345,628	381,137	383,194	8,996	150,807	524,366
Other	19,494	6,120	3,745	17,940	6,296	39,319	11,502
Total Management Activities Revenues	4,046,331	2,853,407	2,563,585	2,610,618	2,662,200	1,438,993	4,661,528
MANAGEMENT ACTIVITIES EXPENSES							
Cost of Goods Sold	324,318	215,318	157,279	173,188	205,650	142,192	349,293
Personnel Costs	1,301,390	1,079,319	1,055,184	1,046,765	1,290,948	597,246	1,449,136
Insurance	23,475	23,473	23,473	23,473	23,473	11,046	23,473
Supplies and Materials	258,246	161,746	246,252	151,760	175,468	43,006	271,743
Contractual Services	47,439	49,036	65,176	56,874	49,520	36,093	78,914
Communications	24,828	16,356	15,040	15,096	14,810	15,290	23,147
Transportation	-	100	100	100	-	-	-
Public Utility Services	50,534	33,418	33,686	56,860	84,958	61,114	82,360
Rentals	7,243	4,927	8,768	6,880	4,440	(149)	230,451
Maintenance	134,838	98,747	210,755	114,321	111,379	40,370	159,567
Depreciation	269,065	197,265	314,823	267,961	217,010	59,862	243,785
Miscellaneous	171,029	132,667	105,428	98,291	103,772	71,016	230,289
Total Management Activities Expenses	2,612,405	2,012,372	2,235,964	2,011,569	2,281,428	1,077,086	3,142,158
INCOME (LOSS) FROM MANAGEMENT ACTIVITIES BEFORE INTERFUND ACTIVITY	1,433,926	841,035	327,621	599,049	380,772	361,907	1,519,370
Interfund Allocations for Management Fee Revenue (Expense)	(350,629)	(350,629)	(350,629)	(350,629)	(350,629)	(125,004)	(350,629)
INCOME (LOSS) FROM MANAGEMENT ACTIVITIES	<u>\$ 1,083,297</u>	<u>\$ 490,406</u>	<u>\$ (23,008)</u>	<u>\$ 248,420</u>	<u>\$ 30,143</u>	<u>\$ 236,903</u>	<u>\$ 1,168,741</u>

MONTGOMERY COUNTY REVENUE AUTHORITY
(A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND)
SCHEDULE OF MANAGEMENT ACTIVITIES REVENUES AND EXPENSES BY ACTIVITY (CONTINUED)
YEAR ENDED JUNE 30, 2025
(UNAUDITED)
(SEE INDEPENDENT AUDITOR'S REPORT)

	Needwood Golf Course	Little Bennett Golf Course	Golf Academy	Management	Montgomery County Airpark	Crossvines	Total
MANAGEMENT ACTIVITIES REVENUES							
Sales	\$ 3,688,121	\$ 2,627,174	\$ -	\$ 4	\$ 94,294	\$ 1,486,452	\$ 26,451,820
Rent Income	483,755	9,274	-	10,495	199,871	113,494	2,993,360
Other	7,016	3,443	1,561,280	140,692	61,637	460,126	2,338,610
Total Management Activities Revenues	4,178,892	2,639,891	1,561,280	151,191	355,802	2,060,072	31,783,790
MANAGEMENT ACTIVITIES EXPENSES							
Cost of Goods Sold	263,989	263,718	(143)	(40)	-	683,518	2,778,280
Personnel Costs	1,355,069	1,123,254	1,119,866	1,788,912	138,807	1,970,054	15,315,950
Insurance	23,473	23,473	-	-	6,544	61,604	266,980
Supplies and Materials	216,374	180,138	3,046	-	118	51,963	1,759,860
Contractual Services	68,109	57,857	16,785	318,505	53,644	325,868	1,223,820
Communications	16,138	16,159	-	11,450	3,754	13,342	185,410
Transportation	-	100	-	2,730	-	-	3,130
Public Utility Services	65,105	50,343	-	-	34,946	132,226	685,550
Rentals	210,801	126,584	-	-	285	86,980	687,210
Maintenance	184,659	158,123	3,690	9,233	86,936	98,202	1,410,820
Depreciation	211,717	173,629	135	28,511	693,648	757,975	3,435,386
Miscellaneous	177,818	126,412	84,124	240,043	6,079	200,326	1,747,294
Total Management Activities Expenses	2,793,252	2,299,790	1,227,503	2,399,344	1,024,761	4,382,058	29,499,690
INCOME (LOSS) FROM MANAGEMENT ACTIVITIES BEFORE INTERFUND ACTIVITY	1,385,640	340,101	333,777	(2,248,153)	(668,959)	(2,321,986)	2,284,100
Interfund Allocations for Management Fee Revenue (Expense)	(350,629)	(350,629)	(125,004)	3,605,669	(350,629)	(200,000)	-
INCOME (LOSS) FROM MANAGEMENT ACTIVITIES	<u>\$ 1,035,011</u>	<u>\$ (10,528)</u>	<u>\$ 208,773</u>	<u>\$ 1,357,516</u>	<u>\$ (1,019,588)</u>	<u>\$ (2,521,986)</u>	<u>\$ 2,284,100</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Montgomery County Revenue Authority
Mt. Airy, Maryland

We have audited, in accordance with the 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, the financial statements of Montgomery County Revenue Authority (the Authority), component unit of Montgomery County, Maryland, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
October 15, 2025



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