County of Montgomery, Pennsylvania

Annual Comprehensive Financial Report

Year Ended December 31, 2025

COUNTY OF MONTGOMERY, PENNSYLVANIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2025

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

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INTRODUCTORY SECTION

OFFICE OF THE CONTROLLER
COUNTY OF MONTGOMERY
COURT HOUSE
P.O. BOX 311
NORRISTOWN, PENNSYLVANIA
19404-0311
Phone: (610) 278-3072

Controller
ROBERT R. HART, ESQUIRE
1st Deputy Controller
MAURICE C. RUSSO
Special Deputy Controller
THOMAS A. LANDAUER
Solicitor
MICHAEL L. BARBIERO, ESQUIRE

June 30,2026

To the Citizens of Montgomery County, Pennsylvania:

I am pleased to provide the Annual Financial Report of the County of Montgomery, Pennsylvania, ("County"), for the fiscal year ended December 31, 2025.

The Office of the Controller has prepared this report with assistance from numerous County officials. The County's management assumes full responsibility for the completeness and reliability of the information contained in the report. I believe this enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County in accordance with generally accepted accounting principles. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

A three-member Board of Commissioners performs all of the County's legislative and executive functions and is responsible for the management and administration of the County's fiscal affairs. The Controller is the financial officer of the County and, as such, supervises the County's fiscal affairs including the accounts, transactions, and official acts relating thereto of all officers and persons entrusted with the public monies of the County.

This report is designed to make the financial position of the County readily available to taxpayers, bond rating firms, underwriters, budget planners, government officials, investors, creditors, and the general public. The County's financial statements have been audited by the certified public accounting firm of Maher Duessel to ensure that the financial reporting is of the highest quality and compliant with national standards. The information in this report gives a comprehensive picture of the County's financial position.

Long-Term Financial Planning

The Board of Commissioners and County staff are committed to providing value to the taxpayers by maintaining quality service levels and offering new benefits whenever the opportunity presents itself and the County's fiscal position permits. To accomplish this, the County regularly evaluates its revenue enhancement strategies and long-range financial forecast. The County has also developed and maintains multi-year financing plans for replacement of capital assets and infrastructure improvements.

Also, as a part of sound fiscal planning, the County has adopted a fund balance policy that is compliant with GASB 54 for determining fund balance categories and based on recommendations from the Government Finance Officers Association for maintaining an unrestricted budgetary fund balance in the general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.

Internal Controls

The management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled and maintained to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that the County's objectives are met. The concept of reasonable assurance recognized that:

1. The cost of a control should not exceed its benefits, and
2. The evaluation of cost and benefits requires estimates and judgments by management.

All internal accounting control evaluations occur within the above framework. We believe that the County's internal accounting adequately safeguard assets and provide reasonable assurance of proper recording of transactions and maintenance of asset accountability.

Please see Management's Discussion and Analysis for additional information on the County.

I also wish to express my personal appreciation and respect to the County Controller's Office professional staff for their contribution to this report and their dedication to this office's mission.

Each of us continues to be committed to maintaining the highest professional standards and practices, and to monitoring the financial performance of the County in the best interest of the citizens of the County.

Sincerely,

Robert R. Hart, Esquire
Controller, County of Montgomery

COUNTY ACHIEVEMENTS

Location and Character

The County of Montgomery (the "County" or "Montgomery County") is situated in the southeastern corner of the Commonwealth of Pennsylvania (the "Commonwealth"), bounded by Bucks County to the northeast, Lehigh and Berks Counties to the northwest, Chester and Delaware Counties to the southwest and the City of Philadelphia to the southeast. With a land area of 482.4 square miles, the County has 62 political subdivisions, including boroughs, first-class townships, second-class townships and home-rule municipalities. The western section of the County contains significant farmland and rural landscapes with rapid growth occurring in the corridor between King of Prussia/Valley Forge and Pottstown. The remainder of the County is primarily residential, with numerous large employment centers of offices, high-tech, research, light industry and service-oriented firms throughout. The County also contains numerous regional malls and major retail centers.

The County falls within the "Philadelphia Region", a region defined by the Delaware Valley Planning Commission to include Bucks, Chester, Delaware, Montgomery and Philadelphia Counties, in Pennsylvania, and Burlington, Camden, Gloucester and Mercer Counties in New Jersey. The population of the Philadelphia Region as a whole increased from 5,024,453 in 1980 to 5,182,705 in 1990, to 5,387,407 in 2000, to 5,626,186 in 2010, and to 5,893,110 in 2020 as determined by the United States Department of Commerce, Bureau of the Census (the "United States Census").

History of the County

The land which is now known as "Montgomery County" was originally inhabited by the Lenni-Lenape Indians. In the late 17th Century, Welsh and English immigrants became the first Europeans to settle in the region. The area is well known for George Washington's winter encampment of 1777-78 at Valley Forge, which is now a national park and a nationally known historic site and tourist attraction.

On September 10, 1784, an Act of the Pennsylvania Assembly formally created Montgomery County. The Municipality of Norristown became, and remains today, the county seat.

By the beginning of the 19th century, industry spread rapidly throughout the County, in particular along the Schuylkill River. Steel mills and heavy manufacturing industries eventually became the leading industries in the County. Since the end of World War II, the County has experienced a shift away from heavy industry towards high technology and service industries, including several world-wide pharmaceutical firms. According to the Bureau of Labor Statistics, the County had over 502,000 jobs in 2025. It has a diverse mix of employers and is a major employment center in the Philadelphia area.

COUNTY OF MONTGOMERY, PENNSYLVANIA
OFFICIALS OF THE COUNTY OF MONTGOMERY
DECEMBER 31, 2025

Government

The County is a County of the Second Class A, a classification established on the basis of population by the State Legislature on October 20, 1967. Counties of the Second Class A have populations between 500,000 and 999,000. Bucks County, Delaware County and Lancaster County are the only other Second Class A counties in the Commonwealth. Montgomery County is the third largest county in Pennsylvania.

The County functions under the Second Class County Code which delegates various duties to the County Commissioners, including administration of elections and registration of voters; assessment of property for tax purposes; care of prisoners; maintenance of roads and bridges; care of the aged, dependent, and indigent ill; planning; civil defense; sewage disposal; parks and recreation. There are three Commissioners elected at-large for four-year terms, one of whom is elected to be chair by vote of the three Commissioners. Jamila Winder, Chair, Neil Makhija, Vice Chair and Thomas DiBello, Commissioner are currently serving on the Board of Commissioners with terms that expire December 31, 2027. Provision is made for minority party representation through a statutory requirement that no party may place more than two candidates on the ballot for the three positions. Other elected officers in the County include Controller, Coroner, Clerk of Courts, District Attorney, Jury Commissioners, Prothonotary, Recorder of Deeds, Register of Wills, Sheriff, Treasurer and Court of Common Pleas Judgeships.

Population

The County's population has increased from 750,097 in 2000 to 799,874 in 2010, according to the United States Census. The County's population continued to rise to 856,553 in the most recent complete count by the United States Census made for 2020. Current population estimate for 2025 is 877,643.

The following tables summarize the population increases in the County, the Philadelphia Region and the Commonwealth, population by age group for the County and the Commonwealth and age characteristics, population density and persons per household for the County, the Philadelphia Region, and the Commonwealth.

Population Trends

	1990	2000	2010	2020	2025[2]
Montgomery County	678,111	750,097	799,874	856,553	877,643
Philadelphia Region[1]	4,856,881	5,100,931	5,626,186	5,893,110	6,330,422
Commonwealth of Pennsylvania	11,881,640	12,281,054	12,702,379	13,002,700	13,059,432

Source: U.S. Department of Commerce, Bureau of Census.

(1) Includes the nine counties in the Philadelphia Region as defined by the Delaware Valley Planning Commission.
(2) Estimated

Economic Development

The County's economic and workforce development efforts focus on initiatives, partnerships, and programs designed to continue making Montgomery County the place to live, work, learn, and invest. The Commerce Department is comprised of several constituent entities: a Redevelopment Authority (MCRDA), an Industrial Development Authority (MCIDA), and MontcoWorks (the local workforce development board for Montgomery County). Support and assistance for individuals, businesses, institutions, and communities comes from one or more of these entities depending on the specific scope of work and need. Services available through the commerce department include but are not limited to the following:

- resources and referrals
- economic development and redevelopment financing
- data analysis including demographics and labor market information
- entrepreneurial technical assistance
- employer recruitment, incumbent worker training, retention, and talent pipeline development support
- funding support for occupational training
- career readiness and employment assistance
- targeted services for the economically disadvantaged
- targeted services for in-school and out-of-school youth

The County's economic and workforce development efforts focus on initiatives, partnerships, and programs designed to highlight Montgomery County as the place to live, work, learn, and invest. The Montgomery County Commerce Department coordinates these functions by strategic alignment of multiple entities engaged in critical work to strengthen the County and accentuate its competitive advantages. A variety of resources & assistance is provided and facilitated, including entrepreneurial technical assistance, County data & information, economic development & redevelopment financing, job-placement assistance, and job-training programs.

Notably, the Commerce Department continues to add economic development programming options through the redevelopment authority including a county supported economic development loan program, a Commonwealth of Pennsylvania supported economic development loan program, and the authorization of the C-PACE financing program. The Commerce Department has also begun to take on a greater role regionally and is looking to be more forward facing to raise the County's profile nationally and internationally in the years to come.

In 2024, the MCIDA approved approximately $37,250,000.00 in financing for projects and continued a co-investment initiative with the Ben Franklin Technology Partners of Southeast Pennsylvania that has thus far led to $850,000.00 in start-up funding.
The MCRDA secured $1,500,000 and administered approximately $42,000,000.00 in grant funds for redevelopment and revitalization projects in 2024.
The workforce development system supported 856 enrollments across multiple WIOA and related programs during calendar year 2024, assisting another 4,303 through onsite and virtual employment-related activities.

Funding for the workforce development system during program year 2024 (07/01/2024 - 06/30/2025) was $4,021,180 for MontcoWorks with another $2,242,581 in workforce grant dollars administered as fiscal agent.

Long-Term Financial Planning

In years immediately following the Great Recession, the County experienced turbulence within the local economy; this negatively impacted the County's financial position. Under the current administration, prudent fiscal management principles have been implemented to provide a framework for planning proper service levels, funding those services, and providing accountability for achieving service goals. In 2018, the County received a Aaa bond credit rating from Moody's Investor Services that was reaffirmed in April 2025. Over the past six years, the County has built up unassigned General Fund reserves of $154.1 million to protect against economic downturns, unfunded legislated mandates, and unanticipated emergency events. The current reserve amount meets the County's budget practice of maintaining General Fund reserves at a minimum of 15% and target range of 18% to 20% of the current year General Fund Revenues. Although at healthy levels, this is still narrow compared to national medians for Aaa Counties around the United States.

The County's Five-Year Capital Improvement Program (CIP) is updated annually and provides the long-term outlook and projected funding needs to support capital construction of facilities, reconstruction of County owned roads and bridges, land acquisition, vehicle and equipment replacements and support economic development initiatives. The CIP is primarily funded with General Obligation bond proceeds, state and federal grant funding and other outside sources of funding. In recent years, the County has maintained relatively low total outstanding debt to assessed taxable property and total outstanding debt to state legal limit ratios.

Montgomery County 2025 Achievements

Montco 2040: A Shared Vision is Montgomery County's comprehensive plan. The long-range plan, required by state law, provides goals and implementation steps for managing the County's built environment. It is structured around three main themes:

- **Connected Communities**
  People want to be connected and part of a *broader community. A key role for the County is to help these connections occur beyond local municipal boundaries.*

- **Sustainable Places**
  The County is full of wonderful neighborhoods and communities. These places need to be sustained and enhanced in a *long-lasting and effective way.*

- **Vibrant Economy**
  A strong economy is critical for all places. With a *vibrant economy, residents can earn and spend more, governing can make needed infrastructure improvements, and business can grow.*

The plan also provides a vision for the County's future and includes overall transportation vision, a land use vision, and a strategic vision.

MAJOR ACCOMPLISHMENTS FOR 2025

- Expanded the Landlord Engagement fund through a philanthropic partnership with the Afzal Family Foundation, recruiting more landlords to provide safe, decent, affordable homes to households experiencing homelessness.
- Awarded Opioid Settlement Funds to 39 programs for opioid remediation via treatment, recovery services, and prevention. Recipients include higher education (SJU), government, and various community, and other providers.
- Secured $10 million in special IIJA funds in the region's TIP for Pottstown's Washington Street bridge replacement.
- Opened one mile of trail for public use at Camp Laughing Waters; began engineering for the trailhead parking area, stream crossing, and landscaping.
- Awarded $3 million in Montco 2040 Implementation grant funds to 17 municipalities, after receiving 31 applications from 26 municipalities. With this tenth year of the program, Montco 2040 grant awards have gone to 54 municipalities across 157 projects and more than $20 million in funds.
- Furthered the work behind the draft Montco 2050 comprehensive plan, with plans for adoption in 2026. A draft of the vision statements, goals, and implementation steps was published, outreach activities continued, and a draft of a public engagement report encompassing all of the outreach undertaken was finished.
- Began two energy efficiency projects: an Eagleville Campus Feasibility Study on cogeneration, solar, and geothermal options, and an energy assessment of all County-owned facilities to improve efficiency and reduce costs.
- Preserved the County's 200th farm under the state's farmland preservation program. Five new offers were accepted from the 2025 round of applications to this program.
- Continued providing support to the County's food insecure residents through a $500,000 allocation to the Nourish Montco program and $610,000 in small grants to 13 projects that will advance food system infrastructure across the county.
- Supported 11 households through the county's First-Time Homebuyers Program—representing 29 individuals—with down payment and closing cost assistance to purchase their first homes.
- Broke ground, in partnership with Lansdale Borough and Resources for Human Development, on a new short-term supportive housing facility. The site will provide safe, dignified accommodations for approximately 20 individuals, along with wraparound services such as permanent housing placement assistance and behavioral health support.
- Completed facility upgrades to support training programs at the Public Safety Training Campus (PSTC), as well as masonry repairs and renovations to the Training Campus's drill tower and smoke house.
- Continued to support investments in roads, rails, and other existing infrastructure throughout the county and region.
- Worked with the Valley Forge Convention and Tourism Board to develop marketing material to promote the county's assets and programming centered around the Semiquincentennial.
- Received over $9 million in federal Community Development Block Grant–Disaster Recovery (CDBG-DR) funds to support long-term rebuilding efforts following Hurricane Ida. The funding will rehabilitate homes, provide buyouts in high-risk flood areas, and finance critical infrastructure projects in municipalities such as Cheltenham, Upper Providence, Bridgeport, and Green Lane.

COUNTY OF MONTGOMERY, PENNSYLVANIA

OFFICIALS OF THE COUNTY OF MONTGOMERY

YEAR ENDED DECEMBER 31, 2025

OFFICIALS OF THE COUNTY OF MONTGOMERY, PENNSYLVANIA AS OF DECEMBER 31, 2025

COUNTY COMMISSIONERS

Neil K. Makhija, Chair

Jamila H. Winder, Vice Chair

Thomas DiBello, Commissioner

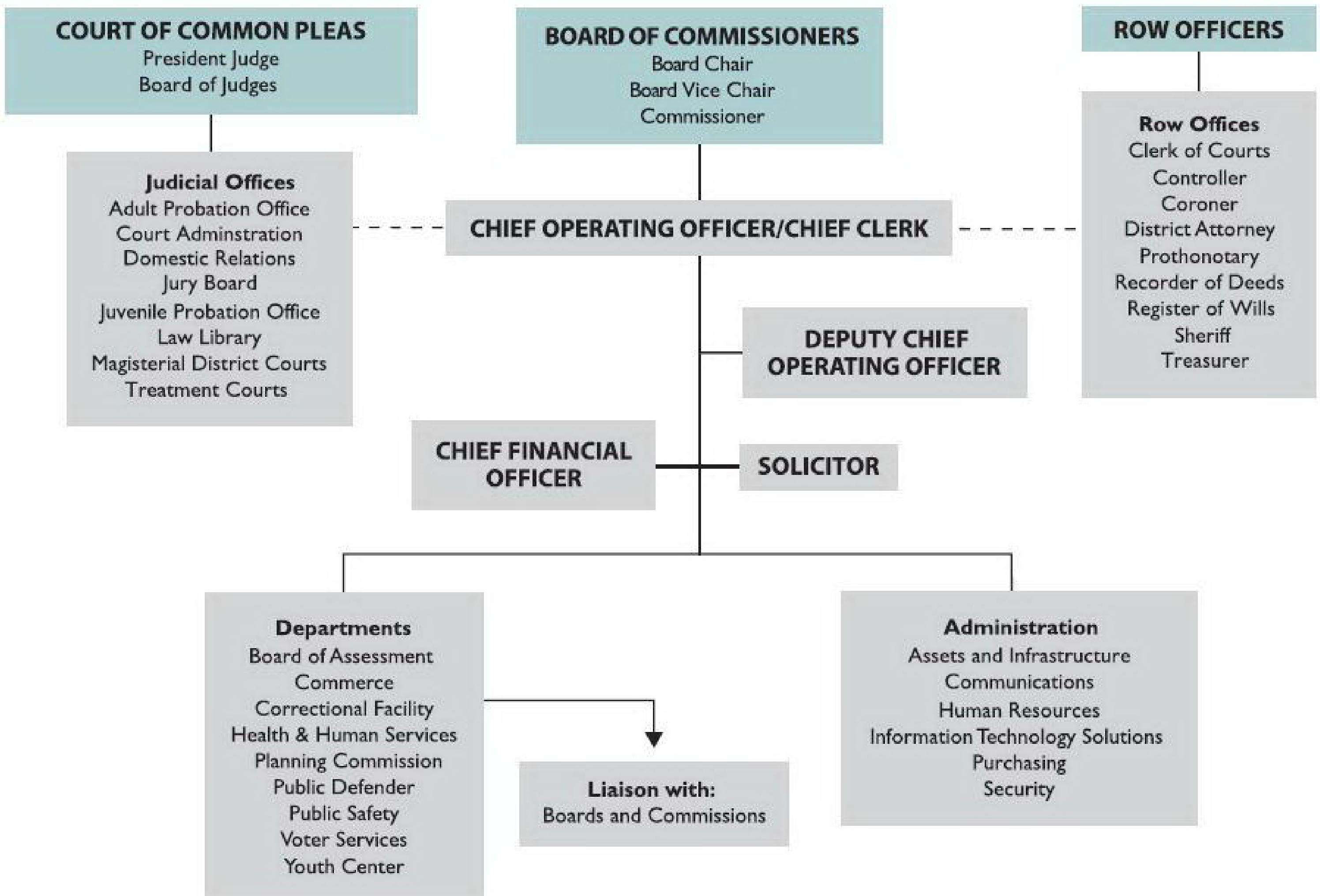
ROW OFFICERS

Clerk of Courts	Lori Schreiber
Controller	Robert R. Hart, Esquire
Coroner	Dr. Janine Darby, M.D.
District Attorney	Kevin R. Steele, Esquire
Jury Commissioners	Merry Woods
	Andrea Baptiste
Prothonotary	Noah Marlier, Esquire
Recorder of Deeds	Jeanne Sorg
Register of Wills	Tina Lawson, Esquire
Sheriff	Sean P. Kilkenny, Esquire
Treasurer	Jason E. Salus

ADMINISTRATION

Chief Operating Officer/Chief Clerk	Lee A. Soltysiak
Chief Financial Officer	Dean J. Dortone
Solicitor	Benjamin H. Field, Esquire

MONTGOMERY COUNTY ORGANIZATIONAL CHART



FINANCIAL SECTION

MaherDuessel

<u>**Independent Auditor's Report**</u>

Honorable Board of Commissioners
County of Montgomery, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Montgomery, Pennsylvania (County), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, Health Choices Fund, American Rescue Plan Act Fund, and Opioid Settlement Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Valley Forge Tourism and Convention Board, Montgomery County – Norristown Public Library, Redevelopment Authority of the County of Montgomery, or the Montgomery County Community College Foundation (a component unit of the Montgomery County Community College), which represent 21 percent, 28 percent, and 17 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2025. Those statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to those amounts included for these component units, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Auditor's Responsibilities for the Audit of the

Financial Statements section of our report. We are required to be independent of the County 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 opinions.

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 County'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.

Auditor's 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 auditor's report that includes our opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 County'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 County'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 required supplementary information 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information listed in the table of contents. The other information listed in the table of contents does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 June 30, 2026 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 County'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 the County's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
June 30, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

COUNTY OF MONTGOMERY, PENNSYLVANIA
OFFICIALS OF THE COUNTY OF MONTGOMERY
DECEMBER 31, 2025

INTRODUCTION

Montgomery County's 2025 financial performance continues to show the successful implementation of its Comprehensive Plan (MONTCO 2040: A Shared Vison). This report provides accountability to the County's goals and objectives adopted by the County Board of Commissioners in 2015. The County began updating this plan in 2024 and anticipates completion in 2026.

This section of the report includes an introduction to the basic financial statements for governments and our discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2025. Please read it in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this section.

Management's Discussion and Analysis (MD&A) focuses on the current year's activities and the resulting changes in the County's financial position. Currently known facts, which may have a significant impact on the County's financial position now and in the foreseeable future, are also discussed.

The required elements of general purpose external financial reporting are:

- Management's Discussion and Analysis
- Basic Financial Statements
    - *Government-Wide Financial Statements*
    - *Fund Financial Statements*
    - *Notes to the Basic Financial Statements*
- Required Supplementary Information (other than MD&A)

FINANCIAL HIGHLIGHTS

The following financial highlights are described in more detail in the analysis sections of the MD&A:

- The General Fund 2025 ending unassigned fund balance was $153.1 million; a decrease from $158.4 million in 2024, reflecting a $5.3 million or 3.3% reduction.
- At the end of 2025, the unassigned fund balance of $153.1 million in the General Fund represents 24.9% of total General Fund revenues.
- At the end of 2025, the assigned fund balance of $43.4 million in the General Fund represents reserves for debt service, recreation, future community initiatives and pension expenditures. The assigned fund balance of $43.4 million increased $25.8 million or 146.8% compared to 2024.
- At the end of 2025, the nonspendable fund balance of $3.1 million in the General Fund represents prepaid items and other assets.
- Government-wide revenues in 2025 increased $73.9 million or 7.9% compared to 2024 revenues, and 2025 expenses increased $76.4 million or 8.4% from 2024.

- Government-wide net position (assets and deferred outflow of resources minus liabilities and deferred inflows of resources) at the end of 2025 was $324.3 million; an increase of $29.6 million or 10% from 2024.

- Government-wide outstanding General Obligation Bonds and Notes Payable were $869.2 million; an increase of $114.6 million or 13.2% from 2024.

- The net position held in trust for pension benefits as of December 31, 2024, was $758.1 million, an increase of $101.2 million or 15.4% from 2024.

- The County real property tax rate increased to 5.642 mills in 2025 from 5.178 mills in 2024.

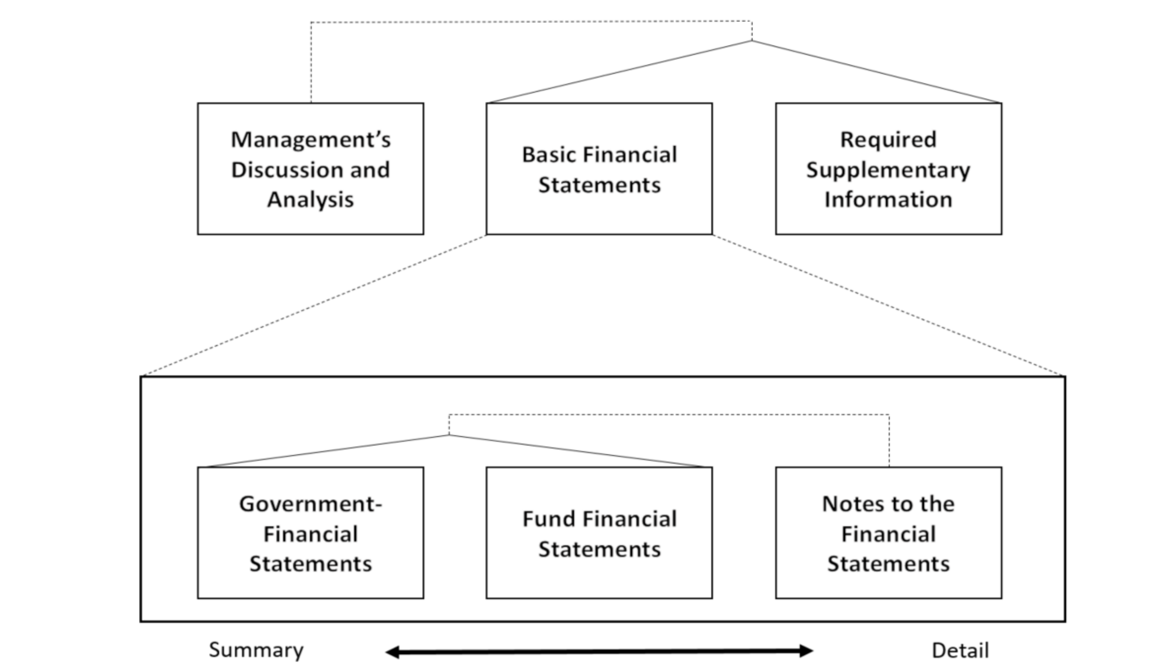
OVERVIEW OF THE FINANCIAL REPORT

The County's reporting entity is comprised of the primary government and its component units. Component units are legally separate organizations for which the County is financially accountable or for which there is a significant relationship.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of the County of Montgomery, Pennsylvania Annual Financial Report



Government-Wide Financial Statements

The government-wide financial statements provide information on governmental activities excluding fiduciary activities in a manner similar to the private sector. The statements are prepared using the accrual basis of accounting. Revenues and expenses are recognized when earned or incurred regardless of when cash is received or paid, for example, uncollected taxes and earned but unused compensated absences.

Governmental activities are reported in a separate column for the primary government. The government-wide financial statements also include segregated information for entities known as component units. Component units are legally separate units for which the County has financial accountability. In 2025, the County had six component units--Montgomery County Community College, Valley Forge Tourism and Convention Board, Montgomery County-Norristown Public Library, Redevelopment Authority of the County of Montgomery, Montgomery County Transportation Authority, and the Employees' Retirement Trust.

The Statement of Net Position reports assets and liabilities, both current and noncurrent, and deferred outflows and inflows of resources, with the difference between these amounts reported as net position. Over time, increases or decreases in net position may serve as one indicator of whether the County's financial position is improving or deteriorating. Additionally, nonfinancial factors, such as changes in the real estate tax base or the condition of County facilities, should be considered to assess the overall financial condition of the County.

The Statement of Activities shows the extent to which program revenues offset the expenses of governmental activities. This is intended to summarize and simplify users' analysis of the cost of various governmental services and/or subsidy to activities. The statement also reports the change in net position as a result of the fiscal year's revenues and expenses. The governmental activities included in the statement reflect the County's basic services, including general administration, judicial administration, corrections, public safety, recreation, adult welfare, child welfare, general welfare, community development, roads and bridges services and interest on long-term debt.

Fund Financial Statements

A fund is a separate fiscal and accounting entity that is used to segregate sources and uses of funding for specific purposes. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the County are divided into three categories: governmental, proprietary, and fiduciary. Each category is reported using the measurement focus and basis of accounting required for that category. In the fund financial statements, the focus is on major funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

Governmental Funds – Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide Statement of Activities. However, unlike the government-wide statements, the Governmental Funds statements focus on current sources and uses of expendable resources and on the balance of expendable resources available at the end of the year.

Governmental Funds information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the long-term focus of the government-wide financial statements, a reconciliation of the fund financial statements to the government-wide financial statements is presented immediately after the fund financial statements. For example, the fund financial statements will reflect bond proceeds as other financing sources and capital outlays and bond and note principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column in the government-wide statements, among other reconciling items.

The County maintains 47 individual Governmental Funds. Information is presented separately for the General Fund, the Health Choices Fund, the American Rescue Plan Act Fund, Opioid Settlement Fund and the Capital Fund. These three funds have been identified as major funds based on minimum criteria set forth in Governmental Accounting Standards Board Statement No. 34 (GASB 34). Financial data for the remaining Governmental Funds is combined into a single, aggregated presentation labeled "Nonmajor Governmental Funds." Individual fund financial information for each of these nonmajor Governmental Funds is provided in the form of combining statements in the Supplementary Information section of the report.

Proprietary Funds – Proprietary Funds are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. The County maintains one type of Proprietary Fund that uses the accrual basis of accounting--internal service. Three Internal Service Funds, are used to account for, on a cost reimbursement basis, the provision of employee benefits, workers' compensation benefits and self-insurance to County departments. Although both the fund and government-wide financial statements provide a long-term and short-term focus, reconciliation is still required. This is due to the fact that the excess income or loss for Internal Service Funds has been redistributed to customers in the government-wide statements.

Fiduciary Funds – Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The County is responsible for ensuring that the assets of these funds are used for their intended purposes. The County is the trustee, or fiduciary, for the Employees' Retirement Fund and the McKinlay Trust Fund and Custodial Funds. Fiduciary activities are reported in a manner similar to Proprietary Funds in a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Fiduciary Funds are excluded from the government-wide statements because the assets of these funds are not available to support the County's programs.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes immediately follow the financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, the financial section includes Required Supplementary Information (RSI) and other supplementary information. These statements and schedules can be found immediately following the notes to the financial statements.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The County is presenting its financial statements as required by the Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and MD&A – for State and Local Governments*. The Statement of Net Position and the Statement of Activities report information about the County as a whole and its activities to measure the results of the 2025 activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

For 2025, the government-wide net position increased $29.7 million to $324.3 million from $294.6 million in 2024. Net position is comprised of $72.6 million in net investment in capital assets, $215.9 million restricted for various grant related purposes; and an unrestricted of $35.8 million.

The following table presents the County's change in net position for the years ended December 31, 2025 and 2024:

	Total Primary Government	
	2025	**2024**
ASSETS:		
Current Assets and Other	$ 677,883,583	$ 632,492,985
Capital Assets	915,280,897	844,655,725
Total Assets	1,593,164,480	1,477,148,710
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	36,543,132	39,473,739
Total Deferred Outflows of Resources	36,543,132	39,473,739
LIABILITES		
Current and Other liabilities	229,598,442	269,530,940
Long-Term Liabilities	1,025,273,584	947,665,544
Total Liabilities	1,254,872,026	1,217,196,484
DEFERRED INFLOWS OF RESOURCES		
Related to Lease Receivables	6,826,667	3,570,261
Related to Pensions	43,733,913	1,208,155
Total Deferred Inflows of Resources	50,560,580	4,778,416
NET POSITION		
Net Investment in Capital Assets	72,593,826	44,021,527
Restricted	215,879,684	225,435,850
Unrestricted	35,801,496	25,190,172
Total Net Position	**$ 324,275,006**	**$ 294,647,549**

COUNTY OF MONTGOMERY, PENNSYLVANIA
OFFICIALS OF THE COUNTY OF MONTGOMERY
DECEMBER 31, 2025

	Total Primary Government	
	2025	2024
REVENUES		
Program Revenues:		
Charges for Services	$ 57,642,690	$ 48,012,369
Operating Grants and Contributions	549,110,069	522,515,721
Capital Grants and Contributions	18,513,273	8,149,931
General Revenues:		
Real Estate Taxes	353,533,437	322,013,444
Investment Income	19,946,153	25,860,539
Miscellaneous	14,098,574	12,368,111
Total Revenues	$ 1,012,844,196	$ 938,920,115
EXPENSES		
General Administration	137,741,506	88,980,409
Judicial Administration	120,794,941	109,111,058
Corrections	94,809,201	87,552,176
Public Safety	59,058,704	48,444,651
History, Cultural Arts and Recreation	14,788,919	14,166,735
Adult Welfare	26,283,231	27,822,325
Child Welfare	106,271,268	103,001,484
General Welfare	326,504,797	332,302,026
Community Development and Housing	23,778,016	28,898,183
Roads, Bridges, Construction and Reconstruction	6,951,049	7,475,928
Other	33,111,299	28,002,947
Interest on Long-Term Debt	33,123,808	31,131,360
Total Expenses	$ 983,216,739	$ 906,889,282
CHANGE IN NET ASSETS		
Increase in Net Position	29,627,457	32,030,833
Net Position - Beginning	294,647,549	198,220,673
Prior Period Adjustment	-	64,396,043
Net Position - Beginning, As Restated	294,647,549	262,616,716
NET POSITION - ENDING	$ 324,275,006	$ 294,647,549

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Governmental Activities Net Position

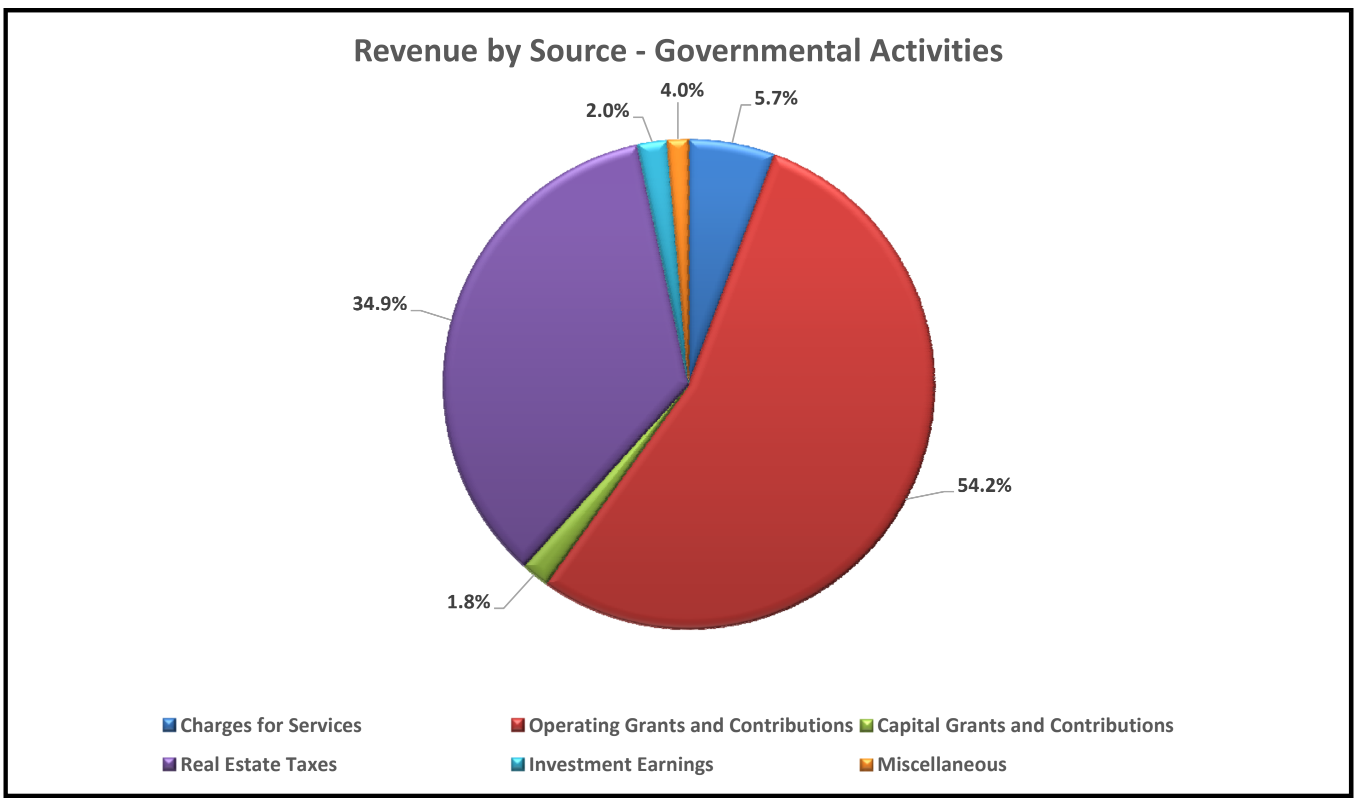
Total governmental activities net position was $324.3 million, an increase of $29.6 million or 10.05% from the prior year. Net position is a measure of the difference between all assets and deferred outflows of resources and all liabilities and deferred inflows of resources regardless of their potential relevance for near-term financing decisions. Net investment in capital assets was $72.3 million, an increase of $28.5 million at year-end 2025.

Resources that are subject to various external restrictions on how they may be used in support of programs and services totaled $215.9 million at the end of the year, a decrease of $9.6 million or 4.2% from the prior year.

Unrestricted governmental net position amounts to $35.8 million. Unrestricted net position is net position remaining after removing “net investment in capital assets” and “net position, restricted.” Overall, net position increased by $29.6 million. Cash and investments at year-end increased by $42.8 million or 8% from the prior year and receivables and prepaid expenditures, on the aggregate, decreased by $2.1 million or 1.5% from the prior year. Current liabilities decreased by $9.1 million or 8.6% from the prior year.

Governmental Activities Revenues

Revenues for the County’s governmental activities were $1,013 billion for the year ended December 31, 2025. The following chart shows the percentage composition of revenues by source:



Operating grants and contributions are the largest source of governmental activities revenues. The 2025 operating grants and contributions revenue of $549.1 million is 54.2% of total revenues, an increase of $26.6 million or 5.1% from 2024. This revenue source is primarily represented by human services federal and state grant funding. Included in human services is Health Choices revenue, which is 40.5% of the total and is designated a major fund for financial reporting. Health Choices received $222.5 million in operating grants, a decrease of $7.3 million or 3.2% as compared to 2024. In addition, $44.1 million of direct Federal American Rescue Plan Act revenue was realized in 2025 and represents 8% of the total operating grants revenue.

Real estate taxes comprise the next largest revenue source at $353.5 million, or 34.9% of governmental revenues. For budget year 2025, the real estate tax millage rate was 5.252 mills per $1,000 of assessed property for the General Fund operating budget and 0.39 mills for the Montgomery County Community College dedicated funding source. The County's total real estate tax millage rate increased 8.2% to 5.642 mills in 2025 (from 5.178 mills).

For budget year 2017, the County established a new dedicated real estate tax millage rate (0.39 mills) to provide annual funding to the Montgomery County Community College (MCCC) for operational and capital expenditures. The revenues and expenditures are accounted for in the Montgomery County Community College Tax Fund. In 2025, the fund received $23.6 million of real estate tax revenue, a decrease of $0.2 million or 0.8% compared to 2024. The MCCC real estate tax millage rate remained unchanged in 2025 (from 2024) at 0.39 mills and the sixth consecutive year without a real estate tax millage rate increase.

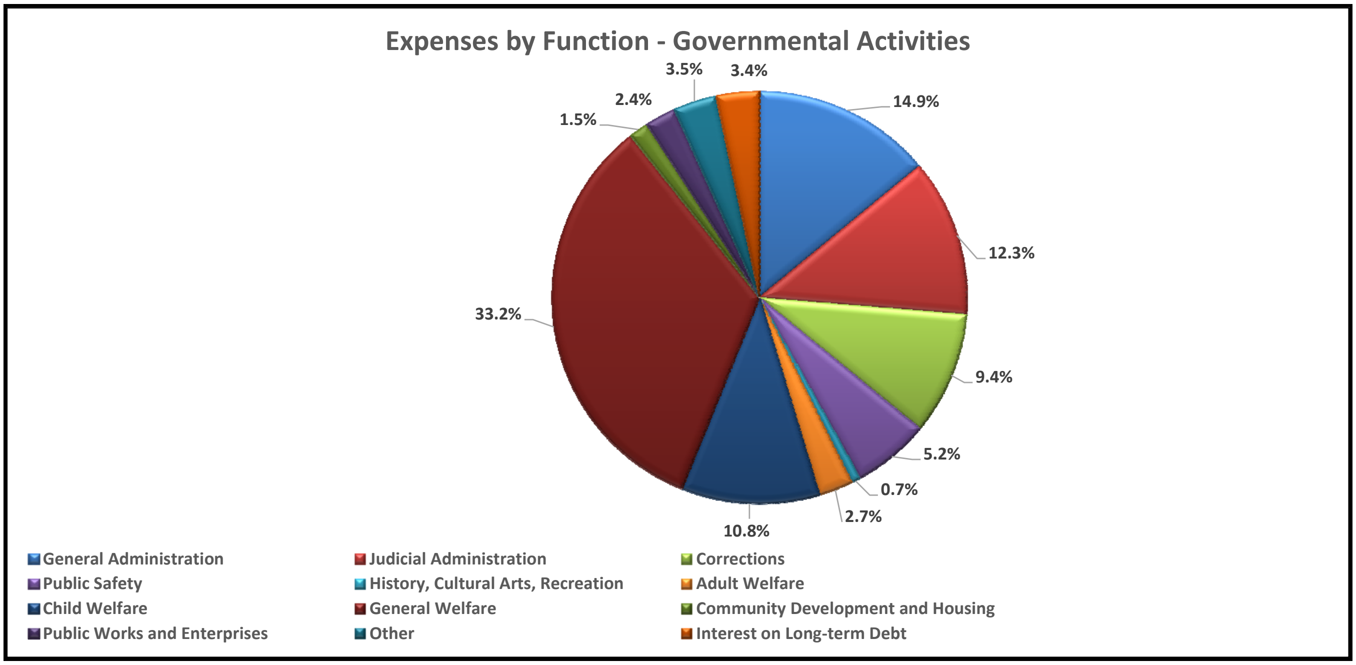
In addition, the County real estate assessment base experienced a moderate decline of 0.21%, offsetting natural growth in 2025. This decreased the assessment base to $62.695 billion from $62.824 billion as compared to 2024, reducing $129.1 million of real estate base assessment. The County's overall market value is estimated at $203.8 billion, the third largest in the Commonwealth of Pennsylvania, behind the City of Philadelphia and Allegheny County (including the City of Pittsburgh).

Charges for services amounted to 5.7% of governmental activities funding sources. Charges for services include fees, fines, licenses, permits, and commissions for certain fees collected by County Row Officers on behalf of the Commonwealth of Pennsylvania and County. Charges for services were $57.6 million, an increase of $9.6 million or 20.1% from the prior year. In 2017, the County implemented a new five-dollar Motor Vehicle Registration Fee (MVRF) to fund ongoing road and bridge capital improvements. The MVR provided $4.0 million of revenue in 2025, an increase of $0.14 million or 3.6% as compared to 2024. Fee revenue received from the Commonwealth of Pennsylvania for emergency communication operations is $0.14 million lower at $18.8 million as compared to 2024.

The combination of investment earnings and miscellaneous income amounted to $33.9 million; a decrease of $4.3 million or 11.2% from 2024.

Capital grants and contributions totaled $18.5 million and were used for various parks and recreation, open space, roads and bridges and County infrastructure programs. This revenue fluctuates annually with funding received from the federal and state governments. As compared to 2024, capital grants and contributions increased $10.4 million or 127.2%.

Expenses for governmental activities totaled $983.2 million, an increase of $48.8 million or 54.8% from 2024. The following chart shows the percentage composition of expenditures by function:



Human services programs, with cost totaling $459.1 million, comprised 46.7% of governmental activities expense, a decrease of $4.1 million or 11.2% from 2024. The majority of the funding is received from the Federal Government and Commonwealth of Pennsylvania Department of Human Services and passed through to providers of services from the County. In 2025, the County utilized remaining grant funding from the Commonwealth of Pennsylvania Department to manage the COVID-19 pandemic recovery. These expenditures cover a broad range of services, with the largest being health and welfare, including general health, behavioral health, intellectual disability, drug and alcohol, children, youth and family services and aging programs.

Judicial government is comprised of the Court of Common Pleas, the minor judiciary, child support enforcement, and row offices that provide services to the courts. Expenses were $120.8 million, or 12.3% of the total expense; an increase of $11.7 million or 10.7% from 2024.

General government expenses for the administration of County government were $137.7 million and represent 14% of the total expense, an increase of $48.8 million or 54.8% from the prior year.

Correctional expenses were $94.8 million or 9.6% of the total expense, an increase of $7.3 million or 8.3% from the prior year. Corrections programs include costs for the prison, adult probation, and juvenile probation services. The 2025 expenses include personnel and operating cost increases. Inmate population has fluctuated from flat to moderate growth at the Montgomery County Correctional Facility in 2025, as compared to 2024. However, inflation has significantly increased costs in certain expenditure categories, including food, materials, supplies and inmate medical healthcare.

Public safety includes emergency management, operations of the enhanced 9-1-1 communications center, hazardous materials response, and emergency medical services. Expenses totaled $59.1 million or 6% of the total expense, an increase of $10.6 million or 21.9% from the prior year.

Culture and recreation expenses include parks and recreational activities, as well as County historic sites totaling $14.8 million or 1.5% of total expenses, an increase of $0.6 million or 4.4% from 2024.

The remaining balance of program expenses, $96.7 million or 9.9% of the total, was for community development, roads and bridges reconstruction and interest on long-term debt, an increase of $1.5 million or 1.5% from the prior year.

Net Cost of Governmental Activities

Total expenses for 2025 were $983.2 million. Those who benefited paid $57.6 million in charges for governmental services. Intergovernmental operating and capital grants subsidized $567.6 million for certain programs. Net cost of services provided was $358.0 million, an increase of $29.8 million or 9.1% from 2024.

FUNDS FINANCIAL ANALYSIS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The accounting focus of the County's Governmental Funds is to provide information on near term inflows, outflows and balances of expendable resources. Such information is valuable in assessing the County's financing requirements. The governmental funds are comprised of the General Fund, Health Choices Fund, American Rescue Plan Act Fund, Opioid Settlement Fund, Capital Fund and various other Nonmajor Governmental Funds. For the year ended December 31, 2025, Montgomery County Governmental Funds reported combined ending fund balances of $460.1 million, an increase of $94.1 million or 25.7% from 2024. In particular, unassigned fund balances serve as a useful measure of a government's net resources available for spending at the end of the year. Unassigned fund balances decreased $0.1 million to $153.1 million, from $153.2 million in 2024.

The financial results as shown in the governmental funds demonstrate the County's accountability to its major initiatives in the areas of economic development, public safety, human services, higher education, and transportation.

In 2025, the County aggressively continued the Five-Year Capital Improvement Program (2025 – 2029) to enhance its County owned bridges, maintain 75 miles of roadway and improve traffic signalization. This supports the County transportation goal of modernizing the network of roads and bridges, improving access to businesses, and enhancing the quality of the transportation system by increasing road connectivity, upgrading traffic signal technology, and eliminating bottlenecks.

- In 2025, the County's dedicated funding source (0.39 real estate tax millage rate) to the Montgomery County Community College and the fund received $23.6 million of real estate tax revenue, a decrease of $0.2 million or 0.8% compared to 2024. This funding support of higher education aligns with the County's goal of workforce development and business development.

- In 2025, the County continued its construction of a new Justice Center. Construction of this facility commenced in 2024 and will continue through 2026.

General Fund

The General Fund is the primary operating fund of Montgomery County. At the end of 2025, the unassigned fund balance of the General Fund was $153.1 million, a decrease of $5.3 million from the prior year. This change in fund balance is the net result of expenditures exceeding revenue by $11.3 million in combination with $31.4 million of other financing sources. In addition, the County assigned $30.3 million for future General Fund pension expense, future community initiatives and funding toward a new behavioral health crisis center.

One measure of the County's financial strength is the level of cash reserves for contingencies. The County's new fund balance policy of maintaining a minimum reserve amount equal to 15 percent and a target range of 18 percent to 20 percent of the General Fund revenues provides added safeguards against a volatile economy, unfunded legislated mandates, and unforeseen emergency events. The General Fund unassigned fund balance was $153.1 million, representing 24.9% of total General Fund revenues at year-end 2025. Other fund balance amounts, totaling $43.4 million, have been assigned for specific initiatives in the General fund and $3.1 million of nonspendable fund balance related to prepaids.

Health Choices Fund

The Health Choices Fund is a special revenue fund used to account for the Medical Assistance Program (Medicaid or MA). Medicaid is a federal and state program which provides payment of medical expenses for eligible people who meet income or other criteria. At the end of 2025, the fund balance of the Health Choices Fund was $79.5 million, an increase of $1.0 million or 1.2% from the prior year. The fund balance is one hundred percent restricted for Medicaid benefits provided by subcontractors and administered by Human Health Services for the County. Revenues totaling $226.2 million in 2025, decreased $7.1 million or 3%. Expenditures totaling $225.3 million, increased $5.5 million or 2.5% as compared to the prior year. Revenue and expenditures fluctuate annually depending on number of qualified participants receiving benefits.

Capital Fund

The Capital Fund is used to account for various capital projects contained in the County's Five-Year Capital Improvement Program. At the end of 2025, the total fund balance is $70.7 million representing an increase of $75.8 million from the previous year. Revenues totaling $21.8 million, increased $9.0 million or 70.4% as compared to the prior year. Expenditures totaling $112.1 million, decreased $7.9 million or 6.6% as compared to the prior year. This is primarily attributed to the ongoing construction and improvement of County buildings, bridges, infrastructure, land, and the acquisition of vehicles and equipment, which fluctuates annually with the commencement and completion of capital projects.

In 2025, the County issued General Obligation Bonds, Series A of 2025 and General Obligation Bonds Series B of 2025 in the amount of $144.7 million and $4.0 million respectively, with a total original issue premium of $10.6 million. The proceeds will be used to fund the Capital Improvement Program in 2025 and 2026. The annual debt service will be paid solely through General Fund for both the Series A and B of 2025.

American Rescue Plan Act (ARPA) Fund

The American Rescue Plan Act Fund is used to account for COVID-19 related federal grants and was a new fund in fiscal year 2022. The County received $80.7 million of ARPA funds in 2021 and 2022. At the end of 2025, the County recognized $44.1 million of ARPA revenue and earned $2.2 million of investment income. Expenditures totaling $19.2 million, decreased $6.0 million or 23.8% as compared to the prior year.

Opioid Settlement Fund

The Opioid Settlement Fund is for the proceeds of revenue received from settlements entered into by the Attorney General of Pennsylvania and various opioid manufacturers, distributors, and pharmacy chains. Revenues totaling $5.4 million, decreased by $5.6 million or 51% as compared to the prior year. Expenditures totaling $4.9 million, increased $2.3 million or 88.9% as compared to the prior year.

Proprietary Funds

The County maintains three governmental-type Internal Service Proprietary Funds: Medical Self-Insurance Fund, Workers' Compensation Fund and General Liability and Property Damage Fund. Governmental activity Internal Service Funds are reported in the aggregate within the fund financial statements. In the government-wide statements, these costs are allocated to governmental activities.

Internal Service Funds

Net position of the Internal Service Funds as of December 31, 2024, was $4.9 million, a decrease of $1.5 million or 23.8% from the prior year. In 2025, the Medical Self-Insurance Fund had $48.3 million in claims, an increase of $4.3 million or 9.9% compared to the prior year. The Workers' Compensation Fund had $0.2 million in claims, a decrease of $1.4 million or 87.7% compared to the prior year and the General Liability and Property Damage Fund had $0.9 million in claims, an increase of $0.2 million or 23.6% compared to the prior year.

General Fund Budgetary Highlights

The budgetary process starts with the preparation of requested budgets for the upcoming year being submitted by each of the County's departments and agencies. After the requests are reviewed by the Chief Financial Officer and the Senior Management budget review team, a proposed budget is presented in November of each year, at which time the public is notified that the budget is available for inspection. After the inspection period and one public hearing, but prior to year-end, the Commissioners adopt the final budget.

After the budget is adopted, no department or agency may exceed its allocations without the approval of the Commissioners, who may not grant such approval if funds are not available.

The County's adopted 2025 General Fund budget included total revenues of $595.2 million and total expenditures of $610.9. The $15.8 million budget gap was closed with an appropriation of assigned fund balance ($8.1 million) and unassigned fund balance ($7.7 million). For the year ended December 31, 2025, the General Fund budget remained unchanged from the adopted amounts. Financial performance of the General Fund in 2025 was positive when compared to budget. Actual revenues of $612.9 million were higher than budgetary levels by approximately $21.1 million or 3.5%.

The revenue performance was primarily attributed to better-than-expected, intergovernmental (grant) revenues, interest revenue and overall real estate taxes. This revenue performance combined is $16.1 million or 3% higher as compared to the budget. Real estate taxes, comprising $324.8 million or 53% of total revenues, were $2.9 million or 0.9% higher than the budget. In addition, intergovernmental revenues were $10.4 million or 5% higher than the budget and interest revenue was $2.9 million or 48.4% higher as compared to the budget.

Overall, actual expenditures of $624.2 million were higher than budgetary levels by $13.2 million or 2.1%. In 2025, the County experienced unanticipated costs for overtime, employee healthcare, pension plan funding and a prior period adjustment relating to intergovernmental revenues.

The adopted 2025 General Fund budget included a planned structural drawdown of assigned and unassigned reserves to balance the budget. Overall positive budgetary performance resulted in a net operating surplus of $20.1 million. In 2025, the County real estate tax rate for the General Fund operations was 5.252 mills, a 9.7% increase from the previous year. Real estate related taxes are the County's primary source of General Fund revenues and represented 53% or $324.8 million of the total actual revenues in 2025. Intergovernmental (grant) revenue was $216.4 million or 35.3% of the total General Fund revenues and charges for services was $53.0 million or 8.6%.

In 2017, the County implemented a new dedicated real estate tax millage (0.39 mills) to provide annual funding to the Montgomery County Community College (MCCC). The real estate tax revenue is accounted for in a separate special revenue fund and transferred out to MCCC throughout the fiscal year. In 2024, the revenue totaled $23.6 million, which was accounted for in the MCCC Tax Fund and provided to MCCC to fund operational and capital expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets as of December 31, 2025, net of accumulated depreciation and amortization; amounted to $915.3 million. Net capital assets increased $70.6 million or 8.4%.

	Total Primary Government	
	2025	2024
Capital Assets:		
Land	$ 27,921,919	$ 26,502,863
Land improvements	42,238,514	44,674,484
Buildings and improvements	170,075,581	163,709,499
Artifacts	17,695,165	17,695,165
Leasehold improvements	4,095	5,733
Equipment and Furniture	16,930,966	21,139,036
Infrastructure	144,448,052	137,949,966
Vehicles	6,953,194	6,387,069
Right-to-Use Assets	33,483,283	35,800,544
SBITA Assets	13,119,925	7,955,884
Construction in progress	442,410,203	382,835,482
Total	$ 915,280,897	$ 844,655,725

The total capital assets increase of $102.4 million was offset by the increase in accumulated depreciation and amortization of $31.8 million, resulting in a net increase in capital of $70.6 million or 8.4% as compared to 2025.

Major Capital Asset Additions

This year's major County capital expenditures included the following:

- The County continued construction for a new Justice Center at a cost of approximately $28.4 million. The Justice Center is projected to open in 2026.
- The County expended $11.8 million on enhancements to the County's information technology systems, including the implementation of a new electronic document management system.
- The County expended $26.5 million on trails, transportation and farmland preservation.
- As part of the County's ongoing road resurfacing and bridge program, approximately $20.6 million was expended on resurfacing and reconstruction of roadways and renovation of bridges throughout the County.
- The County expended $5.1 million on renovations and improvements to the parks, trail system and cultural sites.

- Enhancements were made to the County's Public Safety radio systems, technology systems and facilities completed at a cost of $2.2 million.

Further details on capital assets can be found in note 5 of the financial statements.

Long-Term Debt

The Commonwealth of Pennsylvania Local Government Unit Debt Act governs the amount of general obligation bonded indebtedness incurred by the County. Under this Act, the County can legally incur nonelectoral debt equal to 300% of its borrowing base. The borrowing base is calculated as one third of total revenues for the past three years minus certain statutory deductions.

As of December 31, 2025, the County has outstanding debt of $869.2 million or approximately 31% of the maximum $2.801 billion as permitted by law. This amount represents 1.4% of the total assessed taxable property value as of the end of the year. Total debt increased $114.6 million or 13.2% from the prior year. Additional detailed information on the County's long-term debt can be found in the accompanying independent auditors' report Note 6 Long-Term Obligations.

	Governmental Activities	
	2025	**2024**
General Obligation Bonds	$ 779,085,000	$ 669,035,000
Premiums on Bonds	90,133,145	85,621,605
Total Bonded Debt	$ 869,218,145	$ 754,656,605

In 2025, Moody's Investors Service reaffirmed the County's credit rating Aaa (Stable Outlook). This is the highest rating attainable from Moody's Investors Service and reflects the strong financial management, low debt burden, above average wealth indicators and the sizable and diverse tax base of the County. The County's strong management practices, adhering to fiscal policies, multi-year budgeting and long-term capital planning have consistently been recognized by Moody's Investors Service.

This confirms the rating agencies' confidence in the County's financial management and its economic outlook. The County is a select group of just over one hundred counties in the United States that have Aaa ratings from one of the largest national rating agency. This rating means the County's general obligation bonds and notes are considered excellent investment quality, allowing the County to borrow at the lowest possible interest rates, which translates to tangible savings for the County taxpayers.

Further details on capital assets can be found in note 6 of the financial statements.

ECONOMIC FACTORS AND 2026 BUDGET

- The 2026 Budget includes a total real estate tax millage rate increase to 5.952 mills (from 5.642 mills). The Montgomery County Community College real estate tax millage is 0.49 mills and included in the total real estate tax millage rate.

- The 2026 General Fund Budget includes $619.2 million of revenue; $24.1 million or 4% higher than 2025 and $632.7 million of expenditures; $21.8 million or 3.6% higher than 2025.

- As of January 1, 2026, the real estate tax assessment base increased to $62.695 billion from $62.824 billion on January 1, 2025, a reduction of approximately $129.1 million or 0.21 to the real estate tax assessment base.

- The County had an unemployment rate of 3% as of December 2025 in comparison to the Commonwealth of Pennsylvania (4.2%) and United States (4.4%).

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, customers, and creditors with a general overview of Montgomery County's finances and to demonstrate the County's accountability for the money it receives. Questions regarding this report or requests for additional financial information should be directed to Robert R. Hart, Esq., Controller, One Montgomery Plaza, Suite 508, PO Box 311, Norristown, PA 19404-0311, or visit the County's website at www.montcopa.org.

BASIC FINANCIAL STATEMENTS

COUNTY OF MONTGOMERY, PENNSYLVANIA

STATEMENT OF NET POSITION

DECEMBER 31, 2025 OR JUNE 30, 2025

	Primary Government	Component Units				
	Governmental Activities	Montgomery County Community College *	Valley Forge Tourism and Convention Board	Montgomery County Norristown Public Library	Redevelopment Authority of the County of Montgomery	Montgomery County Transportation Authority
Assets						
Cash and cash equivalents	$ 211,982,109	$ 24,012,070	$ 4,566,618	$ 3,637,152	$ 5,008,089	$ 2,774,013
Investments	323,294,380	63,838,009	1,162,805	10,734,921	151,667	-
Taxes receivable, net	16,120,269	-	-	-	-	-
Accounts receivable, net	32,081,113	2,567,796	1,570,690	27,304	197,910	2,037,736
Accrued interest receivable	-	140,161	-	-	205,420	-
Notes receivable	-	-	-	-	15,397,079	572,066
Lease receivable	7,156,271	-	-	-	-	-
Due from other governments	84,154,098	1,754,130	-	-	-	-
Prepaids	3,095,343	2,547,005	398,973	81,280	8,672	882
Inventory	-	81,771	-	-	-	-
Other assets	-	3,422	-	76,986	-	-
Capital assets:						
Assets held for sale	-	-	-	-	2,157,788	-
Capital assets, not being depreciated/amortized	488,027,287	6,777,017	93,597	-	-	5,479,134
Capital assets, net of accumulated depreciation/amortization	427,253,610	183,363,916	1,125,524	2,093,758	-	-
Total Assets	1,593,164,480	285,085,297	8,918,207	16,651,401	23,126,625	10,863,831
Deferred Outflows of Resources						
Deferred outflows of resources for pension	36,543,132	933,962	-	-	-	-
Deferred charge on refunding	-	1,347,488	-	-	-	-
Deferred outflows of resources for OPEB	-	2,740,943	-	-	-	-
Total Deferred Outflows of Resources	36,543,132	5,022,393	-	-	-	-
Liabilities						
Accounts payable and other accrued expenses	80,240,246	9,277,699	807,526	69,125	2,519,531	-
Accrued payroll and payroll taxes	2,289,001	116,345	-	-	-	-
Accrued interest payable	13,873,493	-	-	-	102,151	-
Due to other governments	9,068,180	-	-	13,435	-	-
Escrowed amounts	6,013,702	-	-	-	-	-
Unearned revenue	59,828,346	7,008,399	-	389,494	8,729	-
Settlements payable	500,000	-	-	-	-	-
Financed purchase payable:						
Current	-	756,251	-	-	-	-
Non-current	-	5,884,256	-	-	-	-
Lease liability:						
Current	4,882,314	99,830	279,069	-	-	-
Non-current	31,371,323	78,670	743,239	-	-	-
Subscription liability:						
Current	4,582,342	-	-	-	-	-
Non-current	4,785,416	-	-	-	-	-
Compensated absences:						
Current	5,410,818	1,547,055	100,835	-	-	-
Non-current	13,913,531	-	-	207,156	-	-
Bonds payable:						
Current	41,765,000	-	-	-	-	-
Non-current, includes premium of $90,133,145 for governmental activities	827,453,145	-	-	-	-	-
Note payable:						
Current	-	5,798,188	-	-	2,127,019	-
Non-current	-	50,105,705	-	-	7,645,873	-
Nonexchange financial guarantee:						
Current	1,145,000	-	-	-	-	-
Non-current	4,835,000	-	-	-	-	-
OPEB liability:						
Current	-	172,426	-	-	-	-
Non-current	-	52,218,192	-	-	-	-
Net pension liability:						
Current	-	-	-	-	-	-
Non-current	142,915,169	4,452,678	-	-	-	-
Total Liabilities	1,254,872,026	137,515,694	1,930,669	679,210	12,403,303	-
Deferred Inflows of Resources						
Incremental tax revenues	-	-	-	-	457,675	-
Program grants and contracts	-	-	-	-	6,031,355	-
Deferred inflows of resources for pension	43,733,913	129,841	-	-	-	-
Deferred inflows of resources for leases	6,826,667	-	-	-	-	-
Deferred inflows of resources for OPEB	-	14,140,434	-	-	-	-
Total Deferred Inflows of Resources	50,560,580	14,270,275	-	-	6,489,030	-
Net Position						
Net investment in capital assets	72,593,826	127,458,866	196,813	2,093,758	-	5,479,134
Restricted for:						
Special programs	111,207,345	-	-	-	-	-
Capital projects	4,914,165	-	-	-	8,664,464	-
Emergency communications and planning	2,361,029	-	-	-	-	-
COVID-19 Relief	6,389,167	-	-	-	-	-
Roads and bridges	16,119,779	-	-	-	-	-
Housing development	3,605,731	-	-	-	-	-
Opioid settlement fund	54,581,928	-	-	-	-	-
Tax Claim	8,051,810	-	-	-	-	-
Other	8,648,730	17,628,695	-	122,640	-	-
Unrestricted	35,801,496	(6,765,840)	6,790,725	13,755,793	(4,430,172)	5,384,697
Total Net Position	$ 324,275,006	$ 138,321,721	$ 6,987,538	$ 15,972,191	$ 4,234,292	$ 10,863,831

See accompanying notes to financial statements.

COUNTY OF MONTGOMERY, PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025 OR JUNE 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position					
					Primary Government	Component Units				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Montgomery County Community College *	Valley Forge Tourism and Convention Board	Montgomery County - Norristown Public Library	Redevelopment Authority of the County of Montgomery	Montgomery County Transportation Authority
Primary government:										
Governmental activities:										
General administration	$ 137,741,506	$ 39,116,330	$ 45,081,937	$ -	$ (53,543,239)	$ -	$ -	$ -	$ -	$ -
Judicial administration	120,794,941	1,625,524	18,285,365	-	(100,884,052)	-	-	-	-	-
Corrections	94,809,201	46,114	-	-	(94,763,087)	-	-	-	-	-
Public safety	59,058,704	1,291,196	2,141,529	-	(55,625,979)	-	-	-	-	-
Public works and enterprises	6,951,049	345,856	22,513,513	18,513,273	34,421,593	-	-	-	-	-
Adult Welfare	26,283,231	1,585,174	56,283,782	-	31,585,725	-	-	-	-	-
Child Welfare	106,271,268	11,529	173,024,583	-	66,764,844	-	-	-	-	-
General Welfare	326,504,797	12,865,848	214,756,948	-	(98,882,001)	-	-	-	-	-
Culture and recreation	14,788,919	63,407	16,967,501	-	2,241,989	-	-	-	-	-
Community development and housing	23,778,016	691,712	54,911	-	(23,031,393)	-	-	-	-	-
Other	33,111,299	-	-	-	(33,111,299)	-	-	-	-	-
Interest	33,123,808	-	-	-	(33,123,808)	-	-	-	-	-
Total governmental activities	983,216,739	57,642,690	549,110,069	18,513,273	(357,950,707)	-	-	-	-	-
Total Primary Government	$ 983,216,739	$ 57,642,690	$ 549,110,069	$ 18,513,273	(357,950,707)	-	-	-	-	-
Component units:										
Montgomery County Community College	$ 106,783,381	$ 34,860,593	$ 65,665,110	$ 12,351,631	-	6,093,953	-	-	-	-
Valley Forge Tourism and Convention Board	10,970,655	574,187	5,000	-	-	-	(10,391,468)	-	-	-
Montgomery County - Norristown Public Library	7,225,287	45,897	586,000	-	-	-	-	(6,593,390)	-	-
Redevelopment Authority of the County of Montgomery	4,002,764	469,844	1,344,784	-	-	-	-	-	(2,188,136)	-
Montgomery County Transportation Authority	1,097,476	-	2,318,707	-	-	-	-	-	-	1,221,231
Total Component Units	$ 130,079,563	$ 35,950,521	$ 69,919,601	$ 12,351,631	-	6,093,953	(10,391,468)	(6,593,390)	(2,188,136)	1,221,231
General revenues:										
Taxes:										
Real estate					353,533,437	-	-	-	-	-
Room occupancy tax					-	-	10,776,433	-	-	-
Local appropriations					-	-	-	3,365,470	-	-
State appropriations					-	-	-	2,171,417	-	-
Earnings on investments					19,946,153	7,001,367	158,846	905,048	161,858	16,342
Gain on sale of capital assets					107,898	-	-	-	-	-
Miscellaneous					13,990,676	2,964,918	2,977	1,253,061	-	19
Total general revenues					387,578,164	9,966,285	10,938,256	7,694,996	161,858	16,361
Change in Net Position					29,627,457	16,060,238	546,788	1,101,606	(2,026,278)	1,237,592
Net Position:										
Beginning of year, as previously reported					294,647,549	122,261,485	6,440,750	14,870,585	6,260,570	9,803,029
Correction of an error					-	-	-	-	-	(176,790)
Beginning of year, as restated					294,647,549	122,261,483	6,440,750	14,870,585	6,260,570	9,626,239
End of year					$ 324,275,006	$ 138,321,721	$ 6,987,538	$ 15,972,191	$ 4,234,292	$ 10,863,831

See accompanying notes to financial statements.

COUNTY OF MONTGOMERY, PENNSYLVANIA

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2025

	General Fund	Health Choices Fund	American Rescue Plan Act Fund	Opioid Settlement Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 112,827,149	$ 17,059,769	$ 3,429,569	$ -	$ 8,957,403	$ 61,159,183	$ 203,433,073
Investments	105,949,881	72,461,254	14,615,586	10,414,089	67,019,565	52,449,739	322,910,114
Taxes receivable, net of allowance	13,743,017	-	-	-	-	2,377,252	16,120,269
Accounts receivable, net	7,574,018	18,691,105	-	-	1,124,290	2,912,385	30,301,798
Lease receivable	7,156,271	-	-	-	-	-	7,156,271
Due from other funds	14,423,414	1,483,054	1,000	-	1,154,565	8,144,738	25,206,771
Due from other governments	31,529,825	-	-	45,388,261	2,466,196	4,769,816	84,154,098
Prepaids	3,095,343	-	-	-	-	-	3,095,343
Total Assets	$ 296,298,918	$ 109,695,182	$ 18,046,155	$ 55,802,350	$ 80,722,019	$ 131,813,113	$ 692,377,737
Liabilities, Deferred Inflows of Resources, and Fund Balance							
Liabilities:							
Accounts payable and accrued expenses	$ 30,328,332	$ 27,448,760	$ 530,636	$ 1,177,451	$ 9,591,316	$ 6,598,767	$ 75,675,262
Accrued payroll and payroll taxes	1,720,436	-	-	-	-	568,565	2,289,001
Unearned revenue	37,626,147	-	10,322,438	-	-	11,162,426	59,111,011
Due to other funds	12,902,666	2,723,343	817,508	41,366	419,292	7,874,845	24,779,020
Due to other governments	-	-	-	1,605	7,867	9,058,708	9,068,180
Escrowed amounts	-	-	-	-	-	6,013,702	6,013,702
Total Liabilities	82,577,581	30,172,103	11,670,582	1,220,422	10,018,475	41,277,013	176,936,176
Deferred Inflows of Resources:							
Unavailable revenue - taxes/fees	7,246,832	-	-	-	-	564,693	7,811,525
Unavailable revenue - leases	6,826,667	-	-	-	-	-	6,826,667
Unavailable revenue - opioid abatement	-	-	-	40,705,292	-	-	40,705,292
Total Deferred Inflows of Resources	14,073,499	-	-	40,705,292	-	564,693	55,343,484
Fund Balance:							
Nonspendable	3,095,343	-	-	-	-	-	3,095,343
Restricted:							
Medicaid managed care services	-	79,523,079	-	-	-	-	79,523,079
Capital projects	-	-	-	-	68,152,469	8,914,165	77,066,634
Federal emergency relief - COVID19 pandemic	-	-	6,375,573	-	-	13,594	6,389,167
Emergency communications	-	-	-	-	-	2,361,029	2,361,029
Roads and bridges	-	-	-	-	-	16,119,779	16,119,779
Montgomery County Community College	-	-	-	-	-	2,526,035	2,526,035
Vehicle registration fee program	-	-	-	-	-	13,433,166	13,433,166
Housing and community development	-	-	-	-	-	3,605,731	3,605,731
Records management plan	-	-	-	-	-	3,836,154	3,836,154
Farmland preservation	-	-	-	-	-	1,043,557	1,043,557
Affordable housing	-	-	-	-	-	2,546,158	2,546,158
Recorder of Deeds veteran's photo ID program	-	-	-	-	-	1,600	1,600
Criminal investigations, operations, and crime prevention programs	-	-	-	-	-	4,403,022	4,403,022
Surplus asset sales	-	-	-	-	-	1,543,843	1,543,843
County ROW offices	-	-	-	-	-	4,578,852	4,578,852
Regional Task Force	-	-	-	-	-	1,772,476	1,772,476
Rent relief and assistance	-	-	-	-	-	4,369,172	4,369,172
Hospitality industry business relief	-	-	-	-	-	1,308	1,308
Victim services	-	-	-	-	-	113,425	113,425
Domestic relations	-	-	-	-	-	25,000	25,000
Opioid settlement fund	-	-	-	13,876,636	-	-	13,876,636
Defendant supervision	-	-	-	-	-	78,993	78,993
Prison initiatives	-	-	-	-	-	60,235	60,235
Tax Claim	-	-	-	-	-	8,051,810	8,051,810
Assigned:							
Capital projects	-	-	-	-	2,551,075	10,601,069	13,152,144
Debt service expenditures	8,100,000	-	-	-	-	-	8,100,000
Norristown Recreation Center grant	5,000,000	-	-	-	-	-	5,000,000
Future community initiatives	20,000,000	-	-	-	-	-	20,000,000
Behavioral health crisis center	5,000,000	-	-	-	-	-	5,000,000
Future pension costs	5,335,000	-	-	-	-	-	5,335,000
Unassigned	153,117,495	-	-		-	(28,766)	153,088,729
Total Fund Balance	199,647,838	79,523,079	6,375,573	13,876,636	70,703,544	89,971,407	460,098,077
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 296,298,918	$ 109,695,182	$ 18,046,155	$ 55,802,350	$ 80,722,019	$ 131,813,113	$ 692,377,737

See accompanying notes to financial statements.

COUNTY OF MONTGOMERY, PENNSYLVANIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2025

Total Fund Balance - Governmental Funds		$ 460,098,077
Amounts reported for governmental activities in the statement of net position are different because:		
Internal service funds are used by management to charge the cost of insurance services to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities on the statement of net position.		4,929,638
Capital assets, including construction in progress, right-to-use assets, and subscription assets, used in governmental activities are not current financial resources and are not reported as assets in governmental funds.		915,280,897
Property taxes receivable, liens receivable, and other revenues will be collected in the future, but are not available to pay for the current period's expenditures and are treated as either deferred inflows or unearned revenue in the governmental funds.		48,589,726
The net pension liability is not reflected in the governmental fund financial statements.		(142,915,169)
Deferred outflows and inflows of resources for pension are recorded and amortized in the statement of net position. However, these items are not recorded on the fund financial statements.		(7,190,781)
Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Accrued compensated absences	$ (19,324,349)	
Bonds payable, net of premiums	(869,218,145)	
Nonexchange financial guarantee	(5,980,000)	
Settlements payable	(500,000)	
Lease liability	(36,253,637)	
Subscription liability	(9,367,758)	
Accrued interest on debt	(13,873,493)	(954,517,382)
Total Net Position - Governmental Activities		$ 324,275,006

See accompanying notes to financial statements.

COUNTY OF MONTGOMERY, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2025

	General Fund	Health Choices Fund	American Rescue Plan Act Fund	Opioid Settlement Fund	Capital Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Taxes:							
Current year	$ 318,275,498	$ -	$ -	$ -	$ -	$ 23,621,871	$ 341,897,369
Prior years and liened taxes	6,513,904	-	-	-	-	1,479,412	7,993,316
Total taxes	324,789,402	-	-	-	-	25,101,283	349,890,685
Intergovernmental	216,446,306	222,530,559	44,099,037	5,029,239	18,849,255	60,668,946	567,623,342
Charges for services	53,013,232	-	-	-	-	8,765,286	61,778,518
Fines and forfeits	238,814	-	-	-	-	-	238,814
Interest	8,754,884	3,447,363	2,193,533	391,165	2,030,146	3,129,062	19,946,153
Other	9,649,272	259,282	-	-	925,723	3,156,399	13,990,676
Total revenues	612,891,910	226,237,204	46,292,570	5,420,404	21,805,124	100,820,976	1,013,468,188
Expenditures:							
Current:							
General Administration	106,751,782	-	18,413,997	-	10,169,316	81,763	135,416,858
Judicial Administration	110,198,544	-	55,133	-	-	3,033,340	113,287,017
Corrections	87,876,155	-	-	-	-	1,498,797	89,374,952
Public safety	10,402,427	-	-	-	-	39,551,346	49,953,773
Public works and enterprises	800,779	-	-	-	-	1,766,433	2,567,212
Adult Welfare	25,468,067	-	-	-	-	-	25,468,067
Child Welfare	104,306,539	-	-	-	-	-	104,306,539
General Welfare	88,738,221	225,262,302	729,452	4,941,056	-	61,325	319,732,356
Culture and recreation	10,003,187	-	-	-	-	-	10,003,187
Community development and housing	1,508,018	-	-	-	-	21,593,217	23,101,235
Other	9,249,135	-	-	-	-	23,510,172	32,759,307
Insurance	2,393,808	-	-	-	-	-	2,393,808
Capital outlay	-	-	-	-	101,679,966	8,965,735	110,645,701
Debt service:							
Principal	37,020,412	-	-	-	-	2,134,500	39,154,912
Interest	29,508,423	-	-	-	-	2,204,157	31,712,580
Debt issuance costs	-	-	-	-	297,943	20,346	318,289
Total expenditures	624,225,497	225,262,302	19,198,582	4,941,056	112,147,225	104,421,131	1,090,195,793
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,333,587)	974,902	27,093,988	479,348	(90,342,101)	(3,600,155)	(76,727,605)
Other Financing Sources (Uses):							
Sale of capital assets	-	-	-	-	-	107,898	107,898
Issuance of debt	-	-	-	-	144,705,000	4,020,000	148,725,000
Premiums and discounts	-	-	-	-	10,592,943	346	10,593,289
Leases (as lessee)	2,404,175	-	-	-	188,669	-	2,592,844
Issuance of subscription liability	-	-	-	-	10,169,316	-	10,169,316
Transfers in	33,057,205	-	-	-	509,551	2,808,574	36,375,330
Transfers out	(4,069,212)	-	(31,604,301)	-	-	(2,076,817)	(37,750,330)
Total other financing sources (uses)	31,392,168	-	(31,604,301)	-	166,165,479	4,860,001	170,813,347
Net Change in Fund Balance	20,058,581	974,902	(4,510,313)	479,348	75,823,378	1,259,846	94,085,742
Fund Balance:							
Beginning of year	179,589,257	78,548,177	10,885,886	13,397,288	(5,119,834)	88,711,561	366,012,335
End of year	$ 199,647,838	$ 79,523,079	$ 6,375,573	$ 13,876,636	$ 70,703,544	$ 89,971,407	$ 460,098,077

See accompanying notes to financial statements.

COUNTY OF MONTGOMERY, PENNSYLVANIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balance - Governmental Funds		$ 94,085,742
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the difference between capital outlays and depreciation/amortization expense in the current period:		
Capital outlays	$ 106,446,418	
Less: depreciation and amortization expense	(35,767,846)	70,678,572
Some taxes and other revenues will not be collected for several months after the County's year-end. Therefore, they are not considered to be "available" revenues in the governmental funds. Deferred inflows changed by this amount during the year.		(731,890)
The issuance of long-term obligations (e.g., notes, bonds, leases, subscription liabilities) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.		(116,734,003)
Changes in the net pension liability and related deferred inflows of resources and deferred outflows of resources do not affect current financial resources and, therefore, are not reflected on the governmental fund financial statements.		(11,008,123)
Interest on long-term obligations in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. This amount reflects the difference in interest accrued in the statement of activities and the amount due.		(1,708,027)
In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.		(3,418,787)
The internal service funds are used by management to change the costs to individual funds. The change in net position of the internal service funds is reported with governmental activities.		(1,536,027)
Change in Net Position of Governmental Activities		$ 29,627,457

See accompanying notes to financial statements.

COUNTY OF MONTGOMERY, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues:				
Taxes:				
Current year	$ 316,057,000	$ 316,057,000	$ 318,275,498	$ 2,218,498
Prior years and liened taxes	5,850,000	5,850,000	6,513,904	663,904
Total taxes	321,907,000	321,907,000	324,789,402	2,882,402
Intergovernmental	206,059,174	206,059,174	216,446,306	10,387,132
Charges for services	53,681,453	53,681,453	53,013,232	(668,221)
Fines and forfeits	150,000	150,000	238,814	88,814
Interest	5,900,000	5,900,000	8,754,884	2,854,884
Other	4,138,922	4,138,922	9,649,272	5,510,350
Total revenues	591,836,549	591,836,549	612,891,910	21,055,361
Expenditures:				
Current:				
General Administration	100,338,247	100,338,247	106,751,782	6,413,535
Judicial Administration	110,284,885	110,284,885	110,198,544	(86,341)
Corrections	83,356,959	83,356,959	87,876,155	4,519,196
Public safety	12,917,961	12,917,961	10,402,427	(2,515,534)
Public works and enterprises	1,458,204	1,458,204	800,779	(657,425)
Adult Welfare	25,832,409	25,832,409	25,468,067	(364,342)
Child Welfare	98,249,899	98,249,899	104,306,539	6,056,640
General Welfare	97,252,251	97,252,251	88,738,221	(8,514,030)
Culture and recreation	10,238,094	10,238,094	10,003,187	(234,907)
Community development and housing	2,652,713	2,652,713	1,508,018	(1,144,695)
Other	(4,295,997)	(4,295,997)	9,249,135	13,545,132
Insurance	2,632,887	2,632,887	2,393,808	(239,079)
Capital outlay	-	-	-	-
Debt service	70,026,779	70,026,779	66,528,835	(3,497,944)
Total expenditures	610,945,291	610,945,291	624,225,497	13,280,206
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,108,742)	(19,108,742)	(11,333,587)	7,775,155
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	-
Leases (as lessee)	-	-	2,404,175	2,404,175
Issuance of subscription liability	-	-	-	-
Transfers in	3,331,177	3,331,177	33,057,205	29,726,028
Transfers out	-	-	(4,069,212)	(4,069,212)
Total other financing sources (uses)	3,331,177	3,331,177	31,392,168	28,060,991
Net Change in Fund Balance	$ (15,777,565)	$ (15,777,565)	$ 20,058,581	$ 35,836,146

See accompanying notes to financial statements.

COUNTY OF MONTGOMERY, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

HEALTH CHOICES FUND

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 235,400,000	$ 235,400,000	$ 222,530,559	$ (12,869,441)
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	1,800,000	1,800,000	3,447,363	1,647,363
Other	-	-	259,282	259,282
Total revenues	237,200,000	237,200,000	226,237,204	(10,962,796)
Expenditures:				
Current:				
General Administration	-	-	-	-
Judicial Administration	-	-	-	-
Corrections	-	-	-	-
Public safety	-	-	-	-
Public works and enterprises	-	-	-	-
Adult Welfare	-	-	-	-
Child Welfare	-	-	-	-
General Welfare	253,936,399	253,936,399	225,262,302	(28,674,097)
Culture and recreation	-	-	-	-
Community development and housing	-	-	-	-
Other	-	-	-	-
Insurance	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	253,936,399	253,936,399	225,262,302	(28,674,097)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,736,399)	(16,736,399)	974,902	17,711,301
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	-
Leases (as lessee)	-	-	-	-
Issuance of subscription liability	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	$ (16,736,399)	$ (16,736,399)	$ 974,902	$ 17,711,301

See accompanying notes to financial statements.

COUNTY OF MONTGOMERY, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AMERICAN RESCUE PLAN ACT FUND

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 57,171,170	$ 57,171,170	$ 44,099,037	$ (13,072,133)
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	1,200,000	1,200,000	2,193,533	993,533
Other	-	-	-	-
Total revenues	58,371,170	58,371,170	46,292,570	(12,078,600)
Expenditures:				
Current:				
General Administration	23,365,615	23,365,615	18,413,997	(4,951,618)
Judicial Administration	199,975	199,975	55,133	(144,842)
Corrections	-	-	-	-
Public safety	81,317	81,317	-	(81,317)
Public works and enterprises	803,423	803,423	-	(803,423)
Adult Welfare	1,901,369	1,901,369	-	(1,901,369)
Child Welfare	6,793,416	6,793,416	-	(6,793,416)
General Welfare	23,889,964	23,889,964	729,452	(23,160,512)
Culture and recreation	-	-	-	-
Community development and housing	-	-	-	-
Other	-	-	-	-
Insurance	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	57,035,079	57,035,079	19,198,582	(37,836,497)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,336,091	1,336,091	27,093,988	25,757,897
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	-
Leases (as lessee)	-	-	-	-
Issuance of subscription liability	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(1,336,091)	(1,336,091)	(31,604,301)	(30,268,210)
Total other financing sources (uses)	(1,336,091)	(1,336,091)	(31,604,301)	(30,268,210)
Net Change in Fund Balance	$ -	$ -	$ (4,510,313)	$ (4,510,313)

See accompanying notes to financial statements.

COUNTY OF MONTGOMERY, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

OPIOID SETTLEMENT FUND

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 4,000,000	$ 4,000,000	$ 5,029,239	$ 1,029,239
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	200,000	200,000	391,165	191,165
Other	-	-	-	-
Total revenues	4,200,000	4,200,000	5,420,404	1,220,404
Expenditures:				
Current:				
General Administration	-	-	-	-
Judicial Administration	-	-	-	-
Corrections	-	-	-	-
Public safety	-	-	-	-
Public works and enterprises	-	-	-	-
Adult Welfare	-	-	-	-
Child Welfare	-	-	-	-
General Welfare	3,775,467	3,775,467	4,941,056	1,165,589
Culture and recreation	-	-	-	-
Community development and housing	-	-	-	-
Other	-	-	-	-
Insurance	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	3,775,467	3,775,467	4,941,056	1,165,589
Excess (Deficiency) of Revenues Over (Under) Expenditures	424,533	424,533	479,348	54,815
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	-
Leases (as lessee)	-	-	-	-
Issuance of subscription liability	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	$ 424,533	$ 424,533	$ 479,348	$ 54,815

See accompanying notes to financial statements.

COUNTY OF MONTGOMERY, PENNSYLVANIA

STATEMENT OF PROPRIETARY NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2025

	Internal Service Funds			
	Workers' Compensation Fund	General Liability and Property Damage Fund	Medical Self-Insurance Fund	Total Internal Service Funds
Assets				
Cash and cash equivalents	$ 1,943,269	$ 788,934	$ 5,816,833	$ 8,549,036
Investments	-	-	384,266	384,266
Accounts receivable	-	-	1,779,315	1,779,315
Due from other funds	3,424,372	-	66,386	3,490,758
Total Assets	5,367,641	788,934	8,046,800	14,203,375
Liabilities				
Accounts payable and accrued expenses	72,352	-	3,591,000	3,663,352
Due to others funds	-	-	3,918,509	3,918,509
Reserve for claims	1,320,811	-	-	1,320,811
Unearned revenue	-	-	371,065	371,065
Total Liabilities	1,393,163	-	7,880,574	9,273,737
Net Position				
Unrestricted	$ 3,974,478	$ 788,934	$ 166,226	$ 4,929,638

See accompanying notes to financial statements.

COUNTY OF MONTGOMERY, PENNSYLVANIA

STATEMENT OF CHANGES IN PROPRIETARY NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Internal Service Funds			
	Workers' Compensation Fund	General Liability and Property Damage Fund	Medical Self-Insurance Fund	Total Internal Service Funds
Operating Revenues:				
Charges for services	$ 1,092,189	$ -	$ 45,249,612	$ 46,341,801
Total operating revenues	1,092,189	-	45,249,612	46,341,801
Operating Expenses:				
Claims	202,620	932,124	48,062,462	49,197,206
Operations	-	-	200,000	200,000
Total operating expenses	202,620	932,124	48,262,462	49,397,206
Operating Income (Loss)	889,569	(932,124)	(3,012,850)	(3,055,405)
Nonoperating Revenues (Expenses):				
Investment income	52,602	-	72,196	124,798
Other income (expenses)	-	19,580	-	19,580
Total nonoperating revenues (expenses)	52,602	19,580	72,196	144,378
Transfers in	600,000	775,000	-	1,375,000
Changes in Net Position	1,542,171	(137,544)	(2,940,654)	(1,536,027)
Net Position:				
Beginning of year	2,432,307	926,478	3,106,880	6,465,665
End of year	$ 3,974,478	$ 788,934	$ 166,226	$ 4,929,638

See accompanying notes to financial statements.

COUNTY OF MONTGOMERY, PENNSYLVANIA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2025

	Internal Service Funds			
	Workers' Compensation Fund	General Liability and Property Damage Fund	Medical Self-Insurance Fund	Total Internal Service Funds
Cash Flows From Operating Activities:				
Charges for services	$ 1,092,189	$ -	$ 47,073,409	$ 48,165,598
Payments for claims expense	(1,048,515)	(932,124)	(48,062,462)	(50,043,101)
Payments to suppliers	-	-	(200,000)	(200,000)
Net cash provided by (used in) operating activities	43,674	(932,124)	(1,189,053)	(2,077,503)
Cash Flows From Noncapital Financing Activities:				
Advances (to)/from other funds, net	(147,583)	774,940	5,293,386	5,920,743
Other	-	19,580	-	19,580
Net cash provided by (used in) noncapital financing activities	(147,583)	794,520	5,293,386	5,940,323
Cash Flows From Investing Activities:				
Purchase of investments, net	-	-	(7,895)	(7,895)
Investment income	52,602	-	72,196	124,798
Net cash provided by (used in) investing activities	52,602	-	64,301	116,903
Change in Cash and Cash Equivalents	(51,307)	(137,604)	4,168,634	3,979,723
Cash and Cash Equivalents:				
Beginning of year	1,994,576	926,538	1,648,199	4,569,313
End of year	$ 1,943,269	$ 788,934	$ 5,816,833	$ 8,549,036
Reconciliation of Operating Income (Loss) to Cash Provided By (Used In) Operating Activities:				
Operating income (loss)	$ 889,569	$ (932,124)	$ (3,012,850)	$ (3,055,405)
Change in assets and liabilities:				
Accounts receivable	-	-	1,904,120	1,904,120
Accounts payable and accrued liabilities	72,352	-	(80,323)	(7,971)
Reserve for claims	(918,247)	-	-	(918,247)
Net Cash Provided By (Used In) Operating Activities	$ 43,674	$ (932,124)	$ (1,189,053)	$ (2,077,503)

See accompanying notes to financial statements.

COUNTY OF MONTGOMERY, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2025

	Employees' Retirement Trust Fund	Emmeretta McKinlay Trust Fund	Custodial Funds
Assets			
Cash and cash equivalents	$ 4,732,652	$ 79,590	$ 4,965,274
Investments:			
Equity funds	396,822,663	-	3,619,928
Corporate bond funds	280,458,826	-	-
Balanced funds	31,880,194	-	-
Alternative investments	42,592,924	-	-
Agency tax/interest receivable	7	-	12,486,849
Accounts receivable	4,184,366	-	36,787
Other	-	-	-
Total Assets	760,671,632	79,590	21,108,838
Liabilities			
Accounts payable and accrued expenses	2,548,120	-	657,478
Due to other governments	-	-	143,816
Escrow liability	-	-	20,214,774
Total Liabilities	2,548,120	-	21,016,068
Net Position			
Restricted for:			
Benefits and other purposes	758,123,512	79,590	-
Other governments and organizations	-	-	92,770
Total Net Position	$ 758,123,512	$ 79,590	$ 92,770

See accompanying notes to financial statements.

COUNTY OF MONTGOMERY, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Employees' Retirement Trust Fund	Emmeretta McKinlay Trust Fund	Custodial Funds
Additions:			
Contributions:			
County	$ 32,512,858	$ -	$ -
Employee	14,441,971	-	-
Total contributions	46,954,829	-	-
Investment income (loss), net:			
Net increase/(decrease) in fair value of investments	6,250,920	-	-
Interest and dividends and other income	100,244,609	-	107,595
Investment expense	(835,251)	-	-
Total investment income (loss), net	105,660,278	-	107,595
Real estate collections for other governments	-	-	35,592,705
Fines and fees collected for other governments	-	-	5,211,379
Inmate collections for other governments	-	-	3,009,988
Other additions	21	-	-
Total additions	152,615,128	-	43,921,667
Deductions:			
Benefits and refunds paid to plan members and beneficiaries	49,118,675	-	-
Administrative expense	465,049	-	-
Refunds of contributions and interest	1,784,054	-	-
Payments of real estate tax	-	-	35,592,705
Payments of fines and costs	-	-	5,285,726
Payments of inmate collections	-	-	3,030,019
Other disbursements	-	-	38
Total deductions	51,367,778	-	43,908,488
Increase/(Decrease) in Fiduciary Net Position	101,247,350	-	13,179
Net Position:			
Beginning of year	656,876,162	79,590	79,591
End of year	$ 758,123,512	$ 79,590	$ 92,770

See accompanying notes to financial statements.

A. County of Montgomery – Primary Government

1. Summary of Significant Accounting Policies

The County of Montgomery, Pennsylvania (the County) is located in Southeastern Pennsylvania, to the west of the City of Philadelphia. The County was founded in 1784 and operates under an elected, three-member Board of Commissioners. The County provides services in many areas to its 865,000 residents, including various general governmental services, public safety, health and welfare, and community enrichment programs.

The financial statements of the County include the accounts of all County operations. The County's major operations include administrative and judicial general government, corrections, civil defense and health and welfare. In addition, the County owns and operates the Montgomery County Correctional Facility.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements present the County of Montgomery (the primary government) and its component units. The component units (discussed below) are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Consistent with the guidance contained in Governmental Accounting Standards Board (GASB) Statements, the criteria used by the County to evaluate the possible inclusion of related entities (authorities, boards, councils, and similar entities) within its reporting entity are: legally separate, financial accountability, misleading to exclude and the nature and significance of other considerations.

The County is governed by a three-member Board of Commissioners. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Component Units

The criteria used by the County to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the County reviews the applicability of the following criteria:

The County is financially accountable for:

1. Organizations that make up its legal entity.

2. Legally separate organizations if the County Commissioners appoint a voting majority of the organization's governing body and the County is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the County as defined below:

   a. Impose its Will - If the County can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

   b. Financial Benefit or Burden – If the County (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

3. Organizations that are fiscally dependent on the County. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without approval of the County.

The Employees' Retirement Trust Fund is a single-employer defined benefit pension plan that covers all employees of the County. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of Commissioners of the County and the County is responsible for funding the plan. The plan is reported as a fiduciary fund and does not issue separate financial statements.

The following separately administered organizations meet the criteria for inclusion in the County's reporting entity as discretely presented component units:

Montgomery County Community College

The Montgomery County Community College (Community College) was established under the Community College Act of 1963. It provides two-year collegiate experience for citizens within the local area who would benefit from higher education. The County real estate tax levy includes millage for the purpose of providing annual appropriations to the Community College. The members of the Community College Board are appointed by the Board of Commissioners and a significant financial relationship exists between the County and the Community College. The Community College's fiscal year-end is June 30th, and separately audited financial statements are available through the Community College's administrative office.

The Montgomery County Community College Foundation (Foundation), a component unit of the Montgomery County Community College, was established as a separate nonprofit organization for the purpose of providing support and assistance to the College in developing programs, facilities and services necessary to carry out the educational mission and functions of the College. The Foundation carries out this purpose, in part, by encouraging soliciting, receiving, holding, investing and administering gifts of funds and property, and making expenditures to, or for the benefit of the College. The Foundation's fiscal year-end is June 30th, and separately audited financial statements are available through the Foundation's administrative office.

Valley Forge Tourism and Convention Board

The Valley Forge Tourism and Convention Board (Board) was organized in 1963 by the County and functions as a nonprofit membership sales and marketing organization which promotes the Valley Forge area and Montgomery County as a convention site and leisure visitor destination. The Board acts as an official third-party administrator for Montgomery County. Funding for the Board's activities is provided by a 4% Montgomery County hotel room occupancy tax and membership dues. The Board's fiscal year-end is December 31st, and separately audited financial statements are available through the Board's administrative office.

Montgomery County-Norristown Public Library

The Montgomery County-Norristown Public Library (Library) was established to promote library service in the County. The County annually provides significant operating and capital appropriations to the Library. The County owns the Library's facilities. Upon dissolution of the Library system, all assets would be distributed to the County. The Library's fiscal year-end is December 31st, and separately audited financial statements are available through the Library's administrative office.

Redevelopment Authority of the County of Montgomery

The Redevelopment Authority of the County of Montgomery (Authority) was incorporated under the Urban Redevelopment Law of the Commonwealth of Pennsylvania, Act No. 385, passed May 24, 1945. The Commissioners of the County appoint the Authority's five-member board of directors and the County has a potential financial benefit or burden from the activities of the Redevelopment Authority. Additionally, the County has guaranteed the Guaranteed Revenue Bonds, Series of 2010 and certain HUD Section 108 Loans. The Authority's fiscal year-end is December 31st, and separately audited financial statements are available through the Authority's administrative office.

Montgomery County Transportation Authority

The Montgomery County Transportation Authority (Transportation Authority) was organized for the purpose of addressing transportation improvement issues throughout the County. The Commissioners of the County appoint the Transportation Authority's board and provide funding as needed for transportation purposes. The Transportation Authority's fiscal year-end is December 31st, and separately audited financial statements are available through the Transportation Authority's administrative office.

Related Organizations

The Board of Commissioners is also responsible for appointing all or some of the members of the boards of other organizations. In some instances, the County's accountability for these organizations does not extend beyond making the appointments. The Board of Commissioners appoints board members of the following:

Advisory Council on Aging and Adult Services
Agricultural Land Preservation Board
Board of Assessment Appeals

Board of Health
Children and Youth Advisory Committee
Commission of Women and Families
Drug and Alcohol Planning Council
Emergency Medical Services Advisory Council
Fire Advisory Board
Higher Education and Health Authority
Industrial Development Authority
Local Emergency Planning Committee
Mental Health Mental Retardation Board
Open Space Board
Park Board
Planning Commission
Prison Board
SEPTA Board of Directors
SEPTA Citizen's Advisory Committee
Soil Conservation District
TRANSNET – Suburban Transit Network, Inc.
Workforce Investment Board & Youth Council
Youth Center Board of Managers

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the County as a whole excluding fiduciary activities such as the pension plan and custodial funds. The primary government and component units are presented separately within the financial statements with the focus on the primary government. The statements distinguish governmental activities, which are generally supported by taxes and intergovernmental grants, from business-type activities (of which the County has none), which rely to a significant extent on fees charged to external customers. Likewise, the primary government is reported separately from its legally separate component units for which the primary government is financially accountable.

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

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity with a self-balancing set of accounts recording cash and/or other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

For the most part, the effect of interfund activity has been eliminated from these statements. Activity between the discretely presented component units and the primary government is generally reported as external transactions. The balances of the Internal Service Funds are reported as governmental activities on the statement of net position. The interfund services provided and used are not eliminated in the process of consolidation in the government-wide statement of activities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the County are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity. Proprietary fund financial statements, Fiduciary fund financial statements, and financial statements of the County's component units also report using this same focus and basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Unearned revenues arise when resources are received by the County before it has legal claim to them, such as when intergovernmental funds are received prior to the occurrence of qualifying expenditures. During subsequent periods, when the County has a legal claim to the resources, the unearned revenue is removed as a liability and the revenue is recognized. The availability period used for revenue recognition under the modified accrual basis of accounting is 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including leases, as well as expenditures related to compensated absences, pensions, and claims and judgments, are recorded only when payment is due. In general, franchise taxes, intergovernmental revenues, investment income, and other revenues associated with the current fiscal period are considered to be both measurable and available only when cash is received by the County or its agent.

Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after the end of the year. Licenses and permits, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment income is recognized as earned.

Proprietary Funds' operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The accrual basis of accounting is used by Internal Service Funds, the Employees' Retirement Trust Fund, Emmeretta McKinlay Trust Fund and Custodial Funds. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when incurred.

The County reports the following funds in 2025:

Governmental Funds

Governmental Funds are those through which most governmental functions of the County are financed. The County's expendable, available financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental Funds wherein the measurement focus is on changes in financial position rather than on net income.

The County reports the following major governmental funds:

The *General Fund* is the principal fund of the County, which is used to account for all financial transactions not accounted for in other funds.

The *Health Choices Fund* was established in 1997 for the purpose of providing Medicaid managed care services to Medicaid beneficiaries through qualified behavioral health providers and practitioners. The fund receives its funding from the Commonwealth of Pennsylvania Department of Health and Human Services.

The *American Rescue Plan Fund* was established in 2021 to account for state and local fiscal recovery funding allocated to counties by the United States government. The American Rescue Plan Act provided emergency funding for state, local, territorial, and Tribal governments to remedy the mismatch between rising costs and falling revenues due to the effects of COVID-19.

The *Opioid Settlement Fund* accounts for the proceeds of revenue received from settlements entered into by the Attorney General of Pennsylvania and various opioid manufacturers, distributors, and pharmacy chains. The Pennsylvania Opioid Misuse and Addiction Abatement Trust will distribute the settlement funds over as many as eighteen years.

The *Capital Fund* accounts for the financial resources used for the acquisition and capital construction of major capital facilities and projects.

Proprietary Funds

The County reports the following proprietary fund types:

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost reimbursement basis.

The *Workers' Compensation Fund* accounts for the activity in the account established by the County to fund the liabilities incurred as a result of workplace injuries.

The *General Liability and Property Damage Fund* accounts for the activity in the account established by the County to fund the liabilities incurred as a result of property damage claims.

The *Medical Self-Insurance Fund* accounts for the activity in the account established by the County to fund the liability incurred as a result of employee medical, prescription drug and vision expense claims.

The Internal Service Funds are included in governmental activities for government-wide reporting purposes.

Fiduciary Funds

The County's Fiduciary Funds are presented in the fund financial statements by type (pension, private-purpose trust, custodial). Since, by definition, these assets are being held for the benefit of a third party (other local governments, litigants, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The County reports the following fiduciary fund types:

The *Employees' Retirement Trust Fund* presents the financial operations of the Montgomery County Employees' Retirement System. The Employees' Retirement Trust Fund accounts for County and employees' retirement plan contributions and investment earnings on excess funds to provide for the payment of retirement benefits to its members.

The *Emmeretta McKinlay Trust Fund* is a fund held in trust by the County and used at the discretion of the President Judge for the purchase of necessities for indigent youth in detention. The fund was established as a bequest from Ms. McKinlay.

The *Custodial Fund*s account for the activities of the elected row and other County offices that are subsequently disbursed to other governments or individuals for whom it was collected.

The following funds are used to account for fees, fines, payments, and taxes collected and the distribution to other governmental units:

- Clerk of Courts Custodial Fund
- Prothonotary Custodial Fund
- Sheriff Custodial Fund
- Tax Claim Fund
- Register of Wills and Clerk of Orphans' Court Trust Escrow Fund
- Correctional Facility – Inmate and Work Release Custodial Fund

The following funds are used to account for amounts collected and distributed by County social services agencies:

- Domestic Relations Office – Support Clearing Account Fund
- Dependent/Guardian Fund

Revenue Classification on Government-Wide Statement of Activities

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

Interfund Activity

Transactions and balances between governmental and proprietary funds, except for charges for services, have been eliminated in the government-wide financial statements.

Cash and Cash Equivalents

For purpose of the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less form the date of acquisition to be cash equivalents.

Investments

Investments are recorded at fair value based on current market prices. Alternative investments and money market funds are valued at net asset value per share (NAV), which approximates fair value.

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

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Prepaid Expenses

The amounts recorded represent payments made for insurance, rent and other goods and services in the current fiscal year but not expensed as of December 31, 2025. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

To the extent the County's capitalization threshold of $5,000 is met, capital outlays are recorded as capital assets and depreciated/amortized over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Land Improvements	10 to 40 Years
Infrastructure	10 to 50 Years
Buildings	40 Years
Building Improvements	20 Years
Leasehold Improvements	10 Years
Equipment and Furniture	3 to 20 Years
Right-to-Use Assets	2 to 21 Years
Subscription Assets	2 to 10 Years

All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable (except for the intangible right-to-use lease assets and subscription assets, the measurement of which is discussed under Leases and Subscription-Based Information Technology Arrangements below). Donated capital assets are reported at acquisition value.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts, and any gain or loss is included in the results of operations.

The County will depreciate its infrastructure over the assets' estimated useful life using the straight-line method of depreciation. County infrastructure consists of 75 miles of roads and 133 bridges.

Compensated Absences

County employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for all accumulated vacation days. In June 2012, the County altered its sick leave payment policy. Upon retirement or termination, employees with more than 20 years of service are reimbursed 100% for accumulated sick leave up to a maximum of 60 days and 25% for amounts over 60 days up to the amount accumulated as of December 31, 2025. Unused sick leave earned is not eligible for reimbursement unless at the time of separation or retirement the June 30 sick leave balance is lower than the balance on June 30, 2012. The estimated cost of accumulated vacation and sick leave and the estimated sick leave to be used during employment is recorded at current rates of compensation as a liability in the government-wide statements.

Unearned Revenue

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue on the governmental fund financial statements

Self-Insurance

The County establishes claims liabilities for its employee medical, workers' compensation and property damage self-insurance programs, which are accounted for in Internal Service Funds. The liability is based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the claims involved. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for liabilities such as workers' compensation. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience of the pension plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has three types of items that qualify for reporting in this category. Accordingly, one item, *unavailable revenue,* is reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes, leases, and opioid abatement. The deferred inflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience of the pension plan and the net difference between projected and actual earnings on pension plan investments. The lease-related deferred inflow of resources is recorded at an amount equal to the lease receivable plus any payments received at or before the start of the lease term that relates to future periods, less any lease incentives or on behalf of the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic manner.

Long-Term Obligations

On the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. On the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Refunding Transactions

A deferred charge on refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.

Pensions

The County participates in a single-employer defined benefit pension plan (Plan) administered by the Montgomery County Employees Pension Plan. 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 Plan, and additions to/deductions from the Plan's fiduciary net position have been determined on the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Leases

Lessor

The County is lessor for noncancellable leases of building property, as well as land and space provided for cellular antennae placement on cell towers. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for lease, unless it is explicitly stated in the lease agreement.
- The lease term includes the noncancellable period of the lease and any extensions that are deemed reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lessee

The County is a lessee for various equipment leases. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide statement of net position. The County recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County is utilizing the estimated incremental borrowing rate as the discount rate for the leases.

The lease terms include the noncancellable period of the lease and any renewal periods. Lease payments included in the measurement of the lease liability are composed of fixed payments through the end of the term, which includes any renewal periods the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.
Lease assets are reported with capital assets, and lease liabilities as a lease liability on the statement of net position.

Short-term leases, or leases that, at the commencement of the lease term, have a maximum possible term under the lease contract of 12 months or less, including any options to extend, regardless of their probability of being exercised, are not recognized as a lease liability and lease asset on the statement of net position. Short-term lease payments are recognized as expenditures based on the payment provisions of the lease contract. An asset is recognized if payments are made in advance or a liability for rent due if payments are to be made subsequent to the reporting period.

Subscription-Based Information Technology Arrangements (SBITA)

The County is a lessee for noncancelable software subscriptions. The County recognizes a liability and an intangible right-to-use subscription asset (subscription asset) as part of capital assets, net of accumulated depreciation on the statement of net position. At the commencement of a subscription, the County initially measures the SBITA liability at the present value of payments expected to be made during the subscription term. Subsequently, the SBITA liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on the straight-line basis over its useful life.

The estimates and judgments related to SBITA liabilities include how the County determines (1) the discount rate it uses to discount the expected contract payments to present value, (2) subscription term, and (3) subscription payments.

The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for subscription contracts.

The subscription term includes the noncancellable period of the subscription. If a subscription automatically renews after the initial term, the County uses a period of 3 years to record the SBITA liability for automatic renewals. Subscription payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require remeasurement of its SBITA liability and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. Subscription assets are reported with capital assets and SBITA liabilities are reported as a current and non-current liability on the statement of net position.

Fund Balance

The Montgomery County Board of Commissioners recognizes that the maintenance of a fund balance reserve is essential to the preservation of the County's financial integrity. Effective January 1, 2020, the County implemented a new fund balance policy to budget and maintain a reserve in the General Fund. This policy establishes goals and provides guidance concerning the desired level of fund balance maintained by the County to mitigate financial risk that can occur from unforeseen revenue fluctuations, unforeseen expenditures, and in the event of emergencies and natural disasters.

The policy was created in consideration of unanticipated events that could adversely affect the financial condition of the County and jeopardize the continuation of necessary public services. This policy will ensure that the County maintains adequate General Fund Unassigned Fund Balance in order to:

- Provide sufficient cash flow for daily financial needs,
- Maintain the County's creditworthiness and secure investment-grade bond ratings,
- Offset significant economic downturns or revenue shortfalls, and
- Provide funds for unforeseen expenditures related to emergencies.

The County shall maintain an Unassigned Fund Balance in the General Fund that meets the purposes of this policy. General Fund Unassigned Fund Balance will be maintained at a minimum of 15% of the current year's adopted General Fund revenue budget. It is the goal of the County to achieve and maintain a General Fund Unassigned Fund Balance at fiscal (calendar) year-end of not less than 18% and a maximum of 20% of the current year's adopted General Fund revenue budget. In the event the General Fund Unassigned Fund Balance increases above 20%, the County Commissioners may direct the Chief Operating Officer and

Chief Financial Officer to present a financial plan with options to reduce the Unassigned Fund Balance to the goal range of 18%-20%.

Fund balance is classified between amounts that are considered nonspendable and spendable amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the nonspendable and followed by the spendable classifications with binding constraints, fund balance amounts will be reported in the following classifications:

Nonspendable

This category represents amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventory or prepaid amounts.

Restricted

This category consists of amounts with constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed

This category of fund balance consists of amounts established by formal action by the Board of Commissioners. Once committed, it cannot be used for any other purpose unless changed by County policy or action (e.g., future anticipated costs). The formal action should occur prior to the end of the reporting period, but the amount subject to the constraint, if any, may be determined in the subsequent period. The County Commissioners have not taken any action to commit fund balance.

Assigned

This category of fund balance consists of amounts which are constrained by the County's intent to use for specific purposes but are neither restricted nor committed. Intent should be expressed by the Board of Commissioners. The County's assignments are as follows:

- General Fund – To fund future debt service expenditures, to fund the Norristown Recreation Center, for housing and homelessness initiatives, for food security initiatives, for the Behavioral Health Crisis Center, and to fund future pension costs.
- All other assigned fund balances are to fund future capital projects.

Unassigned

This category of fund balance consists of amounts available for consumption or not restricted in any manner. The General Fund is the only fund that report a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The County has not adopted a formal policy regarding whether to apply restricted resources or unrestricted resources when an expense is incurred for purposes that both restricted and unrestricted net position are available.

Net Position

The government-wide, internal service fund and fiduciary funds classify net position into three components:

- Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Net investment in capital assets is calculated as follows:

Capital assets:	$	1,214,682,486
Less: accumulated depreciation/amortization		(299,401,589)
Less: outstanding principal of capital-related borrowings		(824,706,395)
Less: original issue premiums		(90,133,145)
Pluss: capital borrowings related to unspent bond proceeds		72,152,469
Total net investment in capital assets	$	72,593,826

- Restricted: This component of net position consists of constraints placed on assets through external restrictions or enabling legislation.

- Unrestricted: This component of net position consists of assets that do not meet the definition of restricted or net investment in capital assets.

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources as they are needed.

Allocation of Indirect Expenses

The County allocates indirect expenses, primarily comprised of central governmental services, to operating functions and programs benefiting those services. Central services include overall county management, centralized budgetary formulation and oversight, accounting, financial reporting, human resources, information technology, purchasing, cash management, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies. These charges are included in direct expenses in the statement of activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgets and Budgetary Accounting

In accordance with State law, the County prepares and adopts a budget on or before December 31 for the following year. The budget, as authorized by the Board of Commissioners, presents the appropriations of the General Fund, Health Choices Fund, American Rescue Plan Act Fund, Emergency Communications Fund, Liquid Fuels Tax Fund, County Community College Tax Fund, Liquid Fuels Vehicle Registration Fees Fund, and Opioid Settlement Fund for the year on basis consistent with GAAP. The budget does not include appropriations for amounts that will be expended in payment of obligations incurred under appropriations in the prior year's budget or for amounts that will be expended for certain social services and reimbursed by the federal government and the Commonwealth. The Title IV-D Fund, Housing and Community Development Fund, Economic and Workforce Development Fund, and Records Improvement Fund are not subject to budgetary controls. In general, the County maintains budgetary control at the fund level and further classifies the detail budgets by major expenditure classification (salaries, fringe benefits, materials, and supplies, purchased services, capital outlay and insurance). Budgetary transfers and/or additional appropriations from additional revenues received or from unexpended funds appropriated but not spent in prior years, etc., must be approved by the County Commissioners. Expenditures cannot legally exceed the appropriations at the budgetary control levels described above. Appropriations which are not expended lapse at the end of the fiscal year.

Neither receipts nor disbursements made from the General Fund to other governmental operations are budgeted. This practice results in actual receipts and disbursements of the General Fund being in excess of budgeted receipts and disbursements.

For the year ended December 31, 2025, expenditures exceeded appropriations in the Opioid Settlement Fund. These excess expenditures were funded by greater than anticipated revenues or excess fund balance.

Adopted Pronouncements

The County adopted Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*, for the year ended December 31, 2025. Adoption of this Statement did not have a significant impact on the County's financial statements for the current year.

Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 103 (Financial Reporting Model Improvements), 104 (Disclosure of Certain Capital Assets), and 105 (Subsequent Events). Management has not yet determined the impact of these statements on the financial statements.

2. Deposits and Investments

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. government obligations, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The statutes allow pooling of governmental funds for investment purposes.

Governmental funds are either maintained in demand deposits or invested with the Pennsylvania Local Government Investment Trust (PLGIT). In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds and other investments consistent with sound business practice. The investment policy of the County adheres to applicable state statutes, including Act 72 and the County Code of Pennsylvania.

There were no deposit or investment transactions during the year that were in violation of either the statutes or the policy of the County.

Deposits

The following is a description of the County's deposit risks:

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. The County has a formal deposit agreement with each bank for custodial credit risk. As of December 31, 2025, the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC) insured $2,353,457 of the County's total bank balances. The remaining bank balance of $218,819,122 was collateralized in accordance with Pennsylvania Act 72, which requires the institution to pool collateral for all government deposits and have the collateral held by an approved custodian in the institution's name. These deposits have a carrying amount of

$211,982,109 as of December 31, 2025. The County does not have a formal policy for custodial credit risk.

Cash Equivalent Investments

The County holds cash equivalent investments in money market funds and state investment pools, including PLGIT.

The County's cash equivalent investments in PLGIT cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. PLGIT uses amortized cost to report net assets to compute share prices. PLGIT maintains a net asset value of $1 per share. Accordingly, the fair value of the position of PLGIT is the same as the value of PLGIT shares. PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. PLGIT is audited annually by independent auditors and separate financial statements are available on PLGIT's website.

The County can withdraw funds from the external investment pool, however, there are certain limitations placed on these withdrawals. For PLGIT/PRIME accounts, there is a one-day holding period and a penalty for more than two withdrawals in a calendar month.

As of December 31, 2025, the book balance of cash equivalent investments for governmental activities of $323,294,380 is considered to be an investment for presentation on the statement of net position. These deposits have a bank balance of $323,282,806.

Fiduciary Funds

The County maintains separate bank accounts for the elected offices and other County departments, as well as the Emmeretta McKinlay Trust Fund and Employees' Retirement Trust Fund. The balance of these accounts is reported in the statement of fiduciary net position. As of year-end, the carrying amount of these deposits was $9,777,516, and the corresponding bank balance totaled $10,719,146. The full balance was collateralized in accordance with Pennsylvania Act 72, which requires financial institutions to pool collateral for all governmental deposits and to have such collateral held by an approved custodian in the institution's name.

Investments

Investments as of December 31, 2025, are classified in the accompanying financial statements as follows:

Primary Government:		
Statement of Net Position	$	323,294,380
Fiduciary Funds:		
Employees' Retirement Trust Fund		751,754,607
Custodial Funds		3,619,928
	$	1,078,668,915

Investments on the Statement of Net Position and Statement of Fiduciary Net Position consist of money market funds, equity funds, corporate bond funds, balanced funds, and alternative investments. The County's investment in money market funds is reported at amortized cost, which approximates fair value. The fair value of the County's investments is the same as their carrying amount.

The following is a description of the County's investment risks:

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County has adopted a policy of holding all investments to maturity. Accordingly, any change in fair value due to changing market interest rates is temporary.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities in the possession of an outside entity. The County has a policy of holding investment securities in a segregated account with its primary banking institution whenever possible.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The County has clearly defined restrictions by institution, asset class and minimum credit rating to minimize the risk of loss due to credit risk. All debt securities held by the primary government are rated AAA by Standard and Poor's.

Concentration of Credit Risk – The County places limits both by asset class and by institution to limit its concentration of credit risk.

<u>Pension Trust Fund – Deposits</u>

The pension trust fund deposits are maintained separately from those of other County funds. As of December 31, 2025, pension trust fund cash and cash equivalents consisted of deposits with a book value of $4,732,652. The corresponding bank balance for the checking and money market deposits was $5,152,001.

None of the bank balance was covered by the FDIC. However, the entire balance was collateralized in accordance with Pennsylvania Act 72, which requires financial institutions to pool collateral for all governmental deposits and to have the collateral held by an approved custodian in the institution's name.

<u>Pension Trust Fund – Investments</u>

The pension trust fund investments are held separately from those of other County funds. Investments of the plan are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price. The County maintains a pension trust fund investment policy that summarizes the investment philosophy of the County and establishes investment guidelines and performance objectives for the pension trust fund.

Interest Rate Risk – The pension trust fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2025, the County had the following investments in its pension trust fund. The County's pension trust funds categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The pension trust funds have the following recurring fair value measurements at December 31, 2025:

Investments by Fair Value Level	Total	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Mutual Funds:				
Equity Funds	$ 396,822,663	$ 396,822,663	$ -	$ -
Corporate Bond Funds	280,458,826	280,458,826	-	-
Balanced Funds	31,880,194	31,880,194	-	-
Total investments by fair value level	709,161,683	$ 709,161,683	$ -	$ -
Alternative Investments (NAV)	42,592,924			
Total Investments	$ 751,754,607			

Alternative Investments

The following table sets forth additional disclosures for the measurement of alternative investments that calculate net asset value per share (or its equivalent):

Investment Type	Fair Value	Redemption Frequency	Redemption Notice Period
SEI Structured Credit Collective Fund	$ 21,174,558	Quarterly	65 Days
SEI Special Situations Collective Investment Fund	$ 21,418,366	Semi-Annual	95 Days

There were no unfunded commitments at December 31, 2025.

The SEI Structured Credit Collective Fund invests substantially all of its assets in the SEI structured credit segregated portfolio, which in turn, invests substantially all of its assets in SEI Structured Credit Fund, L.P.

The SEI Special Situations Collective Investment Trust invests substantially all of its assets in the SEI Special Situations Fund, Ltd. This structure provides a means for eligible investors to participate in investments in various private investment funds, many of which will pursue hedged investment strategies.

3. Real Estate Taxes

Real estate taxes attach as an enforceable lien on property as of January 1 and are levied on March 1. Independently elected tax collectors bill these taxes, except for municipalities that have elected to have the taxes collected by the County Treasurer. Taxes collected within 60 days are given a 2% discount. Amounts paid after 120 days are assessed a 10% penalty. The County collects delinquent real estate taxes on behalf of itself and other taxing authorities.

For 2025, County real estate taxes were levied at the rate of 5.252 mills on every dollar of assessed value of real estate for general and debt service purposes. Assessed values are established by the County Assessment Board and are based on the market value of the property.

4. Interfund Receivables, Payables, and Transfers

Interfund receivables, payables and transfers were comprised of the following amounts on an individual fund basis at December 31, 2025:

	Due from Other Funds	Due to Other Funds	Transfers In	Transfers Out
General Fund	$ 14,423,414	$ 12,902,666	$ 33,057,205	$ 4,069,212
Health Choices Fund	1,483,054	2,723,343	-	-
American Rescue Plan Fund	1,000	817,508	-	31,604,301
Opioid Settlement Fund	-	41,366	-	-
Capital Fund	1,154,565	419,292	509,551	-
Nonmajor Governmental Funds	8,144,738	7,874,845	2,808,574	2,076,817
Proprietary Funds	3,490,758	3,918,509	1,375,000	-
Total	$ 28,697,529	$ 28,697,529	$ 37,750,330	$ 37,750,330

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Funds were transferred from the American Rescue Plan Fund to cover general County expenditures within the General Fund. Additionally, taxes collected in the General Fund were transferred to the fund they were collected to benefit. Funds were transferred to the Proprietary Funds and Custodial Funds to cover costs of the funds.

5. Capital Assets

The following is a summary of changes in capital assets related to governmental activities for the year ended December 31, 2025:

	Balance at January 1, 2025	Additions	Transfers/ Deletions	Balance at December 31, 2025
Capital assets, not being depreciated/amortized:				
Land	$ 26,502,863	$ 1,419,056	$ -	$ 27,921,919
Construction in progress	382,835,482	91,362,642	(31,787,921)	442,410,203
Artifacts	17,695,165	-	-	17,695,165
Total capital assets, not being depreciated	427,033,510	92,781,698	(31,787,921)	488,027,287
Capital assets, being depreciated/amortized:				
Land Improvements	64,925,198	224,166	-	65,149,364
Leasehold Improvements	23,400	-	-	23,400
Building and improvements	301,342,509	17,465,913	-	318,808,422
Equipment and furniture	72,279,544	3,188,828	(343,230)	75,125,142
Infrastructure	173,309,374	9,898,016	-	183,207,390
Vehicles	11,317,769	1,890,158	-	13,207,927
Right-of-use assets	50,104,834	2,592,844	(87,531)	52,610,147
Subscription assets	17,546,420	10,169,316	(9,192,329)	18,523,407
Total capital assets being depreciated/amortized	690,849,048	45,429,241	(9,623,090)	726,655,199
Less: Total accumulated depreciation/amortization	(273,256,833)	(35,767,846)	9,623,090	(299,401,589)
Net capital assets, being depreciated/amortized	417,592,215	9,661,395	-	427,253,610
Net capital assets	$ 844,625,725	$ 102,443,093	$ (31,787,921)	$ 915,280,897

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

General Administration	$ 17,198,499
Judicial Administration	818,566
Corrections	2,108,084
Public Safety	5,761,442
Culture and Recreation	4,655,946
Child Welfare	69,954
Adult Welfare	26,683
General Welfare	1,087,263
Public Works	4,041,409
Total Depreciation and Amortization Expense	$ 35,767,846

6. Long-term Obligations

General Obligation Debt

The County's general obligation debt outstanding as of December 31, 2025 comprise the following individual issues:

Description	Interest Rates	Final Maturity Dates	Amount Outstanding
2013 Series General Obligation Bonds	1.50% to 5.00%	2033	$ 15,725,000
2015 Series General Obligation Bonds	3.00% to 5.00%	2031	13,225,000
2016 Series A General Obligation Bonds	3.00% to 5.00%	2036	36,120,000
2016 Series B General Obligation Bonds	2.00% to 2.62%	2032	24,410,000
2016 Series C General Obligation Bonds	2.00% to 2.80%	2031	6,445,000
2017 Series A General Obligation Bonds	3.00% to 5.00%	2037	40,490,000
2017 Series C General Obligation Bonds	2.125% to 5.00%	2037	7,400,000
2017 Series D General Obligation Bonds	2.00% to 3.10%	2032	1,135,000
2019 Series A General Obligation Bonds	1.56% to 2.56%	2039	40,260,000
2019 Series B General Obligation Bonds	1.56% to 2.56%	2039	9,930,000
2019 Series C General Obligation Bonds	1.50% to 3.30%	2039	36,740,000
2021 Series A General Obligation Bonds	5.00%	2041	89,535,000
2021 Series B General Obligation Bonds	5.00%	2041	11,255,000
2022 Series General Obligation Bonds	5.00%	2042	147,665,000
2023 Series A General Obligation Bonds	5.00%	2043	136,740,000
2023 Series B General Obligation Bonds	5.00% to 6.00%	2043	13,285,000
2025 Series A General Obligation Bonds	5.00%	2045	144,705,000
2025 Series B General Obligation Bonds	4.45% to 5.30%	2035	4,020,000
			779,085,000
		Current Portion	(41,765,000)
		Total	$ 737,320,000

Annual debt service requirements to maturity related to the above-discussed long-term debt are as follows:

Year Ending December 31,	Principal	Interest	Totals
2026	$ 41,765,000	$ 35,518,250	$ 77,283,250
2027	43,690,000	33,632,765	77,322,765
2028	45,165,000	31,726,365	76,891,365
2029	47,150,000	29,764,807	76,914,807
2030	49,260,000	27,726,558	76,986,558
2031-2035	218,280,000	108,756,700	327,036,700
2036-2040	214,910,000	58,296,481	273,206,481
2041-2045	118,865,000	12,198,875	131,063,875
Total	$779,085,000	$337,620,801	$1,116,705,801

Nonexchange Financial Guarantee

In 2010, the Redevelopment Authority of the County of Montgomery (Authority), a component unit of the County, issued $6,200,000 of Guaranteed Revenue Bonds, Series of 2010 (Bonds). The proceeds of the bonds were used to pay a developer to fund certain redevelopment activities. The Bonds are payable from the developer pursuant to a loan agreement between the Authority and the developer. The County, as guarantor, has agreed to execute the Guaranty Agreement fully guaranteeing the payment of the principal amount of the Bonds together with interest thereon when due.

The developer has defaulted on its obligations, and as a result, it is more likely than not that the County will be required to pay the remaining portion of the debt service payments based on the guarantee. The County's obligation guaranteeing the payment of the Bonds is a general obligation of the County. The bonds mature annually through 2030.

During 2025, the County made principal and interest payments totaling $566,863 on the Bonds. The cumulative amount that has been paid by the County as of December 31, 2025 is $6,465,038.

On September 23, 2010, the U.S. Department of Housing and Urban Development (HUD) issued a loan to the Authority of $10,000,000 under the Section 108 Program (Section 108 loan). Under the terms of the financing agreement, the County guarantees the payment of principal and interest on the loan with its Community Development Block Grant funds. The

Authority's obligation to repay the Section 108 loan is limited to the payments received from a developer.

The Authority has defaulted on its obligations, and as a result, it is more likely than not that the County will be required to pay the remaining portion of the debt service payments based on the guarantee. The interest and principal payments are to be paid by the County. During 2025, the County made principal and interest payments totaling $827,370 on the Section 108 loan. The cumulative amount that has been paid by the County as of December 31, 2025 is $7,627,937.

A liability has been recognized for an amount that is the County's best estimate of the discounted present value of the future outflows the County expects to incur as a result of the guarantees. The liability recognized for the nonexchange financial guarantee at December 31, 2025 is as follows:

	January 1, 2025	Increases	Decreases	December 31, 2025	Due Within One Year
RDA Series of 2010	$ 2,815,000	$ -	$ 405,000	$ 2,410,000	$ 455,000
RDA HUD 108 Agreement	4,260,000	-	690,000	3,570,000	690,000
Total Guaranteed Debt	$ 7,075,000	$ -	$ 1,095,000	$ 5,980,000	$ 1,145,000

The County does not expect to recover these payments.

Subscription-Based Information Technology Arrangements

The County has entered into subscription-based information technology arrangements (SBITAs) for multiple cloud-based document management, safety and security, financial systems, IT infrastructure, enterprise and retirement plan software and cloud-based program platforms. The SBITA arrangements expire at various dates through 2032.

Future minimum subscription payments for the subscription liability are as follows:

Year Ending December 31,	Principal	Interest	Totals
2026	$ 4,582,342	$ 382,742	$ 4,965,084
2027	3,882,185	181,533	4,063,718
2028	227,472	31,735	259,207
2029	201,952	21,808	223,760
2030	163,635	14,270	177,905
2031-2032	310,172	6,426	316,598
Total	$ 9,367,758	$ 638,514	$ 10,006,272

Changes in Long-Term Liabilities

Governmental Activities	January 1, 2025	Increases	Decreases	December 31, 2025	Due Within One Year
Bonds and notes payable:					
General Obligation Bonds	$ 669,035,000	$ 148,725,000	$ 38,675,000	$ 779,085,000	$ 41,765,000
Deferred amounts, premiums	85,621,605	10,593,289	6,081,749	90,133,145	-
Total bonds and notes payable	754,656,605	159,318,289	44,756,749	869,218,145	41,765,000
Other Long Term Liabilities:					
Nonexchange financial guarantees	7,075,000	-	1,095,000	5,980,000	1,145,000
Settlements payable	500,000	-	-	500,000	500,000
Lease liability	38,084,510	2,592,844	4,423,717	36,253,637	4,882,314
Subscription liability	4,322,822	10,169,316	5,124,380	9,367,758	4,582,342
Net pension liability	177,363,411	-	34,448,242	142,915,169	-
Compensated Absences	15,905,562	436,360	(2,982,427)	19,324,349	5,410,818
Total other long-term liabilities	243,251,305	13,198,520	42,108,912	214,340,913	16,520,474
Total long-term liabilities	$ 997,907,910	$ 172,516,809	$ 86,865,661	$ 1,083,559,058	$ 58,285,474

The County has pledged its full faith, credit, and taxing power for the repayment of the above obligations.

7. Leases

County as Lessor

The County has entered into various noncancelable lease agreements as lessor for buildings, land, and equipment. The County's leases mostly have initial terms from 3 to 25 years, with the exception of two leases that have initial terms of 40 years, and contain one or more renewals at the County's option, most commonly for five-year periods. The County has included these renewal periods in the lease term when they are both noncancellable and reasonably certain to be exercised. The County's lease arrangements do not contain any material residual value guarantees. Although the County is exposed to changes in the residual value at the end of the current leases, the County typically enters new leases and therefore will not immediately realize any reduction in residual value at the end of these leases. During the year ended December 31, 2025, the County recognized $801,294 and $177,807 lease revenue and interest revenue, respectively, pursuant to these contracts. As of December 31, 2025, the County's receivable for lease payments was $7,156,271. Also, the County has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of December 31, 2025, the balance of the deferred inflow of resources was $6,826,667.

As of December 31, 2025, the principal and interest requirements to maturity for the leases receivable are as follows:

	Governmental Activities		
Year End December 31	Principal	Interest	Total
2026	$ 591,781	$ 426,916	$ 1,018,697
2027	537,665	409,049	946,714
2028	583,805	392,082	975,887
2029	525,042	273,679	798,721
2030	552,257	238,140	790,397
2031-2035	3,234,017	728,467	3,962,484
2036-2040	763,065	178,302	941,367
2041-2045	314,329	44,111	358,440
2046-2048	54,310	3,046	57,356
Total Minimum Lease Payments	$ 7,156,271	$ 2,693,792	$ 9,850,063

County as Lessee

The County has entered into various noncancelable lease agreements as lessee for buildings, equipment, and land. The County's leases have initial terms from 3 years to 20 years and contain one or more renewals at the County's option, most commonly for five-year periods. The County has generally included these renewal periods in the lease term when it is reasonably certain that the County will exercise the renewal option. The County's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes, and insurance, which are expensed as incurred as variable lease payments. For building leases that include variable payments, those include payments for the County's proportionate share of the building's property taxes, insurance, and common area maintenance. The County's lease arrangements do not contain any material residual value guarantees.

The future principal and interest lease payments as of December 31, 2025, were as follows:

Year End December 31	Principal	Interest	Total
2026	$ 4,882,314	$ 1,630,804	$ 6,513,118
2027	4,785,700	1,398,327	6,184,027
2028	4,873,490	1,163,555	6,037,045
2029	2,687,953	1,004,817	3,692,770
2030	2,456,318	1,009,152	3,465,470
2031-2035	9,627,211	3,983,475	13,610,686
2036-2040	4,939,463	2,065,738	7,005,201
2041-2045	2,001,188	162,812	2,164,000
Total Minimum Lease Payments	$ 36,253,637	$ 12,418,680	$ 48,672,317

8.Defined Benefit Pension Plan

Plan Description

The Employees' Retirement Board administers the Montgomery County Employees Pension Plan (Plan), a single-employer defined benefit pension plan that covers all full-time salaried employees of the County. The plan is regulated according to the County Pension Law Act 96 of 1971, as amended. Management of the plan is vested in the Board, which consists of five members: the three County elected commissioners, the elected County Controller, and the County elected Treasurer.

Plan Membership

For the 2025 measurement period, plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	2,567
Inactive Plan Members Entitles to But Not Yet Receiving Benefits	517
Active Plan Members	2,700
Total	5,784

Summary of Significant Accounting Policies

Financial information of the County plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments of the plan are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

Benefits Provided

The Montgomery County Employees Pension Plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as a percent of the member's highest three-year average salary times the member's years of service depending on class basis. Plan members with 20 years of service are eligible to retire at age 55. Plan members that have attained age 60 are eligible to retire. All plan members are eligible for disability benefits after five years of service if disabled while in service and unable to continue as a County employee. Disability retirement benefits are equal to 25% of highest average salary at time of retirement. Death benefits for a member who dies with ten years of service prior to retirement are the total present value of member's retirement, paid in a lump sum. A plan member who leaves County service with less than five years of service may withdraw his or her contributions, plus any accumulated interest.

Contributions

An actuarially determined contribution is recommended by the plan actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance an unfunded accrued liability. For the 2025 measurement period, the active member contribution rate was 5.0% of annual pay. The County satisfied its actuarially determined employer contribution to the pension plan in the amount of $32,512,858 as determined by the January 1, 2025 actuarial valuation.

Net Pension Liability

The components of the net pension liability of the County at December 31, 2025 were as follows:

Total Pension Liability	$ 899,402,435
Plan Fiduciary Net Position	756,487,266
Net Pension Liability	$ 142,915,169
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.11%

The pension liability is liquidated from the governmental funds where the corresponding payroll costs for the respective employees are allocated. The General Fund accrues the majority of pension liabilities.

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - December 31, 2024	$ 835,019,242	$ 657,655,831	$ 177,363,411
Changes for the Year:			
Service Cost	17,784,899	-	17,784,899
Interest on Total Pension Liability	64,556,785	-	64,556,785
Differences Between Expected and Actual Experience	32,944,238	-	32,944,238
Changes of Assumptions	-	-	-
Contributions - Employer	-	32,512,859	(32,512,859)
Contributions - Member	-	14,441,971	(14,441,971)
Net Investment Income	-	103,244,362	(103,244,362)
Benefit Payments, Including Refunds of Member Contributions	(50,902,729)	(50,902,729)	-
Administrative Expenses	-	(465,049)	465,049
Other Changes	-	21	(21)
Net Changes	64,383,193	98,831,435	(34,448,242)
Balances - December 31, 2025	$ 899,402,435	$ 756,487,266	$ 142,915,169

Plan Fiduciary Net Position does not include $4,184,366 in accounts receivable and $2,548,120 in accounts payable and accrued expenses as noted on the Statement of Fiduciary Net Position. Management does not consider this to have a material impact on the net pension liability.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2025, rolled-forward to December 31, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary Increases	3.5%, average, including inflation
Investment Rate of Return	7.5%, net of pension plan investment expenses, including inflation

Mortality rates were based on the PubG-2010 Mortality Table for males and females set forward one year with generational mortality improvement using MP-2020.

The actuarial assumptions used in the January 1, 2025 measurement period were based on past experience under the plan and reasonable future expectations, which represent our best estimate of anticipated experience under the plan. An actuarial experience study was performed during 2016; however, no modifications to assumptions were made as a result. No ad hoc postemployment benefit changes were included in future liability.

There were no changes in assumptions or benefit terms for the January 1, 2025 actuary valuation.

Investment Policy and Long-Term Expected Rate of Return

The plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees by a majority vote of its members. It is the policy of the Board of Trustees to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The long-term expected rate of return on 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 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 following was the Board's adopted asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2025:

	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class:		
Domestic Equity	27.50%	5.13%
International Equity	27.50%	5.93%
Fixed Income	35.00%	2.74%
Real Estate/Alternative	10.00%	5.68%
Cash	0.00%	0.94%
	100.00%	

Concentrations

The County has invested in two individual mutual funds with Vanguard and two with SEI, each having a value greater than 5% of the total plan fiduciary net position.

Rate of Return

For the year ended December 31, 2025, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 16.27%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan members' contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.50%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	$ 237,695,168	$ 142,915,169	$ 63,081,181

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended December 31, 2025, the County recognized pension expense of $43,520,982. At December 31, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 36,543,132	$ -
Net Difference Between Projected and Actual Earnings on Plan Investments	-	43,733,913
Total	$ 36,543,132	$ 43,733,913

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2026	$ 23,262,171
2027	(11,708,137)
2028	(7,928,283)
2029	(10,816,532)
Total	$ (7,190,781)

9. Self-Insurance Program

In January 1996, the County established Internal Service Funds to account for and finance risk of loss due to employee claims for workers' compensation and property damage claims. Under the Workers' Compensation Program, the Workers' Compensation Fund provides coverage up to a maximum of $1,000,000 for each individual workers' compensation occurrence. Under the Property Damage Program, the Property Damage Fund provides coverage up to a maximum of $100,000 for each individual property damage occurrence. The County purchases commercial insurance for claims in excess of coverage provided by the Funds. Settled claims have not exceeded this commercial coverage in the last three years of self-insurance.

All County employees, except elected officials, are covered by the Workers' Compensation Fund. Funds from the General Fund are transferred to the Workers' Compensation Fund based on estimates of the amounts needed to pay prior and current year's claims.

Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

The reconciliation of changes in the aggregate liabilities for the current year and the prior year are as follows:

Year Ending December 31,	Balance-Beginning of Year	Current Year Changes In Estimates	Estimated Losses	Claims Payments (Cash Basis)	Balance - End of Year
2025	$ 2,239,058	$ (1,767,370)	$ 1,543,860	$ (694,737)	$ 1,320,811
2024	2,498,092	279,849	2,277,006	(2,815,889)	2,239,058

The County established the Medical Self-Insurance Fund (the Medical Fund) on January 1, 2010, to provide resources to pay the medical, prescription and vision claims of employees and their dependents. The County pays an average of 89% of the employee's coverage cost. The employee's portion of the coverage cost is withheld from the employee and transferred to the Medical Fund each pay period. lnterfund charges are treated as charges for services paid from the other County funds to the Medical Fund.

Included in this Medical Fund are the County's self-funded Personal Choice PPO Plan, self-funded Keystone 10 HMO Plan, and self-funded Keystone C3F3 HMO Plan.

The HMO Plan and the PPO Plan (In Network) cover each participant for claim payments on an unlimited basis. The PPO Plan (Out-of-Network) covers claims not to exceed $1,000,000 during the participant's lifetime. Specific medical and prescription drug claims in the plans exceeding $300,000 are covered through a private insurance carrier up to the $5,000,000 lifetime per participant limit.

A liability of $3,591,000 for the estimated cost of claims incurred prior but paid subsequent to December 31, 2025, has been accrued and is included in the accounts payable and other accrued expenses on the statement of net position. Changes in the accrued Medical Self-Insurance liability during the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Balance, Beginning of Year	$ 3,671,323	$ 3,252,144
Additions	41,408,232	41,977,135
Deletions	(41,488,555)	(41,557,956)
Balance, End of Year	$ 3,591,000	$ 3,671,323

10. Contingencies

The County is required to comply with certain Pennsylvania Department of Environmental Protection (PA DEP) post-closure obligations. The obligations are specified in the Landfill Post Closure Plan and in a legal settlement agreement with GSK (signed by SKB the predecessor company to GSK). The County is responsible for ongoing leachate control, leachate discharge compliance and groundwater monitoring. The County has not been named as a responsible party in any state or local action.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County receives a significant portion of its funding from state and federal grants. A material reduction in these grant revenues could adversely affect the County's ability to maintain current service levels or implement planned initiatives.

There are various other matters of pending litigation in which the County is involved. The amount of liability, if any, related to these matters is not subject to determination. It is the opinion of management, as advised by legal counsel, that the aggregate amount of potential claims resulting from actions against the County would not materially affect the financial position of the County.

11. Commitments

<u>Construction Commitments</u>

As of December 31, 2025, there was approximately $64.3 million of contractually committed construction contracts for various repair and construction projects.

12. Opioid Settlement

During 2022, a settlement agreement was reached with various pharmaceutical companies related to the improper distribution and misuse of opioid drugs. As part of the settlement agreement, a trust was established to distribute the funds to the Commonwealth, Counties, and other County Subdivisions. Included in due from other governments on the statement of net position and balance sheet is $45,388,261 related to the opioid settlement funds, recorded for the full amount remaining. The balance sheet also includes a deferred inflow of $40,705,292. The amount is reduced by the annual distribution received. For the year ended December 31, 2025, the County received their distribution subsequent to year end and therefore only the deferred inflow was reduced and recognized as revenue. On the government-wide financial statements, the full receivable was recognized as revenue in year one and the remaining unspent portion is recorded as restricted net position. The proceeds of the opioid revenue received are from the settlements entered into between the Attorney General of Pennsylvania and various opioid manufacturers, distributors, and pharmacy chains. Included in due form other governments is the estimated remaining amount to be received from opioid settlement funds under the applicable settlement agreements and trust distribution process. Actual future receipts may vary in timing and amount from current estimates, and the recorded receivable will be adjusted as additional information becomes available and as distributions are received. Accordingly, no future payment schedule is presented. The Pennsylvania Opioid Misuse and Addiction Abatement Trust will distribute the settlement funds over as many as eighteen years.

B. Montgomery County Community College

1. Organization and Summary of Significant Accounting Policies

Montgomery County Community College (College) is a public institution of higher education with campuses located in Blue Bell, Pennsylvania and Pottstown, Pennsylvania. The College was founded in 1964 in response to a need for a two-year collegiate experience in higher education. The College is funded through a diversified financial support system from the County of Montgomery, Pennsylvania (County), the Commonwealth of Pennsylvania (Commonwealth), and student tuition payments.

Operating Revenues

Operating revenues of the College consist of tuition and fees, sales and services of education activities, and auxiliary enterprise revenues. Transactions related to capital and financing activities, noncapital financing activities, investing activities and state, local, and federal appropriations are components of non-operating income. Governmental and private grants and contracts are reported as non-operating revenues.

Accounts Receivable

Accounts receivable consist of tuition and fees charged to current and former students, amounts due from federal and state governments in connection with reimbursement of allowable expenditures made pursuant to grants and contracts and other miscellaneous sources.

Accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. An allowance for doubtful accounts is estimated based upon the College's historical losses and periodic review of individual accounts.

Compensated Absences

The College recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulated and is allowed to be carried to subsequent years, (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the financial statements.

Postemployment Benefits Other than Pensions

The College offers postemployment benefits, other than pension, to eligible retirees. These benefits include premium payments related to medical, prescription drugs, dental, and life insurance. These benefits are accounted for in accordance with GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*".

Capital Assets

Capital assets are stated at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. Improvements to the leased facilities made by the College are capitalized and are recorded at cost. Depreciation and amortization are recorded on the straight-line basis over the estimated useful lives of the assets as a charge in the statement of revenues, expenses, and changes in net assets. The College capitalizes assets with a useful life in excess of one year and an original cost exceeding $5,000. The lives are as follows:

Building	50 Years
Leasehold Improvements	20 Years
Building Improvements	39 Years
Equipment and Library	5 to 10 Years
Land Improvements	15-20 Years

The period of amortization of capitalized leased equipment and building improvements coincides with lease terms.

Unearned Revenues

Unearned revenues include: (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from grant and contract sponsors that have not been earned. Performance obligations related to each grant are measured by the labor expended by the College's employees and the time elapsed over the course of the grant period. The College recognized no more than the amount of probable collection from each grant.

Deferred Charge on Refunding and Premiums

Deferred charge on refunding and bond premiums are being amortized over the term of the related debt using the straight-line method, which approximates the interest method.

Contributions and Revenues

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Unconditional promises to give, which will be received after one year, are recorded after discounting the present value of expected future cash flows at a discount rate commensurate with the risks involved. Amortization of discount is recorded as contribution revenue in accordance with donor-imposed restrictions. Noncash contributions are recorded at estimated fair value on the date of donation.

Tuition Revenue

Tuition revenue is recognized when instruction is provided. A receivable is recognized when a student application is processed and an invoice submitted, with revenue recognition deferred until the instruction starts.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on students' behalf. Certain government grants are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Endowment Spending Policy

Commonwealth of Pennsylvania law permits the Foundation to allocate to income each year a portion of the endowment return. The law allows non-profit organizations to spend a percentage of the market value of their endowment funds, including realized and unrealized gains. The percentage, which by law must be between 2% and 7%, is elected annually by the Board of Directors. The Foundation's policy for fiscal year 2025 allows for a payout of 4% of the average of the 3 previous fiscal years' December 31st market value

2. Cash, Investments and Deposits with Bond Trustee

The College's investment policy is to optimize its return, through investments of its cash balances in such a way to minimize non-invested balances and maximize return on investments. The objectives shall include legality, safety, liquidity, yield, and diversification. Financial instruments used to achieve the College's stated objective will include money market funds, certificates of deposit, and Board-approved equities. In all cases, collateralization of principal and interest must be provided by the organization providing investment services.

The College views its funds in three broad categories:

Short-term (temporary) investments – fixed income investments which have a date to maturity of twelve (12) months or less. The portfolio will have an average effective duration of six (6) months or less. The short-term portfolio shall be maintained at a level sufficient to fund the College's operations plus an amount to cover an emergency. Cash flow forecasts should be maintained and updated on an ongoing basis.

Mid-term investments – fixed income investments which have a date to maturity of ten (10) years or less. The portfolio will have an average effective duration of five (5) years or less.

Long-term investments – equity and fixed income investments which are intended to be held for a period greater than five (5) years.

Safety of principal and liquidity are the top priorities for the investment of the College's short-term funds. Liquidity and total return are the top priorities for the College's mid-term funds. Within these guidelines, income optimization is pursued. Total return is the top priority for the College's long-term funds. Long-term funds may be invested in a wider range of assets in order to produce higher returns while managing risk to principal over a long-term investment horizon through a diversified asset allocation approach.

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreement rather than provisions of the College's investment policy.

The carrying amount of the College's deposits was $19,694,203 as of June 30, 2025. The bank balance totaled $19,858,161 as of June 30, 2025. Included in the College is $4,317,867 of cash and cash equivalents relating to the Foundation.

The bank balance of the College's cash deposits is categorized as follows to give an indication of the level of risk assumed by the College at June 30:

	College
Insured	$ 500,000
Collateralized	
Collateral Held by Pledging Bank's Trust	
Department not in the College's Name	19,358,161
Total	$ 19,858,161

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The College has the following recurring fair value measurements as of June 30, 2025:

	Total	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
College:				
Fixed Income:				
US Treasury	$ 7,383,560	$ -	$ 7,383,560	$ -
Government Agencies	1,488,843	-	1,488,843	-
Corporate Bonds	3,887,918	-	3,887,918	-
Mutual Funds:				
US Large Cap	18,772,090	18,772,090	-	-
US Small Cap	597,199	597,199	-	-
Bond Funds	4,222,684	4,222,684	-	-
Developed International	5,500,424	5,500,424	-	-
Emerging Markets	910,655	910,655	-	-
Hedge Funds	2,380,048	2,380,048	-	-
Real Asset Funds	67,184	67,184	-	-
Foundation:				
Municipal Bonds	412,946	412,946	-	-
Mutual Funds - Fixed Income	4,227,302	4,227,302	-	-
Common Stock	1,542,514	1,542,514	-	-
Exchange Traded Funds	10,575,608	10,575,608	-	-
Mutual Funds - Equities	1,869,034	1,869,034	-	-
Total investments	$ 63,838,009	$ 51,077,688	$ 12,760,321	$ -

The College's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the College, and are held by either the counterparty or the counterparty's trust department or agent but not in the College's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the College will not be able to recover the sale of the investment or collateral securities that are in the possession of the outside party. As of June 30, 2025, the College's investments are either insured, registered, or held by the College's investment custodian in the College's name.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. GASB Statement No. 40 requires that disclosure be made as to the credit rating of all fixed income securities except obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's and Fitch or Standard & Poor's (S&P).

Concentration of credit risk is the risk associated with the amount of investments the College has with any one issuer that exceed five percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The College's investment policy provides limitations pertaining to the diversification of the investment portfolio. The College views its funds in three broad categories: short-term, mid-term, and long-term investments. Safety of principal and liquidity are the top priorities for the investment of the College's short-term and mid-term funds. Long-term funds may be invested in a wider range of assets in order to produce higher returns while still minimizing risk to principal. The investment policy remains conservative, limiting equity investments to well-capitalized companies and approximately 35% of the value of long-term funds.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investment policy provides limitations in the maturities and composition of the various types of investments as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

The following tables summarize investment maturities and S&P ratings as of June 30, 2025:

Fixed Income Maturity Schedule	
1 year	$ 1,950,825
1 - 5 years	7,300,988
5 - 10 years	1,084,482
10 + years	2,424,026
	$ 12,760,321

Fixed Income Rating	
Government and agencies*	$ 8,872,403
AA	282,223
A	1,799,471
Less than A	1,736,247
Not rated	69,977
	$ 12,760,321

*Government and agency bonds have an implied rating of AA+

Deposits with bond trustee include restricted funds held by Board-approved entities. As of June 30, 2025, deposits held by bond trustees include cash and cash equivalents of $5.

Deposits with bond trustees are held at the Pennsylvania School District Liquid Asset Fund (PSDLAF). Cash and cash equivalents with PSDLAF contains assets invested in accordance with Title 24 of the Pennsylvania Statutes Article 4, Section 440.1 (2001). Each participant owns shares of PSDLAF, which invests the pooled assets. Such assets are not considered deposits pursuant to GASB Statement No. 3 and No. 40, and, as such, are not subject to custodial credit risk. Due to the short-term nature and liquidity of the investments held within these pools, the fair value of the underlying investments approximates amortized cost. Shares with PSDLAF are withdrawn at any time in any amount, with no liquidity fees or redemption gates. U.S. government agencies held with PSDLAF are recorded at fair value and are classified in Level 2 of the fair value hierarchy and valued as described above.

3. Capital Assets

Of the total property, plant, and equipment having a cost basis of $290,284,874 at June 30, 2025, the College's main campus facilities, with an original cost basis of $19,382,878, are leased to the College by the County. Ownership of the facilities was transferred to the County during fiscal year 1990 after completion of its lease agreement with the Montgomery County Community College Authority, which was dissolved upon completion of the lease agreement. The lease with the County expires in the year 2050 and the annual rental commencing with the year ended June 30, 1990 is $1.

In accordance with the Community College Act of 1963, library books are only considered capital expenditures during the first five (5) years after establishment.

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

	Balance June 30, 2024	Additions	Retirement and Transfers	Balance June 30, 2025
Non-depreciable assets:				
Land	$ 1,607,467	$ -	$ -	$ 1,607,467
Works of art	4,191	-	-	4,191
Construction in progress	21,906,707	6,078,249	(22,819,597)	5,165,359
Total non-depreciable assets	23,518,365	6,078,249	(22,819,597)	6,777,017
Depreciable assets:				
Building	117,665,515	-	-	117,665,515
Building improvements	106,333,030	19,157,455	-	125,490,485
Leasehold improvements	68,159	-	-	68,159
Land improvements	12,812,333	-	-	12,812,333
Equipment	23,702,846	3,083,676	(222,222)	26,564,300
Infrastructure	907,065	-	-	907,065
Intangible lease asset	1,055,949	59,203	-	1,115,152
Total depreciable assets	262,544,897	22,300,334	(222,222)	284,623,009
Less: accumulated depreciation	(92,849,404)	(8,431,909)	22,220	(101,259,093)
Net	$193,213,858	$ 19,946,674	$ (23,019,599)	$190,140,933

As of the end of fiscal year 2025, the College has construction commitments outstanding of approximately $408,000. These contracts are linked primarily to the renovations of seven campus buildings.

These projects will be completed at various times between August 2025 and December 2025.

4. Long-term Liabilities

Long-term liability activity for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Additions	Payments/ Settlements	Balance June 30, 2025	Current Portion
Notes payable and related premiums	$ 63,485,172	$ 28,681,803	$ (36,263,082)	$ 55,903,893	$ 5,798,188
Lease obligations and finance purchases	7,680,776	59,200	(920,969)	6,819,007	856,081
OPEB liability	53,788,138	-	(1,397,520)	52,390,618	172,426
Net pension liability	4,653,944	17,734	(219,000)	4,452,678	-
Total	$ 129,608,030	$ 28,758,737	$ (38,800,571)	$ 119,566,196	$ 6,826,695

5. Note Agreements and Authority Bond Issues

2025 Series Bond

On January 23, 2025, The State Public School Building Authority issued its College Revenue Bonds, Series 2025. The College and the Authority also entered into a note agreement of $24,480,000, whereby the College will repay the Authority principal and interest in amounts and rates that correspond to the Authority's requirements for the bonds payable. The final maturity of the bonds is May 1, 2035.

The proceeds were used to advance refund the Authority's Revenue Bonds, Series 2015.

2022 General Obligation Note

On May 15, 2022, the College entered into a $3,000,000 general obligation note, Series of 2022, with State Public School Building Authority. The College will repay the Authority principal and interest in amounts and rates over consecutive installments. The final maturity of the note is May 15, 2032.

Proceeds of $3,000,000 from the note were used for purchase and renovations of South Hanover Street Building to be utilized for the Children's Discovery Center and Youth and Engagement Offices on the Pottstown Campus.

2021 Series Bond

On May 21, 2021, the Montgomery County Higher Education and Health Authority (Authority) issued its College Revenue Bonds and Refunding Bonds, Series 2021. The College and the Commonwealth also entered into a note agreement of $42,360,000, whereby the College will repay the Commonwealth principal and interest in amounts and rates that correspond to the Commonwealth's sinking fund requirements for the bonds payable. The final maturity of the bonds and note is May 1, 2045.

The bond issue was used for improvements, renovations, upgrades and additions to the Blue Bell Campus' Hospitality Suite, Pottstown Campus' Challenger Center and North Hall plaza as well as deferred maintenance projects on both the campuses. The balance of the proceeds was used in the advance refunding of the School Building Authority's College Revenue Bonds, Series 2013, starting in 2023.

2015 Series Bond

On August 11, 2015, the Authority issued its College Revenue Bonds and Refunding Bonds, Series 2015. The College and the Commonwealth also entered into a note agreement of $51,640,000, whereby the College will repay the Commonwealth principal and interest in amounts and rates that correspond to the Commonwealth's sinking fund requirements for the bonds payable. The final maturity of the bonds and note is May 1, 2035.

Proceeds of $28,995,000 from the bond issue were used to purchase North Hall and to design, renovate, and remodel the Science Center Building. The balance of the proceeds were used in the advance refunding of a portion of the Authority's Revenue Bonds, Series 2008.

On January 12, 2024, the College defeased a portion of the 2015 series bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments. As a result, a portion of 2015 series bonds are considered to be defeased and the liability for those bonds has been removed from the College's financial statements. The outstanding principal amount of the defeased bonds was $4,930,000 at the time of the defeasance. The trust account assets and the liability for the defeased bonds are not included in the College's financial statements.

The following is a summary of outstanding debt as of June 30, 2025:

	Interest Rate	Balance July 1, 2024	Additions	Payments / Settlements	Balance June 30, 2025	Current Portion
2015 Notes Payable	2.00%-5.00%	$ 25,785,000	$ -	$ (25,785,000)	$ -	$ -
2021 Notes Payable	1.00%-4.00%	32,665,000	-	(4,385,000)	28,280,000	2,160,000
2022 Notes Payable	1.75%	1,326,793	1,054,297	(300,965)	2,080,125	293,218
2025 Notes Payable	5.00%	-	24,480,000	(3,095,000)	21,385,000	2,970,000
Bond premiums		3,708,379	3,147,506	(2,697,117)	4,158,768	374,970
Total		$ 63,485,172	$ 28,681,803	$ (36,263,082)	$ 55,903,893	$ 5,798,188

Principal maturities of the notes are due as follows:

Year ending June 30:	Principal	Interest	Total
2026	$ 5,423,218	$ 1,851,449	$ 7,274,667
2027	5,608,372	1,670,409	7,278,781
2028	6,273,552	1,469,161	7,742,713
2029	4,003,952	1,228,727	5,232,679
2030	4,129,382	1,103,863	5,233,245
2031-2035	18,966,650	3,414,591	22,381,241
2036-2040	4,840,000	922,384	5,762,384
2041-2045	2,499,999	308,000	2,807,999
Total	$ 51,745,125	$ 11,968,584	$ 63,713,709

A deferred outflow of resources was recorded on the statement of net position for the difference between the reacquisition price and the net carrying amount of the advance refunded debt. The resulting deferred outflow of resources is amortized over the remaining life of the debt. Total amortization expense was $219,499 for the year ended June 30, 2025.

6. Leases and Finance Purchase Payable Agreements

The College has certain equipment and computer equipment under noncancelable leases. The College recognizes lease liability and an intangible lease asset in the financial statements. These leases expire at various dates through 2028.

At the commencement of a lease, the College initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occurr that are expected to significantly affect the amount of the lease liability.

As of June 30, 2025, the value of the lease liability was $178,500. The value of the right-to-use assets as of June 30, 2025 was $1,115,152 and accumulated amortization was $1,053,293.

The College has various computer and other equipment leases that end at future dates. The College does not intend on maintaining the equipment once the lease ends, terms for these various lease agreements end through 2028.

The following is a schedule of future minimum lease payments for lease liabilities as of June 30, 2025:

Year Ending June 30:	Principal	Interest	Total
2026	$ 99,830	$ 1,676	$ 101,506
2027	74,991	649	75,640
2028	3,679	20	3,699
	$ 178,500	$ 2,345	$ 180,845

The College has entered into financed purchase payable agreements. It is expected that in the normal course of business, such purchase payables will continue to be required.

For the year ended June 30, 2025, depreciation expense on assets under the financed purchase payables was $517,175, which is included in depreciation expense in the accompanying financial statements. Following is a summary of property held under financed purchase payable:

	2025
Computer Equipment	$ 247,737
Energy Savings Equipment	17,633,757
Culinary Arts Equipment	612,148
Accumulated Amortization	(4,425,663)
	$ 14,067,979

Future minimum payments required under the finance purchase payables and the present value at June 30, 2025 is:

Fiscal Year Ending June 30,	Principal	Interest
2026	$ 756,251	$ 212,934
2027	807,796	187,456
2028	710,693	160,878
2029	431,171	143,075
2030	335,472	130,284
2031-2035	2,035,775	458,413
2036-2039	1,563,349	91,158
	$ 6,640,507	$ 1,384,198

7. Restricted Net Position

Restricted net position is comprised of the following at June 30, 2025:

Scholarships and awards	$ 11,687,528
Programs	752,007
Grants and other	5,189,160
Total	$ 17,628,695

8. Endowment Funds

The Foundation's endowment consists of individual funds established for a variety of purposes. Its endowment solely consists of donor-restricted and Foundation Board designated endowment funds. As required by accounting principles generally accepted in the United Stated of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation considers the following factors in making a determination to allocate or accumulate donor-restricted funds:

- The duration and preservation of funds
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending polices for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index for equities and an intermediate Government/Corporate Bond index for fixed income while assuming a moderate level of investment risk. The target allocation is 60% equities and 40% fixed income.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on a balanced portfolio to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Policy: The Foundation has a policy of appropriating for distribution each year between 2% and 7% of its endowment fund's average fair value for the 3 calendar year-ends preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment.

The following schedule represents the endowment net position composition by type of endowment fund as of June 30, 2025:

	Restricted	Unrestricted	Total
Board-designated endowment funds	$ 106,184	$ -	$ 106,184
Donor-restricted endowment funds	-	14,828,921	14,828,921
	$ 106,184	$ 14,828,921	$ 14,935,105

9. Retirement Plans

Employees of the College are required to enroll in one of three available retirement plans immediately upon employment: the Pennsylvania State Employees' Retirement System (SERS), the Public School Employees' Retirement System (PSERS), or the Teachers Insurance and Annuity Association/College Retirement and Equity Fund (TIAA/CREF).

SERS and PSERS

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions or OPEBs, pension expense, and OPEB expense, information about the fiduciary net position of SERS and PSERS and additions to/deductions from SERS/PSERS' fiduciary net position have been determined on the same basis as they are reported by SERS and PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Descriptions

SERS administers a governmental cost-sharing, multiple-employer defined benefit pension plan (SERS Pension) and the State Employees' Defined Contribution Plan (SERS investment plan). The SERS investment plan was established as part of Act 2017-5 and began enrollment on January 1, 2019. Both SERS plans were established by the Commonwealth of Pennsylvania (Commonwealth) to provide pension benefits, including retirement, death, and disability benefits, for employees of state government and certain independent agencies. Membership in SERS is mandatory for most state employees. Members and employees of the Pennsylvania General Assembly, certain elected or appointed officials in the executive branch, department heads and certain employees in the field of education are not required but are given the option to participate. SERS issues a publicly available financial report that can be obtained at www.sers.pa.gov.

PSERS administers a governmental cost-sharing, multi-employer defined benefit pension plan (Pension Plan) and a governmental cost-sharing, multi-employer defined benefit Health Insurance Premium Assistance Program OPEB plan (Premium Assistance), to public school employees of the Commonwealth of Pennsylvania. In addition, PSERS administers the Health Options Program (HOP) for its retirees. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by participants for the benefit coverage they elect. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Employees eligible for PSERS benefits include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania.

Retirees who participate in the HOP or a Commonwealth public school employer-sponsored health insurance program are eligible for Premium Assistance if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

For Class DC members (as defined below) to become eligible for Premium Assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

<u>Benefits Provided</u>

SERS provides retirement, death, and disability benefits. Article II of the Commonwealth's constitution assigns the authority to establish and amend the benefit provision of the plan to the General Assembly. Participants in SERS may receive retirement benefits after satisfying age and length-of-service requirements. Member retirement benefits are determined by taking years of credited service, multiplied by final average salary, multiplied by the annual accrual rate. Most employees who entered SERS membership prior to January 1, 2011, and who retire at age 60 with three years of service, or at any age with 35 years of service, are entitled to a full retirement benefit. Most employees who entered SERS membership after January 1, 2011, and who retire at age 65, are entitled to a full retirement benefit.

On June 12, 2017, with the passage of Act 2017-5, two new side-by-side hybrid defined benefit/defined contribution benefit options and a new defined contribution only option were established for all state employees who first enter SERS membership on or after January 1, 2019. Additionally, all current SERS members were given a one-time, irrevocable option to select one of the three new retirement benefit options between January 1, 2019 and March 31, 2019. The newly elected option became effective July 1, 2019, and generally will apply to all future service.

According to the State Employees' Retirement Code (SERC), all obligations of SERS will be assumed by the Commonwealth should SERS terminate.

PSERS members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011 through June 30, 2019. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

PSERS participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Act 5 of 2017 (Act 5) eliminated the stand-alone defined benefit plan, introduced a hybrid benefit, and introduced a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G members may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

PSERS – Premium Assistance

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive PSERS Premium Assistance payments equal to the lesser of $100 per month or their eligible out-of-pocket monthly health insurance premium. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

Contributions

SERS

Employees who participate in SERS are required to make a contribution. All employee contributions are recorded in individually identified accounts that are credited with interest, calculated at 4% per annum, as mandated by statute. Accumulated employee contributions and credited interest vest immediately and are returned to the employee upon termination of service if the employee is not eligible for other benefits. For all options under the new defined contribution plan, there is a three-year vesting period for employer contributions and immediate vesting for employee contributions.

The following illustrates the SERS' member's contribution as a percent of the member's gross pay:

- Most members of SERS and all state employees hired after June 30, 2001 and prior to January 1, 2011:
    - Membership Class AA 6.25%
- Members who enter SERS for the first time on or after January 1, 2011:
    - Membership Class A-3 6.25%
    - Membership Class A-4 (optional for A-3 members who elect within 45 days of entering SERS) 9.30%
- Members who enter SERS for the first time on or after January 1, 2019:
    - Membership Class A-5 (hybrid) 8.25% (combined rate)
    - Membership Class A-6 (hybrid) 7.50% (combined rate)
    - Defined Contribution Plan only 7.50%

PSERS

The following illustrates the PSERS' member's contribution as a percent of the member's qualifying compensation:

- Active members who joined PSERS prior to July 22, 1983:
    - Membership Class T-C 5.25%
    - Membership Class T-D 6.50%
- Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:
    - Membership Class T-C 6.25%
    - Membership Class T-D 7.50%
- Members who joined PSERS after June 30, 2001, and before July 1, 2011:
    - Membership Class T-D 7.50%
- Members who joined PSERS after June 30, 2011 and before June 30, 2019:
    - Membership Class T-E* 8.00%
    - Membership Class T-F** 10.80%
- Members who joined PSERS on or after July 1, 2019:
    - Membership Class T-G (hybrid)* 9.00% (combined rate)
    - Membership Class T-H (hybrid)** 8.25% (combined rate)
    - Defined Contribution only 7.50%

* Includes shared risk provision of +0.50% as of July 1, 2021.
** Includes shared risk provision of +0.75% as of July 1, 2021.

Employer Contributions

Section 5507 of the State Employees' Retirement Code (SERC) (71 Pa. C.S. §5507) requires that all SERS-participating employers make contributions to the fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. SERS funding policy, as set by the SERS board, provides for periodic active member contributions at statutory rates. The SERS funding policy also provides for periodic employer contributions at actuarially determined rates based on SERS funding valuation, expressed as a percentage of annual retirement covered payroll, such that they, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay benefits when due.

Employer rates are computed based on SERS fiscal year end of December 31 and differ depending on membership class. For the College's year ended June 30, 2025, the employer required contribution rate was as follows:

	2025
Membership Class AA	40.33%
Membership Class A-3	27.09%
Membership Class A-4	27.09%
Membership Class A-5	19.09%
Membership Class A-6	19.09%
Defined Contribution only	19.04%

According to the Commonwealth Retirement Code, all obligations of the SERS will be assumed by the Commonwealth should SERS terminate. The contributions to SERS for the year ended June 30, 2025, was $183,471.

The College's contractually required PSERS contribution rate for fiscal years ended June 30, 2025 was 33.9% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. This rate is composed of a 32.92% rate for the Pension Plan, a 0.63% rate for the Premium Assistance, and a 0.35% rate for Act 5 Defined Contribution for fiscal year ended June 30, 2025.

The combined rate for the fiscal year ended June 30, 2025 was a decrease from the fiscal year ended June 30, 2024 combined rate of 33.90%. The combined contribution rate will increase to 34.00% in fiscal year 2025 and is projected to grow to 38.51% by fiscal year 2033. Contributions to PSERS from the College were $313,038 for the year ended June 30, 2025.

Commonwealth Contributions

SERS

No Commonwealth contributions are made on behalf of the College's participation in SERS.

PSERS

The Commonwealth of Pennsylvania pays approximately one-half of contributions directly to PSERS on behalf of the College. These contributions qualify as a special funding situation. The PSERS net pension liability recorded by the College reflects a reduction for the Commonwealth's support. The total of the collective net pension liability relative to PSERS that is associated with the College is as follows:

	2025
College's proportionate share of PSERS net pension liability	$ 2,762,000
Commonwealth's proportionate share of PSERS net pension liability associated with the College	2,775,000
Total	$ 5,537,000

Proportionate Share

SERS

The College's proportion of SERS' net pension liability was calculated utilizing the projected-contribution method. This methodology applies the most recently calculated contribution rates for the Commonwealth's fiscal year 2025, from the December 31, 2024 valuation, to the expected funding payroll.

At December 31, 2024 (measurement date for the net pension liability reported at June 30, 2025), the College's proportion for SERS was 0.0084% which was an increase of 0.0005% from its proportion measured as of December 31, 2023.

PSERS

The College's proportion of PSERS' net pension liability and PSERS' net OPEB liability were calculated utilizing the College's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll. This method was changed beginning with PSERS' fiscal year ended June 30, 2020. In prior years, the proportion of PSERS' net pension liability was calculated utilizing the College's one-year reported covered payroll as it related to PSERS' total one-year reported covered payroll. At June 30, 2024 (measurement date for PSERS' net pension liability and net OPEB liability reported at June 30, 2025), the College's proportion for PSERS was 0.0066%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2023.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources</u>

At June 30, 2025, the College reported a liability of 1,690,678, for its proportionate share of the SERS net pension liability. The SERS net pension liability reported at June 30, 2025 was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

At June 30, 2025, the College reported a liability of $2,762,000 for its proportionate share of the PSERS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2024 to June 30, 2025.

For the year ended June 30, 2025, the College recognized pension expense of $274,951 for the SERS plan. For the year ended June 30, 2025, the College recognized pension expense of $344,585 for the PSERS plan.

At December 31, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience - SERS	$ 76,628	$ 1,888
Differences between expected and actual experience - PSERS		43,000
Net difference between projected and actual earnings on pension plan investments - SERS	49,635	-
Net difference between projected and actual earnings on pension plan investments - PSERS	46,000	-
Change of assumptions - SERS	29,777	-
Change of assumptions - PSERS	-	-
Changes in proportion and differences between College contributions and proportionate share of contribution-SERS	282,197	26,713
Changes in proportion - SERS	6,794	26,240
Changes in proportion - PSERS	44,000	32,000
College contributions subsequent to the measurement date - SERS	85,894	-
College contributions subsequent to the measurement date - PSERS	313,037	-
Total	$ 933,962	$ 129,841

$398,931 was reported at June 30, 2025 as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date. The amount recorded at June 30, 2025 will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

Other amounts reported at June 30, 2025 as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:	SERS	PSERS
2026	$ 158,791	$ (62,000)
2027	227,848	84,000
2028	(5,599)	1,000
2029	4,883	(8,000)
2030	4,267	-
	$ 390,190	$ 15,000

Actuarial Assumptions - SERS

SERS

The following methods and assumptions were used in the actuarial valuation for the December 31, 2024 measurement date:

- Actuarial valuation date - December 31, 2024
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 6.875% includes inflation at 2.50%
- Salary growth – Effective average of 4.58%, with range of 3.30% - 6.95% and comprised of 2.50% for inflation
- Mortality rates were based on the PubG-2010 and PubNS-2010 Mortality Tables, adjusted for actual plan experience and future improvement.
- Experience study – January 1, 2015 through December 31, 2019

Changes in Assumptions

There were no changes in assumptions for the December 31, 2024 measurement date.

There were no changes in investment return for the December 31, 2024 measurement date.

There were no changes in benefit terms for the December 31, 2024 measurement date.

PSERS

The following methods and assumptions were used in the actuarial valuation for the June 30, 2024 measurement date:

- Actuarial valuation date – June 30, 2023
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.50%
- Salary growth – Effective average of 4.50%, comprised of 2.50% for inflation and 2.00% for real wage growth and merit or seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale

Changes in Assumptions

There were no changes in assumptions affecting the June 30, 2024 measurement date.

Pension Plan Investments

SERS

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 manager fees and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the SERS Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

The target allocation and best estimates of geometric real rates of return as of December 31, 2024, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Private equity	16.0%	6.25%
Real estate	7.0%	5.15%
U.S equity	37.0%	5.15%
International developed markets equity	14.0%	5.00%
Emerging markets equity	2.0%	5.20%
Fixed income	19.0%	2.85%
Inflation protection (TIPS)	3.0%	2.55%
Cash	2.0%	0.50%
	100.0%	

For SERS' year ended December 31, 2024, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 9.8%.

PSERS

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.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

The target allocation and best estimates of geometric real 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
Global public entity	30.0%	4.8%
Private Equity	12.0%	6.7%
Fixed income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure	10.0%	6.4%
Real estate	9.5%	5.9%
	100.0%	

For PSERS' year ended June 30, 2024, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 8.08%.

Discount Rate

The discount rate used to measure the total pension liability for SERS was 6.875% for the College's fiscal year ended June 30, 2025. The discount rate used to measure the total pension liability for PSERS was 7.00% for the College's fiscal year ended June 30, 2025. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current contribution rate and that the contributions from employers 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 College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the College's proportionate share of SERS' and PSERS' net pension liabilities calculated using the discount rates described above, as well as what the College's proportionate share of SERS' and PSERS' net pension liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate as of June 30, 2025:

	1% Decrease SERS (5.875%) PSERS (6.00%)	Current Rate SERS (6.875%) PSERS (7.00%)	1% Increase SERS (7.875%) PSERS (8.000%)
College's proportionate share of the SERS net pension liability	$ 2,065,568	$ 1,690,678	$ 1,106,726
College's proportionate share of the PSERS net pension liability	$ 3,639,000	$ 2,762,000	$ 2,022,000

TIAA/CREF

TIAA/CREF is a multiple-employer, defined contribution plan. TIAA/CREF is an option to employees who wish to participate in a program whose benefits depend solely on amounts contributed plus investment earnings. Employer and employee contribution rates are established by statute. Each employee who elects to participate in this plan is required to make contributions equal to 5.00% of total annual compensation. The College contribution rate at December 31, 2025 was 11% of each enrolled employee's total annual compensation. Beyond that salary-based contribution, the College bears no responsibility for any liabilities, funded or unfunded, of TIAA/CREF. Contributions are immediately and fully vested. The total contribution to TIAA/CREF for the year ended June 30, 2025, was $7,922,718, consisting of $4,419,461 from the College and $3,503,258 from employees for December 31, 2025.

10. Other Postemployment Benefits (OPEB)

Plan Description

The College sponsors a postemployment plan for benefits other than pensions. Benefits provided from the plan include retiree medical, prescription drugs, dental, and life insurance. Eligible college retirees with continuous full-time employment may continue health care coverage through the College. However, the College's contribution depends on an employee's hire date, age, and service at retirement. The plan is a single-employer plan administered by the College. The College pays premiums for medical, prescription drugs, dental, and life insurance on behalf of eligible retirees at age 62 for life if hired prior to January 1, 1999. Employees hired subsequent to January 1, 1999 and prior to 2010, the College pays premiums for medical, prescription drugs, dental, and life insurance at age 62 with 25 years of service. When the retiree becomes eligible for Medicare, the retiree is responsible for the full cost. For those employees hired after September 1, 2010, the College no longer offers health and dental benefits at the time of retirement. The faculty and support staff union contracts provide further detail and are available upon request. The administrative information is posted on the College's Human Resources portal.

Plan Membership

At June 30, 2025, the OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	180
Active plan members	153
Total plan members	333

Funding Policy

The contribution requirements of plan members and the College are established and may be amended by the College's Board. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid to fund the health care benefits provided to current retirees. The College made estimated contributions to the plan of $2,375,272 for the fiscal year ended June 30, 2025.

OPEB Liability – GASB Statement No. 75

The OPEB liability of the College was $52,390,618 for the fiscal year ended June 30, 2025.

At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,740,943	14,140,434
Total	$ 2,740,943	$ 14,140,434

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2026	$ (6,214,764)
2027	(3,842,572)
2028	(1,342,153)
2029	-
2030	-
Thereafter	(2)
Total	$ (11,399,491)

Actuarial assumptions. The OPEB liability was determined by an actuarial valuation as of July 1, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date	7/1/2024
Actuarial cost method	Entry Age Normal Percentage of Pay
Amortization Period	30 years
Asset valuation method	Market value
Inflation	3.00%
Wage Inflation	3.50%
Healthcare cost trend rates	8.00% increase in the first year, decreasing by 0.5% per year to an ultimate rate of 5.00%
	Dental and vision claims assumed to increase by 4.00% per year
Salary increases	4.00%, average, including inflation
Investment rate of return	3.93% (6/30/2024 Bond Buyer Index AA) 3.65% (6/30/2023 Bond Buyer Index AA)
Retirement age	10% at ages 62-64, 30% at 65, 25% at 66, 35% at 67, 40% at 68, 50% at 69, 100% at age 70
Mortality	2021 Public Teachers Mortality with MP-2020

Discount rate. The discount rate used to measure the total OPEB liability was 5.20% as of June 30, 2025. This was changed from the 3.93% used as of June 30, 2024.

Changes in Benefit Terms. There were no changes in benefit terms for the year ended June 30, 2025 valuation.

Sensitivity of the OPEB liability to changes in the discount rate. The following presents the OPEB liability of the College, as well as what the College's OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

June 30, 2025	1% Decrease 4.20%	Discount Rate 5.20%	1% Increase 6.20%
OPEB liability	$ 58,682,690	$ 52,390,618	$ 47,096,287

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates. The following presents the OPEB liability of the College, as well as what the College's liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

June 30, 2025	1% Decrease 7.00%	Healthcare Cost Trend Rates 8.00%	1% Increase 9.00%
Net OPEB liability (asset)	$ 47,178,609	$ 52,390,618	$ 58,556,267

11. Tuition Equalization

Under the provision of the Pennsylvania Code for Community Colleges, tuition revenue charged to students is limited to one-third of operating expenses of the College. "Tuition equalization" amount represents the accumulation of tuition charges to students in excess of one-third of the operating expenses of the College over time and is only to be used in a manner that will directly benefit the students. At June 30, 2025, the tuition equalization was $63,111,701.

12. Related Party Disclosures Required by the U.S. Department of Education

The following list of related party transactions is provided solely to comply with the financial Responsibility, Administrative Capability, Certification procedures, Ability to Benefit regulation promulgated by the U.S. Department of Education:

Name	Location	Relationship	Type of Transaction	Amount of Transaction
Montgomery County Community College Foundation	Blue Bell, PA	Foundation is a component unit of the College	Institutional support	$ 246,517
Montgomery County	Collegeville, PA	College is a component unit of the County	Appropriations	$ 24,156,689

Donald Lyons, Chair of the Board of Trustees of the College, is employed by BMT, a financial institution where the College maintains money market accounts.

The College did not note any mandatory or discretionary triggers to report in accordance with the above regulations.

13.Commitments and Contingencies

The College recorded a liability for compensated absences in the amount of $1,547,055 as of June 30, 2025, which is included in compensated absences in the accompanying statement of net position. The liability is calculated based upon employees' accrued vacation leave as of year-end, as well as an estimated vested amount for accrued sick leave for employees covered by union contract. Payments to retiring union employees covered by contract are $55 per day for a maximum of 125 days or $6,875 per employee.

14.Subsequent Event

On June 24, 2025, the College Board of Trustees established the Montgomery County Community College (PA) Legacy Fund as the new philanthropic arm of the College. This 501(c)(3) tax-exempt organization will be the only active-fundraising entity to support students, employees, and campus initiatives.

C. Montgomery County-Norristown Public Library

1. Organization

Basis of Presentation

The financial statements of the Library have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting standards. GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as GAAP for state and local governments that have implemented GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments,* issued in June 1999.

Basis of Accounting

The Library's basic financial statements include both government-wide and fund financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Capital Assets

Capital assets are defined as assets with an initial, individual cost of $1,000 or more and an estimated useful life greater than one year. Capital assets are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets as follows:

Books and Collections	3 to 10 Years
Computers	5 Years
Furniture and Fixtures	7 Years
Building Improvements	7 Years
Vehicles	5 to 10 Years

Compensated Absences

Employees of the Library are entitled to paid vacation depending on job classification, length of service and other factors. The Library has accrued $207,156 of compensated absences at December 31, 2025.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. As of December 31, 2025, $420,404 of the Library's bank balance of $3,637,152 was exposed to custodial credit risk.

Investments

The Library's investments consisted of publicly traded equities held in an investment portfolio totaling $10,734,921 at December 31, 2025 are all considered Level 1 investments.

The following table presents the Library's investments measured at fair value as of December 31, 2025:

Money Market	$ 344,767
Fixed Income U.S. Exhcnage Traded	1,529,654
Fixed Income Cash Equivalent	2,385,542
Fixed Income Bonds and Notes	2,354,961
U.S. Equity Common Stock	1,631,422
International Equity Common Stock	27,984
International Exchange Traded Funds	660,745
U.S. Exchange Traded Funds	1,799,846
	$ 10,734,921

Donated Rent and Services

The Library uses rent-free buildings and related equipment maintained by the County. The Library also receives in-kind services from the County and other Municipalities. The estimated values for the donated rent and services for the year ended December 31, 2025, are $247,503 and $257,419, respectively.

2. Capital Assets

	Balance at January 1, 2025	Additions	Deletions	Balance at December 31, 2025
Capital assets, being depreciated/amortized:				
Books and collections	$ 10,471,782	$ 464,442	$ (1,520,957)	$ 9,415,267
Improvements	492,477	646,701	-	1,139,178
Furniture and equipment	245,354	-	-	245,354
Computer equipment	218,327	581,000	-	799,327
Vehicles	603,017	-	-	603,017
Total capital assets, being depreciated/amortized	12,030,957	1,692,143	(1,520,957)	12,202,143
Less: Accumulated Depreciation	(10,961,317)	(668,025)	1,520,957	(10,108,385)
Net capital assets	$ 1,069,640	$ 1,024,118	$ -	$ 2,093,758

3. Defined Contribution Retirement Plan

The Library has a defined contribution retirement plan for its employees who have completed two years of service. Prior to September 2009, the Library was obligated to contribute 2.75% of salary to the plan for each participating employee. Effective September 2009, the Library makes only annual discretionary contributions, as funding permits. The Library contributed $69,410 (3% of salary) to the retirement plan for 49 qualified employees.

The Library has also established a supplemental retirement annuity plan, which is funded solely through employee contributions.

D. Montgomery County Transportation Authority

1. Organization

The County adopted a resolution under the provision of the Municipality Authorities Act of 1945, as amended, to organize the Montgomery County Transportation Authority (Authority). The Authority was created to own, operate, maintain, and improve transportation (other than mass transit), bridges, tunnels, highways, parkways, traffic distribution centers, parking spaces and all facilities necessary. A Certification of Incorporation for the Authority was filed and recorded with the office of the Secretary of the Commonwealth of Pennsylvania on October 27, 2010. The Authority's Board consists of nine members appointed by the Board of County Commissioners.

2. Correction of an Error

In fiscal year 2025, the Authority identified an error in previously reported intergovernmental receivables resulting in a $176,790 overstatement of net position on the statement of net position as of December 31, 2024. The following reporting units were affected by adjustments to and restatements of beginning balances:

	Government-Wide Governmental Activities
12/31/2024, as previously reported	$ 9,803,029
Correction of an error	(176,790)
12/31/2025, as adjusted or restated	$ 9,626,239

3. Deposits

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit.

The statutes also allow pooling of governmental funds for investment purposes. There were no deposit transactions during the year that were in violation of the state statutes.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2025, the carrying amount of the Authority's deposits was $2,774,013 and the bank balance was $2,808,341. The Authority does not have a policy for custodial credit risk on deposits. The Authority is required by statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania, or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. As of December 31, 2025, $250,000 was covered by federal depository insurance and the remaining balance was collateralized by the Authority's depositories in accordance with Act 72. The collateral was held by the depositories' agents in pooled public funds.

4. Capital Assets

The Authority is empowered by the Commonwealth of Pennsylvania state law to acquire right-of-way easements, which are transfers of property for construction purposes, to advance highway and bridge improvement projects affecting County-owned infrastructure or to advance projects of importance to the County in partnership with townships or boroughs. The Authority works with County project consultant engineers to identify the necessary right-of-way for acquisition and, upon completion of each project, will transfer ownership of appropriate right-of-way to the County or local municipality, or dispose of it through a normal legal process.

Properties are either recorded in the name of the Authority or recorded at the County as a "public right-of-way" but not in the name of the Authority at the time of acquisition. The value of all properties in the name of the Authority for which ownership has not been transferred totaled $5,479,134 as of December 31, 2025. The properties held as of December 31, 2025 pertain to two separate Ridge Pike projects and are not expected to be transferred in the near future.

Capital asset activity for the year ended December 31, 2025 was as follows:

Governmental activities:	January 1, 2025	Additions	Deletions	December 31, 2025
Capital assets, not being depreciated				
Perpetual easements	$ 3,541,766	$ 1,866,550	$ -	$ 5,408,316
Construction easements	-	70,818	-	$ 70,818
Total capital assets, not being depreciated	$ 3,541,766	$ 1,937,368	$ -	$ 5,479,134

5. Note Receivable

In October 2013, the Authority entered into an agreement with an individual whereby the Authority issued a note receivable in the amount of $925,000 to the individual to finance the relocation of a business related to the Lafayette Street Extension Project. The note receivable to the Authority required an initial 120 monthly payments of $3,486 with an interest rate of 1.00% through June 2025. The remaining 180 monthly payments were reset to $3,940 with an interest rate of 2.00% through September 2039. The amount due to the Authority under the note was $572,066 at December 31, 2025. Future repayments are scheduled as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 36,207	$ 11,079	$ 47,286
2027	36,946	10,340	47,286
2028	37,673	9,612	47,285
2029	38,470	8,816	47,286
2030	39,256	8,030	47,286
2031-2035	208,615	27,814	236,429
2036-2039	173,924	6,419	180,343
	$ 571,091	$ 82,110	$ 653,201

Note receivable on the statement of net position as of December 31, 2025, includes accrued interest on the note receivable of $975.

E. Valley Forge Tourism and Convention Board

1. Organization

The Valley Forge Tourism & Convention Board (the Board) functions as a non-profit membership sales and marketing organization which promotes the Valley Forge area and Montgomery County as a convention site and leisure visitor destination. The Board represents more than 550 member businesses and promotes patronage of its member hotels, restaurants, attractions, and services.

The Board's mission is to strengthen economic prosperity within Montgomery County by raising its visibility as a tourism destination for leisure and convention markets. The members of the Board work each day to inspire visitors to discover and explore the natural, cultural, and historic assets of the Valley Forge and Montgomery County area, ultimately increasing room nights for the world class hotels and driving revenue in the Board's member and partner business.

The Board was organized in 1963 and was incorporated January 1, 1999. It is governed by a thirteen-member Board of Directors that is made up of county leadership within the hospitality industry, business and civic leaders who serve without pay, and are appointed by

Montgomery County Commissioners. The Board acts as an official third-party administrator for Montgomery County.

Funding for the Board's activities is provided by a 4% Montgomery County hotel room occupancy tax and membership dues.

Basis of Accounting

The Board uses the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash deposits in the banks, and certificates of deposits with initial maturities of three months or less.

Certificates of Deposit

Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as current assets on the statements of financial position. Certificates of deposit with remaining maturities longer than one year are classified as long-term assets on the statements of financial position. Certificates of deposits have maturity dates through December 2028. Interest income is recorded as incurred.

Contributions Receivable

The Board's contributions receivable primarily consists of the Montgomery County hotel room occupancy tax. As such, no allowances for uncollectibility are deemed necessary. Management establishes allowances for doubtful accounts associated with membership dues by reviewing all older receivable balances and determining which of those, in whole or part may be uncollectible.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 7 years. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or estimated useful lives of the assets.

Revenue Recognition

Contributions, which include unconditional promises to give, are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions are met. Contributions are considered to be without donor restrictions unless restricted by the donor for a specific time or purpose.

Revenues from the Montgomery County hotel room occupancy tax have been determined to be contributions as the value returned to Montgomery County is incidental to public benefits. Therefore, the revenue is recorded when the hotel occupancy tax is earned by the County and is pledged to the Board. Management has determined that the hotel occupancy tax is unconditional and is not subject to donor restrictions by Montgomery County.

Grant income is recognized when earned based on the stipulations defined in the contract. For cost-reimbursement grants, revenue is recognized when the allowable costs are incurred.

2. Property and Equipment

	Balance at January 1, 2025	Additions	Deletions	Balance at December 31, 2025
Capital assets				
Office equipment	$ 310,662	$ 54,642	$ -	$ 365,304
Furniture and fixtures	299,549	-	-	299,549
Leasehold improvements	311,662	-	-	311,662
Website	-	50,000	-	50,000
Construction in Progress	78,850	14,747		93,597
Right-of-use assets	1,474,821	64,050	-	1,538,871
Total capital assets	2,475,544	183,439	-	2,658,983
Less: Accumulated Depreciation	1,044,630	395,232	-	1,439,862
Net capital assets	$ 1,430,914	$ (211,793)	$ -	$ 1,219,121

3. Retirement Plan

The Board offers a retirement plan to its employees who are at least 21 years of age. Participants in the plan may contribute from 1% to 15% of their base compensation. Board contributions are discretionary and may equal a dollar for dollar match up to 5% of the participant's base salary. The plan is administered by Empower Retirement Services. The Board's contributions for the year ended December 31, 2025, was $103,709.

4. Leases

In April 2024, the Board renewed its operating lease for a building expiring in June 2029. Under this lease, the Board receives a three-month rent abatement with an annual charge of $29.50 per square foot commenced for the 9,645 square feet occupied. Each year thereafter the square footage charge will increase by approximately $0.60 increments. The Board also has various automobile and equipment leases which have monthly payments ranging from $313 to $930. The agreements terminate at various dates through June 2029. Operating lease cost under these leases for the year ended December 31, 2025 was $317,395.

The weighted average remaining lease term was 3.44 years and the weighted average discount rate was 4.59%.

Future minimum lease payments in excess of one year are as follows:

Year End December 31	Amount
2026	$ 318,996
2027	317,562
2028	311,110
2029	156,464
Total	1,104,132
Amount representing interest	(81,824)
Total lease liability	1,022,308
Current portion	(279,069)
Non-current portion	$ 743,239

F. Redevelopment Authority of the County of Montgomery

1. Organization

Reporting Entity

The Authority is a redevelopment authority which operates under a Board of Directors form of governance. Accounting principles generally accepted in the United States of America require that the reporting entity consist of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the above criteria.

The Authority has elected to include the following component unit in the financial reporting entity:

RAMC New Market Corporation - The RAMC New Market Corporation ("Corporation") was incorporated under the Nonprofit Corporation Law of the Commonwealth of Pennsylvania as an instrumentality of the Authority for the purpose of obtaining an allocation of tax credits in order to obtain funds to be used for the development and redevelopment of portions of Montgomery County which are economically distressed. The Corporation has been designated by the U.S. Department of Treasury as a Community Development Entity (CDE) qualified to apply for an allocation of tax credits under the New Markets Tax Credit Program.

<u>Capital Assets</u>

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Building Improvements	40 Years
Furniture and Fixtures	5 to 7 Years
Computer Equipment	5 Years
Office Equipment	5 Years

Maintenance and repairs of capital assets are expensed when incurred. Capital assets held for resale are valued at the lower of carrying value or fair market value in accordance with GASB Statement No. 72.

2. Deposits and Investments

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that, in the event of a financial institution failure, the Authority's deposits may not be returned. The Pennsylvania Local Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: Pennsylvania Act 72 requires that a financial institution secure deposits made by state and local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal 120% of the total amount deposited by public agencies. As of December 31, 2025, and the carrying amount of the Authority's bank deposits is $5,008,089, and the corresponding bank balance at December 31, 2025, is $5,011,805, of which $303,285 is covered by Federal Depository Insurance. The remaining $4,708,520 at December 31, 2025, respectively, is exposed to custodial risk because it is collateralized with securities held by the pledging financial institution's trust department or agent but not in the Authority's name.

3. Loans Receivable

<u>Other Restricted Funds, Loans Receivable/Due to the Revolving Loan Funds</u>

Restricted loans receivable consist of amounts due from organizations located in Montgomery County under revolving loan fund programs financed by the Commonwealth of Pennsylvania, Department of Community and Economic Development (DCED). Under these programs, the Authority received grants from DCED to make loans to organizations primarily located in enterprise zones in Montgomery County. The Authority must use principal and interest repayments for other enterprise zone purposes. Accordingly, the amounts due under loans receivable and cash held for revolving loan fund program are also classified as restricted net position for future projects.

Loans receivable as of December 31, 2025 consist of the following:

	Interest Rate	Original Amount	Balance
401 DeKalb Associates, LLC	1.00%	$ 250,000	$ 250,000
401 DeKalb Associates, LLC	1.00%	525,000	525,000
Village Productions	0.00%	487,000	422,450
Atlantis Tile and Marble	1.00%	268,000	115,061
			1,312,511
		Current portion	(64,784)
			$ 1,247,727

Other Restricted Funds, Loans Receivable, Developer Projects

Restricted loans receivable consist of amounts due from developers under loan fund programs financed by the Authority. Under these programs, the Authority makes loans to developers for various affordable housing projects and commercial revitalization projects. In addition, the Authority services a loan on behalf of the Montgomery County Transportation Authority. Loans receivable as of December 31, 2025 consist of the following:

	Interest Rate	Original Amount	Balance
Ambler BH Development Partners, L.P., HUD 108	2.60%	$ 3,500,000	$ 1,443,000
Studio Centre, County HUD 108	1.35%	9,088,000	3,570,000
Studio Centre, Norristown HUD 108	1.35%	5,000,000	1,958,933
Greenfield Commons Apartments Associates, LP	3.00%	200,000	200,000
Ambler BH Development Partners, L.P.	1.00%	847,000	440,843
Beech Street Factory	1.00%	400,000	400,000
Brownfields Remediation Project	2.76%	1,755,476	495,368
NHM Housing, LP	1.00%	235,000	255,201
Montgomery Park Senior Housing Project	1.00%	150,000	150,000
Pottstown Owner LLC	1.00%	265,000	265,000
Battaglia	1.00%	925,000	568,030
Tech Tag and Label	2.50%	475,000	302,946
Providence Land Holdings	2.50%	250,000	38,171
Weavers Way Cooperative Association	2.50%	250,000	58,048
Cedarville Engineering Group	2.75%	185,000	43,018
Upper Gwynedd Family Apartments	4.00%	970,000	970,000
St. Rocco's Treats	4.70%	105,000	93,509
Boardroom Spirits	3.25%	250,000	70,011
KMM Group LTD	3.75%	990,000	927,917
Willows at East Greenville	0.00%	52,285	100,000
			12,349,995
		Current portion	(1,864,587)
			$ 10,485,408

In 2011, the Authority advanced $3,500,000 to a local developer (Ambler BH Development Partners, L.P.) in connection with the redevelopment of an improved parcel of land in the Borough of Ambler known as 201 South Maple Street, converting a vacant boiler house into office space. The source of these funds to the developer is the proceeds from the HUD Section 108 loan payable guaranteed by the County in the amount of $3,500,000. The loan is due on or before August 1, 2031. As of December 31, 2025, the current portion of the loan receivable is $218,000. Accrued interest receivable is classified as a current asset and amounts to $19,528 at December 31, 2025.

In 2005, the Greenfield Commons Apartments Associates, LP loan ($200,000) was advanced to assist in financing the purchase of an apartment building unit of the Ardmore Crossing Condominium and construction thereon of a 53-unit apartment complex containing one bedroom apartments to be occupied by elderly, low-income persons. The loan shall be due on the earlier of (1) the 30th anniversary of the completion date; (2) the date the mortgaged property is sold; (3) the date of any refinancing of the Redevelopment Authority of the County of Montgomery loan; or (4) the date the borrower fails to fulfill all of its material obligations and responsibilities in accordance with the terms of the loan agreement, until the 30th anniversary of the completion date. The loan and accrued interest receivable are classified as noncurrent assets. As of December 31, 2025, the accrued interest receivable is $165,765.

In 2010, pursuant to the Cooperative Agreement for the Brownfields Revolving Loan Fund agreement between the Authority and the U.S. Environmental Protection Agency dated June 30, 2004, the Ambler BH Development Partners, L.P. loan ($847,000) was advanced to finance the abatement and removal of environmental hazards located at the property as defined in the loan agreement. As of December 31, 2025, the current portion of the loan receivable is $0.

Until the 15th anniversary of the date of the mortgage note agreement, Ambler BH Development Partners, L.P. shall not transfer either the property or the obligations under the mortgage note to any other person or legal entity without repaying the loan in its entirety. The Authority may waive repayment of $247,000 of this loan if (1) the property remains in productive use and continues to be held by Ambler BH Development Partners, L.P. for 15 years from the date of the mortgage note agreement; (2) Ambler BH Development Partners L.P. documents the creation of a minimum of 25 full-time equivalent jobs within six years of the date of the mortgage note and that 51% of the jobs are filled by or made available to persons from low-income households; and (3) all blighting conditions at the property are removed. The loan and accrued interest receivable are classified as noncurrent assets. There was no accrued interest receivable at December 31, 2025.

The County utilizes the Authority as an implementing agency for its economic development program. The Authority originated and administered loans that were funded by the County program as follows:

- In 2011, the Authority advanced $1,090,287 to various vendors in connection with the Brownfields Remediation Project (includes remediation of properties on East Washington Street in Norristown, Pennsylvania). The Authority advanced additional funds of $286,939, $11,141, and $20,587 in 2012, 2013 and 2014, respectively. The source of these funds is the proceeds from the Pennsylvania Infrastructure Investment Authority (PENNVEST) loan payable guaranteed by the County in the amount of $1,755,476. The loan is due on or before May 1, 2031. As of December 31, 2025, the current portion of the loan receivable is $84,613.
- In 2016, the Beech Street Factory loan ($400,000) was advanced to provide financing for costs related to the rehabilitation of a property as defined in the loan agreement.

- In 2017, the Montgomery Park Senior Housing Project loan ($150,000) was advanced for the construction of fifty units available for rent to income eligible tenants.
- In 2017, the Brownfields Cleanup Revolving loan ($235,000) was advanced to conduct asbestos abatement and universal waste removal and disposal prior to the demolition of the current buildings and subsequent redevelopment of the North Hill Manor property.
- In 2018, the Pottstown Owner LLC loan ($265,000) was advanced in order to conduct asbestos abatement and universal waste removal prior to demolition of buildings in Pottstown.
- In 2019, the Willows at East Greenville loan (up to $100,000) was advanced for the purpose of providing financing for environmental assessment work at the property for the development of an apartment building.

<u>Other Restricted Funds, TIF Districts, Loans Receivable</u>

The Boroughs of Pottstown, Conshohocken and Norristown and the Townships of Lower Merion and Whitemarsh created tax increment financing districts.

As of December 31, 2025, the tax increments receivable from the municipality, county and school district for each of the districts are as follows:

	Borough of Pottstown	Township of Lower Merion	Borough of Norristown	Seven Tower Bridge	Totals
TIF District, loans receivable	$ 279,579	$ 18,289	$ 149,705	$ 1,287,000	$ 1,734,573
Current Portion	(279,579)	(18,289)	(46,604)	(297,000)	(641,472)
	$ -	$ -	$ 103,101	$ 990,000	$ 1,093,101

4. Capital Assets

Capital asset activity as of December 31, 2025 is as follows:

	Balance at January 1, 2025	Additions	Deletions	Balance at December 31, 2025
Capital assets, not being depreciated/amortized:				
Property held for sale	$ 2,157,788	$ -	$ -	$ 2,157,788
Capital assets, being depreciated/amortized:				
Buildings and Improvements	4,725	-	-	4,725
Furniture and Equipment	51,715	-	-	51,715
Computer Equipment	38,292	-	-	38,292
Office Equipment	3,403	-	-	3,403
Total capital assets, being depreciated/amortized	98,135	-	-	98,135
Less: Accumulated Depreciation	(98,135)	-	-	(98,135)
Net capital assets	$ 2,157,788	$ -	$ -	$ 2,157,788

5. Loans Payable

Loans payable consist of the following:

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025
High Street Corporate Center TIF	$ 279,579	$ -	$ -	$ 279,579
Ardmore Crossing TIF	35,696	-	(17,407)	18,289
Whitemarsh TIF Sheep Tract	78,000	-	(78,000)	-
401 DeKalb TIF	209,989	-	(60,284)	149,705
Seven Tower Bridge TIF	1,570,000	-	(283,000)	1,287,000
Battaglia	606,953	-	(35,935)	571,018
HUD Section 108	1,653,000		(210,000)	1,443,000
PENNVEST loan	577,108	-	(81,740)	495,368
	$ 5,010,325	$ -	$ (766,366)	4,243,959
Current Portion				(847,019)
				$ 3,396,940

High Street Corporate Center TIF District Fund

The Authority (the “Borrower”) has entered into a Tax Increment Financing (TIF) agreement dated December 1, 2005, with the Pottstown Development Group, Inc. (the “Lender”) to fund a project in Pottstown, Pennsylvania. The project includes the renovation of the Fidelity Bank building to provide corporate offices and should encourage redevelopment and commercial development in the surrounding area.

During 2003, the Borough of Pottstown, the Pottstown School District and Montgomery County approved the creation of the High Street Corporate Center TIF District. Pottstown Development Group, Inc. has subsequently expended costs in the total amount of the TIF loan of $360,000. The annual interest rate stated in the note is 12.25%.

Under terms of the financing agreement, the taxing bodies of the Borough of Pottstown, the Pottstown School District and Montgomery County will deposit 75% of the positive real estate tax increments (as defined in the Pennsylvania Tax Increment Financing Act of July 11, 1990) into the Tax Increment Fund that has been established for this project. The Borrower shall then repay the Lender $90,975 on December 1, 2006, and the remaining annual payments of $45,150 from the Tax Increment Fund, commencing December 1, 2007. During 2011, the property owner received a reduction in the assessed valuation of the property. As a result, the payments received will no longer be sufficient to cover principal and interest payments under the terms of the original loan agreement.

Beginning in 2017, the Borrower shall repay the Lender annual payments of $17,349 from the Tax Increment Fund.

The Authority’s obligation to repay the note is limited to the amounts and dates incremental tax revenues are deposited into the Tax Increment Fund by the taxing bodies, as provided for in the financing agreement. Payments of less than the annual amount shall be applied first to interest and then to outstanding principal. The note itself is a limited nonrecourse obligation of the Authority, payable only to the extent of the monies actually received from the Tax Increment Fund.

Ardmore Crossing TIF District Fund

During 2005, the Township of Lower Merion, the Lower Merion School District and Montgomery County approved the creation of the Ardmore Crossing TIF District to provide affordable housing for senior citizens and families. The Bryn Mawr Trust Company advanced the loan to the Authority not to exceed $775,000. The annual interest rate is 6.50%. In

September 2015, the financing agreement was modified to reflect a decrease in the interest rate from 6.50% to 5.00%. Under the terms of the financing agreement, the taxing bodies of the Township of Lower Merion, the Lower Merion School District and Montgomery County will deposit 80%, 50% and 100%, respectively, of the positive real estate tax increments (as defined in the Pennsylvania Tax Increment Financing Act of July 11, 1990) into the Tax Increment Fund that has been established for this project. The Authority (the Borrower) shall then repay the Bryn Mawr Trust Company semiannual payments from the Tax Increment Fund, commencing April 11, 2007. The final payment is due March 31, 2026. The Authority's obligation to repay the note is limited to the amounts and dates incremental tax revenues are deposited into the Tax Increment Fund by the taxing bodies, as provided for in the financing agreement. Payments of less than the annual amount shall be applied first to interest and then to outstanding principal. The note itself is a limited nonrecourse obligation of the Authority, payable only to the extent of the monies actually received from the Tax Increment Fund.

The Hill at Whitemarsh and Adjacent Open Space TIF District Fund

In February 2005, the Township of Whitemarsh, the Colonial School District and Montgomery County approved the creation of The Hill at Whitemarsh and Adjacent Open Space TIF District. Sheep Tract - In June 2009, the "Sheep Tract" at Erdenheim Farm (Whitemarsh Township) was acquired by the Whitemarsh Foundation, a nonprofit organization created to preserve open space. Phoenixville Federal Bank and Trust advanced the loan to the Authority not to exceed $2,750,000. The annual interest rate is 6.50%.

Under the terms of the financing agreement, the taxing bodies of the Township of Whitemarsh and Montgomery County will deposit 100% of the positive real estate tax increments (as defined in the Pennsylvania Tax Increment Financing Act of July 11, 1990) into the Tax Increment Fund that has been established for this project. The Colonial School District's payment is capped at a total amount between $3,947,500 and $5,800,000 depending on the number of units constructed. The Authority (the Borrower) shall then repay Phoenixville Federal Bank and Trust semiannual payments from the Tax Increment Fund, commencing August 1, 2010. The final payment is due December 15, 2025. The Authority's obligation to repay the note is limited to the amounts and dates incremental tax revenues are deposited into the Tax Increment Fund by the taxing bodies, as provided for in the financing agreement. Payments of less than the annual amount shall be applied first to interest and then to outstanding principal. The note itself is a limited nonrecourse obligation of the Authority, payable only to the extent of the monies actually received from the Tax Increment Fund. The loan was paid in full during the year ended December 31, 2025.

Bell Telephone Building TIF District Fund 401k DeKalb (Bell Telephone Building) TIF District Fund

On November 19, 2012, the Municipality of Norristown, the Norristown Area School District and the County of Montgomery approved the creation of the Bell Telephone Building TIF District to provide financing for the renovation of the existing building located on the real estate as a commercial office building with restaurant, retail and/or office space on the first floor. Valley Green Bank advanced the loan to the Authority not to exceed $525,000. The annual interest rate is 6.31%. Under the terms of the financing agreement, the taxing bodies of the Municipality of Norristown and the County of Montgomery will deposit 90% of the positive real estate tax increments (as defined in the Pennsylvania Tax Increment Fund that has been established for this project. The Norristown Area School District payment is capped at a total amount of $31,000 per year. The Authority (the Borrower) shall then repay Valley Green Bank semiannual payments from the Tax Increment Fund, commencing June 30, 2013. The final payment is due June 30, 2028. The Authority's obligation to repay the note is limited to the amounts and dates incremental tax revenues are deposited into the Tax Increment Fund by the taxing bodies, as provided for in the financing agreement. Payments of less than the annual amount shall be applied first to interest and then to outstanding principal. The note itself is a limited nonrecourse obligation of the Authority, payable only to the extent of the monies actually received from the Tax Increment Fund.

Seven Tower Bridge TIF District Fund

On October 11, 2019, the Colonial School District, the County of Montgomery, the Borough of Conshohocken and Seven Tower Bridge Development, LLC approved the creation of the Seven Tower ten-story Bridge TIF District to provide financing for the construction of a $260,000 square foot, commercial office building above four levels of parking for 800 cars. Fulton Bank advanced the loan to the Authority not to exceed $2,785,000. The annual interest rate is 5.25%. Under the terms of the financing agreement, the taxing bodies of the Colonial School District, Borough of Conshohocken and the County of Montgomery will deposit 90% of the positive real estate tax increments (as defined in the Pennsylvania Tax Increment Financing Act of July 11, 1990) into the Tax Increment Fund that has been established for this project. The Authority (the Borrower) shall then repay Fulton Bank semiannual payments from the Tax Increment Fund, commencing December 1, 2020. The final payment is due December 1, 2029. The Authority's obligation to repay the note is limited to the amounts and dates incremental tax revenues are deposited into the Tax Increment Fund by the taxing bodies, as provided for in the financing agreement. Payments of less than the annual amount shall be applied first to interest and then to outstanding principal. The note itself is a limited nonrecourse obligation of the Authority, payable only to the extent of the monies actually received from the Tax Increment Fund.

HUD Section 108 Loan - Studio Centre, County of Montgomery

On September 23, 2010, the U.S. Department of Housing and Urban Development (HUD) issued a loan to the Authority in the amount of $10,000,000 under the Section 108 Program. Under the terms of the financing agreement, the County guarantees the payment of principal and interest on the HUD Section 108 loan with its Community Development Block Grant Funds.

The Authority's obligation to repay the Section 108 loan payable to HUD, with interest, is limited to the payments it receives from Johnson & Markley Redevelopment, L.P. as provided for in the financing agreement. The Authority is required to establish a loan repayment account and maintain the account until the loan has been repaid. Since Johnson and Markley Redevelopment, L.P. has defaulted on its obligations, HUD has the right to deduct the 108 payments from the annual CDBG entitlement of Montgomery County for the remaining term of the loan. During 2018, principal payments were required to begin on the loan. Montgomery County, as guarantor, is now the responsible party for the repayment of the loan. The Authority will continue to act as the pass- through servicer of the loan. For the year ending December 31, 2025, the Authority made principal and interest payments totaling $827,370 on this debt. As of December 31, 2025, the balance outstanding is $3,570,000, and the loan receivable is $3,570,000. See County of Montgomery – Primary Government Note 6 as the County is the guarantor.

HUD Section 108 Loan - Studio Centre, Municipality of Norristown

On May 6, 2011, the U.S. Department of Housing and Urban Development (HUD) issued a loan to the Authority in the amount of $5,000,000 under the Section 108 Program. Under the terms of the financing agreement, the Municipality of Norristown guarantees the payment of principal and interest on the HUD Section 108 loan with its Community Development Block Grant Funds. The Authority's obligation to repay the Section 108 loan payable to HUD, with interest, is limited to the payments it receives from Johnson & Markley Redevelopment, L.P. as provided for in the financing agreement. The Authority is required to establish a loan repayment account and maintain the account until the loan has been repaid. Since Johnson and Markley Redevelopment, L.P. has defaulted on its obligations, HUD has the right to deduct the 108 payments from the annual CDBG entitlement of Norristown for the remaining term of the loan. During 2018, principal payments were required to begin on the loan. The Municipality of Norristown, as guarantor, is now the responsible party for the repayment of the loan. The Authority will continue to act as the pass-through servicer of the loan. For the year ending December 31, 2025, the Authority made principal and interest payments totaling $455,440 on this debt. As of December 31, 2025, the balance outstanding is $1,958,933 and the loan receivable is $1,958,933.

HUD Section 108 Loan - Ambler Boiler House

On September 29, 2011, the U.S. Department of Housing and Urban Development (HUD) issued a loan to the Authority in the amount of $3,500,000 under the Section 108 Program. Under the terms of the financing agreement, Montgomery County guarantees the payment of principal and interest on the HUD Section 108 loan with its Community Development Block Grant Funds. The Authority’s obligation to repay the Section 108 loan payable to HUD, with interest, is limited to the payments it receives from Ambler BH Development Partners, L.P. as provided for in the financing agreement. The Authority is required to establish a loan repayment account and maintain the account until the loan has been repaid. Interest is payable quarterly on February 1, May 1, August 1 and November 1 at a fixed rate. Principal payments are due annually, commencing August 1, 2013 through August 1, 2031.

As of December 31, 2025, the balance outstanding is $1,443,000, and the loan receivable for Ambler BH Development Partners, L.P. is $1,443,000.

PENNVEST Loan - East Washington Street

On May 31, 2011, the Authority entered into a loan agreement with the Pennsylvania Infrastructure Investment Authority (PENNVEST) for purposes of undertaking acquisition, remediation and demolition activities at 600 and 700 East Washington Street, Norristown, Pennsylvania. The amount of the loan is not to exceed $1,755,476. The Authority is acting as administrator of this loan on behalf of the County. There is no financial benefit or obligation to the Authority in connection with administering this loan. The County is responsible for repayment of the loan. Interest is payable monthly commencing on September 1, 2011 through June 30, 2016, at a rate of 2.76%. Beginning July 1, 2016 through May 1, 2031, the interest rate increases to 3.46%. Principal payments are due monthly, commencing June 1, 2013 through May 1, 2031.

As of December 31, 2025, the balance outstanding is $495,368, and the loan receivable for the County is $495,368.

Maturities for the loans are as follows:

Year Ending December 31,	Principal	Interest	Totals
2026	$ 1,515,103	$ 172,058	$ 1,687,161
2027	677,181	109,043	786,224
2028	710,178	76,313	786,491
2029	685,857	50,407	736,264
2030	351,157	20,901	372,058
2031	304,483	9,460	313,943
Total	$ 4,243,959	$ 438,182	$ 4,682,141

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF MONTGOMERY, PENNSYLVANIA

SCHEDULE OF CHANGES IN THE PLAN'S NET
PENSION LIABILITY AND RELATED RATIOS

LAST TEN YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service cost	$ 17,784,899	$ 14,555,112	$ 12,693,408	$ 11,607,087	$ 11,277,596	$ 11,783,601	$ 11,441,973	$ 10,922,408	$ 13,175,575	$ 12,782,691
Interest	64,556,785	60,075,245	57,033,308	54,308,310	51,420,722	49,713,220	48,124,954	44,855,053	45,078,863	44,130,068
Differences between expected and actual experience	32,944,238	18,260,921	17,951,479	(5,235,334)	6,536,794	3,418,052	28,860,608	(21,967,380)	(6,152,308)	4,863,928
Changes of assumptions	-	-	-	28,811,984	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(50,902,729)	(51,193,057)	(47,454,881)	(49,743,544)	(46,521,260)	(43,063,091)	(41,268,808)	(41,838,792)	(40,026,585)	(36,519,223)
Net Changes in Total Pension Liability	64,383,193	41,698,221	40,223,314	39,748,503	22,713,852	21,851,782	47,158,727	(8,028,711)	12,075,545	25,257,464
Total Pension Liability - Beginning	835,019,242	793,321,021	753,097,707	713,349,204	690,635,352	668,783,570	621,624,843	629,653,554	617,578,009	592,320,545
Total Pension Liability - Ending (a)	$ 899,402,435	$ 835,019,242	$ 793,321,021	$ 753,097,707	$ 713,349,204	$ 690,635,352	$ 668,783,570	$ 621,624,843	$ 629,653,554	$ 617,578,009
Plan Fiduciary Net Position:										
Contributions - employer	$ 32,512,858	$ 26,601,014	$ 21,891,557	$ 17,854,046	$ 16,439,320	$ 13,731,498	$ 10,813,939	$ 9,040,723	$ 8,982,753	$ 8,703,065
Contributions - member	14,441,971	13,756,963	11,277,577	10,161,687	9,280,955	9,007,960	8,453,035	8,175,000	7,658,122	7,144,335
Net investment income	103,244,363	68,211,581	81,825,503	(104,371,891)	73,970,722	68,857,403	95,597,581	(28,916,968)	70,083,196	34,326,292
Benefit payments, including refunds of member contributions	(50,902,729)	(51,193,057)	(47,454,881)	(49,743,544)	(46,521,260)	(43,063,091)	(41,268,808)	(41,838,792)	(40,026,585)	(36,519,223)
Administrative expense	(465,049)	(479,798)	(400,072)	(374,992)	(393,741)	(296,492)	(288,665)	(286,991)	(273,213)	(266,168)
Other	21	732	1,557	248	4,273	9,865	8,215	26,168	45,607	12,127
Net Change in Plan Fiduciary Net Position	98,831,435	56,897,435	67,141,241	(126,474,446)	52,780,269	48,247,143	73,315,297	(53,800,860)	46,469,880	13,400,428
Plan Fiduciary Net Position - Beginning	657,655,831	600,758,396	533,617,155	660,091,601	607,311,332	559,064,189	485,748,892	539,549,752	493,079,872	479,679,444
Plan Fiduciary Net Position - Ending (b)	$ 756,487,266	$ 657,655,831	$ 600,758,396	$ 533,617,155	$ 660,091,601	$ 607,311,332	$ 559,064,189	$ 485,748,892	$ 539,549,752	$ 493,079,872
Net Pension Liability - Ending (a-b)	$ 142,915,169	$ 177,363,411	$ 192,562,625	$ 219,480,552	$ 53,257,603	$ 83,324,020	$ 109,719,381	$ 135,875,951	$ 90,103,802	$ 124,498,137
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.11%	78.76%	75.73%	70.86%	92.53%	87.94%	83.59%	78.14%	85.69%	79.84%
Covered Payroll	$ 206,286,336	$ 173,678,873	$ 155,715,728	$ 144,981,894	$ 147,010,449	$ 141,494,468	$ 137,324,650	$ 131,718,476	$ 127,928,574	$ 128,329,597
Net Pension Liability as a Percentage of Covered Payroll	69.28%	102.12%	123.66%	151.38%	36.23%	58.89%	79.90%	103.16%	70.43%	97.01%

See accompanying notes to schedules of required supplementary information.

COUNTY OF MONTGOMERY, PENNSYLVANIA

SCHEDULE OF PLAN CONTRIBUTIONS

LAST TEN YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 32,512,858	$ 26,601,014	$ 21,891,557	$ 17,772,559	$ 16,347,939	$ 16,917,319	$ 12,078,161	$ 10,588,820	$ 10,745,106	$ 10,880,062
Employer contributions in relation to the actuarially determined contribution	32,512,858	26,601,014	21,891,557	17,854,046	16,439,320	13,731,498	10,813,939	9,040,723	8,982,753	8,703,065
Contribution deficiency (excess)	$ -	$ -	$ -	$ (81,487)	$ (91,381)	$ 3,185,821	$ 1,264,222	$ 1,548,097	$ 1,762,353	$ 2,176,997
Covered payroll	$ 206,286,336	$ 173,678,873	$ 155,715,728	$ 144,981,894	$ 147,010,449	$ 141,494,468	$ 137,324,650	$ 131,718,476	$ 127,928,574	$ 128,329,597
Employer contributions as a percentage of covered payroll	15.76%	15.32%	14.06%	12.31%	11.18%	9.70%	7.87%	6.86%	7.02%	6.78%

SCHEDULE OF INVESTMENT RETURNS

LAST TEN YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	16.27%	11.73%	15.67%	-16.13%	12.48%	13.56%	18.25%	-6.40%	14.69%	7.48%

See accompanying notes to schedules of required supplementary information.

Actuarial Methods and Assumptions Used in Determining the Contribution Rate

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarial valuation date	1/1/2025	1/1/2024	1/1/2023	1/1/2022	1/1/2021	1/1/2020	1/1/2019	1/1/2018	1/1/2017	1/1/2016
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar
Remaining amortization period	18 years	19 years	20 years	21 years	22 years	23 years	24 years	25 years	26 years	27 years
Asset valuation method	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value
Actuarial assumptions:										
Investment rate of return	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Projected salary increases	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Underlying inflation rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cost-of-living adjustments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mortality table	PubG-2010 Mortality Table set forward one year with generational mortality improvement using MP20	PubG-2010 Mortality Table set forward one year with generational mortality improvement using MP20	PubG-2010 Mortality Table set forward one year with generational mortality improvement using MP20	PubG-2010 Mortality Table set forward one year with generational mortality improvement using MP20	2013 RP Annuitant and Non-Annuitant	2013 RP Annuitant and Non-Annuitant	2013 RP Annuitant and Non-Annuitant	2013 RP Annuitant and Non-Annuitant	2013 RP Annuitant and Non-Annuitant	2013 RP Annuitant and Non-Annuitant

SUPPLEMENTARY INFORMATION

COUNTY OF MONTGOMERY, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2025

	Special Revenue Funds									
Assets	Emergency Communications Funds	Liquid Fuels Tax	County Community College Tax Fund	Liquid Fuels Vehicle Registration Fees Fund	Title IV-D Fund	Housing and Community Development Fund	Economic and Workforce Development Fund	County Supervision	DA Consumer Protection	Tax Claim
Cash and cash equivalents	$ 1,047,435	$ 537,626	$ 169,035	$ 3,035,867	$ 198,917	$ 7,812,882	$ 1,895,030	$ 277,433	$ 1,536,047	$ 8,122,061
Investments	-	-	-	10,498,651	-	3,697,207	-	-	-	-
Taxes receivable, net of allowance	-	-	2,377,252	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	1,678,031	1,045,341	183,201	-	-	2,384
Lease receivable	-	-	-	-	-	-	-	-	-	-
Due from other funds	472,217	21,189	561,895	-	-	132,112	-	-	-	198,134
Due from other governments	4,676,979	77,137	-	-	-	-	-	-	-	-
Prepaids	-	-	-	-	-	-	-	-	-	-
Total Assets	$ 6,196,631	$ 635,952	$ 3,108,182	$ 13,534,518	$ 1,876,948	$ 12,687,542	$ 2,078,231	$ 277,433	$ 1,536,047	$ 8,322,579
Liabilities, Deferred Inflows of Resources, and Fund Balance										
Liabilities:										
Accounts payable and accrued expenses	$ 300,492	$ -	$ 17,454	$ 101,352	$ -	$ 1,463,222	$ 76,471	$ -	$ -	$ 270,769
Accrued payroll and payroll taxes	548,146	20,419	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	6,641,868	2,030,526	-	-	-
Due to other funds	2,986,964	-	-	-	1,876,948	976,721	-	198,440	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-
Escrowed amounts	-	-	-	-	-	-	-	-	-	-
Total Liabilities	3,835,602	20,419	17,454	101,352	1,876,948	9,081,811	2,106,997	198,440	-	270,769
Deferred Inflows of Resources:										
Unavailable revenue - taxes/fees	-	-	564,693	-	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - impact fees	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - leases	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - opioid abatement	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	564,693	-	-	-	-	-	-	-
Fund Balance:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted:										
Medicaid managed care services	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-
Federal emergency relief - COVID19 pandemic	-	-	-	-	-	-	-	-	-	-
Emergency communications	2,361,029	-	-	-	-	-	-	-	-	-
Roads and bridges	-	615,533	-	-	-	-	-	-	-	-
Montgomery County Community College	-	-	2,526,035	-	-	-	-	-	-	-
Vehicle registration fee program	-	-	-	13,433,166	-	-	-	-	-	-
Housing and community development	-	-	-	-	-	3,605,731	-	-	-	-
Records management plan	-	-	-	-	-	-	-	-	-	-
Farmland preservation	-	-	-	-	-	-	-	-	-	-
Affordable housing	-	-	-	-	-	-	-	-	-	-
Juvenile probation	-	-	-	-	-	-	-	-	-	-
Recorder of Deeds veteran's photo ID program	-	-	-	-	-	-	-	-	-	-
Criminal investigations, operations, and crime prevention programs	-	-	-	-	-	-	-	-	1,536,047	-
Surplus asset sales	-	-	-	-	-	-	-	-	-	-
County ROW offices	-	-	-	-	-	-	-	-	-	-
Regional Task Force	-	-	-	-	-	-	-	-	-	-
American Rescue Plan Act	-	-	-	-	-	-	-	-	-	-
Hospitality industry business relief	-	-	-	-	-	-	-	-	-	-
Victim services	-	-	-	-	-	-	-	-	-	-
Domestic relations	-	-	-	-	-	-	-	-	-	-
Opioid settlement fund	-	-	-	-	-	-	-	-	-	-
Defendant supervision	-	-	-	-	-	-	-	78,993	-	-
Prison Initiatives	-	-	-	-	-	-	-	-	-	-
Tax Claim	-	-	-	-	-	-	-	-	-	8,051,810
Assigned:										
Capital projects	-	-	-	-	-	-	-	-	-	-
Debt service expenditures	-	-	-	-	-	-	-	-	-	-
Norristown Recreation Center grant	-	-	-	-	-	-	-	-	-	-
Future community initiatives	-	-	-	-	-	-	-	-	-	-
Behavioral health crisis center	-	-	-	-	-	-	-	-	-	-
Future pension costs	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(28,766)	-	-	-
Total Fund Balance	2,361,029	615,533	2,526,035	13,433,166	-	3,605,731	(28,766)	78,993	1,536,047	8,051,810
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 6,196,631	$ 635,952	$ 3,108,182	$ 13,534,518	$ 1,876,948	$ 12,687,542	$ 2,078,231	$ 277,433	$ 1,536,047	$ 8,322,579

(Continued)

COUNTY OF MONTGOMERY, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2025

	Special Revenue Funds									
	Records Improvement Fund	Capital Shale Fund	Farmland Preservation Fund	Affordable Housing Fund	Correctional Facility Welfare Fund	Juvenile Probation Fund	Recorder of Deeds Veteran's Photo ID Program Fund	District Attorney Fund	Treasurer Vare Escrow Fund	Justice Asset Forfeiture Fund
Assets										
Cash and cash equivalents	$ 288,078	$ 1,048,342	$ 1,045,935	$ 939,697	$ 60,235	$ -	$ 1,600	$ 932,149	$ 74,674	$ 576,776
Investments	3,532,376	7,920,326	-	4,051,170	-	-	-	3,600,188	-	199,836
Taxes receivable, net of allowance	-	-	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	-	-	136	-
Lease receivable	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	1,910,428	-	-	-	-	-	-	-	-
Due from other governments	15,700	-	-	-	-	-	-	-	-	-
Prepaids	-	-	-	-	-	-	-	-	-	-
Total Assets	$ 3,836,154	$ 10,879,096	$ 1,045,935	$ 4,990,867	$ 60,235	$ -	$ 1,600	$ 4,532,337	$ 74,810	$ 776,612
Liabilities, Deferred Inflows of Resources, and Fund Balance										
Liabilities:										
Accounts payable and accrued expenses	$ -	$ 171,432	$ -	$ 839,802	$ -	$ -	$ -	$ -	$ -	$ -
Accrued payroll and payroll taxes	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	2,441,974	-	-
Due to other funds	-	-	-	1,604,907	-	-	-	-	-	-
Due to other governments	-	-	2,378	-	-	-	-	-	-	-
Escrowed amounts	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	171,432	2,378	2,444,709	-	-	-	2,441,974	-	-
Deferred Inflows of Resources:										
Unavailable revenue - taxes/fees	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - impact fees	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - leases	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - opioid abatement	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-
Fund Balance:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted:										
Medicaid managed care services	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	74,810	-
Federal emergency relief - COVID19 pandemic	-	-	-	-	-	-	-	-	-	-
Emergency communications	-	-	-	-	-	-	-	-	-	-
Roads and bridges	-	10,707,664	-	-	-	-	-	-	-	-
Montgomery County Community College	-	-	-	-	-	-	-	-	-	-
Vehicle registration fee program	-	-	-	-	-	-	-	-	-	-
Housing and community development	-	-	-	-	-	-	-	-	-	-
Records management plan	3,836,154	-	-	-	-	-	-	-	-	-
Farmland preservation	-	-	1,043,557	-	-	-	-	-	-	-
Affordable housing	-	-	-	2,546,158	-	-	-	-	-	-
Juvenile probation	-	-	-	-	-	-	-	-	-	-
Recorder of Deeds veteran's photo ID program	-	-	-	-	-	-	1,600	-	-	-
Criminal investigations, operations, and crime prevention programs	-	-	-	-	-	-	-	2,090,363	-	776,612
Surplus asset sales	-	-	-	-	-	-	-	-	-	-
County ROW offices	-	-	-	-	-	-	-	-	-	-
Regional Task Force	-	-	-	-	-	-	-	-	-	-
Rent relief and assistance	-	-	-	-	-	-	-	-	-	-
Hospitality industry business relief	-	-	-	-	-	-	-	-	-	-
Victim services	-	-	-	-	-	-	-	-	-	-
Domestic relations	-	-	-	-	-	-	-	-	-	-
Opioid settlement fund	-	-	-	-	-	-	-	-	-	-
Defendant supervision	-	-	-	-	-	-	-	-	-	-
Prison Initiatives	-	-	-	-	60,235	-	-	-	-	-
Tax Claim	-	-	-	-	-	-	-	-	-	-
Assigned:										
Capital projects	-	-	-	-	-	-	-	-	-	-
Debt service expenditures	-	-	-	-	-	-	-	-	-	-
Norristown Recreation Center grant	-	-	-	-	-	-	-	-	-	-
Future community initiatives	-	-	-	-	-	-	-	-	-	-
Behavioral health crisis center	-	-	-	-	-	-	-	-	-	-
Future pension costs	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	3,836,154	10,707,664	1,043,557	2,546,158	60,235	-	1,600	2,090,363	74,810	776,612
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 3,836,154	$ 10,879,096	$ 1,045,935	$ 4,990,867	$ 60,235	$ -	$ 1,600	$ 4,532,337	$ 74,810	$ 776,612

(Continued)

COUNTY OF MONTGOMERY, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2025

	Special Revenue Funds								
Assets	Surplus Asset Sales Fund	Clerk of Courts Fund	Prothonotary Fund	Recorder of Deeds Fund	Sheriff Fund	Register of Wills and Clerk of Orphans' Court Fund	Coroner Fund	Regional Task Force Fund	Liquid Fuels Act 44 Fund
Cash and cash equivalents	$ 1,544,721	$ 2,314,938	$ 1,631,565	$ 11,442,007	$ 4,617,980	$ 1,339,880	$ 72,644	$ 2,694,188	$ 2,408,385
Investments	-	-	-	-	-	-	-	-	-
Taxes receivable, net of allowance	-	-	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	50,738	-	1,045
Due from other governments	-	-	-	-	-	-	-	-	-
Prepaids	-	-	-	-	-	-	-	-	-
Total Assets	$ 1,544,721	$ 2,314,938	$ 1,631,565	$ 11,442,007	$ 4,617,980	$ 1,339,880	$ 123,382	$ 2,694,188	$ 2,409,430
Liabilities, Deferred Inflows of Resources, and Fund Balance									
Liabilities:									
Accounts payable and accrued expenses	$ 878	$ 305,767	$ 334,319	$ 860,402	$ 195,903	$ 282,879	$ -	$ 838,559	$ -
Accrued payroll and payroll taxes	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	48,058	-	-
Due to other funds	-	-	-	-	-	-	-	83,153	-
Due to other governments	-	112,463	43,680	8,788,885	-	108,761	-	-	-
Escrowed amounts	-	1,337,084	-	108,408	4,364,291	-	-	-	-
Total Liabilities	878	1,755,314	377,999	9,757,695	4,560,194	391,640	48,058	921,712	-
Deferred Inflows of Resources:									
Unavailable revenue - taxes/fees	-	-	-	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	-	-	-	-
Unavailable revenue - impact fees	-	-	-	-	-	-	-	-	-
Unavailable revenue - leases	-	-	-	-	-	-	-	-	-
Unavailable revenue - opioid abatement	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-
Fund Balance:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted:									
Medicaid managed care services	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-
Federal emergency relief - COVID19 pandemic	-	-	-	-	-	-	-	-	-
Emergency communications	-	-	-	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-	-	-	2,409,430
Montgomery County Community College	-	-	-	-	-	-	-	-	-
Vehicle registration fee program	-	-	-	-	-	-	-	-	-
Housing and community development	-	-	-	-	-	-	-	-	-
Records management plan	-	-	-	-	-	-	-	-	-
Farmland preservation	-	-	-	-	-	-	-	-	-
Affordable housing	-	-	-	-	-	-	-	-	-
Juvenile probation	-	-	-	-	-	-	-	-	-
Recorder of Deeds veteran's photo ID program	-	-	-	-	-	-	-	-	-
Criminal investigations, operations, and crime prevention programs	-	-	-	-	-	-	-	-	-
Surplus asset sales	1,543,843	-	-	-	-	-	-	-	-
County ROW offices	-	559,624	1,253,566	1,684,312	57,786	948,240	75,324	-	-
Regional Task Force	-	-	-	-	-	-	-	1,772,476	-
Rent relief and assistance	-	-	-	-	-	-	-	-	-
Hospitality industry business relief	-	-	-	-	-	-	-	-	-
Victim services	-	-	-	-	-	-	-	-	-
Domestic relations	-	-	-	-	-	-	-	-	-
Opioid settlement fund	-	-	-	-	-	-	-	-	-
Defendant supervision	-	-	-	-	-	-	-	-	-
Prison Initiatives	-	-	-	-	-	-	-	-	-
Tax Claim	-	-	-	-	-	-	-	-	-
Assigned:									
Capital projects	-	-	-	-	-	-	-	-	-
Debt service expenditures	-	-	-	-	-	-	-	-	-
Norristown Recreation Center grant	-	-	-	-	-	-	-	-	-
Future community initiatives	-	-	-	-	-	-	-	-	-
Behavioral health crisis center	-	-	-	-	-	-	-	-	-
Future pension costs	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balance	1,543,843	559,624	1,253,566	1,684,312	57,786	948,240	75,324	1,772,476	2,409,430
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 1,544,721	$ 2,314,938	$ 1,631,565	$ 11,442,007	$ 4,617,980	$ 1,339,880	$ 123,382	$ 2,694,188	$ 2,409,430

(Continued)

COUNTY OF MONTGOMERY, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2025

	Special Revenue Funds								
Assets	Liquid Fuels Act 89 Fund	Domestic Relations Office Fund	Federal Rent Relief Fund	Pennsylvania Emergency Rental Assistance Fund	COVID-19 HIRP Fund	Local Victim Services Fund	Federal Emergency Relief Fund	Juvenile Probation Restricted Fund	Total Special Revenue Funds
Cash and cash equivalents	$ 2,390,311	$ 25,000	$ 138,755	$ 9,527	$ 1,308	$ 97,442	$ 13,594	$ 208,371	$ 60,550,435
Investments	-	-	-	-	-	-	-	-	33,499,754
Taxes receivable, net of allowance	-	-	-	-	-	-	-	-	2,377,252
Accounts receivable, net	-	-	-	-	-	1,344	-	1,948	2,912,385
Lease receivable	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	4,370,494	-	-	8,239	-	-	7,726,491
Due from other governments	-	-	-	-	-	-	-	-	4,769,816
Prepaids	-	-	-	-	-	-	-	-	-
Total Assets	$ 2,390,311	$ 25,000	$ 4,509,249	$ 9,527	$ 1,308	$ 107,025	$ 13,594	$ 210,319	$ 111,836,133
Liabilities, Deferred Inflows of Resources, and Fund Balance									
Liabilities:									
Accounts payable and accrued expenses	$ 618	$ -	$ 147,960	$ -	$ -	$ -	$ -	$ -	$ 6,208,279
Accrued payroll and payroll taxes	-	-	-	-	-	-	-	-	568,565
Unearned revenue	-	-	-	-	-	-	-	-	11,162,426
Due to other funds	-	-	-	1,644	-	-	-	-	7,728,777
Due to other governments	2,541	-	-	-	-	-	-	-	9,058,708
Escrowed amounts	-	-	-	-	-	-	-	203,919	6,013,702
Total Liabilities	3,159	-	147,960	1,644	-	-	-	203,919	40,740,457
Deferred Inflows of Resources:									
Unavailable revenue - taxes/fees	-	-	-	-	-	-	-	-	564,693
Unavailable revenue - loans	-	-	-	-	-	-	-	-	-
Unavailable revenue - impact fees	-	-	-	-	-	-	-	-	-
Unavailable revenue - leases	-	-	-	-	-	-	-	-	-
Unavailable revenue - opioid abatement	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	564,693
Fund Balance:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted:									-
Medicaid managed care services	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	74,810
Federal emergency relief - COVID19 pandemic	-	-	-	-	-	-	13,594	-	13,594
Emergency communications	-	-	-	-	-	-	-	-	2,361,029
Roads and bridges	2,387,152	-	-	-	-	-	-	-	16,119,779
Montgomery County Community College	-	-	-	-	-	-	-	-	2,526,035
Vehicle registration fee program	-	-	-	-	-	-	-	-	13,433,166
Housing and community development	-	-	-	-	-	-	-	-	3,605,731
Records management plan	-	-	-	-	-	-	-	-	3,836,154
Farmland preservation	-	-	-	-	-	-	-	-	1,043,557
Affordable housing	-	-	-	-	-	-	-	-	2,546,158
Juvenile probation	-	-	-	-	-	-	-	-	-
Recorder of Deeds veteran's photo ID program	-	-	-	-	-	-	-	-	1,600
Criminal investigations, operations, and crime prevention programs	-	-	-	-	-	-	-	-	4,403,022
Surplus asset sales	-	-	-	-	-	-	-	-	1,543,843
County ROW offices	-	-	-	-	-	-	-	-	4,578,852
Regional Task Force	-	-	-	-	-	-	-	-	1,772,476
Rent relief and assistance	-	-	4,361,289	7,883	-	-	-	-	4,369,172
Hospitality industry business relief	-	-	-	-	1,308	-	-	-	1,308
Victim services	-	-	-	-	-	107,025	-	6,400	113,425
Domestic relations	-	25,000	-	-	-	-	-	-	25,000
Opioid settlement fund	-	-	-	-	-	-	-	-	-
Defendant supervision	-	-	-	-	-	-	-	-	78,993
Prison Initiatives	-	-	-	-	-	-	-	-	60,235
Tax Claim	-	-	-	-	-	-	-	-	8,051,810
Assigned:									-
Capital projects	-	-	-	-	-	-	-	-	-
Debt service expenditures	-	-	-	-	-	-	-	-	-
Norristown Recreation Center grant	-	-	-	-	-	-	-	-	-
Future community initiatives	-	-	-	-	-	-	-	-	-
Behavioral health crisis center	-	-	-	-	-	-	-	-	-
Future pension costs	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(28,766)
Total Fund Balance	2,387,152	25,000	4,361,289	7,883	1,308	107,025	13,594	6,400	70,530,983
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 2,390,311	$ 25,000	$ 4,509,249	$ 9,527	$ 1,308	$ 107,025	$ 13,594	$ 210,319	$ 111,836,133

(Continued)

COUNTY OF MONTGOMERY, PENNSYLVANIA

COMBINING BALANCE SHEET

OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2025

	Capital Projects Funds						
	Capital Reserve Fund	Cherry Street Garage Capital Reserve Fund	2016 Series Capital Bond Fund	2017 Series C & D Capital Bond Fund	Capital MVR Fund	Total Capital Projects Funds	Total Other Governmental Funds
Assets							
Cash and cash equivalents	$ 461,432	$ 3,712	$ -	$ -	$ 143,604	$ 608,748	$ 61,159,183
Investments	9,642,317	640,763	-	4,323,678	4,343,227	18,949,985	52,449,739
Taxes receivable, net of allowance	-	-	-	-	-	-	2,377,252
Accounts receivable, net	-	-	-	-	-	-	2,912,385
Lease receivable	-	-	-	-	-	-	-
Due from other funds	-	-	1,039	-	417,208	418,247	8,144,738
Due from other governments	-	-	-	-	-	-	4,769,816
Prepaids	-	-	-	-	-	-	-
Total Assets	$ 10,103,749	$ 644,475	$ 1,039	$ 4,323,678	$ 4,904,039	$ 19,976,980	$ 131,813,113
Liabilities, Deferred Inflows of Resources, and Fund Balance							
Liabilities:							
Accounts payable and accrued expenses	$ -	$ 2,126	$ -	$ -	$ 388,362	$ 390,488	$ 6,598,767
Accrued payroll and payroll taxes	-	-	-	-	-	-	568,565
Unearned revenue	-	-	-	-	-	-	11,162,426
Due to other funds	136,123	9,945	-	-	-	146,068	7,874,845
Due to other governments	-	-	-	-	-	-	9,058,708
Escrowed amounts	-	-	-	-	-	-	6,013,702
Total Liabilities	136,123	12,071	-	-	388,362	536,556	41,277,013
Deferred Inflows of Resources:							
Unavailable revenue - taxes/fees	-	-	-	-	-	-	564,693
Unavailable revenue - loans	-	-	-	-	-	-	-
Unavailable revenue - impact fees	-	-	-	-	-	-	-
Unavailable revenue - leases	-	-	-	-	-	-	-
Unavailable revenue - opioid abatement	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	564,693
Fund Balance:							
Nonspendable	-	-	-	-	-	-	-
Restricted:							
Medicaid managed care services	-	-	-	-	-	-	-
Capital projects	-	-	-	4,323,678	4,515,677	8,839,355	8,914,165
Federal emergency relief - COVID19 pandemic	-	-	-	-	-	-	13,594
Emergency communications	-	-	-	-	-	-	2,361,029
Roads and bridges	-	-	-	-	-	-	16,119,779
Montgomery County Community College	-	-	-	-	-	-	2,526,035
Vehicle registration fee program	-	-	-	-	-	-	13,433,166
Housing and community development	-	-	-	-	-	-	3,605,731
Records management plan	-	-	-	-	-	-	3,836,154
Farmland preservation	-	-	-	-	-	-	1,043,557
Affordable housing	-	-	-	-	-	-	2,546,158
Juvenile probation	-	-	-	-	-	-	-
Recorder of Deeds veteran's photo ID program	-	-	-	-	-	-	1,600
Criminal investigations, operations, and crime prevention programs	-	-	-	-	-	-	4,403,022
Surplus asset sales	-	-	-	-	-	-	1,543,843
County ROW offices	-	-	-	-	-	-	4,578,852
Regional Task Force	-	-	-	-	-	-	1,772,476
Rent relief and assistance	-	-	-	-	-	-	4,369,172
Hospitality industry business relief	-	-	-	-	-	-	1,308
Victim services	-	-	-	-	-	-	113,425
Domestic relations	-	-	-	-	-	-	25,000
Opioid settlement fund	-	-	-	-	-	-	-
Defendant supervision	-	-	-	-	-	-	78,993
Prison Initiatives	-	-	-	-	-	-	60,235
Tax Claim	-	-	-	-	-	-	8,051,810
Assigned:							
Capital projects	9,967,626	632,404	1,039	-	-	10,601,069	10,601,069
Debt service expenditures	-	-	-	-	-	-	-
Norristown Recreation Center grant	-	-	-	-	-	-	-
Future community initiatives	-	-	-	-	-	-	-
Behavioral health crisis center	-	-	-	-	-	-	-
Future pension costs	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(28,766)
Total Fund Balance	9,967,626	632,404	1,039	4,323,678	4,515,677	19,440,424	89,971,407
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 10,103,749	$ 644,475	$ 1,039	$ 4,323,678	$ 4,904,039	$ 19,976,980	$ 131,813,113

(Concluded)

COUNTY OF MONTGOMERY, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

OTHER GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2025

	Special Revenue Funds									
	Emergency Communications Funds	Liquid Fuels Tax	County Community College Tax Fund	Liquid Fuels Vehicle Registration Fees Fund	Title IV-D Fund	Housing and Community Development Fund	Economic and Workforce Development Fund	County Supervision	DA Consumer Protection	Tax Claim
Revenues:										
Taxes:										
Current year	$ -	$ -	$ 23,621,871	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Prior years and liened taxes	-	-	-	-	-	-	-	-	-	1,479,412
Total taxes	-	-	23,621,871	-	-	-	-	-	-	1,479,412
Intergovernmental	18,808,895	1,021,428	-	-	-	9,006,506	7,491,615	-	-	-
Charges for services	-	-	-	4,002,645	-	-	-	1,268,977	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Interest	71,440	11	-	354,624	-	250,620	-	-	30,293	169,721
Other	13,021	180	-	-	-	-	-	-	2,554	-
Total revenues	18,893,356	1,021,619	23,621,871	4,357,269	-	9,257,126	7,491,615	1,268,977	32,847	1,649,133
Expenditures:										
Current:										
General Administration	-	-	-	-	-	-	-	-	-	71,646
Judicial Administration	-	-	-	-	-	-	-	-	-	-
Corrections	-	-	-	-	-	-	-	-	-	-
Public safety	20,939,925	-	-	398,342	-	-	-	-	243,000	-
Public works and enterprises	-	1,226,671	-	-	-	-	-	-	-	-
Adult Welfare	-	-	-	-	-	-	-	-	-	-
Child Welfare	-	-	-	-	-	-	-	-	-	-
General Welfare	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Community development and housing	-	-	-	-	-	9,759,126	7,491,615	-	-	-
Other	-	-	23,379,464	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	2,134,500	-	-	-	-	-	-
Interest	-	-	-	2,204,157	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	20,939,925	1,226,671	23,379,464	4,736,999	-	9,759,126	7,491,615	-	243,000	71,646
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,046,569)	(205,052)	242,407	(379,730)	-	(502,000)	-	1,268,977	(210,153)	1,577,487
Other Financing Sources (Uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-	-	-
Leases (as lessee)	-	-	-	-	-	-	-	-	-	-
Issuance of subscription liability	-	-	-	-	-	-	-	-	-	-
Transfers in	2,000,000	8,574	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(1,276,817)	-	-
Total other financing sources (uses)	2,000,000	8,574	-	-	-	-	-	(1,276,817)	-	-
Net Change in Fund Balance	(46,569)	(196,478)	242,407	(379,730)	-	(502,000)	-	(7,840)	(210,153)	1,577,487
Fund Balance:										
Beginning of year	2,407,598	812,011	2,283,628	13,812,896	-	4,107,731	(28,766)	86,833	1,746,200	6,474,323
End of year	$ 2,361,029	$ 615,533	$ 2,526,035	$ 13,433,166	$ -	$ 3,605,731	$ (28,766)	$ 78,993	$ 1,536,047	$ 8,051,810

(Continued)

COUNTY OF MONTGOMERY, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

OTHER GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2025

	Special Revenue Funds									
	Records Improvement Fund	Capital Shale Fund	Farmland Preservation Fund	Affordable Housing Fund	Correctional Facility Welfare Fund	Juvenile Probation Fund	Recorder of Deeds Veteran's Photo ID Program Fund	District Attorney Fund	Treasurer Vare Escrow Fund	Justice Asset Forfeiture Fund
Revenues:										
Taxes:										
Current year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Prior years and liened taxes	-	-	-	-	-	-	-	-	-	-
Total taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	1,910,428	-	1,768,369	-	-	-	-	-	-
Charges for services	148,464	-	-	1,228,220	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Interest	149,152	334,428	16,256	190,242	23,490	-	18	65,568	-	8,438
Other	-	-	162,516	-	1,459,980	-	-	888,188	-	374,746
Total revenues	297,616	2,244,856	178,772	3,186,831	1,483,470	-	18	953,756	-	383,184
Expenditures:										
Current:										
General Administration	-	-	-	-	-	-	-	-	-	-
Judicial Administration	-	-	-	-	-	-	1,116	758,876	-	-
Corrections	-	-	-	-	1,498,707	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	31,032
Public works and enterprises	-	171,432	-	-	-	-	-	-	-	-
Adult Welfare	-	-	-	-	-	-	-	-	-	-
Child Welfare	-	-	-	-	-	-	-	-	-	-
General Welfare	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Community development and housing	-	-	-	3,859,794	-	-	-	-	-	-
Other	-	-	86,233	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	171,432	86,233	3,859,794	1,498,707	-	1,116	758,876	-	31,032
Excess (Deficiency) of Revenues Over (Under) Expenditures	297,616	2,073,424	92,539	(672,963)	(15,237)	-	(1,098)	194,880	-	352,152
Other Financing Sources (Uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-	-	-
Leases (as lessee)	-	-	-	-	-	-	-	-	-	-
Issuance of subscription liability	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	297,616	2,073,424	92,539	(672,963)	(15,237)	-	(1,098)	194,880	-	352,152
Fund Balance:										
Beginning of year	3,538,538	8,634,240	951,018	3,219,121	75,472	-	2,698	1,895,483	74,810	424,460
End of year	$ 3,836,154	$ 10,707,664	$ 1,043,557	$ 2,546,158	$ 60,235	$ -	$ 1,600	$ 2,090,363	$ 74,810	$ 776,612

(Continued)

COUNTY OF MONTGOMERY, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

OTHER GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2025

	Special Revenue Funds								
	Surplus Asset Sales Fund	Clerk of Courts Fund	Prothonotary Fund	Recorder of Deeds Fund	Sheriff Fund	Register of Wills and Clerk of Orphans' Court Fund	Coroner Fund	Regional Task Force Fund	Liquid Fuels Act 44 Fund
Revenues:									
Taxes:									
Current year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Prior years and liened taxes	-	-	-	-	-	-	-	-	-
Total taxes	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	61,325	19,547,663	207,410
Charges for services	-	39,801	175,626	1,660,447	17,501	54,425	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Interest	13,432	-	-	257,617	-	36,297	-	125,750	40,748
Other	-	-	-	-	-	-	-	-	-
Total revenues	13,432	39,801	175,626	1,918,064	17,501	90,722	61,325	19,673,413	248,158
Expenditures:									
Current:									
General Administration	-	-	-	-	-	-	-	-	-
Judicial Administration	-	-	224,718	2,004,202	10,680	33,748	-	-	-
Corrections	-	-	-	-	-	-	-	-	-
Public safety	878	-	-	-	-	-	-	17,830,793	-
Public works and enterprises	-	-	-	-	-	-	-	-	-
Adult Welfare	-	-	-	-	-	-	-	-	-
Child Welfare	-	-	-	-	-	-	-	-	-
General Welfare	-	-	-	-	-	-	61,325	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Community development and housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	44,475
Insurance	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-	-
Total expenditures	878	-	224,718	2,004,202	10,680	33,748	61,325	17,830,793	44,475
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,554	39,801	(49,092)	(86,138)	6,821	56,974	-	1,842,620	203,683
Other Financing Sources (Uses):									
Sale of capital assets	107,898	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-	-
Leases (as lessee)	-	-	-	-	-	-	-	-	-
Issuance of subscription liability	-	-	-	-	-	-	-	-	-
Transfers in	800,000	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	907,898	-	-	-	-	-	-	-	-
Net Change in Fund Balance	920,452	39,801	(49,092)	(86,138)	6,821	56,974	-	1,842,620	203,683
Fund Balance:									
Beginning of year	623,391	519,823	1,302,658	1,770,450	50,965	891,266	75,324	(70,144)	2,205,747
End of year	$ 1,543,843	$ 559,624	$ 1,253,566	$ 1,684,312	$ 57,786	$ 948,240	$ 75,324	$ 1,772,476	$ 2,409,430

(Continued)

COUNTY OF MONTGOMERY, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

OTHER GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2025

	Special Revenue Funds								
	Liquid Fuels Act 89 Fund	Domestic Relations Office Fund	Federal Rent Relief Fund	Pennsylvania Emergency Rental Assistance Fund	COVID-19 HIRP Fund	Local Victim Services Fund	Federal Emergency Relief Fund	Juvenile Probation Restricted Fund	Total Special Revenue Funds
Revenues:									
Taxes:									
Current year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	23,621,871
Prior years and liened taxes	-	-	-	-	-	-	-	-	1,479,412
Total taxes	-	-	-	-	-	-	-	-	25,101,283
Intergovernmental	398,099	-	-	-	-	-	-	-	60,221,738
Charges for services	-	-	-	-	-	169,180	-	-	8,765,286
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Interest	43,749	-	4,007	853	-	-	-	3,849	2,190,603
Other	-	-	-	-	-	-	-	-	2,901,185
Total revenues	441,848	-	4,007	853	-	169,180	-	3,849	99,180,095
Expenditures:									
Current:									
General Administration	-	-	-	-	-	-	-	-	71,646
Judicial Administration	-	-	-	-	-	-	-	-	3,033,340
Corrections	-	-	-	-	-	-	-	90	1,498,797
Public safety	-	-	-	-	-	107,376	-	-	39,551,346
Public works and enterprises	368,330	-	-	-	-	-	-	-	1,766,433
Adult Welfare	-	-	-	-	-	-	-	-	-
Child Welfare	-	-	-	-	-	-	-	-	-
General Welfare	-	-	-	-	-	-	-	-	61,325
Culture and recreation	-	-	-	-	-	-	-	-	-
Community development and housing	-	-	215,308	267,374	-	-	-	-	21,593,217
Other	-	-	-	-	-	-	-	-	23,510,172
Insurance	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	2,134,500
Interest	-	-	-	-	-	-	-	-	2,204,157
Debt issuance costs	-	-	-	-	-	-	-	-	-
Total expenditures	368,330	-	215,308	267,374	-	107,376	-	90	95,424,933
Excess (Deficiency) of Revenues Over (Under) Expenditures	73,518	-	(211,301)	(266,521)	-	61,804	-	3,759	3,755,162
Other Financing Sources (Uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	107,898
Issuance of debt	-	-	-	-	-	-	-	-	-
Leases (as lessee)	-	-	-	-	-	-	-	-	-
Issuance of subscription liability	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	2,808,574
Transfers out	-	-	-	-	-	-	-	-	(1,276,817)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	1,639,655
Net Change in Fund Balance	73,518	-	(211,301)	(266,521)	-	61,804	-	3,759	5,394,817
			-	-	-	-	-	-	-
Fund Balance:									
Beginning of year	2,313,634	25,000	4,572,590	274,404	1,308	45,221	13,594	2,641	65,136,166
End of year	$ 2,387,152	$ 25,000	$ 4,361,289	$ 7,883	$ 1,308	$ 107,025	$ 13,594	$ 6,400	$ 70,530,983

(Continued)

COUNTY OF MONTGOMERY, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

OTHER GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2025

	Capital Projects Funds						
	Capital Reserve Fund	Cherry Street Garage Capital Reserve Fund	2016 Series Capital Bond Fund	2017 Series C & D Capital Bond Fund	Capital MVR Fund	Total Capital Projects Funds	Total Other Governmental Funds
Revenues:							
Taxes:							
Current year	$ -	$ -	$ -	$ -	$ -	$ -	$ 23,621,871
Prior years and liened taxes	-	-	-	-	-	-	1,479,412
Total taxes	-	-	-	-	-	-	25,101,283
Intergovernmental	30,000	-	-	-	417,208	447,208	60,668,946
Charges for services	-	-	-	-	-	-	8,765,286
Fines and forfeitures	-	-	-	-	-	-	-
Interest	448,431	27,748	-	101,402	360,878	938,459	3,129,062
Other	-	-	-	-	255,214	255,214	3,156,399
Total revenues	478,431	27,748	-	101,402	1,033,300	1,640,881	100,820,976
Expenditures:							
Current:							
General Administration	10,117	-	-	-	-	10,117	81,763
Judicial Administration	-	-	-	-	-	-	3,033,340
Corrections	-	-	-	-	-	-	1,498,797
Public safety	-	-	-	-	-	-	39,551,346
Public works and enterprises	-	-	-	-	-	-	1,766,433
Adult Welfare	-	-	-	-	-	-	-
Child Welfare	-	-	-	-	-	-	-
General Welfare	-	-	-	-	-	-	61,325
Culture and recreation	-	-	-	-	-	-	-
Community development and housing	-	-	-	-	-	-	21,593,217
Other	-	-	-	-	-	-	23,510,172
Insurance	-	-	-	-	-	-	-
Capital outlay	8,539	26,090	-	990,000	7,941,106	8,965,735	8,965,735
Debt service:							
Principal	-	-	-	-	-	-	2,134,500
Interest	-	-	-	-	-	-	2,204,157
Debt issuance costs	-	-	-	20,346	-	20,346	20,346
Total expenditures	18,656	26,090	-	1,010,346	7,941,106	8,996,198	104,421,131
Excess (Deficiency) of Revenues Over (Under) Expenditures	459,775	1,658	-	(908,944)	(6,907,806)	(7,355,317)	(3,600,155)
Other Financing Sources (Uses):							
Sale of capital assets	-	-	-	-	-	-	107,898
Issuance of debt	-	-	-	4,020,000	-	4,020,000	4,020,000
Premiums and discounts	-	-	-	346	-	346	346
Leases (as lessee)	-	-	-	-	-	-	-
Issuance of subscription liability	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	2,808,574
Transfers out	(800,000)	-	-	-	-	(800,000)	(2,076,817)
Total other financing sources (uses)	(800,000)	-	-	4,020,346	-	3,220,346	4,860,001
Net Change in Fund Balance	(340,225)	1,658	-	3,111,402	(6,907,806)	(4,134,971)	1,259,846
Fund Balance:							
Beginning of year	10,307,851	630,746	1,039	1,212,276	11,423,483	23,575,395	88,711,561
End of year	$ 9,967,626	$ 632,404	$ 1,039	$ 4,323,678	$ 4,515,677	$ 19,440,424	$ 89,971,407

(Concluded)

COUNTY OF MONTGOMERY, PENNSYLVANIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION

CUSTODIAL FUNDS

DECEMBER 31, 2025

	Clerk of Courts	Tax Claim	Prothonotary	Sheriff	Register of Wills and Clerk Of Orphans' Trust Escrow	Correctional Facility - Inmate and Work Release	Domestic Relations Office Support Cleaning Account	Dependent/ Guardian Fund	Total
Assets									
Cash and cash equivalents	$ 2,537,598	$ 544,106	$ 817,381	$ 110,139	$ 502	$ 697,360	$ 42,518	$ 215,670	$ 4,965,274
Investments:									
Money markets	-	-	3,619,928	-	-	-	-	-	3,619,928
Mutual funds	-	-	-	-	-	-	-	-	-
Pooled, common, and collective funds	-	-	-	-	-	-	-	-	-
Agency tax/interest receivable	-	12,486,849	-	-	-	-	-	-	12,486,849
Accounts receivable	-	-	1,000	33,677	-	-	-	2,110	36,787
Other	-	-	-	-	-	-	-	-	-
Total Assets	$ 2,537,598	$ 13,030,955	$ 4,438,309	$ 143,816	$ 502	$ 697,360	$ 42,518	$ 217,780	$ 21,108,838
Liabilities									
Accounts payable and accrued expenses	$ -	$ 544,106	$ -	$ -	$ 19	$ -	$ -	$ 113,353	$ 657,478
Due to other governments	-	-	-	143,816	-	-	-	-	143,816
Escrow liability	2,537,598	12,486,849	4,438,309	-	-	697,360	-	54,658	20,214,774
Total Liabilities	2,537,598	13,030,955	4,438,309	143,816	19	697,360	-	168,011	21,016,068
Net Position									
Restricted for other governments and organizations	$ -	$ -	$ -	$ -	$ 483	$ -	$ 42,518	$ 49,769	$ 92,770

COUNTY OF MONTGOMERY, PENNSYLVANIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

CUSTODIAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Clerk of Courts	Tax Claim	Prothonotary	Sheriff	Treasurer Vare Escrow Fund	Register of Wills and Clerk Of Orphans' Trust Escrow	Correctional Facility - Inmate and Work Release	Domestic Relations Office Support Cleaning Account	Dependent/ Guardian Fund	Total
Additions:										
Contributions:										
County	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee	-	-	-	-	-	-	-	-	-	-
Total contributions	-	-	-	-	-	-	-	-	-	-
Investment income (loss), net:										
Net increase/(decrease) in fair value of investments	-	-	-	-	-	-	-	-	-	-
Interest and dividends and other income	61,573	-	25,566	-	-	296	20,031	-	129	107,595
Investment expense	-	-	-	-	-	-	-	-	-	-
Total investment income (loss), net	61,573	-	25,566	-	-	296	20,031	-	129	107,595
Real estate collections for other governments	-	35,592,705	-	-	-	-	-	-	-	35,592,705
Fines and fees collected for other governments	1,765,634	-	785,968	487,486	-	-	-	2,172,291	-	5,211,379
Inmate collections for other governments	-	-	-	-	-	-	3,009,988	-	-	3,009,988
Total additions	1,827,207	35,592,705	811,534	487,486	-	296	3,030,019	2,172,291	129	43,921,667
Deductions:										
Benefits and refunds paid to plan members and beneficiaries	-	-	-	-	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-	-	-	-	-
Refunds of contributions and interest	-	-	-	-	-	-	-	-	-	-
Payments of real estate tax	-	35,592,705	-	-	-	-	-	-	-	35,592,705
Payments of fines and costs	1,827,207	-	811,534	487,486	-	-	-	2,159,499	-	5,285,726
Payments of inmate collections	-	-	-	-	-	-	3,030,019	-	-	3,030,019
Other disbursements	-	-	-	-	-	-	-	-	38	38
Total deductions	1,827,207	35,592,705	811,534	487,486	-	-	3,030,019	2,159,499	38	43,908,488
Increase/(Decrease) in Net Position	-	-	-	-	-	296	-	12,792	91	13,179
Net Position										
Beginning of year	-	-	-	-	-	187	-	29,726	49,678	79,591
End of year	$ -	$ -	$ -	$ -	$ -	$ 483	$ -	$ 42,518	$ 49,769	$ 92,770

COUNTY OF MONTGOMERY, PENNSYLVANIA

SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

EMERGENCY COMMUNICATIONS FUND AND LIQUID FUELS TAX FUND

FOR THE YEAR ENDED DECEMBER 31, 2025

	Emergency Communications Fund				Liquid Fuels Tax			
	Budgeted Amounts			Variance with	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget	Original	Final	Actual	Final Budget
Revenues:								
Taxes:								
Current year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Prior years and liened taxes	-	-	-	-	-	-	-	-
Total taxes	-	-	-	-	-	-	-	-
Intergovernmental	19,500,000	19,500,000	18,808,895	(691,105)	1,675,000	1,675,000	1,021,428	(653,572)
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	-	-	71,440	71,440	-	-	11	11
Other	-	-	13,021	13,021	-	-	180	180
Total revenues	19,500,000	19,500,000	18,893,356	(606,644)	1,675,000	1,675,000	1,021,619	(653,381)
Expenditures:								
Current:								
General Administration	-	-	-	-	-	-	-	-
Judicial Administration	-	-	-	-	-	-	-	-
Corrections	-	-	-	-	-	-	-	-
Public safety	22,026,608	22,026,608	20,939,925	(1,086,683)	-	-	-	-
Public works and enterprises	-	-	-	-	1,401,093	1,401,093	1,226,671	(174,422)
Adult Welfare	-	-	-	-	-	-	-	-
Child Welfare	-	-	-	-	-	-	-	-
General Welfare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development and housing	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total expenditures	22,026,608	22,026,608	20,939,925	(1,086,683)	1,401,093	1,401,093	1,226,671	(174,422)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,526,608)	(2,526,608)	(2,046,569)	480,039	273,907	273,907	(205,052)	(478,959)
Other Financing Sources (Uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Leases (as lessee)	-	-	-	-	-	-	-	-
Issuance of subscription liability	-	-	-	-	-	-	-	-
Transfers in	2,000,000	2,000,000	2,000,000	-	-	-	8,574	8,574
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,000,000	2,000,000	2,000,000	-	-	-	8,574	8,574
Net Change in Fund Balance	$ (526,608)	$ (526,608)	$ (46,569)	$ 480,039	$ 273,907	$ 273,907	$ (196,478)	$ (470,385)

(Continued)

COUNTY OF MONTGOMERY, PENNSYLVANIA

SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

MONTGOMERY COUNTY COMMUNITY COLLEGE TAX FUND AND LIQUID FUELS VEHICLE REGISTRATION FEES FUND

FOR THE YEAR ENDED DECEMBER 31, 2025

	Montgomery County Community College Tax Fund				Liquid Fuels Vehicle Registration Fees Fund			
	Budgeted Amounts			Variance with	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget	Original	Final	Actual	Final Budget
Revenues:								
Taxes:								
Current year	$ 24,268,000	$ 24,268,000	$ 23,621,871	$ (646,129)	$ -	$ -	$ -	$ -
Prior years and liened taxes	-	-	-	-	-	-	-	-
Total taxes	24,268,000	24,268,000	23,621,871	(646,129)	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	3,900,000	3,900,000	4,002,645	102,645
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	-	-	-	-	175,000	450,000	354,624	(95,376)
Other	-	-	-	-	-	-	-	-
Total revenues	24,268,000	24,268,000	23,621,871	(646,129)	4,075,000	4,350,000	4,357,269	7,269
Expenditures:								
Current:								
General Administration	-	-	-	-	-	-	-	-
Judicial Administration	-	-	-	-	-	-	-	-
Corrections	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	1,500,000	1,500,000	398,342	(1,101,658)
Public works and enterprises	-	-	-	-	225,539	225,539	-	(225,539)
Adult Welfare	-	-	-	-	-	-	-	-
Child Welfare	-	-	-	-	-	-	-	-
General Welfare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Community development and housing	-	-	-	-	-	-	-	-
Other	24,268,000	24,268,000	23,379,464	(888,536)	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	4,339,855	4,339,855	4,338,657	(1,198)
Total expenditures	24,268,000	24,268,000	23,379,464	(888,536)	6,065,394	6,065,394	4,736,999	(1,328,395)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	242,407	242,407	(1,990,394)	(1,715,394)	(379,730)	1,335,664
Other Financing Sources (Uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Leases (as lessee)	-	-	-	-	-	-	-	-
Issuance of subscription liability	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net Change in Fund Balance	$ -	$ -	$ 242,407	$ 242,407	$ (1,990,394)	$ (1,715,394)	$ (379,730)	$ 1,335,664

(Concluded)

STATISTICAL SECTION

STATISTICAL SECTION

The schedules are intended to improve consistency and comparability in reporting and to provide clearer guidance regarding the applicability of the standards for the statistical section to all types of governmental entities. This part of the County's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, not disclosures, and required information says about the County's overall financial health.

Contents **Page**

COUNTY OF MONTGOMERY, PENNSYLVANIA

NET POSITION BY COMPONENT - LAST TEN YEARS

(Accrual basis of accounting)

(Unaudited)

	2025	2024	2023 (1)	2022	2021	2020	2019	2018	2017	2016
Governmental activities:										
Net investment in capital assets	$ 72,593,826	$ 44,021,527	$ 27,766,833	$ 1,781,131	$ (26,353,305)	$ (27,520,717)	$ (70,066,676)	$ (97,990,942)	$ (195,350,506)	$ (140,209,424)
Restricted	215,879,684	225,435,850	206,793,181	125,311,484	156,630,424	65,697,415	55,298,028	61,152,219	116,892,487	73,163,483
Unrestricted	35,801,496	25,190,172	28,056,702	12,749,047	(35,490,671)	(2,084,553)	(20,542,372)	(8,632,971)	13,241,194	(38,802,100)
Total governmental activities net position	$ 324,275,006	$ 294,647,549	$ 262,616,716	$ 139,841,662	$ 94,786,448	$ 36,092,145	$ (35,311,020)	$ (45,471,694)	$ (65,216,825)	$ (105,848,041)
Primary government:										
Net investment in capital assets	$ 72,593,826	$ 44,021,527	$ 27,766,833	$ 1,781,131	$ (26,353,305)	$ (27,520,717)	$ (70,066,676)	$ (97,990,942)	$ (195,350,506)	$ (140,209,424)
Restricted	215,879,684	225,435,850	142,397,138	125,311,484	156,630,424	65,697,415	55,298,028	61,152,314	116,892,487	73,163,483
Unrestricted	35,801,496	25,190,172	28,056,702	12,749,047	(35,490,671)	(2,084,553)	(20,542,372)	(8,632,971)	13,241,194	(38,802,100)
Total primary government net position	$ 324,275,006	$ 294,647,549	$ 198,220,673	$ 139,841,662	$ 94,786,448	$ 36,092,145	$ (35,311,020)	$ (45,471,599)	$ (65,216,825)	$ (105,848,041)

NOTES:

(1) Restricted net position was restated as of December 31, 2023 due to an error correction.

COUNTY OF MONTGOMERY, PENNSYLVANIA

CHANGES IN NET POSITION - LAST TEN YEARS

(Accrual Basis of Accounting)

(Unaudited)

	Year									
	2025	2024 (1)	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Governmental activities:										
General administration	$ 137,741,506	$ 88,980,409	$ 80,267,905	$ 77,960,192	$ 61,917,676	$ 77,886,491	$ 39,779,943	$ 34,759,718	$ 33,011,420	$ 40,051,146
Judicial administration	120,794,941	109,111,058	97,118,343	94,934,532	89,189,934	82,798,666	80,413,232	78,087,003	74,360,346	78,933,188
Corrections	94,809,201	87,552,176	90,987,547	76,979,070	71,560,458	73,104,810	75,899,407	75,413,898	72,883,912	73,673,089
Public safety	59,058,704	48,444,651	72,995,457	62,882,669	28,527,042	37,522,670	23,207,757	20,895,665	23,945,836	12,620,043
Culture and recreation	14,788,919	14,166,735	25,317,843	23,310,288	16,194,766	21,768,983	8,371,619	7,770,347	3,014,193	5,136,120
Adult welfare	26,283,231	27,822,325	26,787,547	21,340,923	20,381,515	18,756,142	21,516,953	22,485,202	23,733,695	1,952,681
Child welfare	106,271,268	103,001,484	99,479,137	105,788,041	145,582,852	87,811,413	71,227,408	63,818,385	60,122,543	56,536,688
General welfare	326,504,797	332,302,026	361,775,653	386,133,433	403,682,359	286,467,131	242,197,258	245,016,975	221,770,882	187,807,487
Community development and housing	23,778,016	28,898,183	16,995,273	17,972,208	24,673,743	20,540,852	43,672,329	45,098,157	46,096,078	17,172,228
Public works and enterprises	6,951,049	7,475,928	6,123,629	11,310,776	6,821,066	6,335,019	36,263,598	35,029,553	18,556,861	12,744,079
Other	33,111,299	28,002,947	-	-	-	-	-	-	-	-
Interest	33,123,808	31,131,360	23,421,021	25,223,519	18,321,532	15,555,000	14,997,951	15,733,341	15,034,975	16,281,320
Total primary government expenses	$ 983,216,739	$ 906,889,282	$ 901,269,355	$ 903,835,651	$ 886,852,943	$ 728,547,177	$ 657,547,455	$ 644,108,244	$ 592,530,741	$ 502,908,069
Program Revenues:										
Governmental activities:										
Charges for services:										
General administration	$ 39,116,330	$ 8,719,046	$ 14,905,028	$ 14,999,743	$ 15,614,133	$ 15,161,117	$ 15,006,376	$ 14,374,760	$ 16,195,753	$ 2,729,362
Judicial administration	1,625,524	16,045,734	27,415,677	27,613,074	28,734,819	27,901,130	27,611,844	26,449,666	29,800,305	6,726,181
Corrections	46,114	4,253,896	7,268,190	7,320,521	7,617,908	7,396,889	7,322,931	7,014,710	7,903,332	2,986,071
Public safety	1,291,196	12,646,458	21,607,688	21,763,265	22,647,371	21,990,298	21,765,800	20,849,681	23,490,915	501,029
Culture and recreation	63,407	460,919	787,524	793,194	825,417	801,469	790,934	757,644	853,622	439,736
Adult welfare	1,585,174	1,171,502	2,001,623	2,016,035	2,097,934	2,037,066	2,012,556	1,927,848	2,172,067	1,704,164
Child welfare	11,529	312,080	533,219	537,059	558,876	542,661	537,496	514,873	580,097	4,941,700
General welfare	12,865,848	1,666,029	2,846,571	2,867,066	2,983,537	2,896,976	2,867,563	2,746,868	3,094,841	17,782,158
Community development and housing	691,712	854,620	1,460,201	1,470,714	1,530,460	1,486,057	1,466,747	1,405,012	1,582,999	1,526,686
Public works and enterprises	345,856	1,882,085	3,215,723	3,238,876	3,370,452	3,272,664	3,236,179	3,099,969	3,492,673	4,362,506
Operating grants and contributions	549,110,069	522,515,721	537,129,652	565,871,123	592,207,557	479,387,179	337,859,471	338,039,309	309,129,040	314,119,301
Capital grants and contributions	18,513,273	8,149,931	7,306,056	10,117,095	7,486,040	7,772,533	6,676,329	10,190,148	5,168,587	10,903,682
Total primary government revenues	$ 625,266,032	$ 578,678,021	$ 626,477,152	$ 658,607,765	$ 685,674,504	$ 570,646,039	$ 427,154,226	$ 427,370,488	$ 403,464,231	$ 368,722,576
Net (Expenses)/Revenues:										
Governmental activities	$ (357,950,707)	$ (328,211,261)	$ (274,792,203)	$ (245,227,886)	$ (201,178,439)	$ (157,901,138)	$ (230,393,229)	$ (216,737,756)	$ (189,066,510)	$ (134,185,493)
Total primary government net (expenses) revenues	$ (357,950,707)	$ (328,211,261)	$ (274,792,203)	$ (245,227,886)	$ (201,178,439)	$ (157,901,138)	$ (230,393,229)	$ (216,737,756)	$ (189,066,510)	$ (134,185,493)
General Revenues and other Changes in Net Position:										
Governmental activities:										
Real estate taxes	$ 353,533,437	$ 322,013,444	$ 300,873,596	$ 265,931,073	$ 247,551,292	$ 231,893,880	$ 230,714,946	$ 233,043,543	$ 229,189,940	$ 202,607,580
Room occupancy tax	-	-	9,774,839	8,641,282	6,290,055	443,148	-	-	-	-
Grants and contributions, unrestricted	-	-	-	-	-	-	149,513	365,536	305,673	281,518
Gain on sale of capital assets	107,898	79,640	-	-	-	-	-	69,659	-	-
Earnings on investments	19,946,153	25,860,539	22,423,989	7,879,965	909,677	1,359,117	3,942,642	3,004,149	1,320,669	(4,163,364)
Miscellaneous	13,990,676	12,288,471	98,791	3,424,906	4,294,123	50,924	122,085	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	(21,482,910)
Total governmental activities	387,578,164	360,242,094	333,171,215	285,877,226	259,045,147	233,747,069	234,929,186	236,482,887	230,816,282	177,242,824
Total primary government	$ 387,578,164	$ 360,242,094	$ 333,171,215	$ 285,877,226	$ 259,045,147	$ 233,747,069	$ 234,929,186	$ 236,482,887	$ 230,816,282	$ 177,242,824
Change in Net Position:										
Governmental activities	$ 29,627,457	$ 32,030,833	$ 58,379,012	$ 40,649,340	$ 57,866,708	$ 75,845,931	$ 4,535,957	$ 19,745,131	$ 41,749,772	$ 43,057,331
Total primary government change in net position	$ 29,627,457	$ 32,030,833	$ 58,379,012	$ 40,649,340	$ 79,833,931	$ 75,845,931	$ 4,535,957	$ 19,745,131	$ 41,749,772	$ 43,057,331

1 For 2024 the County began netting the room occupancy tax collected against the remittance expense.

COUNTY OF MONTGOMERY, PENNSYLVANIA

FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	Year									
	2025	2024	2023 (1)	2022	2021	2020	2019	2018	2017	2016
General Fund:										
Nonspendable	$ 3,095,343	$ 3,571,489	$ 2,957,291	$ 2,078,516	$ 1,249,285	$ 928,182	$ 744,012	$ 2,591,232	$ 2,101,234	$ 1,210,026
Restricted	-	-	-	2,392,779	-	-	-	-	-	-
Assigned	43,435,000	17,600,000	18,100,000	13,100,000	25,000,000	35,000,000	-	-	-	-
Unassigned	153,117,495	158,417,768	143,841,185	123,488,570	95,183,963	98,447,908	92,360,050	87,127,996	82,219,395	55,934,889
Total General Fund	$ 199,647,838	$ 179,589,257	$ 164,898,476	$ 141,059,865	$ 121,433,248	$ 134,376,090	$ 93,104,062	$ 89,719,228	$ 84,320,629	$ 57,144,915
All Other Governmental Funds:										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 482,846	$ 671,894	$ -
Restricted	247,326,861	180,702,186	271,367,297	244,798,074	156,630,424	76,215,629	91,293,737	66,208,350	113,906,568	73,163,483
Assigned	13,152,144	10,939,636	10,547,547	10,420,970	10,650,127	8,175,945	10,577,678	18,393,696	12,849,315	15,693,821
Unassigned	(28,766)	(5,218,744)	(28,766)	(28,766)	(26,004)	(21,536,390)	(373,898)	(2,863,571)	(1,945,246)	(4,957,073)
Total all Other Governmental Funds	$ 260,450,239	$ 186,423,078	$ 281,886,078	$ 255,190,278	$ 167,254,547	$ 62,855,184	$ 101,497,517	$ 82,221,321	$ 125,482,531	$ 83,900,231

NOTES:
(1) Restricted fund balances was restated as of December 31, 2023 due to an error correction.

COUNTY OF MONTGOMERY, PENNSYLVANIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN YEARS

(Modified Accrual Basis of Accounting)

(Unaudited)

	Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Taxes	$ 349,890,685	$ 321,248,519	$ 282,329,500	$ 264,734,050	$ 247,436,433	$ 230,993,978	$ 230,794,750	$ 230,674,844	$ 230,587,947	$ 202,607,580
Grants and entitlements	567,623,342	530,665,652	559,471,964	580,329,405	599,123,828	486,911,179	343,650,875	348,229,457	314,297,627	325,022,983
Departmental earnings	58,883,711	54,420,223	46,973,957	48,450,059	48,097,569	45,829,277	49,456,007	51,246,918	50,832,558	43,927,263
District Justices	2,894,807	2,651,665	2,423,205	2,217,572	2,084,024	1,806,419	2,701,791	2,558,112	2,606,030	2,772,330
Investment income	19,946,153	25,860,539	22,223,671	7,618,932	927,064	1,359,118	3,939,818	3,004,149	1,320,669	685,695
Contribution fees	-	-	23,124,597	23,549,157	24,785,470	23,382,503	19,976,018	18,926,620	22,383,551	-
Fines and forfeits	238,814	100,159	97,894	81,725	189,398	136,213	149,513	365,536	305,673	281,518
Other	13,990,676	12,288,471	23,318,765	20,625,562	22,070,882	17,062,520	11,247,611	7,186,802	13,335,695	7,987,485
Total revenues	1,013,468,188	947,235,228	959,963,553	947,606,462	944,714,668	807,481,207	661,916,383	662,192,438	635,669,750	583,284,854
Expenditures:										
General administration	135,416,858	80,842,816	49,589,483	47,905,009	55,037,550	50,376,551	43,769,849	34,914,715	34,163,618	30,699,975
Judicial administration	113,287,017	103,985,361	95,210,371	84,453,912	80,189,310	78,981,274	80,967,726	79,049,870	73,145,509	75,656,350
Corrections	89,374,952	83,054,943	72,931,588	65,710,314	65,036,525	69,631,361	69,615,901	69,091,879	67,129,283	67,331,560
Public safety	49,953,773	45,844,233	67,935,465	58,640,453	38,195,099	23,500,165	20,249,919	21,668,926	19,239,585	5,635,592
Culture and recreation	10,003,187	9,752,368	7,786,964	7,052,337	6,559,235	6,457,376	6,035,196	5,807,883	5,463,327	4,946,171
Adult welfare	25,468,067	27,057,398	23,439,766	17,843,933	18,481,437	18,702,348	19,713,207	19,067,412	20,245,839	19,168,500
Child welfare	104,306,539	100,741,062	86,518,113	94,597,295	137,731,695	86,957,464	71,039,992	63,300,148	59,842,906	55,584,432
General Welfare	319,732,356	323,633,394	351,020,940	371,933,907	393,880,042	286,985,616	242,559,067	244,702,364	221,655,711	197,038,802
Community development and housing	23,101,235	28,336,383	16,263,817	17,434,849	24,766,221	18,451,953	13,557,104	10,538,446	10,648,252	11,138,365
Mass transportation	-	-	-	-	-	-	5,070,409	4,671,490	4,642,221	5,856,564
Public works and enterprises	2,567,212	3,599,534	1,834,667	1,553,416	1,707,958	1,636,150	2,397,026	4,369,687	2,660,538	4,113,782
Insurance	2,393,808	2,073,127	2,286,730	3,616,395	1,723,328	1,512,404	3,162,215	1,991,345	1,506,006	1,408,760
Debt service:										
Principal	39,154,912	39,301,403	46,912,962	39,875,614	33,379,000	32,071,213	32,187,500	31,996,037	26,400,000	23,225,000
Interest	31,712,580	31,632,704	27,774,445	21,305,548	19,033,470	16,327,072	14,729,638	14,023,789	17,204,166	16,506,088
Debt issuance costs	318,289	-	-	-	-	-	-	-	-	-
Operational costs	-	-	-	-	1,750	13,921	98,966	102,486	79,394	177,299
Capital outlay	110,645,701	124,902,939	182,168,823	132,198,082	70,825,396	63,263,022	51,894,464	57,162,795	26,173,805	44,955,857
Other	32,759,307	28,002,947	51,629,243	50,923,050	49,941,112	53,565,458	34,831,891	37,845,349	39,216,183	9,554,318
SBITA Expenditure (1)	-	-	4,294,539	-	-	-	-	-	-	-
Right-to-use - lease expenditures (1)	-	-	3,497,965	7,982,325	-	-	-	-	-	-
Total expenditures	1,090,195,793	1,032,760,612	1,091,095,881	1,023,026,439	996,489,128	808,433,348	711,880,070	700,304,621	629,416,343	572,997,415
Excess (Deficiency) of Revenues Over (Under) Expenditures	(76,727,605)	(85,525,384)	(131,132,328)	(75,419,977)	(51,774,460)	(952,141)	(49,963,687)	(38,112,183)	6,253,407	10,287,439
Other Financing Sources (Uses):										
Transfers in	36,375,330	4,381,866	14,901,367	-	4,172,559	62,206,871	20,017,526	10,181,373	26,312,390	702,441
Transfers out	(37,750,330)	(5,481,866)	(16,606,994)	-	(4,172,559)	(62,417,269)	(20,017,526)	(10,181,373)	(27,012,390)	(2,555,529)
Transfers to componenet units	-	-	-	-	-	-	-	-	-	(19,629,822)
Right-to-use of capital assets	2,592,844	4,517,624	3,497,965	7,982,325	-	-	-	-	-	-
SBITA Assets Issued	10,169,316	1,255,901	4,294,539	-	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	107,898	79,640	-	-	-	-	-	-	-	-
Proceeds from debt issuance	-	-	155,605,000	153,155,000	106,085,000	-	54,755,000	-	53,025,000	-
Refunding bonds issued	-	-	-	-	-	-	62,180,000	43,970,000	24,770,000	-
Premium on refunding bonds issued	-	-	-	-	-	-	-	-	-	8,903,551
Premium on debt issued	10,593,289	-	9,924,356	22,255,901	36,318,385	-	21,327,032	4,700,433	5,024,636	-
Payment to refunding bond escrow agent	-	-				-	(70,520,406)	(45,386,756)	(27,908,862)	(53,771,291)
Swap termination fee	-	-	-	-	-	-	-	(2,837,000)	-	(6,470,400)
Proceeds from bond issue	148,725,000	-	-	-	-	-	-	-	-	111,720,000
Bond issue costs	-	-	(452,195)	(410,901)	-	-	-	-	-	-
Total other financing sources (uses)	170,813,347	4,753,165	171,164,038	182,982,325	142,403,385	(210,398)	67,741,626	446,677	54,210,774	38,898,950
Special Item - disposal of operations	-	-	-	-	-	-	-	-	-	-
Net change in fund balance	$ 94,085,742	$ (80,772,219)	$ 40,031,710	$ 107,562,348	$ 90,628,925	$ (1,162,539)	$ 17,777,939	$ (37,665,506)	$ 60,464,181	$ 49,186,389
Debt service as a percentage of noncapital expenditures	7.24%	7.81%	6.88%	4.67%	4.37%	5.37%	5.51%	6.66%	7.04%	6.95%

NOTES:
(1) In 2024, the County began reporting costs by function.

COUNTY OF MONTGOMERY, PENNSYLVANIA

ASSESSED AND ESTIMATED ACTUAL VALUE OF
TAXABLE PROPERTY - LAST TEN YEARS

2016-2025
(Unaudited)

Fiscal Year	Residential	Commerical	Farm	Industrial	Total Taxable Assessed Value	Exempt (1)	Estimated Actual Market Value	Assessed Value As a Percentage of Market Value	Total Direct Tax Rate
2016	44,025,102,509	13,727,566,541	317,867,335	1,950,615,369	60,021,151,754	6,984,007,188	106,837,650,122	56.2%	3.459
2017	44,230,342,985	13,948,819,906	318,456,215	1,921,476,269	60,419,095,375	7,065,694,780	111,775,326,444	54.1%	3.849
2018	44,401,318,304	14,089,890,968	318,701,485	1,891,060,325	60,700,971,082	7,274,819,310	118,973,903,321	51.0%	3.849
2019	44,585,183,154	14,307,543,171	321,774,790	1,873,766,195	61,088,267,310	7,317,564,560	124,009,182,639	49.3%	3.849
2020	44,763,028,515	14,529,940,379	329,505,885	1,888,965,942	61,511,440,721	7,368,821,393	131,019,368,736	46.9%	3.849
2021	45,007,022,935	14,765,891,792	331,256,605	1,900,580,262	62,004,751,594	7,364,024,043	138,890,643,817	44.6%	4.022
2022	45,329,312,700	14,910,871,792	324,666,285	1,928,908,682	62,493,759,459	7,470,427,313	158,109,211,431	39.5%	4.313
2023	45,620,536,158	14,893,496,661	326,949,460	1,948,085,188	62,789,067,467	7,528,784,383	177,065,170,257	35.5%	4.627
2024	45,869,173,228	14,659,936,793	328,012,960	1,967,145,165	62,824,268,146	7,595,220,783	190,985,775,164	32.9%	5.178
2025	46,004,435,308	14,394,134,028	332,107,970	1,964,460,600	62,695,137,906	7,652,765,693	203,759,198,195	30.8%	5.642

NOTES:
(1) Exempt property includes railroads and utilities, which is not included in any category listed above.

SOURCE:
Montgomery County Board of Assessment Office

COUNTY OF MONTGOMERY, PENNSYLVANIA

REAL PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS

2016-2025
(Unaudited)

REAL ESTATE TAX RATE (MILLS)
(Continued)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
County Direct Rates - General Purposes	5.252	4.788	4.237	3.923	3.632	3.459	3.459	3.459	3.459	3.459
County Direct Rates - Total County Direct	5.642	5.178	4.627	4.313	4.022	3.849	3.849	3.849	3.849	3.459
Overlapping Rates - Borough/Township (1)	5.458	5.284	4.949	4.784	4.574	4.397	4.305	4.281	4.065	3.947
Overlapping Rates - School District (1)	35.621	34.292	33.135	32.234	31.466	30.975	30.386	29.733	29.060	28.478
Total Direct and Overlapping Rates	46.721	44.754	42.711	41.332	40.062	39.221	38.540	37.863	36.974	35.884

NOTE:
(1) Each unit within these classes levies its own millage rate. The rates shown are weighted-averages.

SOURCE:
Montgomery County Board of Assessment Office

COUNTY OF MONTGOMERY, PENNSYLVANIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN YEARS

2016-2025
(Unaudited)

REAL ESTATE TAX RATE (MILLS)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
MONTGOMERY COUNTY										
General Purposes	5.2520	4.7880	4.2370	3.9230	3.6320	3.4590	3.4590	3.4590	3.4590	3.4590
Community College	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	-
Total Direct Rate	5.6420	5.1780	4.6270	4.3130	4.0220	3.8490	3.8490	3.8490	3.8490	3.4590
Borough Rates:										
Ambier	9.8150	9.8150	8.8150	7.8600	7.8600	7.8600	7.3600	7.3600	7.3600	7.3600
Bridgeport	12.2300	12.2300	12.2300	12.2300	12.2300	12.2300	12.2300	12.2300	12.2300	12.2300
Bryn Athyn	12.1180	11.7850	11.1110	10.8760	10.8760	10.8760	10.8760	10.8760	10.6090	10.3000
Collegeville	7.5500	7.5500	7.5500	6.2000	5.2000	5.2000	4.9000	4.9000	4.4000	4.0000
Conshohocken	4.5000	4.5000	4.5000	4.5000	4.5000	4.5000	3.5000	3.5000	3.5000	3.5000
West Greenville	7.4000	7.2500	6.7500	6.7500	6.2500	6.2500	6.2500	6.2500	6.7500	6.2500
Green Lane	2.5000	2.5000	2.5000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Hatboro Borough	11.3660	11.3660	10.6280	10.0020	9.7890	9.7890	9.2390	9.2390	7.8780	7.8780
Hatfield Borough	4.2500	3.2500	3.2500	3.2500	2.2500	2.0000	2.0000	2.0000	2.0000	1.7000
Jenkintown	11.3370	11.3370	11.1630	10.0530	8.5530	8.5530	8.1530	7.7530	7.7530	7.5930
Lansdale	8.0000	7.2500	7.2500	6.2500	5.7500	5.7500	5.5000	5.5000	4.5000	4.5000
Narberth	9.8650	9.8650	9.8650	11.9650	9.8650	9.8650	9.7100	9.7100	9.5500	8.7750
Norristown	18.2500	17.2500	17.0000	16.0000	16.0000	15.0000	14.7000	14.7000	12.7000	12.7000
North Wales	7.0000	7.0000	6.0000	6.0000	5.5010	5.0010	5.0010	5.0010	5.0010	4.0010
Pennsburg	9.7250	9.7250	8.7500	8.7250	7.2250	7.2250	7.2250	7.2250	5.9750	5.4750
Pottstown	15.1180	14.6090	14.2290	13.9450	13.5430	13.1610	12.6750	11.5800	10.3400	10.3110
Red Hill	4.2000	3.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	3.7000	2.7000
Rockledge	10.6000	10.5000	10.3500	8.8500	8.8500	7.3500	7.3500	7.2500	6.3500	6.3500
Royersford	9.9500	9.9500	8.7000	8.7000	10.2000	10.2000	9.4500	9.4500	8.4500	8.2000
Schwenksville	7.7900	7.6500	7.0000	6.9400	7.4000	5.9400	5.9400	5.9400	5.9400	4.9400
Souderton	9.7500	9.7500	7.2500	6.4000	5.9500	5.7800	5.7800	5.7800	5.5100	5.5100
Telford	7.5300	7.1400	7.1400	6.9900	6.7400	6.7400	6.6400	6.6400	6.0600	6.0600
Trappe	1.9700	1.4700	0.4700	0.9700	0.9700	0.4700	0.4700	0.4700	0.4700	0.4700
West Conshokocken	1.1800	1.1800	1.1800	1.1800	1.1800	1.1800	1.1800	1.1800	1.5270	1.5270

(Continued)

Municipalities:										
Abington	5.9220	5.9220	5.9220	5.9220	4.8510	4.8510	4.4430	4.4430	4.2030	4.2030
Cheltenham	9.9552	9.6652	9.5696	9.5695	9.5695	9.5695	9.1785	9.1785	8.4165	8.0972
Douglassville	3.5000	3.5000	3.5000	3.0000	3.0000	2.6000	2.3000	2.3000	1.8000	1.8000
East Norriton	2.7270	2.7270	2.7270	2.7270	2.7270	2.7270	2.7270	2.7270	2.7270	2.7270
Franconia	2.4400	2.2542	2.2542	2.2542	2.0300	2.0300	1.9790	1.9790	1.9240	1.9240
Hatfield	5.2210	5.2210	5.2210	5.2210	5.2210	5.2210	5.2210	5.2210	5.2210	5.2210
Horsham	2.2300	2.2300	1.4800	1.4800	1.3000	1.2000	1.2000	1.2000	1.0000	1.0000
Limerick	3.4830	3.4830	2.6130	2.5930	2.5930	2.5930	2.5930	2.5930	2.5930	2.5930
Lower Frederick	3.4200	3.3250	2.8200	2.8200	2.8200	2.8200	2.4150	2.4150	2.3500	2.3500
Lower Gwynedd	1.2230	1.2230	1.2230	1.2230	1.2230	1.2230	1.2230	1.2230	1.2230	1.2230
Lower Merion	4.4620	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900
Lower Moreland	6.2740	5.6740	5.3320	5.1300	5.1300	4.9400	4.8030	4.8030	4.1830	4.0640
Lower Pottsgrove	4.3680	4.3680	4.1180	4.1180	3.8680	3.8680	3.6180	3.6180	3.3368	3.3680
Lower Providence	3.8590	3.4724	2.9593	2.5875	2.3075	2.0870	2.0870	2.0870	1.7670	1.7670
Lower Salford	3.4590	3.1390	2.9590	2.6890	2.6890	2.6890	2.6890	2.6890	2.6890	2.6890
Marlborough	3.1850	2.9350	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500
Montgomery	2.9400	2.9400	2.4900	1.5870	1.4900	1.4900	1.4900	1.4900	1.4900	1.4900
New Hanover	1.5870	1.5870	1.5870	1.5870	1.5870	1.5870	1.5870	1.5870	1.6800	1.6800
Perkiomen	0.9500	0.9500	0.6200	0.6200	0.6200	0.6200	0.6200	0.6200	0.6200	0.6200
Plymouth	2.9450	2.7920	2.6200	2.3200	2.4200	2.3200	2.1600	2.1600	2.1000	2.1000
Salford	1.4000	1.4000	1.4000	1.4000	1.4000	1.4000	1.4000	1.4000	1.4000	1.4000
Skippack	0.3200	0.3200	0.3200	0.3200	0.3200	0.3200	0.3200	0.3200	0.3508	0.3508
Springfield	4.6500	4.5160	4.5160	4.5160	4.5160	4.4410	4.4410	4.4410	3.9650	3.6760
Towamencin	5.6890	5.6895	5.6895	4.5580	4.5580	3.8080	3.8080	3.8080	3.8080	3.8080
Upper Dublin	6.9820	6.2340	6.1420	6.1420	6.1420	5.9920	5.8460	5.8460	5.6610	5.6610
Upper Frederick	1.6200	1.6200	1.6200	1.6200	1.6200	1.6200	1.6200	1.6200	1.6200	1.6200
Upper Gwynedd	2.0410	2.0410	1.8740	1.8740	2.0410	2.0410	2.0410	2.0410	2.0410	2.0120
Upper Hanover	1.4500	1.4500	1.4500	1.4500	1.4500	1.4500	1.4500	1.4500	1.4500	1.4500
Upper Merion	4.4610	4.4610	3.6400	3.3800	2.7900	2.1900	2.1590	2.1590	2.1590	2.1590
Upper Moreland	7.3090	7.0800	6.2580	5.9500	5.4690	5.2690	5.2690	5.2690	4.9390	4.8200
Upper Pottsgrove	4.7500	4.0000	4.0000	4.0000	4.0000	4.0000	4.0000	4.0000	4.3000	4.3000
Upper Providence	2.7500	2.5000	2.5000	2.5000	1.2000	1.2000	1.2000	1.2000	1.2000	-
Upper Salford	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
West Norriton	4.4750	4.4750	4.4750	4.4750	4.4750	4.4750	4.4750	4.4750	4.4750	4.4750
West Pottsgrove	4.5000	4.5000	3.0000	3.0000	3.0000	2.5000	2.5000	2.5000	2.5000	2.5000
Whitemarsh	2.3633	2.3633	2.3630	2.3633	2.3633	2.0379	2.0379	2.0379	2.0379	2.0379
Whitpain	3.9500	3.2000	3.2000	3.2000	3.2000	3.2000	3.2000	3.2000	3.2000	3.2000
Worcester	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500

(Continued)

School District:										
Abington	38.5500	37.0700	35.2100	33.8300	32.7200	31.7700	31.7700	31.7700	31.7700	30.8300
Boyertown	32.6900	31.7380	30.8140	29.9170	29.0460	28.2000	27.3300	26.3700	25.0200	24.2700
Bryn Athyn	-	-	-	-	-	-	-	-	-	1.0000
Cheltenham	54.7700	53.1700	52.0400	51.8400	51.0180	49.5325	48.2773	47.0539	45.9511	45.0943
Colonial	26.4950	25.6780	25.0200	24.3950	23.9950	23.3640	22.7720	21.9170	21.4040	20.9638
Hatboro-Horsham	34.9700	33.8000	32.6500	31.4900	30.5910	30.0240	29.4640	28.8020	28.1410	27.4870
Jenkintown	52.5960	50.4750	47.6650	45.8543	43.3043	43.3043	42.2143	41.2672	40.3000	38.9836
Lower Merion	35.2674	33.9110	32.3948	31.2045	30.7768	30.1734	29.4088	21.9170	28.0740	27.3963
Lower Moreland	43.7627	41.5798	39.9784	38.4943	37.3908	36.7205	35.8576	35.1906	34.3069	33.3179
Methacton	35.7219	34.2000	32.6492	31.6522	31.2645	30.8534	30.3781	30.0431	29.4585	28.7400
Norristown	39.5960	39.2040	39.2040	39.2040	39.2040	39.2040	37.9520	36.9190	35.8790	34.3890
North Penn	32.2040	30.9667	29.6365	28.4712	27.5369	26.7742	26.0957	25.5090	24.6704	24.1890
Perkiomen Valley	38.7000	37.3200	36.3800	35.4500	34.8500	34.5100	33.7200	33.2300	32.3500	31.6000
Pottsgrove	41.7543	40.6962	39.8592	38.8870	38.4830	38.1020	38.1020	37.8630	37.8630	37.7158
Pottstown	44.3900	41.9600	41.9667	41.9667	41.9667	41.9667	41.9667	40.6260	39.2522	39.2522
Souderton	35.8249	34.4636	32.7290	31.4400	30.5837	30.3200	30.0495	29.6201	28.9259	28.7820
Springfield Township	40.6564	39.0927	37.4093	36.3197	35.3304	34.4687	33.7102	33.0654	32.3913	31.6638
Spring-Ford	34.1855	32.5131	30.8766	29.6712	28.7379	28.1869	27.4777	28.8599	26.2442	26.2442
Upper Dublin	39.7506	38.2218	37.4467	36.8570	36.1344	35.2635	34.4202	33.6826	33.0254	32.2861
Upper Merion	24.0100	22.7200	22.0000	21.4600	20.7600	20.7600	20.3400	19.8900	19.4300	18.9600
Upper Moreland	39.5138	37.7761	36.0961	34.6745	32.5815	32.5816	31.7559	30.8598	30.1366	29.4016
Upper Perkiomen	28.2081	27.8340	26.8928	25.8585	25.7323	25.2278	25.2278	24.5407	24.3479	23.6388
Wissahickon	25.6540	24.3200	23.1900	22.4500	21.7200	21.1200	20.5900	20.0200	19.4400	18.7900

Source:
Montgomery County Board of Assessment Office

(Concluded)

COUNTY OF MONTGOMERY, PENNSYLVANIA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

		December 31, 2025			December 31, 2016		
Taxpayer	Type of Business	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
Merck Sharp & Dohme Corporation	Pharmaceuticals	$ 511,557,990	1	0.81%	$ 564,823,700	1	0.94%
Simons Properties	Commercial Real Estate	434,740,284	2	0.69%	494,687,020	2	0.82%
Neilson-Sunderland Partnership	Real Estate Investment	309,005,989	3	0.49%	226,725,050	5	0.38%
BET	Real Estate Developer	229,161,576	4	0.36%	-	-	-
The Westover Companies	Property Management	172,278,400	5	0.27%	138,663,820	7	0.23%
Wyeth/Pfizer	Pharmaceuticals	145,276,920	6	0.23%	185,832,820	6	0.31%
PREIT	Real Estate Investment	143,420,030	7	0.23%	-	-	-
Johnson and Johnson	Pharmaceuticals and Medical Devices	129,520,500	8	0.21%	126,589,780	8	0.21%
RV of 1 LP	Real Estate Investment	125,871,380	9	0.20%	-	-	-
A.C.T.S., Inc.	Retirement Community	114,913,590	10	0.18%	110,774,480	10	0.18%
Brandywine Operating Partnership	Real Estate and Investment Services	-	-	-	304,929,570	4	0.41%
Liberty Properties	Real Estate Investments	-	-	-	120,772,723	3	0.43%
Glaxo - Smith Kline	Pharmaceuticals	-	-	-	110,438,820	9	0.20%
		$ 2,315,746,659		3.67%	$ 2,384,237,783		4.11%

SOURCE:
Montgomery County Board of Assessment Office

COUNTY OF MONTGOMERY, PENNSYLVANIA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS 2016-2025
(Unaudited)

Fiscal Year	Total Tax Levy	Collected Within the Fiscal Year of the Levy: Current Tax Collections	Collected Within the Fiscal Year of the Levy: Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2016	207,211,277	200,144,742	96.59%	4,800,233	204,944,975	98.91%	4,442,122	2.14%
2017	208,926,445	203,086,678	97.20%	5,438,343	208,525,021	99.81%	1,617,865	0.77%
2018	209,872,929	202,225,103	96.36%	5,816,262	208,041,365	99.13%	3,857,057	1.84%
2019	211,118,388	205,286,135	97.24%	5,774,306	211,060,441	99.97%	2,816,548	1.33%
2020	212,585,105	203,153,757	95.56%	3,620,760	206,774,517	97.27%	3,033,868	1.43%
2021	225,324,209	217,181,825	96.39%	5,016,065	222,197,890	98.61%	2,752,391	1.22%
2022	244,665,717	236,100,264	96.50%	4,482,956	240,583,220	98.33%	2,060,873	0.84%
2023	266,359,292	256,901,316	96.45%	3,589,200	260,490,516	97.80%	2,161,947	0.81%
2024	301,477,623	290,987,284	96.52%	3,665,322	294,652,606	97.74%	5,453,401	1.81%
2025	330,547,067	324,142,356	98.06%	-	324,142,356	98.06%	1,345,269	0.41%

SOURCES:
Annual Audited Financial Statements

COUNTY OF MONTGOMERY, PENNSYLVANIA

RATIO OF OUTSTANDING DEBT BY TYPE - LAST TEN YEARS

2016-2025
(Unaudited)

Fiscal Year	General Obligation Bonds/Notes	Lease Liability	Subscription Liability	Nonexchange Financial Guarantee	Total Primary Government	Total Debt to Market Value	Total Debt to Personal Income	Total Debt Per Capita
2016	$ 423,534,436	$ -	$ -	$ -	$ 423,534,436	0.396%	0.708%	515
2017	470,274,018	-	-	-	470,274,018	0.421%	0.737%	569
2018	438,840,037	-	-	-	438,840,037	0.369%	0.657%	530
2019	473,700,209	-	-	-	473,700,209	0.382%	0.695%	570
2020	437,507,796	-	-	11,234,000	437,507,796	0.334%	0.608%	511
2021	542,456,111	-	-	10,225,000	542,456,111	0.391%	0.711%	630
2022	677,260,028	39,199,834	-	9,195,000	716,459,862	0.428%	1.198%	836
2023	800,074,751	38,037,281	8,280,863	8,145,000	846,392,895	0.452%	1.477%	983
2024	754,656,605	38,084,510	4,322,822	7,075,000	797,063,937	0.391%	1.334%	924
2025	869,218,145	36,253,637	9,367,758	5,980,000	914,839,540	0.479%	(2)	(2)

NOTES:

(1) Details regarding the County's outstanding debt can be found in the notes to financial statements.

(2) See the Schedule of Demographic and Economic Statistics for personal income and population data (information not available for 2025).

COUNTY OF MONTGOMERY, PENNSYLVANIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

(UNAUDITED)

DECEMBER 31, 2025

Direct Debt of County and Related Entities	Net Debt Outstanding	Percentage applicable	Estimated share of direct and overlapping debt
Overlapping			
Montgomery County Community College[1]	$ 62,722,900	100%	$ 62,722,900
Direct			
County of Montgomery	914,839,540	100%	914,839,540
Total direct and overlapping debt	$ 977,562,440		$ 977,562,440
Ratio of Total Direct and Overlapping Debt:			
Total assessed value			0.48%
Per capita			$ 1,114.08
Total Assessed Value	$ 203,759,198,195		
Population	877,463		

Note:

(1) Montgomery County Community College debt is as of June 30, 2025

Source: Montgomery County Finance Office

COUNTY OF MONTGOMERY, PENNSYLVANIA

LEGAL DEBT MARGIN INFORMATION - LAST TEN YEARS

2016-2025
(Unaudited)

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt Limit	$ 2,801,452,934	$ 2,540,201,659	$ 2,479,641,897	$ 2,400,843,630	$ 2,220,349,989	$ 2,029,661,901	$ 1,855,694,758	$ 1,775,214,331	$ 1,642,310,270	$ 1,542,733,159
to Limit	779,085,000	671,850,000	707,260,000	587,590,000	468,800,000	395,085,000	427,967,420	410,834,920	444,127,457	399,825,000
Legal Debt Margin	$ 2,022,367,934	$ 1,868,351,659	$ 1,772,381,897	$ 1,813,253,630	$ 1,751,549,989	$ 1,634,576,901	$ 1,427,727,338	$ 1,364,379,411	$ 1,198,182,813	$ 1,142,908,159
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	27.81%	26.45%	28.52%	24.47%	21.11%	19.47%	23.06%	23.14%	27.04%	25.92%

SOURCES:
Montgomery County Finance Office, Annual Financial Statements

COUNTY OF MONTGOMERY, PENNSYLVANIA

DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN YEARS

2016-2025
(Unaudited)

Fiscal Year	(1) Population	(2) Total Personal Income (thousands of dollars)	(2) Per Capita Income ($)	(4) Public School Enrollment	(3) Unemployment Rate
2016	821,725	59,805,193,000	72,780	106,274	4.2%
2017	826,075	63,778,569,000	77,207	109,486	3.4%
2018	828,562	66,790,654,000	80,606	115,859	3.1%
2019	830,915	68,165,713,000	82,037	115,747	3.9%
2020	856,553	71,996,142,000	86,340	116,690	5.4%
2021	860,578	76,308,438,000	88,671	115,441	3.3%
2022	865,044	80,991,052,000	93,666	116,115	3.0%
2023	868,742	87,892,096,000	101,172	115,907	2.4%
2024	879,190	91,769,650,000	104,380	114,907	2.7%
2025	877,463	*	*	*	3.0%

* Information not yet available.

SOURCES:
(1) U.S. Census Bureau
(2) U.S. Department of Commerce, Bureau of Economic Analysis
(3) United States Department of Labor, Bureau of Labor Statistics
(4) Pennsylvania Department of Education

COUNTY OF MONTGOMERY, PENNSYLVANIA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Employer:	Location	Ranking (1) 2025	2016
Merck Sharp & Dohme Corporation	West Point	1	1
Abington Memorial Hospital	Abington	2	2
Main Line Hospitals Inc.	Lower Merion	3	3
PA State Government	Various	4	4
SEI Investments Company	Oaks	5	-
Albert Einstein Medical Center	Norristown	6	-
Giant Food Stores LLC	Various	7	5
SmithKline Beecham Corporation	Swedeland	8	7
Lockheed Martin Corporation	Upper Merion	9	-
Montgomery County	Norristown	10	9
United Parcel Service	Horsham	-	6
Tristarr Staffing Inc.	Various	-	8
Federal Government	Various	-	10

SOURCES:
(1) Pennsylvania Center for Workforce Information and Analysis

NOTE: The Pennsylvania Center for Workforce Information & Analysis is not able to provide the number of employees due to confidentiality restrictions.

COUNTY OF MONTGOMERY, PENNSYLVANIA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN YEARS
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Full-Time Employees by Function:										
General government	368	350	311	305	295	288	278	274	274	275
Judicial	890	851	800	775	804	802	843	834	840	845
Public safety	308	302	294	278	278	300	307	306	296	298
Corrections	364	370	360	363	368	416	408	409	404	395
Public property	102	98	89	93	83	89	89	88	98	96
Human Services	579	550	527	499	504	521	471	462	484	474
Parks, trails, and historic sites	84	82	83	80	74	73	76	75	71	69
Commerce	35	33	31	34	33	30	30	33	18	19
Total Full Time	2,730	2,636	2,495	2,427	2,439	2,519	2,502	2,481	2,485	2,471
Part-Time Employees by Function:										
General government	17	18	17	22	22	31	22	23	28	31
Judicial	92	87	87	98	100	118	127	139	142	136
Public safety	136	127	143	159	155	166	155	114	123	112
Corrections	4	4	4	8	5	7	7	9	8	8
Public Property	5	6	5	2	3	6	11	6	10	8
Human Services	34	30	27	27	25	23	21	21	19	24
Parks, trails, and historic sites	30	30	260	27	29	34	32	32	34	33
Commerce	-	-	-	1	1	1	1	1	-	-
Total Part-time	318	302	543	344	340	386	376	345	364	352
TOTAL	3,048	2,938	3,038	2,771	2,779	2,905	2,878	2,826	2,849	2,823

SOURCE:
Montgomery County Human Resources Office, Information Technology Office

COUNTY OF MONTGOMERY, PENNSYLVANIA

MISCELLANEOUS STATISTICS

AS OF DECEMBER 31, 2025

(Unaudited)

Date founded:	1784	
Form of government:	County	
Area:	487	square miles
Number of Municipalities:	38	Townships
	24	Boroughs
Miles of roads:	75	County
County bridges:	133	
Airports:	6	
Passenger Rail Stations:	41	
Fire / ambulance protection:	97	Fire Stations
	76	Ambulance and EMS stations
Police protection:	50	Municipal Police Departments
	2	State Police Barracks
	1	County Detective
Hospitals and medical centers:	18	
Number of school districts:	23	
Number of colleges:	20	

Major county parks:

Park	Acres	Active Trail/miles
Central Perkiomen Valley Park	800	19
Green Lane Park	3,400	25
Lock 60 at the Schuylkill Canal Park	-	5
Lorimer Park	230	5.4
Lower Perkiomen Valley Park	107	-
Norristown Farm Park	690	8
Upper Schuylkill Valley Park	15	-

County employees:	2,730	Full-time
	318	Part-time
Public libraries:	36	
Registered voters:	618,301	

SOURCE:

Montgomery County Human Resources Department, Department of Public Safety, Parks and Recreation Department, Voter Services, various other departments

COUNTY OF MONTGOMERY, PENNSYLVANIA

OPERATING INDICATORS BY FUNCTION/PROGRAM - LAST TEN YEARS

(Unaudited)

Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Administration:										
Total number of real assessment appeals	2,134	1,077	738	651	1,505	2,141	2,072	1,958	1,957	1,533
Total bids/request for proposals issued for goods and services	101	129	119	96	138	94	85	81	74	113
Total bids and proposals received for goods and services	543	637	416	395	690	450	400	384	431	533
Percent of registered voters that voted in the general election	50.16%	82.86%	42.01%	68.49%	37.78%	84.27%	37.90%	67.50%	32.00%	77.65%
Percent of registered voters that voted in the primary election	21.17%	24.61%	23.97%	39.43%	27.39%	45.21%	21.31%	20.48%	16.00%	44.25%
Judicial Administration:										
Criminal cases pending	3,374	3,641	4,346	5,770	8,803	7,226	4,093	4,692	4,723	5,835
Family court new cases	8,950	9,627	8,035	7,654	7,715	6,748	7,130	7,083	7,325	7,310
Total filing through District Justice offices	126,223	127,035	127,454	126,642	118,415	99,415	166,778	163,695	166,505	164,720
Corrections:										
Prison inmate population (average)	881	922	915	916	839	1008	1579	1834	1960	1917
Number of inmates participating in work release program	45	48	53	46	32	333	368	341	446	351
Public Safety:										
Total number of 911 calls handled by the Emergency Operations Center	659,278	805,155	712,928	694,606	740,595	840,990	772,713	798,373	763,973	787,646
Average 911 call dispatch time	1.50 seconds	2.88 seconds	4.73 seconds	5.98 seconds	5 seconds	4.3 seconds	3 seconds	3.1 seconds	2.7 seconds	3.4 seconds
Total number of defendants transported	6,801	7,770	7,690	5,104	1,221	3,308	13,416	13,168	13,675	13,000
Total number of incidents and bomb related activities responded to by bomb unit	722	643	646	630	341	226	491	337	142	245
History, Cultural Arts, and Recreation:										
Total attendance at Montgomery County parks	3,143,117	3,275,755	3,061,568	3,168,052	2,896,038	2,828,321	2,340,782	1,931,091	2,278,936	2,294,949
Total attendance at Montgomery County historic sites	101,502	104,460	114,035	113,121	114,963	186,672	122,383	66,380	138,721	125,574
Adult, Child, and General Welfare:										
Percent successful exits out of homelessness into housing	22.00%	34.20%	33.90%	43.40%	63.90%	64.90%	61.00%	58.40%	59.30%	61.40%
Percent increase/decrease in vaccine administrations through the Health clinics	-9.71%	44.20%	40.40%	43.90%	104.00%	-36.70%	-4.70%	-0.30%	-13.10%	5.10%
Percent of aging stay of assessments completed within 10 days (2)	100.00%	99.60%	99.10%	98.90%	98.50%	99.90%	99.00%	97.80%	98.00%	95.30%
Community Development and Housing:										
Total acres preserved with Farmland Easement Programs	10,964	10,583	10,457	10,457	10,372	10,193	9,884	9,630	9,373	9,230
Number of zoning submittals reviewed by planning department	102	109	94	106	136	105	127	142	127	142
Number of community planning contracts	35	34	35	35	35	35	36	36	34	34
Roads and Bridges, Construction, and Reconstruction:										
Bridges owned	131	131	132	132	133	133	133	133	133	133
Number of highway miles maintained	75	75	75	75	75	75	75	75	75	75

SOURCES:
Montgomery County Departmental Records

NOTES:
(1) In 2019, reporting measures changed from 15 days to 10 days.

COUNTY OF MONTGOMERY, PENNSYLVANIA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM - LAST TEN YEARS

(Unaudited)

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Administration:										
Motor vehicles	18	13	18	13	8	7	10	8	8	2
Buildings	8	8	8	8	8	8	8	8	7	6
Judicial administration:										
Motor vehicles	158	141	148	144	150	136	132	137	137	144
Buildings	2	2	2	2	2	2	2	2	2	2
Corrections:										
Motor vehicles	46	43	41	42	33	30	32	30	28	32
Buildings	8	8	8	8	8	8	8	8	8	7
Public safety:										
Motor vehicles	155	152	145	150	138	125	131	133	122	106
Buildings	9	9	9	9	10	10	10	10	10	10
History, cultural arts, and recreation:										
Motor vehicles	72	69	67	62	43	39	43	31	32	41
Number of major parks	9	9	9	9	9	9	9	9	9	9
Number of historic sites	5	5	5	5	5	5	5	5	5	5
Acreage of major parks	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Miles of trails	60	60	60	60	60	60	60	60	60	60
Buildings	12	12	12	12	10	10	10	10	9	9
Adult, Child, and General Welfare:										
Motor vehicles	21	23	24	24	21	19	22	22	21	18
Buildings	4	4	4	4	5	5	5	5	5	5
Roads and Bridges, Construction, and Reconstruction:										
Motor vehicles	45	43	43	42	42	38	37	36	39	42
Buildings	132	132	132	132	133	133	133	133	133	133

SOURCES:
Montgomery County Departmental Records

County of Montgomery, Pennsylvania

Independent Auditor’s Report in Accordance
with *Government Auditing Standards*

Year Ended December 31, 2025

MaherDuessel

<u>Independent Auditor's 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*</u>

Honorable Board of Commissioners
County of Montgomery, Pennsylvania

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 the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Montgomery, Pennsylvania (County), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 30, 2026.

Our report includes a reference to other auditors who audited the financial statements of the Redevelopment Authority of the County of Montgomery, a discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Valley Forge Tourism and Convention Board, the Montgomery County – Norristown Public Library, and the Montgomery County Community College Foundation (a component unit of the Montgomery County Community College), discretely presented component units, were not audited in accordance with *Government Auditing Standards,* and accordingly, this report does not include reporting on internal control over financial reporting instances of reportable noncompliance associated with the Redevelopment Authority of the County of Montgomery or that are reported on separately by those auditors who audited the financial statements of the Valley Forge Tourism and Convention Board, the Montgomery County – Norristown Public Library, and the Montgomery County Community College Foundation (a component unit of the Montgomery County Community College).

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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*.

The County's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the County's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Maher Duessel

Pittsburgh, Pennsylvania
June 30, 2026

COUNTY OF MONTGOMERY

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED DECEMBER 31, 2025

Finding 2025-001: Financial Reporting System

Condition: During the audit process, various adjustments were proposed by the auditors in order that the financial statements could be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant adjustments were primarily to adjust accounts receivable, adjust lease receivable, breakout fiduciary fund activity, adjust interfund activity, adjust deferred inflows, and recognize revenue.

Management does review and accept the financial statements prior to their final issuance and approves the adjustments to the financial statements.

Criteria: Management is responsible for establishing and maintaining internal control over financial reporting to provide reasonable assurance that financial information is recorded, processed, summarized, and reported in accordance with GAAP. Such controls should enable the preparation of accurate financial statements, including the identification, analysis, and recording of year-end adjustments necessary for GAAP financial reporting.

Cause: The County's internal control structure did not identify the necessity for the entries.

Effect: Financial records, as initially presented, were not in conformity with GAAP, increasing the risk that errors or misstatements in the financial statements could go undetected and uncorrected by management. Without auditor-proposed adjustments, the financial statements would have been materially misstated.

Recommendation: We recommend management strengthen its internal controls over financial reporting and year-end financial statement preparation. Such procedures should include a more detailed review of significant account balances and transactions, including receivables, lease-related balances, fiduciary fund activity, interfund activity, deferred inflows, and revenue recognition, to ensure amounts are properly recorded and reported in accordance with GAAP prior to the audit.

Management's Response: The County accepts the finding and is taking actions to correct the underlying issues. The County continues to review and update its current controls and processes in the General Accounting, Grant Accounting, and Finance Departments.

The General Accounting department continues to work with departments to emphasize the importance of submitting financial documentation timely and reviewing what is in the General Ledger promptly at the end of each month. The Finance Department is conducting quarterly financial status reviews with each Department. As part of these reviews, Accruals and Deferrals are analyzed and discussed.

The General Accounting and Grant Accounting departments will continue to provide training for fiscal personnel throughout the County. This training will include recognizing Accruals, Deferrals and how to confirm the status of any that may be outstanding.

The County will be evaluating the incorporation of an Account Receivable billing system within the Infor system.

COUNTY OF MONTGOMERY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2025

Finding 2024-001: Financial Reporting System

Condition: During the audit process, various adjustments were proposed by the auditors in order that the financial statements could be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant adjustments were primarily to restate beginning fund balance and net position, adjust accounts receivable, adjust accounts payable, record deferred inflows, and adjust revenue.

Management does review and accept the financial statements prior to their final issuance and approves the adjustments to the financial statements.

Current Status: Corrective action was not fully implemented in 2025.

Finding 2023-002: Receivables and Revenue Adjustments

Condition: Audit procedures identified revenue transactions recorded in fiscal year 2023 that were related to 2022 activity. After investigation, management identified approximately $1.6 of revenue and related receivable accounts that should have been recorded as of December 31, 2022 within the capital fund.

Current Status: Corrective action was fully implemented in 2025.

Finding 2023-003: Health Choices Fund Accrued Liabilities

Condition: A liability for approximately $22 million had been recorded that management stated was related to an asset on a regulatory report for restricted funds at a vendor used to provide medical services. It was determined that this balance did not represent a liability to the County. As a result, an audit adjustment was required to be recorded to the unadjusted trial balance.

Current Status: Corrective action was fully implemented in 2025.