

Frederick County Maryland



A Walk Through Baker Park

Kathi Tritsch

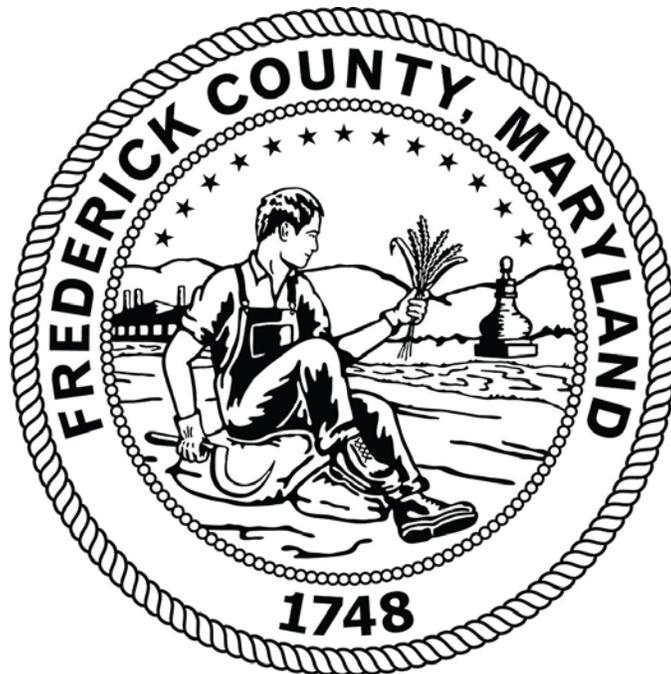
Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2020

Front Cover: Photo was taken by Kathi Tritsch, Accounting Team Leader for the Frederick County Finance Division. Kathi decided to take a walk and enjoy the beautiful spring weather and caught this amazing rainbow on camera.

Baker Park is a 58 acre space complete with jogging and bike paths, multiple playgrounds, a picturesque lake, and much more. Over 75 years old, this pet friendly park continues to serve as a popular venue for sporting events, concerts, festivals, and all kinds of recreational activities.

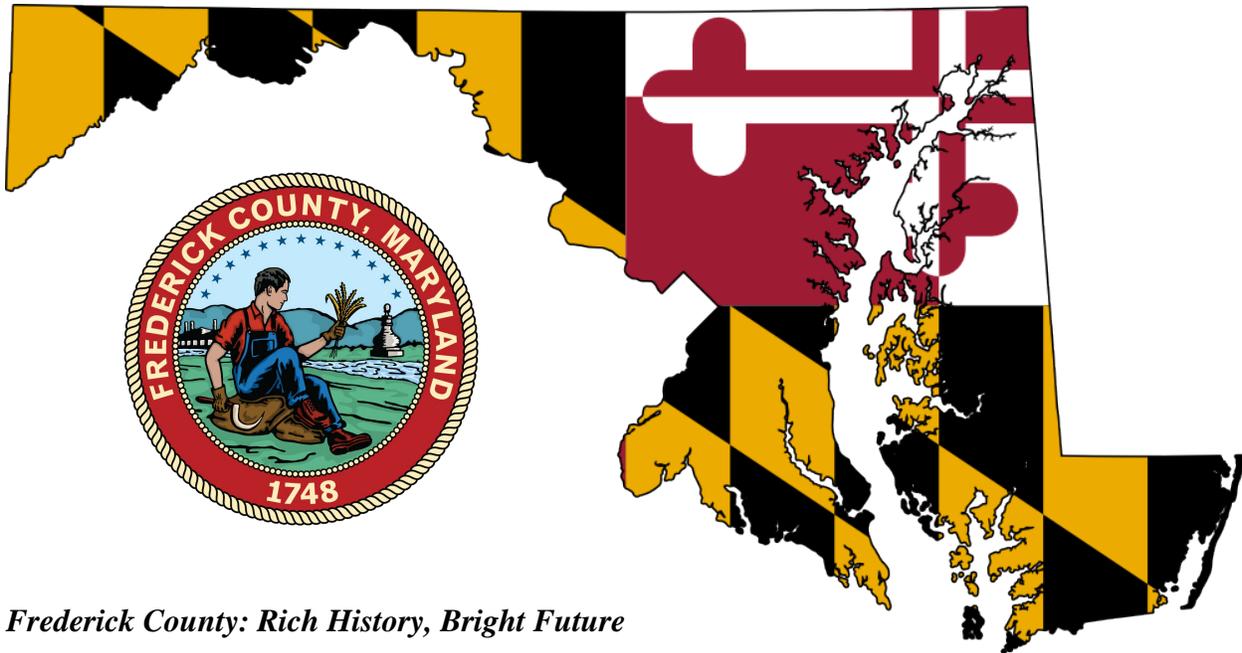
Permission was granted by the photographer to use this photo.

Frederick County, Maryland
Comprehensive Annual Financial Report
Fiscal Year 2020
July 1, 2019 – June 30, 2020



Prepared by the Finance Division

Frederick County, Maryland



Frederick County: Rich History, Bright Future

Our mission is to preserve and enhance the quality of life for all citizens by ensuring optimum services, open government, and creative use of community resources.

**FREDERICK COUNTY, MARYLAND
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
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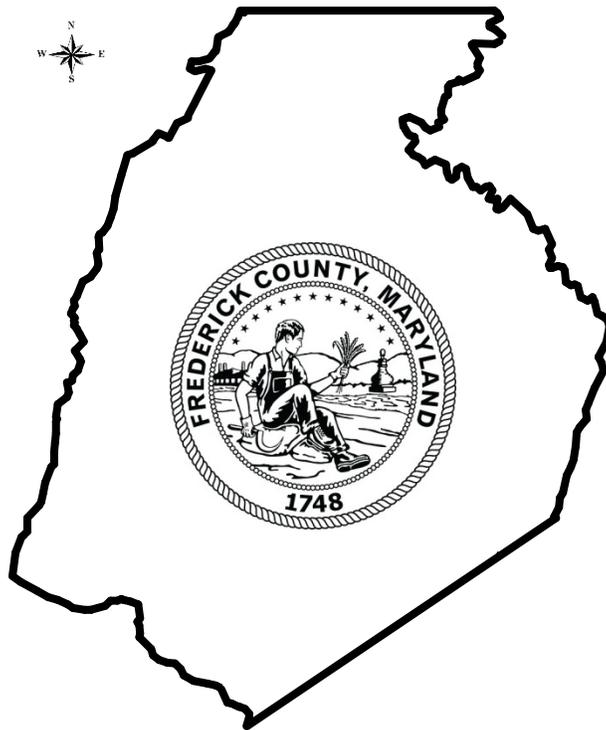
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WINCHESTER HALL



INTRODUCTORY SECTION





FREDERICK COUNTY GOVERNMENT

Jan H. Gardner
County Executive

DIVISION OF FINANCE
Accounting Department

Lori L. Depies, CPA, Division Director
Melanie Thom, CPA, Director

November 30, 2020

County Executive, Jan H. Gardner
Members of the County Council
Citizens of Frederick County, Maryland

We are pleased to present this Comprehensive Annual Financial Report (CAFR) of Frederick County, Maryland (the "County") for the fiscal year ended June 30, 2020.

Formal Transmittal of the CAFR

This report was prepared by the County's Finance Division in cooperation with the finance departments of the County's component unit organizations in conformity with accounting principles generally accepted in the United States (GAAP). This includes the report of the independent public accountants pursuant to Section 704 of the Charter of Frederick County, Maryland.

Management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures in this report. We believe the information presented is complete and accurate in all material respects and it fairly presents the County's financial position and results of operation. We also believe that all disclosures necessary to enable the reader to gain an understanding of the government's financial activities are included. To provide a reasonable basis for making these representations, management has established and maintained a comprehensive system of internal control. This internal control structure is designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements of Frederick County, Maryland have been audited by SB & Company, LLC, a firm of licensed certified public accountants. SB & Company, LLC, has issued an unmodified opinion on the County's financial statements as of and for the fiscal year ended June 30, 2020. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and estimates made by management, and evaluating the overall financial statement presentation. The report of the independent public accountants is located at the beginning of the financial section of this report.

The County is also required to undergo an annual Single Audit in conformity with the provisions of the Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements*,

Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this Single Audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs will be included in a separately issued single audit report.

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

Profile of the Government

Frederick County, Maryland, founded in 1748, originally included the present Maryland counties of Garrett, Allegany, Washington, Carroll and Montgomery. It is located in the north central part of Maryland, is 664 square miles in area, and serves an estimated population of 265,942. Frederick County is bordered on the north by the Commonwealth of Pennsylvania, on the west by Washington County, Maryland, on the east by Howard and Carroll Counties, both in Maryland, and on the south by Montgomery County, Maryland and the Commonwealth of Virginia.

There are twelve incorporated municipalities within Frederick County. The County seat and largest city is the City of Frederick, which has an estimated population of 72,481. The City of Frederick is located approximately 45 miles northwest of Washington, D.C. and 45 miles west of Baltimore, Maryland.

Frederick County, Maryland is governed by a County Executive and County Council pursuant to the Charter of Frederick County, Maryland. The elections in November of 2014 officially initiated the County's change in government from Commissioner to Charter form. The Charter provides, among other things, for the election of the County Executive and the organization, powers, and duties of the executive and administrative branches; as well as the election, organization, powers and duties of the legislative branch, and fiscal and budgetary matters. Other elected officials include the Sheriff, the State's Attorney, Circuit Court judges, Orphans Court judges and a Register of Wills.

Under charter government, the County Executive has authority over the day-to-day operations of the County while the County Council has legislative authority. This change allows the County to create laws and ordinances that affect Frederick County without the need for approval of the General Assembly of the State of Maryland.

Both the executive and legislative offices of the County are located at Winchester Hall, 12 East Church Street, Frederick, Maryland 21701. The County's internet address is www.frederickcountymd.gov.

The Reporting Entity

The County provides a full range of services, including fire and rescue; law enforcement; sanitation services (including water, sewer, solid waste management and residential recycling); construction and maintenance of highways, streets, and infrastructure; recreational activities; and general government activities. Bell Court Apartments, the Comprehensive Care Facility, the Solid Waste Management, and Water and Sewer Enterprise Funds are supported through user fees.

Incorporated municipalities within Frederick County provide some or all of the following services within their boundaries which relieves the County from providing these services in those areas: highway and street maintenance, parks and recreation, planning services, and police protection. The County is also financially accountable for legally separate entities which are reported separately within the County's financial statements. The entities, known as component units, that meet these criteria are the Frederick County Board of Education, the Frederick Community College, and the Frederick County Public Libraries. The County has no blended component units. Additional information on the component units can be found in Note 1 in Exhibit II-A-13.

Budgetary Overview

By definition in the County Charter, the budget is comprised of the annual Operating Budget, annual Capital Budget and the six-year Capital Improvement Program (CIP). The Operating Budget is commonly referred to as the General Fund Budget. The Operating and Capital Budgets are adopted annually by the County Council. The CIP is a planning budget that is updated annually but not formally adopted. Budgets are also adopted for most Special Revenue Funds and the Enterprise Funds. Detail regarding this is included in the Annual Budget and Appropriation Ordinance.

The formulation of the County's budget under the Charter form of government is the responsibility of the County Executive. Not later than April 15 of each year, the Executive prepares and submits a proposed Budget to the County Council for the ensuing fiscal year. The County Council may decrease or delete any items in the Budget, except those required by State law, by provisions for debt service on obligations or for estimated cash deficits. The adoption of the budget requires passage by a majority vote of the County Council not later than May 31.

The Operating Budget is based on estimated revenues and expenditures of operations submitted by the County departments and agencies for the ensuing fiscal year. The Operating Budget must contain the current fiscal year's estimated fund balance in excess of seven percent of the General Fund expenditures and transfers to the Board of Education and Frederick Community College on a budgetary basis for the prior fiscal year, if any; estimates of taxes and other revenue sources at a rate sufficient to balance the budget; recommended appropriations for current expenditures for each department or agency, and for other purposes; and amounts sufficient to meet all general obligation debt service requirements for the next fiscal year, including portions of the Capital Program to be financed out of current revenues during the fiscal year.

The Capital Budget is the County's plan to receive and expend funds for capital projects during the ensuing fiscal year. The CIP sets forth the County's plan of proposed capital projects to be undertaken in the ensuing fiscal year and the following five fiscal years, as well as the proposed means of financing all projects. The Capital Budget and CIP are prepared by the County Executive from submissions by the County departments and agencies. The portion of the cost of the Capital Budget that is to be paid from current funds may be included in the Operating Budget or that of certain Special Revenue and Enterprise Funds.

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis - Budget and Actual is presented for the General Fund in Exhibit II-A-7, as part of the basic financial statements. Budget-to-actual comparison schedules for other special revenue funds with legally adopted budgets are presented in the Supplementary Data portion of the Financial Section. These budget-to-actual comparison schedules include funds which do not exist in a GAAP basis as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 54. Those funds are included in the Capital Projects Fund for GAAP reporting. The reconciliation of budgetary basis presentation to the GAAP presentation is presented in Footnote 2.B.

Factors Affecting Financial Condition

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

Local Economy – Frederick County has a diverse economy and is well positioned for business growth and development. Location, upscale business and employment parks, available infrastructure, business friendly programs, a highly skilled and educated workforce and room to grow are all key factors for businesses looking to locate or expand in Frederick County.

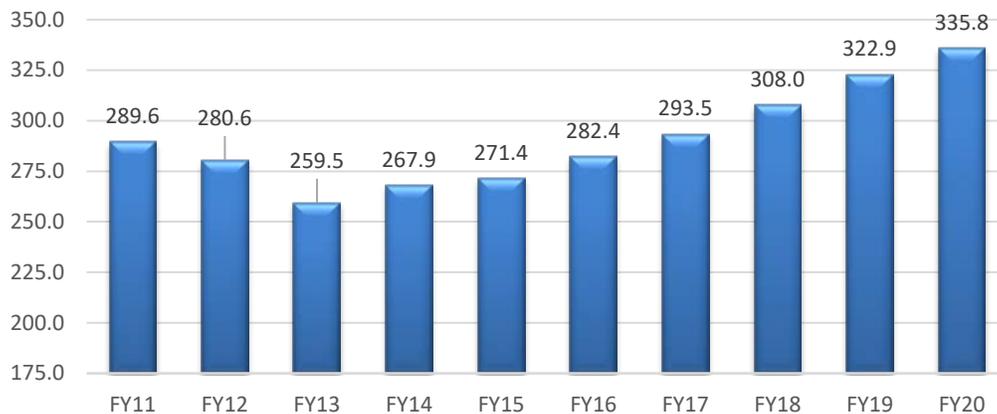
The COVID-19 public health crisis has had a major impact to us all. We anticipate record unemployment rates and mandated business closures will have an impact to our future revenues. However, Frederick County is in a strong financial position to weather this storm. Conservative budgeting and policies have allowed Frederick County to build our reserves to record numbers. This forward thinking has given Frederick County the financial means to maintain our full range of services, boost our local economy and help our constituents.

The federal government has been a positive influence on Maryland and Frederick County during the most recent recession. Frederick County is the home of the U.S. Army's Fort Detrick, a dynamic hub of military, government, private science and systems development dedicated to medical research.

Because of its location in a region with a diverse business community, the local unemployment rate is 5.7% as of September 2020, and is well below the State rate of 6.9% and the U.S. rate of 7.7% for the same period. Average employment in Frederick County is 127,752 as of September 2020.

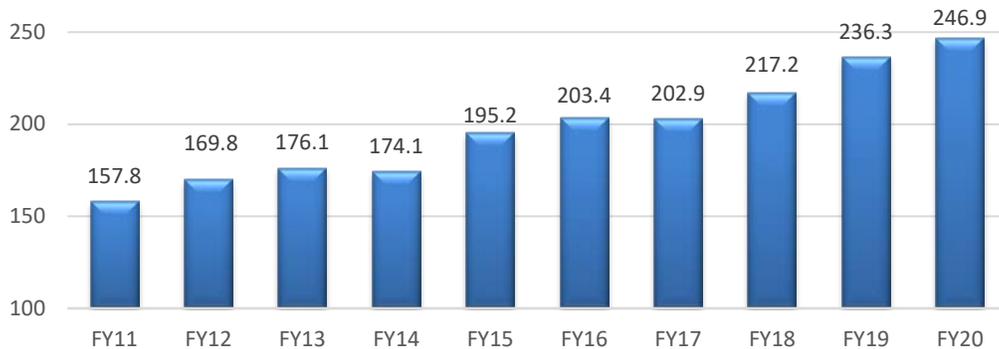
The County's largest revenue source remains real property taxes. Real property assessed values increased by 4.9% in FY20 and this trend continues into FY21 as values have grown to \$33.8 billion from \$32.2 billion. General Fund property taxes are projected to increase in FY21 by \$17.5 million over FY20, representing a 5.2% increase. The real estate market has experienced an increase in property assessments, which have increased over the past eight years.

Property Tax Revenues Values shown in Millions



Income tax revenue, the second largest revenue source in the County, is directly affected by population growth, employment levels and personal income. Income tax revenue has a volatile history. With the implementation of the Tax Cuts and Jobs Act of 2017 the County is encouraged that the data has shown an increase in this revenue source. In the current fiscal year, the County received \$246.9 million. This reflects the highest level of income tax revenues for the County in its history. The adopted budget has conservatively estimated income tax revenues at \$236.2 million for FY21.

Income Tax Revenues Values shown in Millions



Long-term Financial Planning - The major credit rating agencies have recognized that Frederick County's growing economic base, solid operating performance, strong management, financial position, policies and practices combine to rank Frederick as a top tier county government. The County's AAA ratings from Fitch Ratings, Moody's Investors Service, and S&P Global Ratings were affirmed in August 2019 for the fourth time since June of 2016. The ratings reflect ongoing and consistent growth, primarily in the commercial sector; increased employment; tax base growth; strong, well-embedded and sustainable management practices coupled with established fiscal policies; and a low debt burden.

The FY21 budget reflects modest growth estimates as it takes into consideration the impact on revenue sources due to the effects of the COVID-19 pandemic on the economy as a whole. The budget is fiscally responsible with no increase in property tax or income tax rates and adheres to long standing conservative fiscal policies. Total Operating Revenue is budgeted at \$639.8 million for FY21, representing a 4.5% increase over FY20.

The FY21 budget reflects the County Executive's goals by providing increased funding for education and support to the County's valued employees. This budget takes into consideration that we are truly facing uncertain times as our community experiences the impacts of the coronavirus pandemic. The FY21 budget did not fund any budget appeals requested by County divisions except for thirteen firefighters/emergency medical technician positions needed to staff the New Northgate Fire Station, which will open in FY21 and should open fully staffed.

Below are some highlights from Executive Gardner's FY21 budget:

- Continued increase in funding for Frederick County Public Schools at seven million over the mandated maintenance-of-effort to maintain the County's funding commitment to education and to provide an equivalent amount of funding for staff compensation.
- Funding the contracts for our public safety employees, including the second year of the three-year contract for law enforcement and corrections and the first year of a new three-year contract with our firefighters.

- Commitment to staff by providing a step increase for all County employees, as well as for the community college.

Financial Policies and Practices

Debt Policy:

The debt policy sets forth comprehensive guidelines for the financing of capital expenditures. The policy provides parameters for issuing debt and managing outstanding debt. The policy provides guidance to decision makers regarding the timing and purpose for which debt may be issued, what types and amounts of debt are permissible, the method of sale that may be used and the debt structuring practices that may be used. The County recognizes that adherence to a debt policy helps ensure that it maintains a sound debt position and that credit quality is protected.

Investment Policy:

The County has a written investment policy that ensures that the investment program is strictly adhered to and the security of County investments is maximized. Cash held temporarily idle during the year by Frederick County's primary government was invested in certificates of deposits, obligations of federal government agencies and the State of Maryland Local Government Investment Pool, all of which are fully collateralized by United States Government obligations for periods ranging from one day to three years. The County also has a delivered collateral policy.

Frederick County Employees Retirement Trust Funding Policy:

This policy establishes a formal methodology for financing the pension obligations of the County's defined benefit plan. The Frederick County Employees Retirement Committee adopted this policy in September of 2018, with approval of the County Executive. This policy insures a plan funded ratio of the actuarial value of assets to actuarial liabilities remains between 95% - 105%.

General Fund Revenue Surplus Appropriation Policy:

This policy provides management with the flexibility to appropriate financial resources from the current fiscal year or projected surplus General Fund revenues in the current or immediate subsequent fiscal year budget. This policy requires the annual review of property tax and income tax revenues. If a surplus is determined, those funds may be appropriated to offset nonrecurring expenditures.

Debt Affordability Policy:

In order to establish a manageable level of debt issuance, the County commissioned a study which facilitated the establishment of a debt affordability limit, based on certain standards. These standards are applied to the Capital Improvement Program budget process in calculating manageable debt levels.

All financial policies are reviewed periodically.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to Frederick County, Maryland, for its comprehensive annual financial report for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements. Accordingly, we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the dedicated team effort of the staff of the County's Finance Division. Each member of the division has my sincere appreciation for the contributions made in preparation of this report. Special recognition is given to the Deputy Director of Finance, Erin White, Director of Accounting, Melanie Thom and her Team Leaders, Robin Inskeep, Ronni Putman and Kathi Tritsch, along with their staff; Financial Services Manager, Susan Keller and her staff who administer the County's debt portfolio and the County's Trust Funds; Director of Treasury, Diane Fox, and her staff who administer the County's property taxes and revenue collection system; Director of Procurement and Contracting, Diane Fouche, and her staff who work to maximize the value the County receives in all expenditures of tax dollars; and Director of Risk Management, Lauren Vandergrift, and her staff who work to protect County assets and its employees by reducing hazards on County property. A special thank you is given to our Budget Office staff who administer the budget process without which accounting and financial reporting could not exist. A sincere note of appreciation goes to Lori Rhodes who assumed the production process of this document. Lastly, I express my appreciation to our County Executive, Jan H. Gardner, as well as the County Council members and their staffs for their continued interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Use of this Report

This report and the financial information prepared by the Frederick County Division of Finance can be accessed on the County's website at www.FrederickCountyMD.gov/reports. In addition, copies of this report are placed in the Frederick County Public Library system for use by the general public.

Respectfully submitted,



Lori L. Depies, CPA
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Frederick
Maryland**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

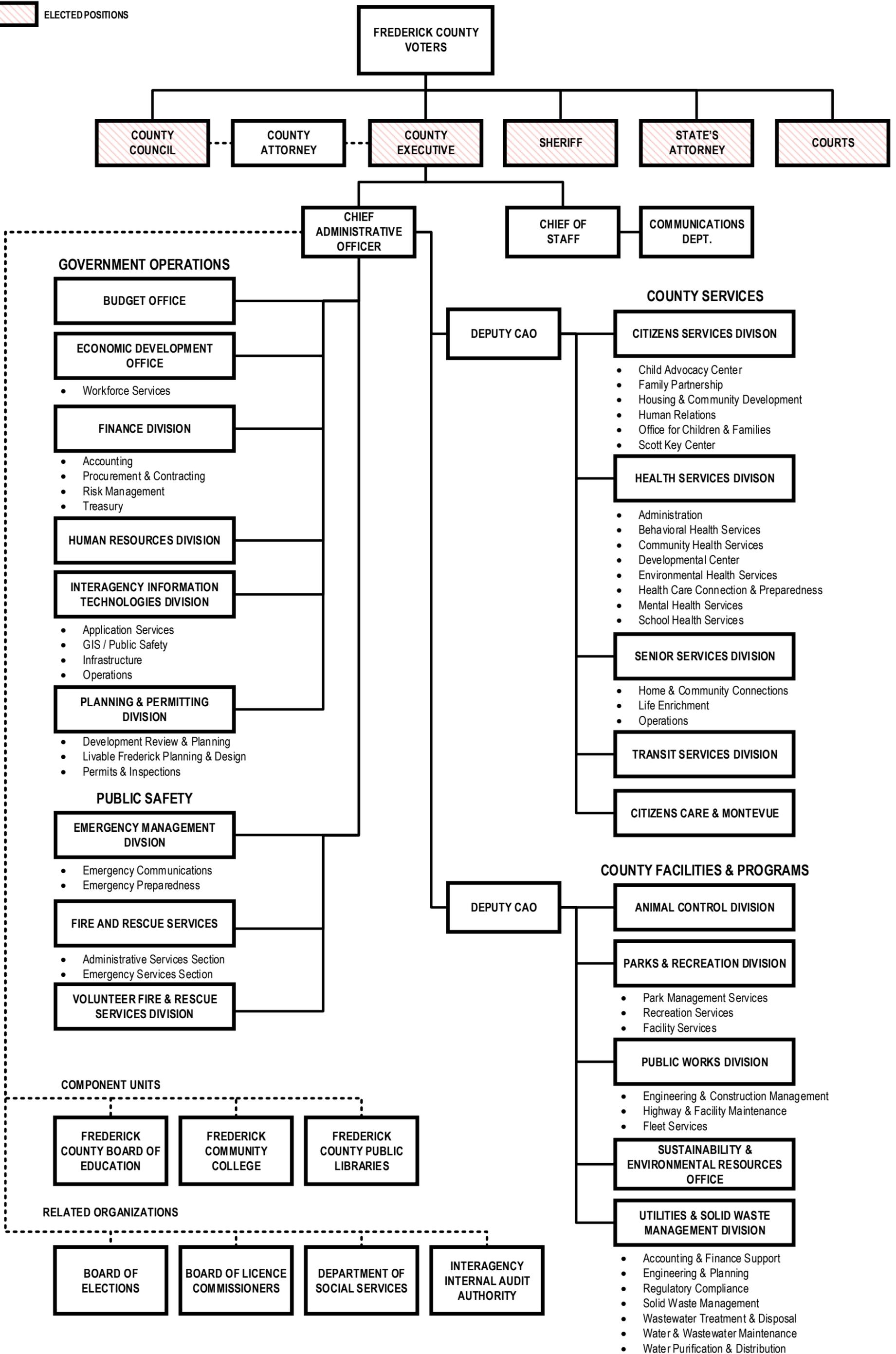
June 30, 2019

Christopher P. Morill

Executive Director/CEO

FREDERICK COUNTY GOVERNMENT ORGANIZATIONAL CHART

 ELECTED POSITIONS





Frederick County Elected Officials



Jan H. Gardner
County Executive

Frederick County Council



From left to right – Steve McKay (District 2), Kai Hagen (At Large), Jerry Donald (District 1),
President M.C. Keegan-Ayer (District 3), Phil Dacey (At Large), Jessica Fitzwater (District 4),
and Vice President Michael Blue (District 5)

Frederick County, Maryland Summary of Elected and Appointed Officials

County Executive

Jan H. Gardner

County Council

M.C. Keegan-Ayer, President, District 3

Michael Blue, Vice President, District 5

Jerry Donald, District 1

Steve McKay, District 2

Jessica Fitzwater, District 4

Phil Dacey, At Large

Kai Hagen, At Large

Sheriff

Charles A. "Chuck" Jenkins

State's Attorney

J. Charles Smith III, Esquire

Administrative Judge of the Circuit Court

Honorable Julie R. Stevenson Solt

Clerk of the Circuit Court

Sandra K. Dalton, Clerk

Appointed Officials

County Executive's Cabinet

Chief of Staff

Communications Director

Education and Special Initiatives Director

Government Affairs Director

Margaret Nusbaum

Vivian Laxton

Janice Spiegel

Joy Schaefer

Chief Administrative Officer

Deputy Chief Administrative Officer

Deputy Chief Administrative Officer

County Attorney

Richard Harcum

Monica Bearden

Michael Marschner

Bryon Black, Esquire

Animal Control Director

Budget Director

Citizens Services Director

Economic Development Director

Emergency Management Director

Finance Director

Fire and Rescue Services Director / Chief

Health Services Director / Health Officer

Human Resources Director

Interagency Information Technologies Director

Parks and Recreation Director

Planning and Permitting Director

Public Works Director

Senior Services Director

Sustainability and Environmental Resources Manager

Transit Services Director

Utilities and Solid Waste Management Director (Acting)

Volunteer Fire and Rescue Services Director

Linda Shea

Kelly Weaver, CPA

Christine Cambareri Kay

Helen Propheter

John Markey

Lori Depies, CPA

Thomas Coe

Barbara Brookmyer, MD, MPH

Wayne Howard

Thomas Dixon

Jeremy Kortright

Steven Horn

Charles Nipe

Kathy Schey

Shannon Moore

Roman Steichen

Mark Schweitzer

Kevin Fox

Component Units

Board of Education

President	Brad Young
Vice President	Jay Mason
Member	Elizabeth Barrett
Member	Michael Bunitsky
Member	Rae Gallagher
Member	Lois Jarman, DProf
Member	Karen Yoho
Student Member	Malachi Macon
Superintendent	Theresa Alban, Ph.D.

Frederick Community College Board of Trustees

Chairperson	Dr. John Molesworth
Vice Chairperson	Tom Lynch, Esquire
Trustee	Ellis Barber
Trustee	Nick Diaz
Trustee	Gary Fearnow
Trustee	Carolyn Kimberlin
Trustee	April Miller, O.D.
President	Elizabeth Burmaster

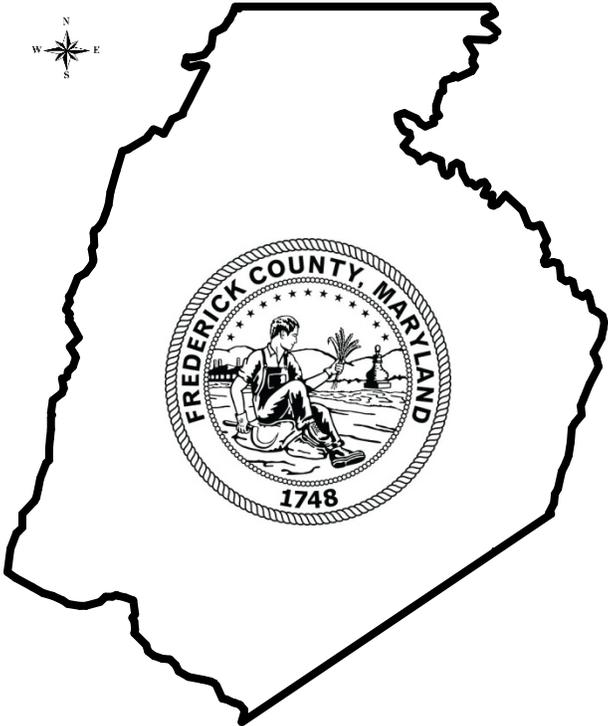
Frederick County Public Library Board

Chairperson	Cheryl Smith
Vice Chairperson	Maurice "Mick" O'Leary
Secretary/Treasurer	Candy Greenway
Member	Jennifer D'Agostino
Member	George Laugelli
Member	Karyn Spertzel
Member	Suzette White
Public Libraries Director	James Kelly

Interagency Internal Audit Authority

Internal Audit Director	Tricia Griffis, CPA
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FINANCIAL SECTION





REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

County Executive, Jan H. Gardner
Members of the County Council
Citizens of Frederick County, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Frederick County, Maryland (the County) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Frederick County, Maryland, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios and schedule of employer contributions for the Frederick County Employees Retirement Plan, the schedule of changes in net pension liability and related ratios and schedule of employer contributions for the Frederick County Length of Service Awards Program, and the schedule of changes in net OPEB liability and related ratios and schedule of employer contributions for the Frederick County Retiree Health Benefit Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying introductory, combining and individual fund statements, budgetary comparison schedules, capital assets used in the operation of governmental funds, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual fund statements, budgetary comparison schedules, and capital assets used in the operation of governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund statements, budgetary comparison schedules, and capital assets used in the operation of governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Owings Mills, Maryland
November 23, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Comprehensive Annual Financial Report of Frederick County, Maryland (the "County") presents a narrative overview and analysis of the financial activities of the County, for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

The objective of this overview is to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activity, (c) identify changes in the County's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

Government-Wide:

- The assets and deferred outflows of resources of Frederick County Government exceeded its liabilities and deferred inflows of resources at the close of this fiscal year by \$1,017.5 million (net position), approximately 68.1% of which is attributable to the County's business-type activities. Of total net position, \$785.9 million is the net investment in capital assets, and \$169.5 million is restricted for specific purposes. The County's unrestricted portion of net position is \$62.1 million. Unrestricted net position is composed of an unrestricted deficit in the governmental activities of \$119.7 million and a balance of \$181.8 million unrestricted in the business-type activities. The unrestricted deficit in the governmental activities is the results primarily from the County's issuance of debt to fund construction for the Frederick County Board of Education and Frederick Community College, both component units. The educational facilities that are constructed through the County's financial support are assets of the Frederick County Board of Education and Frederick Community College, and therefore are not shown as assets of Frederick County Primary Government. A more detailed discussion is presented later in this document. Included in the County's liabilities at year-end is approximately \$231.6 million of bonds and direct placement notes payable, the proceeds of which have been used to fund school and college construction.
- The total government-wide net position increased by \$94.7 million or 10.3% in FY20. The governmental activities net position increased by \$60.1 million, compared to an increase of \$90.1 million in FY19. The business-type activities net position increased by \$34.6 million, reflecting a smaller increase than the \$46.7 million increase in FY19.

Fund Level:

- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$359.2 million, an increase of \$1.5 million from the prior year. The County's proprietary funds reported a combined net position of \$691.0 million, representing a \$34.6 million increase over the prior year.
- At the end of FY20, the total committed, assigned and unassigned fund balances for the County's General Fund was \$125.6 million, or approximately 22.7% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Frederick County Government's basic financial statements. The County's financial statements focus on the County as a whole (the Government-Wide Statements) and on major individual funds. "Funds" are self-balancing sets of accounts that account for specific financial activities that may be regulated, restricted or limited in various ways.

The basic financial statements are comprised of three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

This report also contains other required and non-required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns, which present a total for the Primary Government. The focus of the *Statement of Net Position* (Exhibit II-A-1) is designed to be similar to bottom line results for the County and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets, deferred inflows and outflows of resources, and long term obligations. "Net Position" is the difference between the County's assets, deferred inflows and outflows of resources, and its liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Additionally, other factors, such as the diversification of the County's property tax base, the condition of its schools, and the condition of its facilities and infrastructure should also be a consideration of the County's condition and health.

The second government-wide statement, the *Statement of Activities* (Exhibit II-A-2), is focused on both the gross and net cost of various functions (including governmental, business-type and component units), which are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities and/or component units. This statement presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future fiscal years and, to a limited effect, have affected cash flows in a prior reporting period.

The governmental activities reflect the County's basic services, including general government, public safety, public works, health, social services, education, parks, recreation and culture, conservation of natural resources, community development, public housing, economic development opportunity and debt service. Local property, income, and other taxes, along with charges for services, and grants finance the majority of these services. The business-type activities reflect private sector type operations including water and sewer services, solid waste management, skilled nursing and assisted living facilities, and public housing, where the fee for service is intended to cover all or most of the cost of operations, including depreciation.

The Government-Wide Financial Statements include not only Frederick County (known as the primary government), but also a legally separate board of education, a legally separate community

college, and a legally separate library board for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Component units, which are other governmental units over which the County can exercise influence and/or may be obligated to provide financial subsidies, are presented as separate columns in the Government-Wide Financial Statements. The focus of the statements is clearly on the primary government and the presentation allows the user to address the relative relationship with the component units. Additional detailed financial information for the Frederick County Board of Education and Frederick Community College may be obtained from their respective separately issued financial statements. The Library Board does not issue separate financial statements. Consolidated financial information is available in the Government-Wide Financial Statements. The Government-Wide Financial Statements can be found on pages 31-33 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been separated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

The Governmental Major Fund presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the fund financial statement allows the demonstration of sources and uses and/or budgeting compliance. These presentations begin with Exhibit II-A-3.

Frederick County maintains nineteen individual governmental funds: the General Fund, the Debt Service Fund, the Capital Projects Fund, the Agricultural Preservation Fund, the Grants Fund, the Housing Initiative Fund, the School Construction Fund, the Impact Fees Fund, the Electric Lighting Tax Districts Fund, the Parks Acquisition & Development Fund, the Hotel Rental Tax Fund, the Watershed Protection and Restoration Fund, the Sheriff's Drug Enforcement Fund, the Narcotics Investigative Section Fund, the State's Attorney Law Enforcement Aid Fund, the Inmates' Canteen Fund, the Non-Profit Organizations Loans Fund, the Fire/Rescue Loans Fund, and the Economic Development Loans Fund. For GAAP reporting, the School Construction Fund, the Impact Fees Fund and the Parks Acquisition & Development Fund are eliminated and merged with the Capital Projects Fund.

Frederick County adopts an annual appropriated budget for its General Fund and each of the Special Revenue Funds (except for the Watershed Protection and Restoration Fund, the Sheriff's Drug Enforcement Fund, the Narcotics Investigative Section Fund, the State Attorney Law Enforcement Aid Fund, the Inmates' Canteen Fund, the Non-Profit Organizations Loans Fund, and the Fire/Rescue Loans Fund). A budgetary comparison statement is prepared for the General Fund. This statement can be found on Exhibit II-A-7 of this report. Budgetary schedules for the non-major special revenue funds and the Debt Service Fund can be found in Exhibit II-B-7 and Exhibit II-B-8, respectively in the Supplementary Data section. The Capital Projects Fund has a budget from

inception until completion of the project. The budgetary display of this activity can be found in Exhibit II-B-9.

Proprietary Funds: Frederick County maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions as business-type activities in the Government-Wide Financial Statements. Frederick County has four individual enterprise funds: the Water & Sewer Fund, the Solid Waste Management Fund, the Comprehensive Care Facility Fund and the Bell Court Apartments Fund.

Internal service funds are an accounting device used to accumulate and allocate costs internally among Frederick County's various functions and activities. Frederick County uses internal service funds to account for worker's compensation, fleet services and voice services operations. Because the services of these funds benefit both the governmental and business-type functions, the change in net position is distributed between both the governmental activities and business-type activities in the Government-Wide Financial Statements. The basic proprietary fund financial statements are presented in Exhibits II-A-8, II-A-9, and II-A-10. Detailed statements for each of the internal service funds can be found in the Exhibits II-B-10, II-B-11, and II-B-12, in the Supplementary Data section of this report.

While the total column on the Proprietary Fund Financial Statements (see Exhibits II-A-8 and II-A-9) may be the same as the Business-type Activities column on the Government-Wide Financial Statements (after consideration of the "Internal Balances" account), the Governmental Activities total columns require reconciliations because of the different measurement focus (current financial resources versus total economic resources) which are reflected on Exhibits II-A-4 and II-A-6. The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources as well as capital expenditures and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets, deferred inflows and outflows of resources, and long-term obligations into the Governmental Activities column in the Government-Wide Financial Statements.

Fiduciary Funds: The Fund Financial Statements also allow the County to address its fiduciary funds. Summary statements for the fiduciary funds are displayed in Exhibits II-A-11 and II-A-12, while the detail for each fund is presented in Exhibits II-B-13, II-B-14 and II-B-15. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County's fiduciary funds include the Pension Trust Fund, the Other Post-Employment Benefits (OPEB) Trust Fund, the Length of Service Award Program (LOSAP) Trust, and various custodial funds. While the fiduciary funds represent trust responsibilities of the County, these assets are restricted in purpose and do not represent discretionary assets of the County. Therefore, these assets are not presented as part of the Government-Wide Financial Statements. The basis of accounting used for the fiduciary funds is much like that used for proprietary funds.

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 to the Financial Statements are part of the basic financial statements and are presented in Exhibit II-A-13.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Frederick County's fiduciary trust liabilities and schedule of employer contributions. The required supplementary information is presented in Exhibit II-A-14 through Exhibit II-A-19.

Infrastructure Assets

Infrastructure assets is the County's largest group of assets (roads, bridges, and underground pipes [unless associated with a utility], etc.) in the governmental activities financial statements. These assets have been valued and reported within the Governmental Activities column of the Government-Wide Statements. Additionally, the County had the option to elect to either (a) depreciate these assets over their estimated useful lives or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The County has elected to depreciate the assets over their estimated useful lives.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

This section presents the County's financial information in the Government-Wide Financial statement format.

Changes in net position may serve over time as a useful indicator of a government's overall financial condition and position. In the case of Frederick County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,017.5 million at the close of the fiscal year.

Statement of Net Position

The following table reflects the condensed Statement of Net Position for the current and prior year.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 567,463	\$ 500,668	\$ 221,527	\$ 228,952	\$ 788,990	\$ 729,620
Capital assets	511,399	497,400	672,412	658,209	1,183,811	1,155,609
Total assets	<u>1,078,862</u>	<u>998,068</u>	<u>893,939</u>	<u>887,161</u>	<u>1,972,801</u>	<u>1,885,229</u>
Deferred outflows of resources	18,910	20,049	2,155	3,119	21,065	23,168
Current and other liabilities	153,036	172,812	31,207	50,919	184,243	223,731
Long-term debt outstanding	548,609	545,424	172,209	181,260	720,818	726,684
Total Liabilities	<u>701,645</u>	<u>718,236</u>	<u>203,416</u>	<u>232,179</u>	<u>905,061</u>	<u>950,415</u>
Deferred inflows of resources	71,297	35,137	-	-	71,297	35,137
Net Position:						
Net investment in capital assets	278,494	318,948	507,410	472,364	785,904	791,312
Restricted	166,000	200,972	3,489	30,968	169,489	231,940
Unrestricted (deficit)	(119,664)	(255,176)	181,779	154,769	62,115	(100,407)
Total net position	<u>\$ 324,830</u>	<u>\$ 264,744</u>	<u>\$ 692,678</u>	<u>\$ 658,101</u>	<u>\$ 1,017,508</u>	<u>\$ 922,845</u>

Frederick County's net position is divided into three categories, net investment in capital assets, restricted net position and unrestricted net position. The largest portion of the County's net position, \$785.9 million or 77.2%, reflects its investment in capital assets net of depreciation (e.g., land, buildings, equipment, infrastructure, construction in progress, and improvements), less any outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Restricted net position of \$169.5 million includes resources that are subject to external restrictions on how they may be used. Unrestricted net position of the government has a balance of \$62.1 million. Unrestricted net position is composed of an unrestricted deficit in the governmental activities of \$119.7 and a balance of \$181.8 million unrestricted in the business-type activities. The reason for this negative balance in the governmental activities is related to the County issuing debt for public school construction as discussed below.

The result of these basic current year calculations is that the County's overall financial position has increased from FY19 to FY20. There was an improvement in the unrestricted net position of the Governmental Activities by \$135.5 million while the already positive Business Activities unrestricted net position increased \$27.0 million. The main reason for the current year's continuing deficit in the unrestricted net position in the governmental activities is the fact that counties in the State of Maryland issue debt for public school construction. These public schools are considered capital assets of the Frederick County Board of Education and Frederick Community College and are not included as assets of the County. The fact that the County must report the long-term debt for the schools as a liability, but cannot report the school buildings being financed by the County as assets, has a cumulative adverse impact on the County's unrestricted net position.

In addition, the County is committed to maintaining its mandated reserves in an amount equal to 7.0% of General Fund expenditures and transfers to Frederick County Board of Education and Frederick Community College. After the formation of a Debt Service Fund transfers are made to this fund from the General Fund and are no longer considered General Fund expenditures. As a result, the debt service expenditures are no longer included in the mandated reserve calculation. This resulted in a decrease of restricted net position for the County code required set-aside of \$1.6 million in FY20.

In FY20, the County had a new money issue of \$106.3 million in general obligation bonds that included \$28.4 million in funding of Frederick County Board of Education capital projects and \$2.1 million in funding for Frederick Community College capital projects. Currently the County is carrying outstanding general obligation bonds issued for the Frederick County Board of Education and Frederick Community College projects in the amounts of \$206.5 million and \$25.1 million, respectively.

Overall total net position increased by \$94.7 million. This increase is largely attributed to the increase in net position from the governmental activities of \$60.1 million. Property taxes, income taxes and operating grant revenues all showed substantial increases in FY 20.

For more detailed information, see the Statement of Net Position (Exhibit II-A-1).

Statement of Activities

The following table presents the revenues and expenses for the current fiscal year, with comparative data for the prior year. This information reflects the changes in net position for these two fiscal years.

Statement of Activities
For the Fiscal Year Ended June 30,
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program revenues						
Charges for services	\$ 50,781	\$ 62,781	\$ 99,629	\$ 96,501	\$ 150,410	\$ 159,282
Operating grants and contributions	36,059	27,057	1,078	-	37,137	27,057
Capital grants and contributions	5,842	9,553	35,639	45,159	41,481	54,712
General revenues						
Local property taxes	336,866	322,657	-	-	336,866	322,657
Local income taxes	275,114	252,610	-	-	275,114	252,610
Other local taxes	45,641	44,427	-	-	45,641	44,427
Build America Bond subsidy	679	1,246	5	375	684	1,621
Investment earnings	12,420	12,423	3,060	4,611	15,480	17,034
Miscellaneous	15,369	11,804	-	134	15,369	11,938
Gain/Loss on Disposal of Assets	-	(133)	(242)	-	(242)	(133)
Total revenues	778,771	744,425	139,169	146,780	917,940	891,205
EXPENSES						
Program Activities						
Governmental Activities:						
General government	66,971	68,549	-	-	66,971	68,549
Public safety	131,910	131,166	-	-	131,910	131,166
Public works	58,560	52,700	-	-	58,560	52,700
Health	7,909	7,322	-	-	7,909	7,322
Social services	9,387	8,739	-	-	9,387	8,739
Education	360,993	314,235	-	-	360,993	314,235
Parks, recreation, and culture	24,511	22,399	-	-	24,511	22,399
Conservation of natural resources	16,158	11,642	-	-	16,158	11,642
Community development and public housing	8,326	8,369	-	-	8,326	8,369
Economic development and opportunity	14,462	11,165	-	-	14,462	11,165
Interest on long term debt	19,117	18,790	-	-	19,117	18,790
Business-type Activities:						
Water and sewer	-	-	50,846	48,117	50,846	48,117
Solid waste management	-	-	25,343	23,731	25,343	23,731
Comprehensive Care Facility	-	-	28,605	27,351	28,605	27,351
Public Housing	-	-	179	186	179	186
Total expenses	718,304	655,076	104,973	99,385	823,277	754,461
Change in net position before transfers	60,467	89,349	34,196	47,395	94,663	136,744
Transfers	(381)	744	381	(744)	-	-
Change in net position	60,086	90,093	34,577	46,651	94,663	136,744
Net position - beginning of year	264,744	174,651	658,101	611,450	922,845	786,101
Net position - ending of year	\$ 324,830	\$ 264,744	\$ 692,678	\$ 658,101	\$ 1,017,508	\$ 922,845

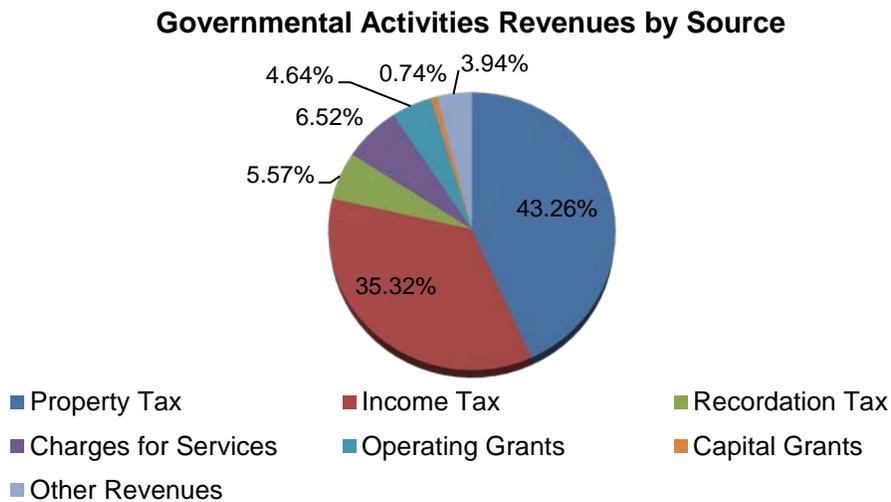
Governmental Activities: As noted earlier, the government's net position increased by \$94.7 million during the fiscal year. The net position of governmental activities increased \$60.1 million. Governmental activity revenues increased by \$34.4 million during FY20 with an increase in expenses of \$63.2 million. The County realized its largest increase in revenues from property tax, income tax, and operating grants and contributions revenues. The increase in these revenues categories were offset by a decrease in charges for services. The increase in governmental activities expenses were primarily in the areas of education, public works, conservation of natural resources and economic development and opportunity.

Key elements impacting the governmental activities revenues include:

- The County recorded \$336.9 million in local property tax revenues in FY20, compared to \$322.7 million in the prior year, representing a 4.4% increase.

- Increases in income tax revenues of \$22.5 million, reflecting an 8.9% increase over FY19.
- Operating Grants and Contributions revenue increased by \$9.0 million in FY20 primarily due to the federal Coronavirus Relief Funds, reflecting the portion that the County spent during FY20. The County received \$45.3 million in Coronavirus Relief Funds in May 2020. Of this amount \$8.6 million was spent during FY20 with the remaining \$36.7 million earmarked for eligible expenses in FY21.
- Charges for services decreased \$12.0 million in FY20 from \$62.8 million in FY19 to \$50.8 million in FY20. Impact fees for general government capital projects accounted for \$10.0 million of this decrease. Impact fees are only collected on new residential homes. This negative variance is a result of decreased permits issued for all housing types with the largest percentage decrease in townhouse/duplex homes. Impact fees also have a tendency to be very volatile from year to year.

The following chart illustrates the governmental activities revenues received by source for FY20:



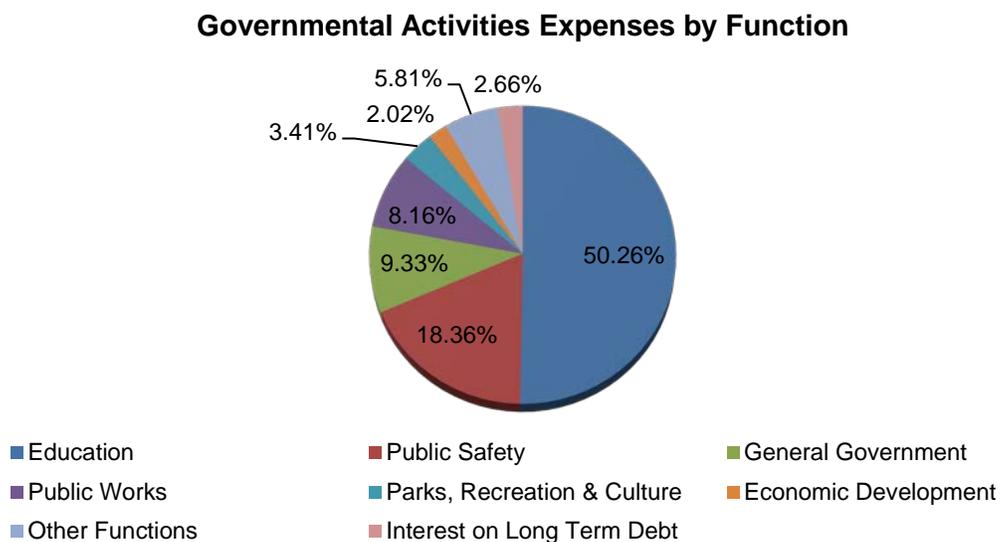
Governmental activities expenses increased by \$63.2 million in FY20. The largest contributors to this increase were in the areas:

- Overall Education expenses increased in FY20 by \$46.8 million when compared to FY19. Operating funding for our local education system continues to grow including an additional \$12.3 million in funding for FY20, which includes \$8.1 million over the Maintenance of Effort level, the minimum level required by state law. This supports the County Executive’s focus on our education system. Capital project expenses increased by \$34.5 million in FY20. The FY20 education capital project expenses totaled \$47.6 million due to the completion of a modernization/addition to an elementary school and a school dedicated to special education.
- Public Works spending increased by \$5.9 million. The majority of this increase was due to capital project expenses not meeting the requirements for capitalization (\$9.3 million) offset by a decrease in operating costs (\$3.4 million). The majority of the decrease in operating cost was due to the relatively mild winter the County experienced during FY20.
- Conservation of Natural Resources expenses increased by \$4.5 million in FY20. This escalation in costs is directly related to increased spending in watershed restoration and

retrofit projects required to meet the National Pollution Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS4) program.

- Economic development and opportunity costs increased by \$3.3 million when compared to FY19. This increase is attributable to Coronavirus Relief Funding spent by the County in FY20. The County’s JumpStart grant program provided economic support to small businesses adversely impacted by the pandemic.
- The County received COVID-19 funding from the federal government to combat the pandemic during the last quarter of FY20. Coronavirus Relief Funding of \$45.3 million was received in May 2020 with the County spending \$8.6 million by the end of the fiscal year. This funding was used for public health (\$1.3 million), county essential services (\$2.1 million), volunteer fire and rescue companies (\$0.4 million), community support (\$0.4 million), municipalities (\$0.5 million) and as mentioned above economic development assistance to businesses (\$3.9 million).

The following chart illustrates the governmental activities expenses by function for FY20:



Business-type Activities: Business-type activities increased Frederick County’s net position by \$34.6 million in FY20, compared to an increase of \$46.7 million in FY19.

Total Revenues for Business-type activities decreased by \$7.6 million in FY20.

Other key factors include:

- Capital grants and contributions continue to provide a major revenue source for the Water and Sewer Fund during the current fiscal year, producing \$35.6 million in revenue, representing decrease of \$4.6 million from FY19. Contributions for capacity charges continue to exceed 50% of total contributions, with the majority of the remaining contributions coming from developers and a smaller portion from municipalities.
- Charges for services increased by \$4.2 million. The Water and Sewer Fund reported an increase of \$3.7 million due to an increase in rates in FY20.

- The Comprehensive Care Facility received direct federal assistance from the U.S. Department of Health and Human Services of \$1.1 million for provider relief funding related to COVID-19 in FY20. This is offset by a \$4.9 million decrease in capital contributions.

Total Expenses for Business-type activities increased by \$5.6 million in FY20.

- The Water & Sewer Fund reported an increase in expenses of \$2.7 million in FY20. This is primarily due to increased costs for the Linganore Dredging project in FY20 of \$6.6 million compared to \$4.4 million in FY19.
- Expenses for the Solid Waste Fund increased by \$1.6 million in FY20 primarily in the transfer and recycling expenses.
- The Comprehensive Care Facilities Fund expenses increase by \$1.3 million primarily due to increased medical supply costs and hazard pay incurred due to the COVID-19 pandemic in FY20.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds: The focus of Frederick County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Frederick County's financing requirements.

As of the end of the current fiscal year, Frederick County's governmental funds reported combined ending fund balances of \$359.2 million. Approximately 99.0% of this total amount (\$355.5 million) constitutes restricted, committed, assigned and/or unassigned fund balance, which is generally available for spending. The remainder of fund balance (\$3.7 million) is classified as nonspendable to indicate that it is not available for spending because it is in the form of inventories, prepaid expenditures, long-term receivables or other like conditions. Included in the committed fund balance of \$238.3 million is \$39.1 million that is the result of enabling legislation. Section 2-7-1, subsection (a)(2) of the Frederick County, Maryland Code of Ordinances requires being set-aside in an amount equal to 7.0% percent of the General Fund expenditures and transfers to the Frederick County Board of Education and Frederick Community College.

The General Fund is the chief operating fund of Frederick County. At the end of the current fiscal year, restricted, committed, assigned and unassigned fund balance of the General Fund was \$126.6 million. Reducing the committed fund balance for the legislative mandate noted earlier still provides a fund balance of \$87.5 million spendable for current operations. The remainder of the fund balance (\$2.3 million) is non spendable and is not available for spending because it is in the form of inventory, prepaid expenditures, long term receivables and salary advances. Total fund balance for the General Fund is \$128.9 million. As a measure of the General Fund's liquidity, it may be useful to compare restricted, committed, assigned, and unassigned fund balance and total fund balance to total expenditures. Restricted, committed, assigned and unassigned fund balance represents 22.8% of total general fund expenditures, while total fund balance represents 23.3% of that same amount.

The Capital Projects Fund has a total fund balance of \$151.0 million. The increase in fund balance was \$46.4 million. This represents a \$40.6 million increase over the increase in fund balance in FY19 of \$5.8 million. This increase is primarily due to the timing of bond issuance. There were no new bond issues in FY19. Bonds were issued in FY20 with proceeds including bond premium for project funding in the amount of \$109.1 million. Other variances include an increase in capital project

spending of \$51.9 million, offset by decreased revenues of \$10.7 million, largely due to decreases in impact fee revenues, as previously mentioned. Other Financing Sources and Uses include \$19.0 million in General Fund revenues (\$1.8 million increase from FY19) and a \$7.0 million decrease in lease financing proceeds. Transfers to the Debt Service Fund include special revenues used for debt service payments related to capital projects of \$11.7 million, representing a slight decrease of \$0.3 million from FY19.

The Debt Service Fund has a total fund balance of \$1.1 million all under the category of assigned fund balance. The fiscal year fund balance decrease of \$66.6 million is largely due to the payoff of General Obligation Public Facilities Refunding Bonds, Series 2017A (2020 Crossover) of \$65.0 million.

Proprietary Funds: Frederick County's proprietary fund statements provide the same type of information found in the Government-Wide Financial Statements, but in more detail. At the end of FY20, the enterprise funds reported a combined total net position of \$691.0 million. Of that total, the unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$138.0 million and the unrestricted net position in the Solid Waste Management Fund totaled \$35.3 million. The Comprehensive Care Facility Fund ended the year with an unrestricted net position of \$6.8 million. The Bell Court Apartment Fund had an unrestricted net position of \$4,311.

The County's internal service funds ended FY20 with a total net position of \$31.4 million. Net Position included \$20.3 million of net investment in capital assets in the Fleet Services Fund and the remaining \$11.1 million of unrestricted net position for all internal service funds. Overall there was an increase in net position of \$2.0 million from the prior year.

General Fund Budgetary Highlights

The final expenditure and transfer budgets for the General Fund increased \$8.8 million over the original budget. As part of the FY20 budget process, the County now has the authority to re-appropriate encumbrances outstanding at the end of the fiscal year for the General Fund. This accounted for \$5.4 million of the increase from the adopted budget. Other notable increases to the adopted budget included a \$2.1 million supplemental appropriations to several County Divisions for one time expenditures.

During the year, revenues were greater than budgetary estimates by \$26.1 million and expenditures were less than budgetary estimates by \$14.1 million. Cautious spending, in light of COVID-19, partially contributed to the \$14.1 million or 2.5% decrease in actual General Fund expenditures compared to the final General Fund budget. Other financing sources and uses had a favorable variance of \$1.0 million. The favorable variances totaled \$41.2 million, thereby eliminating the need to draw upon any of the appropriated fund balance of \$33.2 million.

The major variances between the final amended budget and the actual amounts are summarized as follows:

- Local income tax distributions were greater than the budgeted amount by \$19.8 million. This is the result of a strong economy in the first three quarters of the fiscal year and the continuation of unpredictable distributions since the implementation of the Federal Government's Tax Cuts and Jobs Act.
- Recordation taxes exceeded budgeted amounts by \$2.7 million. These taxes are based on property transfers and loan refinancing's, which have increased primarily due to a decrease in interest rates for housing loans.

- Permits in the construction area have also reported better than budget performance for FY20 by \$1.1 million, particularly in the residential applications.
- Investment income exceeded budget estimates in FY20 by \$1.5 million. This is the result of an increase in cash and cash equivalent balances held by the General Fund from the previous fiscal year. General Fund cash and cash equivalent balances at the end of FY20 were \$136.1 million when compared to FY19 balances of \$71.2 million.
- Various departmental under spending of appropriations resulted in total expenditures being under budget by \$14.1 million generally throughout all functions of government. The largest contributors to this savings were \$5.4 million in general government areas, particularly in facility management services in the areas of maintenance costs. Public safety had a negative budget variance of \$0.7 million attributed to the fire and rescue operations budget being insufficient to fund the terms of labor negotiations with the Frederick County Career Firefighters and Paramedics Association (IAFF Local #3666). This negotiations settlement resulted in fire and rescue operations expenses exceeding the budget by \$3.3 million. Public works had a favorable budget variance of \$1.3 million which is partially attributed to salary recoveries related to time spent on capital projects exceeding expectations, while the County also experienced a mild winter and therefore spent less than expected on materials used to treat roads. Education had a favorable variance of \$1.1 million, due to in-kind costs coming in significantly lower than anticipated. Parks, recreation and culture had a positive budget variance of \$2.0 million as a result of many programs being cancelled to the COVID-19 pandemic. Non-departmental also had a favorable budget variance of \$3.3 million primarily the result of a savings in various county contingencies related to the severe weather and fuel.

Details of the variances can be found on Exhibit II-A-7.

Capital Asset and Debt Administration

Capital Assets: Frederick County Government's investments in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of June 30, 2019 and 2020, amount to \$1,155.6 million and \$1,183.8 million, respectively. This investment in capital assets includes land, easements, buildings, improvements, equipment, vehicles, roads, water and sewer lines, highways, bridges and construction in progress. The total increase in Frederick County's investment in capital assets for the current fiscal year was 2.4%.

Capital Assets, Net of Depreciation as of June 30, (In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 117,000	\$ 112,808	\$ 9,328	\$ 9,328	\$ 126,328	\$ 122,136
Buildings & improv.	263,662	247,684	364,835	362,995	628,497	610,679
Equipment	149,436	145,223	57,167	57,036	206,603	202,259
Infrastructure	425,259	418,244	440,826	429,015	866,085	847,259
Construction in progress	25,051	24,060	41,903	26,208	66,954	50,268
Accum. depreciation	(469,009)	(450,619)	(241,647)	(226,373)	(710,656)	(676,992)
Total	<u>\$ 511,399</u>	<u>\$ 497,400</u>	<u>\$ 672,412</u>	<u>\$ 658,209</u>	<u>\$ 1,183,811</u>	<u>\$ 1,155,609</u>

**Net of accumulated depreciation related to asset retirement.*

Major capital asset events during the fiscal year included, but are not limited to the following projects:

Governmental Activities:

- Costs were incurred for the following major projects and capital purchases:
 - Pavement Management \$23.3 million
 - Utica District Park – Phase II 8.2 million
 - Othello Regional Park 6.7 million
 - Industrial Facility Storm Water Retrofits 2.2 million
 - Systemic Projects 2.2 million
 - Point of Rocks Stream Restoration 2.0 million

- The following transfers were made to the Frederick County Board of Education for school construction:
 - Urbana Elementary School – Modernization/Addition \$21.1 million
 - Rock Creek School 12.8 million
 - Systemic Projects 5.1 million
 - Blue Heron Elementary School 4.5 million

- The following transfer was made to Frederick Community College for school construction:
 - Systemic Projects \$2.0 million
 - Building E – Renovation/Addition 1.8 million

Business-type Activities:

- Construction costs were incurred for the following major projects:
 - Monocacy WWPS 1B – Force Main \$8.7 million
 - Raw Water Intake & Pump Station Improvements 2.3 million
 - Ballenger Zone 2 Water Tank 2.0 million

Additional information on capital assets is presented in detail in Note 3.C of this report.

Long-Term Debt

**Bonds, Notes Payable and Capital Leases
as of June 30,
(In Thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 431,426	\$ 434,276	\$ 108,374	\$ 132,299	\$ 539,800	\$ 566,575
Ag Easement Notes (IPA)	48,086	50,654	-	-	48,086	50,654
Notes from Direct Borrowings and Direct Placements	20,067	20,290	55,638	59,725	75,705	80,015
Capital Leases	8,109	9,541	365	319	8,474	9,860
Total	\$ 507,688	\$ 514,761	\$ 164,377	\$ 192,343	\$ 672,065	\$ 707,104

As of year-end, the County had \$539.8 million in general obligation bonds outstanding compared to a total of \$566.6 million last year, a 4.7% net decrease. This decrease (\$26.8 million) is attributed to principle payments and refundings of \$163.0 million offset by new bond issues in the amount of \$136.2 million.

The County maintains a debt affordability index to determine its self-imposed limits for issuing long-term general governmental debt. This debt affordability index is a blend of ratios to determine the

maximum debt that can be issued each year and in total for its six-year capital program. The County's financial advisor reviews this index periodically.

Pursuant to the Charter of Frederick County Maryland, future authorizations for general obligation borrowings will be granted by the County Council. Section 508 of the Charter sets limitations for general obligation borrowings. This debt limit is calculated at an amount not to exceed a total of five percent of the assessable basis of real property of the County and fifteen percent of the County's assessable basis of personal property and operating real property described in Section 8-109(c) of the Tax-Property Article of the Annotated Code of Maryland. Exhibit III-A-12 presents the calculation of legal debt margin at \$1,015.5 million. In FY20 the County Council granted an additional \$200 million in authority for long term borrowings. Also during FY20, \$100 million of authority was approved through expedited legislation for short-term working capital needs in preparation of cash shortfalls resulting from COVID-19 economic disruptions. To date, no funds have been required.

Principal payments and reductions of all the County's long-term liabilities in the amounts of \$140.9 million and \$45.0 million were made in the governmental and business-type activities, respectively. Additional information on the County's long-term debt can be found in Note 3.F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The COVID-19 public health crisis has had a major impact to us all. We anticipate record unemployment rates and mandated business closures will have an impact to our future revenues. However, Frederick County is in a strong financial position to weather this storm. Conservative budgeting and policies have allowed Frederick County to build our reserves to record numbers. This forward thinking has given Frederick County the financial means to maintain our full range of services and boost our local economy and help our constituents.
- The General Fund budget for FY21 is based on existing tax rates for both County property taxes (\$1.06) and income taxes (2.96%) and reflects 4.5% increase in revenues compared to FY20. Property tax and income tax revenues increased by 5.2% and 4.0% respectively, reflecting the increase in real property assessments, as well as recognizing the significant positive budget variance in income tax revenues that were experienced in FY20. The City of Frederick and the Town of Myersville use County property tax differential rates. The City of Frederick rate for FY21 will be 0.9432, which is an increase from the FY20 rate of 0.9423. The Town of Myersville increased their rate for FY21 to 0.9373 from the FY20 rate of 0.9325.
- Funding for Frederick County Public Schools exceeds the Maintenance of Effort (MOE) level, the minimum level required by state law, to fund the fifth year of a new teacher and staff pay scales. The FY21 budget provides for \$7.0 million over MOE. Overall funding increased to the school system in the amount of \$14.1 million. The total appropriation for FY21 is \$309.7 million.
- Funding for Frederick Community College will also experience an increase of \$1.3 million in FY21. The total appropriation for FY21 is \$20.3 million. The capital budget includes funding for improvements to Building E and various systemic projects.
- The appropriation for Frederick County Libraries remained unchanged at \$12.0 million in FY21.
- As a result of operations in FY20, there remains \$33.3 million of fund balance in the General Fund that is committed for use in the FY22 budget. This represents an increase from the \$26.0 million programmed as a budgeted use of fund balance in the FY21 budget.

- As of June 2020, the average unemployment rate for the County was 7.7 percent, while the average unemployment rate for the State of Maryland was 8.5 percent. Unemployment rates spiked nationwide due to the coronavirus pandemic in the 2nd quarter of calendar year 2020. The County has experienced a recovery in its unemployment rate since June 2020 as the rate as of September 2020 was down to 5.7 percent compared to the State of Maryland rate of 6.9 percent.

Below are the property tax rates for Frederick County and the State of Maryland. Only the City of Frederick's and the Town of Myersville's differential tax rates increased in FY21.

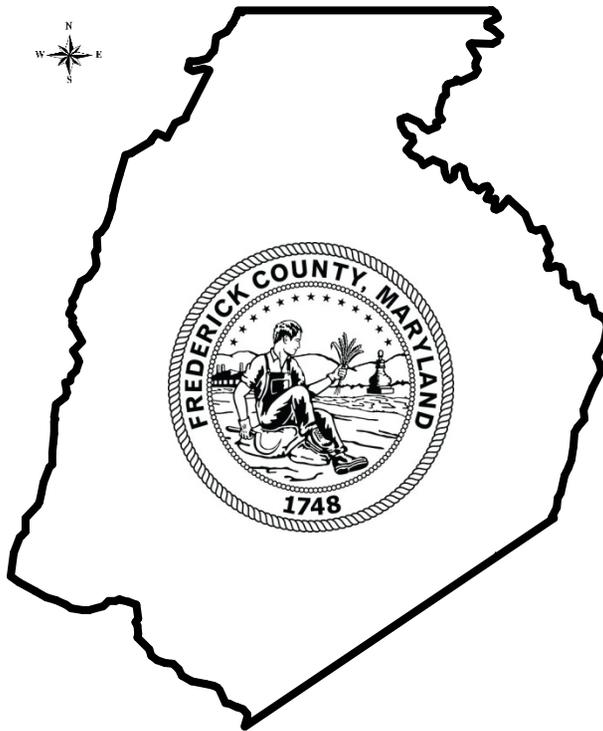
<u>Jurisdiction</u>	<u>FY 2021</u>	<u>FY 2020</u>
State of Maryland	0.1120	0.1120
Frederick County	1.0600	1.0600
City of Frederick Differential	0.9432	0.9423
Town of Myersville Differential	0.9373	0.9325
Total Real Property Assessed Values	33.8B	31.7B

REQUESTS FOR INFORMATION

The County's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the County's finances and to demonstrate the County's accountability. If you have questions about the report or need additional financial information, contact the Director of Finance, Frederick County Government, 12 East Church Street, Frederick, Maryland 21701.

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BASIC FINANCIAL STATEMENTS



This section provides a combined overview of the County's net position and operating activities. The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which present a total for the Primary Government, using the accrual basis of accounting.

The fund financial statements presented in this section focus on major funds, and present a combined total for nonmajor funds.

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries
Assets						
Cash	\$ 758,438	\$ 2,930	\$ 761,368	\$ 23,311,245	\$ 14,546,648	\$ 7,062
Equity in pooled invested cash	299,417,294	186,193,424	485,610,718	-	-	-
Cash and cash equivalents - restricted	68,421,966	4,528,228	72,950,194	9,272,085	-	20,000
Total cash and cash equivalents	368,597,698	190,724,582	559,322,280	32,583,330	14,546,648	27,062
Investments - restricted	-	-	-	-	-	603,599
Investments	54,815,717	10,002,700	64,818,417	40,843,319	16,039,295	-
Receivables, net of allowance for uncollectibles:						
Property taxes	612,400	-	612,400	-	-	-
Accounts	4,589,580	14,103,222	18,692,802	5,797,700	742,451	178
Intergovernmental	107,677,063	-	107,677,063	3,417,739	3,102,337	-
Internal balances	(1,719,833)	1,719,833	-	-	-	-
Net pension asset	15,879,382	-	15,879,382	-	-	-
Due from primary government	-	-	-	9,769,549	-	3,855,017
Due from component units	2,291	-	2,291	-	-	-
Inventories	2,583,741	108,744	2,692,485	1,797,016	525,490	-
Prepaid items	1,625,440	3,050,145	4,675,585	624,556	185,868	65,548
Long-term receivables, net of allowance for uncollectibles	12,800,132	1,818,354	14,618,486	-	26,584	-
Capital assets:						
Land	116,999,511	9,327,737	126,327,248	51,951,021	271,620	-
Buildings and improvements	263,662,023	364,835,103	628,497,126	1,085,493,993	132,987,359	-
Equipment	149,436,000	57,167,526	206,603,526	57,894,253	6,797,170	380,899
Library collection	-	-	-	-	2,065,438	7,006,867
Infrastructure	425,258,792	440,825,951	866,084,743	-	-	-
Construction in progress	25,050,856	41,902,984	66,953,840	63,065,843	4,139,089	-
Accumulated depreciation	(469,008,515)	(241,647,122)	(710,655,637)	(454,099,530)	(58,982,009)	(5,478,344)
Total assets	1,078,862,278	893,939,759	1,972,802,037	899,138,789	122,447,340	6,460,826
Deferred Outflows of Resources						
Deferred outflow related to Pension	7,540,327	-	7,540,327	5,987,853	-	-
Deferred outflow related to LOSAP	136,194	-	136,194	-	-	-
Deferred outflow related to OPEB	5,270,982	-	5,270,982	113,659,871	-	-
Deferred charge on refunding	5,962,366	2,154,623	8,116,989	-	-	-
Total deferred outflows of resources	18,909,869	2,154,623	21,064,492	119,647,724	-	-

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries
Liabilities						
Accounts payable	\$ 7,571,366	\$ 44,571	\$ 7,615,937	\$ 24,747,732	\$ 998,651	\$ 2,029
Accrued liabilities	12,287,369	9,308,364	21,595,733	41,996	1,069,240	-
Payroll and benefit deductions	17,107,175	931,277	18,038,452	15,564,185	611,235	596,011
Property taxes payable	41,742	-	41,742	-	-	-
Due to third parties	10,164,780	-	10,164,780	-	261,044	-
Due to other governmental units	152,306	-	152,306	-	-	-
Due to component units	13,715,500	-	13,715,500	-	-	-
Unearned revenues	43,681,971	178,873	43,860,844	-	1,271,150	407,227
Performance and security deposits	-	940,645	940,645	-	-	-
Other liabilities	2,223,199	1,622,991	3,846,190	-	-	-
Noncurrent liabilities:						
Due within one year	46,089,842	18,180,260	64,270,102	18,019,144	1,977,258	59,900
Due in more than one year	548,609,324	172,209,133	720,818,457	901,791,490	5,337,475	551,923
Total liabilities	<u>701,644,574</u>	<u>203,416,114</u>	<u>905,060,688</u>	<u>960,164,547</u>	<u>11,526,053</u>	<u>1,617,090</u>
Deferred Inflows of Resources						
Deferred inflow related to pensions	12,409,725	-	12,409,725	3,780,168	-	-
Deferred inflow related to LOSAP	639,615	-	639,615	-	-	-
Deferred inflow related to OPEB	58,248,032	-	58,248,032	63,471,922	-	-
Total deferred inflows of resources	<u>71,297,372</u>	<u>-</u>	<u>71,297,372</u>	<u>67,252,090</u>	<u>-</u>	<u>-</u>
Net Position						
Net investment in capital assets	278,494,160	507,409,906	785,904,066	781,632,550	81,896,676	1,909,422
Restricted for:						
School and library construction	92,779,102	-	92,779,102	-	-	-
Additional or expanded road facilities	18,526,320	-	18,526,320	-	-	-
Parks acquisition	13,294,783	-	13,294,783	-	-	-
Capital projects	-	3,488,995	3,488,995	-	-	-
Agricultural preservation	2,031,454	-	2,031,454	-	-	-
County code required set-aside	39,086,518	-	39,086,518	-	-	-
Other purposes	281,471	-	281,471	-	14,506,925	623,599
Unrestricted (Deficit)	(119,663,607)	181,779,367	62,115,760	(790,262,674)	14,517,686	2,310,715
Total net position	<u>\$ 324,830,201</u>	<u>\$ 692,678,268</u>	<u>\$ 1,017,508,469</u>	<u>\$ (8,630,124)</u>	<u>\$ 110,921,287</u>	<u>\$ 4,843,736</u>

The notes to the financial statements are an integral part of this statement.

FREDERICK COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position						
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units			
					Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries	
Primary government:											
Governmental activities:											
General government	\$ 66,970,477	\$ 38,888,420	\$ 11,235,170	\$ -	\$ (16,846,888)	\$ -	\$ (16,846,888)	\$ -	\$ -	\$ -	\$ -
Public safety	131,909,914	7,349,152	4,478,165.21	-	(120,082,597)	-	(120,082,597)	-	-	-	-
Public works	58,559,965	768,577	6,997,995	881,698	(49,911,696)	-	(49,911,696)	-	-	-	-
Health	7,908,820	195,102	996,080	-	(6,717,638)	-	(6,717,638)	-	-	-	-
Social services	9,386,860	1,913,469	1,322,509	-	(6,150,883)	-	(6,150,883)	-	-	-	-
Education	360,992,908	-	-	-	(360,992,908)	-	(360,992,908)	-	-	-	-
Parks, recreation and culture	24,511,355	1,270,099	-	266,328	(22,974,928)	-	(22,974,928)	-	-	-	-
Conservation of natural resources	16,158,540	396,570	436,226	4,693,515	(10,632,229)	-	(10,632,229)	-	-	-	-
Community development and public housing	8,325,583	-	7,609,636	-	(715,947)	-	(715,947)	-	-	-	-
Economic development and opportunity	14,462,151	-	2,983,517	-	(11,478,634)	-	(11,478,634)	-	-	-	-
Interest on long term debt	19,116,730	-	-	-	(19,116,730)	-	(19,116,730)	-	-	-	-
Total governmental activities	<u>718,303,304</u>	<u>50,781,389</u>	<u>36,059,297</u>	<u>5,841,541</u>	<u>(625,621,077)</u>	<u>-</u>	<u>(625,621,077)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:											
Water and sewer	50,846,081	44,395,954	-	35,638,453	-	29,188,326	29,188,326	-	-	-	-
Solid waste management	25,342,752	27,793,158	-	-	-	2,450,406	2,450,406	-	-	-	-
Comprehensive care facility	28,605,554	27,304,063	1,077,649	-	(223,842)	(223,842)	(223,842)	-	-	-	-
Public housing	179,034	136,182	-	-	-	(42,852)	(42,852)	-	-	-	-
Total business-type activities	<u>104,973,421</u>	<u>99,629,357</u>	<u>1,077,649</u>	<u>35,638,453</u>	<u>-</u>	<u>31,372,038</u>	<u>31,372,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 823,276,725</u>	<u>\$ 150,410,746</u>	<u>\$ 37,136,946</u>	<u>\$ 41,479,994</u>	<u>(625,621,077)</u>	<u>31,372,038</u>	<u>(594,249,040)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units:											
Board of Education	\$ 726,496,537	\$ 5,574,472	\$ 167,968,413	\$ 86,498,795	-	-	-	(466,454,857)	-	-	-
Community College	64,635,255	18,267,351	43,627,707	6,145,823	-	-	-	-	3,405,626	-	-
Public Libraries	15,662,292	247,758	15,245,927	-	-	-	-	-	-	(168,607)	-
Total Component Units	<u>\$ 806,794,084</u>	<u>\$ 24,089,581</u>	<u>\$ 226,842,047</u>	<u>\$ 92,644,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(466,454,857)</u>	<u>3,405,626</u>	<u>(168,607)</u>	<u>-</u>
General Revenues:											
Local property taxes					336,865,559	-	336,865,559	-	-	-	-
Local income taxes					275,113,624	-	275,113,624	-	-	-	-
Recordation taxes					43,363,023	-	43,363,023	-	-	-	-
Hotel rental tax					1,967,562	-	1,967,562	-	-	-	-
Agriculture transfer tax					311,614	-	311,614	-	-	-	-
Build America Bond Subsidy					678,783	5,165	683,948	-	-	-	-
Grants and contributions not restricted to specific programs					-	-	-	455,019,013	-	-	-
Investment earnings					12,419,466	3,060,246	15,479,712	787,652	263,916	10,223	-
Miscellaneous					15,369,133	-	15,369,133	2,766,431	-	-	-
Gain/(Loss) on disposal of assets					-	(242,107)	(242,107)	-	-	-	-
Transfers					(381,300)	381,300	-	-	-	-	-
Total general revenues and transfers					<u>685,707,464</u>	<u>3,204,604</u>	<u>688,912,068</u>	<u>458,573,096</u>	<u>263,916</u>	<u>10,223</u>	<u>-</u>
Change in net position					60,086,387	34,576,642	94,663,029	(7,881,761)	3,669,542	(158,384)	-
Net position - beginning of year					264,743,814	658,101,626	922,845,440	(748,363)	107,251,745	5,002,120	-
Total net position - end of year					<u>\$ 324,830,201</u>	<u>\$ 692,678,268</u>	<u>\$ 1,017,508,469</u>	<u>\$ (8,630,124)</u>	<u>\$ 110,921,287</u>	<u>\$ 4,843,736</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

**FREDERICK COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash	\$ 551,462	\$ -	\$ -	\$ 206,976	\$ 758,438
Equity in pooled invested cash	135,502,350	130,366,053	1,101,240	21,419,417	288,389,060
Total cash and cash equivalents	<u>136,053,812</u>	<u>130,366,053</u>	<u>1,101,240</u>	<u>21,626,393</u>	<u>289,147,498</u>
Investments	10,012,857	-	-	44,802,860	54,815,717
Receivables, net of allowance for uncollectibles:					
Property taxes	612,400	-	-	-	612,400
Accounts	3,698,201	-	39,960	501,966	4,240,127
Intergovernmental	102,109,201	1,464,470	-	4,103,393	107,677,064
Prepaid items	163,295	-	-	1,407,940	1,571,235
Due from component units	-	-	-	2,291	2,291
Inventories	2,061,460	-	-	-	2,061,460
Long-term receivables, net of allowance for uncollectibles:					
Employee salary advances	18,962	-	-	-	18,962
Non-profit organization loans	78,381	-	-	1,664,072	1,742,453
Housing loans	-	-	-	10,290,717	10,290,717
Other long term receivables	-	-	-	748,000	748,000
Cash and cash equivalents - restricted	34,230	29,797,126	-	38,590,610	68,421,966
Total assets	<u>\$ 254,842,799</u>	<u>\$ 161,627,649</u>	<u>\$ 1,141,200</u>	<u>\$ 123,738,242</u>	<u>\$ 541,349,890</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 29,171	\$ 7,485,329	\$ -	\$ 56,866	\$ 7,571,366
Accrued liabilities	1,090,167	129,446	23,626	1,788,959	3,032,198
Payroll and benefit deductions	14,166,038	1,974,749	-	966,388	17,107,175
Property taxes payable	41,742	-	-	-	41,742
Due to third parties	10,063,034	-	-	101,746	10,164,780
Due to other governmental units	118,732	-	-	33,574	152,306
Due to component units	13,412,218	-	-	-	13,412,218
Other liabilities	741,338	-	-	1,481,861	2,223,199
Unearned revenues	1,546,081	1,052,468	-	41,083,422	43,681,971
Total liabilities	<u>41,208,521</u>	<u>10,641,992</u>	<u>23,626</u>	<u>45,512,816</u>	<u>97,386,955</u>
Deferred Inflows of Resources					
Unavailable revenue	84,736,941	-	-	-	84,736,941
Total deferred inflows of resources	<u>84,736,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,736,941</u>
Fund balances:					
Nonspendable	2,322,098	-	-	1,407,940	3,730,038
Restricted	1,007,637	89,703,384	-	4,722,876	95,433,897
Committed	104,888,763	61,282,273	-	72,094,610	238,265,646
Assigned	20,378,839	-	1,117,574	-	21,496,413
Unassigned	300,000	-	-	-	300,000
Total fund balances	<u>128,897,337</u>	<u>150,985,657</u>	<u>1,117,574</u>	<u>78,225,426</u>	<u>359,225,994</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 254,842,799</u>	<u>\$ 161,627,649</u>	<u>\$ 1,141,200</u>	<u>\$ 123,738,242</u>	<u>\$ 541,349,890</u>

The notes to the financial statements are an integral part of this statement.

FREDERICK COUNTY, MARYLAND
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balance - governmental funds (See Exhibit II-A-3) \$ 359,225,994

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (includes capital assets of the internal service fund).

Land	\$	116,999,511	
Buildings and Improvements		263,662,023	
Equipment		149,436,000	
Infrastructure		425,258,792	
Construction in Progress		25,050,856	
Less Accumulated Depreciation		<u>(469,008,515)</u>	511,398,667

Deferred outflows of resources are recognized as expenditures in the fund statements, but are deferred in the government-wide statements.

Deferred Outflows on Refundings	\$	5,962,366	
Deferred Outflows related to pensions and OPEB		<u>12,947,503</u>	18,909,869

Long-term liabilities related to governmental activities are not due and payable in the current period and therefore are not reported in the funds (includes long-term liabilities of the internal service fund).

Bonds Payable	\$	(431,425,718)	
Notes from direct Borrowings and Direct Placements		(20,067,010)	
Unamortized Premium on Bonds Payable		(34,938,068)	
Installment Purchase Agreements		(48,086,285)	
Capital Lease Obligations		(8,109,121)	
Compensated Absences		(14,650,985)	
Net Other Post Employment Benefit Liability		(26,824,045)	
Net LOSAP Pension Liability		(10,210,493)	
Termination Benefits		(387,441)	
Net Pension Asset		15,879,381	
Accrued Bond Interest		(8,563,154)	
Forward Current Refunding Bond Issue Costs		(31,142)	
Recognition of Deferred Inflows - unearned revenues in governmental funds		84,736,941	(502,677,140)

Deferred inflows of resources are not in the current period and therefore are not reported in the funds.

Deferred Inflows Related to pensions and OPEB		<u>(71,297,372)</u>	(71,297,372)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of an internal service fund are included in governmental activities in the statement of net position. This balance is net of capital assets and long-term liabilities included above.

9,270,183

Net position of governmental activities (See Exhibit II-A-1)

\$ 324,830,201

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local property taxes	\$ 335,803,751	\$ -	\$ -	\$ 16,419	\$ 335,820,170
Local income taxes	246,930,060	-	-	-	246,930,060
Other local taxes	27,788,441	12,647,693	-	7,699,554	48,135,688
Licenses and permits	6,564,047	-	-	-	6,564,047
Grants from federal government	1,346,072	487,988	-	24,902,632	26,736,692
Grants from state government	4,194,267	1,738,434	-	9,730,920	15,663,621
Charges for services	10,849,514	30,631,873	-	1,375,777	42,857,164
Fines and forfeitures	24,706	-	-	220,343	245,049
Investment income	3,495,592	1,631,044	1,406,405	5,730,720	12,263,761
Build America bond subsidy	-	-	1,202,253	-	1,202,253
Miscellaneous	2,490,757	547,986	-	5,531,872	8,570,615
Total revenues	<u>639,487,207</u>	<u>47,685,018</u>	<u>2,608,658</u>	<u>55,208,237</u>	<u>744,989,120</u>
Expenditures					
Current:					
General government	47,280,164	-	-	3,474,631	50,754,795
Public safety	129,030,055	-	-	5,560,519	134,590,574
Public works	18,884,030	-	-	7,538,868	26,422,898
Health	6,071,815	-	-	2,663,276	8,735,091
Social services	6,949,998	-	-	2,634,716	9,584,714
Education	313,406,322	-	-	-	313,406,322
Parks, recreation and culture	19,365,703	-	-	42,153	19,407,856
Conservation of natural resources	2,557,486	-	-	8,852,000	11,409,486
Community development and public housing	658,575	-	-	7,754,587	8,413,162
Economic development and opportunity	3,995,832	-	-	10,860,839	14,856,671
Miscellaneous	(81,270)	-	-	12,221	(69,049)
Intergovernmental	5,869,132	-	-	-	5,869,132
Debt service	-	-	75,771,282	88,542	75,859,824
Capital projects	-	117,293,869	-	-	117,293,869
Total expenditures	<u>553,987,842</u>	<u>117,293,869</u>	<u>75,771,282</u>	<u>49,482,352</u>	<u>796,535,345</u>
Excess (deficiency) of revenues over expenditures	<u>85,499,365</u>	<u>(69,608,851)</u>	<u>(73,162,624)</u>	<u>5,725,885</u>	<u>(51,546,225)</u>
Other financing sources (uses)					
Transfers in from:					
General fund	-	18,951,787	43,680,000	8,939,500	71,571,287
Capital projects fund	-	-	11,666,585	-	11,666,585
Special revenue funds	264,767	-	5,622,042	97,500	5,984,309
Enterprise funds	-	118,700	-	-	118,700
Transfers out to:					
General fund	-	-	-	(264,767)	(264,767)
Capital projects fund	(18,951,787)	-	-	-	(18,951,787)
Special revenue funds	(8,939,500)	-	-	(97,500)	(9,037,000)
Internal service funds	(1,850,652)	(15,809)	-	-	(1,866,461)
Enterprise funds	-	(500,000)	-	-	(500,000)
Debt service fund	(43,680,000)	(11,666,585)	-	(5,622,042)	(60,968,627)
Refunding bonds issued	-	-	34,731,525	-	34,731,525
Payment to refunded bond escrow agent	-	-	(90,150,822)	-	(90,150,822)
Payment to refunded lease escrow agent	-	-	-	-	-
General obligation bonds issued	-	98,509,493	-	-	98,509,493
Premium on debt	-	10,593,166	991,837	-	11,585,003
Installment purchase agreement	-	-	-	626,849	626,849
Total other financing sources and (uses)	<u>(73,157,172)</u>	<u>115,990,752</u>	<u>6,541,167</u>	<u>3,679,540</u>	<u>53,054,287</u>
Net change in fund balances	12,342,193	46,381,901	(66,621,457)	9,405,425	1,508,062
Fund balances - beginning of year	116,555,144	104,603,756	67,739,031	68,820,001	357,717,932
Fund balances - end of year	<u>\$ 128,897,337</u>	<u>\$ 150,985,657</u>	<u>\$ 1,117,574</u>	<u>\$ 78,225,426</u>	<u>\$ 359,225,994</u>

The notes to the financial statements are an integral part of this statement.

FREDERICK COUNTY, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds (See Exhibit II-A-5) \$ 1,508,062

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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	39,125,685	
Depreciation Expense	(28,433,227)	
Adjusted for Internal Service Fund Depreciation	<u>3,306,351</u>	13,998,809

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Income Taxes - Deferred in the Fund Statements	81,641,307	
Income Taxes - Recognized as Income in the Prior Year	(53,457,743)	
Other Revenues - Deferred in the Fund Statements	3,095,634	
Other Revenues - Recognized as Income in the Prior Year	<u>(3,074,968)</u>	28,204,230

The issuance of long-term debt proceeds (i.e. bonds, leases, installment purchase agreements) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of Installment Purchase Agreements	(626,848)	
Issuance of General Obligations Bond	(98,509,493)	
Issuance of Refunding Bond	(34,731,525)	
Build America Bond Subsidy Receivable - Prior Year	(523,470)	
Bond Premium	(11,585,003)	
Payment to Refunded Bond Escrow Agent	90,150,822	
Principal Payments on General Obligation Debt	39,880,554	
Principal Payments on Direct Borrowings and Direct Placements	8,175,288	
Principal Payments on Capital Leases	1,431,741	
Principal Payments on IPA's	3,194,665	
Amortization of Bond Premiums	7,057,629	
Amortization of Deferred Loss on Bonds	<u>(3,507,747)</u>	406,613

(continued)

FREDERICK COUNTY, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net Pension	\$	9,902,664	
Net Other Post Employment Benefit Obligations		7,322,267	
Net LOSAP		376,484	
Accrued Interest - Prior Year		9,074,118	
Accrued Interest - Current Year		(8,563,154)	
Compensated Absences Accrual		(2,269,767)	
Termination Benefits Accrual		(18,705)	
		15,823,907	

Internal service funds are used by management to charge the costs of fleet, voice services and workers compensation to individual funds.

144,766

Change in net position of governmental activities (See Exhibit II-A-2)

\$ 60,086,387

The notes to the financial statements are an integral part of this statement.

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Local property taxes				
Real property (inc. additions & abatements)	\$ 325,307,744	\$ 325,307,744	\$ 326,269,232	\$ 961,488
Personal property	-	-	170,009	170,009
Public utilities	11,492,970	11,492,970	11,274,141	(218,829)
Payments in lieu of taxes	555,373	555,373	348,098	(207,275)
Total levy	<u>337,356,087</u>	<u>337,356,087</u>	<u>338,061,480</u>	<u>705,393</u>
Tax credit - state reimbursement	3,250,000	3,250,000	-	(3,250,000)
Homestead credit	(826,034)	(826,034)	(849,286)	(23,252)
Other tax credits and refunds	(5,332,138)	(5,332,138)	(2,366,595)	2,965,543
Interest - delinquent taxes	2,850,000	2,850,000	3,151,929	301,929
Discounts allowed on taxes	(2,100,000)	(2,100,000)	(2,193,777)	(93,777)
Total adjustments	<u>(2,158,172)</u>	<u>(2,158,172)</u>	<u>(2,257,729)</u>	<u>(99,557)</u>
Total local property taxes	<u>335,197,915</u>	<u>335,197,915</u>	<u>335,803,751</u>	<u>605,836</u>
Local income taxes	<u>227,145,067</u>	<u>227,145,067</u>	<u>246,930,060</u>	<u>19,784,993</u>
Other local taxes				
Recordation	22,031,887	22,613,377	25,294,952	2,681,575
911 fees - local	1,600,000	1,600,000	2,493,139	893,139
Security interest filing fees	200	200	350	150
Total other local taxes	<u>23,632,087</u>	<u>24,213,577</u>	<u>27,788,441</u>	<u>3,574,864</u>
Licenses and permits				
Alcoholic beverage licenses	458,700	458,700	334,212	(124,488)
Traders' licenses	210,000	210,000	168,916	(41,084)
Animal licenses	52,100	52,100	46,164	(5,936)
Marriage fees	17,500	17,500	13,460	(4,040)
Building permits	1,810,000	1,810,000	2,263,730	453,730
Electrical permits	930,000	930,000	1,111,325	181,325
Plumbing permits	1,000,000	1,000,000	1,280,072	280,072
Grading permits	620,000	620,000	793,199	173,199
Miscellaneous licenses and permits	496,000	496,000	552,968	56,968
Total licenses and permits	<u>5,594,300</u>	<u>5,594,300</u>	<u>6,564,046</u>	<u>969,746</u>
Grants from federal government	<u>210,000</u>	<u>412,602</u>	<u>1,346,072</u>	<u>933,470</u>

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Grants from state government				
Police protection	\$ 1,086,363	\$ 1,086,363	\$ 1,109,136	\$ 22,773
Aid for fire, rescue and ambulance services	550,000	552,967	582,967	30,000
Highway user revenues	3,004,792	3,004,792	2,355,509	(649,283)
County inmate housing	200,000	200,000	146,655	(53,345)
Total grants from state government	<u>4,841,155</u>	<u>4,844,122</u>	<u>4,194,267</u>	<u>(649,855)</u>
Charges for services				
Planning and zoning fees	749,000	749,000	1,076,491	327,491
Court costs, fees and charges	167,000	173,000	155,563	(17,437)
Scott Key Center	1,670,817	1,670,817	1,910,719	239,902
Other general government	221,124	221,124	263,117	41,993
Public safety	5,519,500	5,667,060	5,266,933	(400,127)
Public improvement inspections	200,000	250,000	305,904	55,904
Frederick County Developmental Center	10,000	10,000	32,030	22,030
Weed control	264,359	264,359	396,034	131,675
Municipal recoveries	125,000	125,000	172,624	47,624
Recreation	1,701,577	1,701,577	1,270,099	(431,478)
Total charges for services	<u>10,628,377</u>	<u>10,831,937</u>	<u>10,849,514</u>	<u>17,577</u>
Fines and forfeitures				
Court	35,000	35,000	15,069	(19,931)
Alcoholic beverages	30,000	30,000	6,700	(23,300)
Other fines and forfeitures	500	500	2,937	2,437
Total fines and forfeitures	<u>65,500</u>	<u>65,500</u>	<u>24,706</u>	<u>(40,794)</u>
Investment income	<u>2,000,011</u>	<u>2,001,051</u>	<u>3,495,592</u>	<u>1,494,541</u>
Miscellaneous revenues				
Rents and concessions	1,603,491	1,603,491	1,653,399	49,908
Contributions and donations	40,765	940,065	101,924	(838,141)
Sale of property	-	-	39,064	39,064
Other miscellaneous revenues	1,025,000	493,030	696,371	203,341
Total miscellaneous revenues	<u>2,669,256</u>	<u>3,036,586</u>	<u>2,490,758</u>	<u>(545,828)</u>
Total revenues	<u>611,983,668</u>	<u>613,342,657</u>	<u>639,487,207</u>	<u>26,144,550</u>

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
General government				
Legislative and executive				
County Executive	\$ 1,769,512	\$ 1,773,223	\$ 1,733,325	\$ 39,898
County Council	777,836	777,836	728,171	49,665
Ethics Commission	10,419	10,419	-	10,419
Total legislative and executive	<u>2,557,767</u>	<u>2,561,478</u>	<u>2,461,496</u>	<u>99,982</u>
Judicial				
Circuit court	1,620,313	1,627,193	1,625,628	1,565
Orphans court	39,688	39,688	34,091	5,597
State's attorney	6,495,078	6,493,017	6,339,762	153,255
Grand jury	97,395	97,395	26,895	70,500
Total judicial	<u>8,252,474</u>	<u>8,257,293</u>	<u>8,026,376</u>	<u>230,917</u>
Elections				
Board of supervisors of elections	<u>2,017,092</u>	<u>2,349,189</u>	<u>1,450,348</u>	<u>898,841</u>
Financial administration				
Finance administration	678,606	678,606	675,701	2,905
Accounting	1,958,992	1,958,992	1,913,840	45,152
Independent auditing	78,500	78,500	75,500	3,000
Budgeting	799,537	819,537	606,150	213,387
Procurement & contracting	1,237,959	1,238,554	1,026,377	212,177
Risk management	465,052	480,811	432,519	48,292
Treasury	1,245,415	1,251,036	1,191,106	59,930
Total financial administration	<u>6,464,061</u>	<u>6,506,036</u>	<u>5,921,193</u>	<u>584,843</u>
Legal				
County attorney	<u>1,615,357</u>	<u>1,615,357</u>	<u>1,406,305</u>	<u>209,052</u>
Personnel administration				
Human resources	<u>1,252,220</u>	<u>1,252,220</u>	<u>1,237,180</u>	<u>15,040</u>
Planning & Zoning				
Permits & inspection	4,276,614	4,200,980	3,544,127	656,853
Planning & development review	2,727,819	2,830,130	2,622,145	207,985
Environmental sustainability	213,377	213,377	207,187	6,190
Total planning and zoning	<u>7,217,810</u>	<u>7,244,487</u>	<u>6,373,459</u>	<u>871,028</u>

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Management services				
Custodial/security	\$ 2,426,153	\$ 2,426,153	\$ 2,141,597	\$ 284,556
Maintenance	8,515,751	9,048,888	7,479,915	1,568,973
Total management services	10,941,904	11,475,041	9,621,512	1,853,529
Other general government				
Interagency information technologies	10,096,898	10,582,244	10,227,036	355,208
Communications	848,331	848,331	788,505	59,826
Internal audit	392,376	457,468	332,787	124,681
Board of liquor license commissioners	475,222	475,222	405,118	70,104
Total other general government	11,812,827	12,363,265	11,753,446	609,819
Total general government	52,131,512	53,624,366	48,251,315	5,373,051
Public safety				
Sheriff	29,212,005	29,218,569	28,816,565	402,004
Detention center	16,066,789	16,164,427	15,859,496	304,931
Work release center	4,278,738	4,290,197	4,169,778	120,419
Ambulance billing	652,263	882,642	576,074	306,568
Fire and rescue operations	51,482,054	52,569,687	55,912,221	(3,342,534)
Fire/rescue technical services	1,494,453	1,738,232	1,559,952	178,280
Emergency communications	9,824,491	10,111,754	9,487,028	624,726
Volunteer fire and rescue	6,970,269	7,057,733	6,771,111	286,622
Training and emergency medical	638,703	638,703	486,897	151,806
Fire and rescue services	1,219,270	1,359,238	1,373,297	(14,059)
Emergency preparedness	677,185	677,185	569,644	107,541
Fire inspection	626,952	626,952	541,715	85,237
Fire/rescue state grant allocation	580,000	582,967	582,966	1
Director of division of fire rescue services	683,345	683,345	678,998	4,347
Emergency management	437,445	437,445	399,497	37,948
Animal control	2,219,146	2,220,862	2,154,215	66,647
Total public safety	127,063,108	129,259,938	129,939,454	(679,516)
Public works				
Highways	16,418,253	17,115,494	16,305,940	809,554
Public works administration	1,170,079	1,170,079	1,086,057	84,022
Facilities and project services	1,099,763	1,099,763	898,560	201,203
Transportation engineering	1,992,580	2,250,427	2,017,896	232,531
Total public works	20,680,675	21,635,763	20,308,453	1,327,310

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Health				
County administrator	\$ 130,219	\$ 130,219	\$ 131,021	\$ (802)
Core services	2,027,497	2,044,995	1,870,069	174,926
Detention center substance abuse	132,572	132,572	132,572	-
Mental health	421,533	421,533	421,533	-
School health	10,000	10,000	10,073	(73)
Frederick County Developmental Center	3,878,391	3,878,391	3,548,477	329,914
Total health	<u>6,600,212</u>	<u>6,617,710</u>	<u>6,113,745</u>	<u>503,965</u>
Social services				
Contribution to department of social services	527,379	527,379	558,151	(30,772)
Scott Key Center	3,529,149	3,529,149	3,389,555	139,594
Senior services	1,960,633	2,049,644	1,798,960	250,684
Department of aging	301,696	283,608	245,204	38,404
Office of children and families	199,250	189,250	182,680	6,570
Medical transportation services	422,920	422,920	421,892	1,028
Family partnership	2,400	2,400	340	2,060
Child advocacy center	373,718	389,082	375,951	13,131
Deinstitutionalization day care	11,514	11,514	11,514	-
Total social services	<u>7,328,659</u>	<u>7,404,946</u>	<u>6,984,247</u>	<u>420,699</u>
Education				
Maryland School for the Blind	2,000	2,000	-	2,000
Frederick County Board of Education	295,576,851	295,576,851	294,548,343	1,028,508
Frederick Community College	18,957,156	18,957,156	18,857,979	99,177
Total education	<u>314,536,007</u>	<u>314,536,007</u>	<u>313,406,322</u>	<u>1,129,685</u>
Parks, recreation and culture				
Frederick County Public Libraries	11,956,987	11,956,987	11,778,495	178,492
Parks	8,546,094	9,431,219	7,646,429	1,784,790
Frederick Arts Council	50,000	50,000	50,000	-
Maryland Ensemble Theater	20,000	20,000	20,000	-
Korean War Veteran's Memorial	9,430	9,430	9,430	-
Historical Society of Frederick County	12,500	12,500	12,500	-
Total parks, recreation and culture	<u>20,595,011</u>	<u>21,480,136</u>	<u>19,516,854</u>	<u>1,963,282</u>
Conservation of natural resources				
Extension service	403,951	403,951	397,181	6,770
Weed control	264,359	264,359	334,200	(69,841)
Watershed management section	1,462,573	2,343,670	1,862,393	481,277
Soil conservation	109,335	109,335	109,159	176
Total conservation of natural resources	<u>2,240,218</u>	<u>3,121,315</u>	<u>2,702,933</u>	<u>418,382</u>

(continued)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Community development and public housing				
Housing administration	\$ 703,233	\$ 703,233	\$ 658,575	\$ 44,658
Total community development and public housing	<u>703,233</u>	<u>703,233</u>	<u>658,575</u>	<u>44,658</u>
Economic development and opportunity				
Office of economic development	1,583,523	1,659,654	1,612,743	46,911
Citizens services administration	651,092	685,481	524,844	160,637
Workforce services	593,979	593,979	540,253	53,726
Frederick Community Action Agency	175,000	175,000	175,000	-
Human relations	195,074	195,074	181,632	13,442
Commission for women	11,696	11,696	8,994	2,702
Community partnership grants	950,000	1,450,000	1,394,916	55,084
Total economic development and opportunity	<u>4,160,364</u>	<u>4,770,884</u>	<u>4,438,382</u>	<u>332,502</u>
Non-departmental				
Property and liability insurance	1,701,856	1,701,856	1,409,636	292,220
Employee benefits	942,700	942,700	913,648	29,052
County contingency	300,000	5,000	5,000	-
Other various contingencies	3,249,420	899,838	27,215	872,623
Indirect cost recovery	(2,854,662)	(2,854,662)	(2,848,991)	(5,671)
Dues & subscriptions	223,531	223,531	222,564	967
Other miscellaneous	326,350	2,515,925	436,775	2,079,150
Total non-departmental	<u>3,889,195</u>	<u>3,434,188</u>	<u>165,847</u>	<u>3,268,341</u>
Intergovernmental				
Financial corporations grant to municipalities	50,000	50,000	49,273	727
State Department of Assessments and Taxation	876,118	876,118	888,368	(12,250)
Towns	7,250	23,568	23,568	-
Tax rebate to municipalities	4,931,493	4,931,493	4,931,492	1
Total intergovernmental	<u>5,864,861</u>	<u>5,881,179</u>	<u>5,892,701</u>	<u>(11,522)</u>
Total expenditures	<u>565,793,055</u>	<u>572,469,665</u>	<u>558,378,828</u>	<u>14,090,837</u>

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Other financing sources (uses)				
Transfers in from:				
Grants special revenue fund	\$ -	\$ 264,767	\$ 264,767	\$ -
Transfers out to:				
Grants special revenue fund	(7,789,113)	(7,991,935)	(7,047,155)	944,780
Agriculture preservation special revenue fund	(257,130)	(1,310,855)	(1,310,855)	-
Capital projects fund	(18,936,974)	(18,936,974)	(18,936,974)	-
Fleet services	(761,131)	(1,321,035)	(1,321,035)	-
Worker's compensation fund	(529,617)	(529,617)	(529,617)	-
Housing initiatives fund	-	(581,490)	(581,490)	-
Impact fee fund	-	(14,813)	(14,813)	-
Debt service fund	(43,680,000)	(43,680,000)	(43,680,000)	-
Total other financing sources (uses)	<u>(71,953,965)</u>	<u>(74,101,952)</u>	<u>(73,157,172)</u>	<u>944,780</u>
Budgeted use of fund balance	<u>\$ (25,763,352)</u>	<u>\$ (33,228,960)</u>	<u>\$ 7,951,207</u>	<u>\$ 41,180,167</u>
Net change in reserves and adjustments to GAAP basis			4,390,986	
Fund balance - beginning of year			<u>116,555,144</u>	
Fund balance - end of year			<u>\$ <u>128,897,337</u></u>	

The notes to the financial statements are an integral part of this statement.

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Enterprise Funds			Nonmajor Enterprise Fund	Total Enterprise Funds	
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments		
Assets						
Current assets:						
Cash	\$ 300	\$ 2,630	\$ -	\$ -	\$ 2,930	\$ -
Equity in pooled invested cash	129,490,511	51,157,300	5,517,953	27,660	186,193,424	11,028,233
Restricted cash and cash equivalents	3,733,167	-	149,733	645,328	4,528,228	-
Total cash and cash equivalents	<u>133,223,978</u>	<u>51,159,930</u>	<u>5,667,686</u>	<u>672,988</u>	<u>190,724,582</u>	<u>11,028,233</u>
Short-term investments	5,001,350	5,001,350	-	-	10,002,700	-
Receivables, net of allowance for uncollectibles accounts	8,028,166	2,441,526	3,633,510	20	14,103,222	380,595
Inventories	108,744	-	-	-	108,744	522,281
Prepaid items	2,831,730	-	218,415	-	3,050,145	54,206
Total current assets	<u>149,193,968</u>	<u>58,602,806</u>	<u>9,519,611</u>	<u>673,008</u>	<u>217,989,393</u>	<u>11,985,315</u>
Noncurrent assets:						
Notes receivable	1,818,354	-	-	-	1,818,354	-
Capital assets:						
Land	5,558,373	2,837,164	800,000	132,200	9,327,737	-
Buildings and improvements	274,195,602	54,469,364	34,292,257	1,877,880	364,835,103	1,833,133
Equipment	48,733,352	7,203,523	1,055,651	175,000	57,167,526	37,724,685
Other improvements	437,690,591	3,135,360	-	-	440,825,951	-
Accumulated depreciation	(191,329,749)	(42,139,373)	(6,677,714)	(1,500,286)	(241,647,122)	(19,272,931)
Construction in progress	41,535,730	367,254	-	-	41,902,984	-
Total noncurrent assets	<u>618,202,253</u>	<u>25,873,292</u>	<u>29,470,194</u>	<u>684,794</u>	<u>674,230,533</u>	<u>20,284,887</u>
Total assets	<u>767,396,221</u>	<u>84,476,098</u>	<u>38,989,805</u>	<u>1,357,802</u>	<u>892,219,926</u>	<u>32,270,202</u>
Deferred Outflows of Resources						
Deferred charge on refunding	1,888,784	265,839	-	-	2,154,623	-
Total deferred outflows of resources	<u>1,888,784</u>	<u>265,839</u>	<u>-</u>	<u>-</u>	<u>2,154,623</u>	<u>-</u>

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Enterprise Funds			Nonmajor Enterprise Fund	Total Enterprise Funds	
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments		
Liabilities						
Current liabilities:						
Accounts payable	-	44,571	-	-	44,571	-
Payroll and benefit deductions	709,171	219,812	-	2,294	931,277	193,138
Accrued expenses	5,265,118	1,939,714	2,097,045	6,486	9,308,363	498,291
Unearned revenues	171,404	7,469	-	-	178,873	-
Security deposits	889,502	36,553	-	14,590	940,645	-
Other liabilities	1,339,213	2,912	280,866	-	1,622,991	587
Current portion landfill closure and postclosure liability	-	235,232	-	-	235,232	-
Current portion general obligation bonds, notes and leases	14,163,079	2,048,998	1,583,410	-	17,795,487	-
Current portion of compensated absences	64,588	9,081	75,873	-	149,542	3,877
Total current liabilities	<u>22,602,075</u>	<u>4,544,342</u>	<u>4,037,194</u>	<u>23,370</u>	<u>31,206,981</u>	<u>695,893</u>
Noncurrent liabilities:						
Long term portion landfill closure and postclosure liability	-	18,814,346	-	-	18,814,346	-
Long term portion general obligation bonds, notes and leases	116,020,864	6,690,814	29,360,228	-	152,071,906	-
Liability for compensated absences	821,351	198,038	303,492	-	1,322,881	216,112
Total noncurrent liabilities	<u>116,842,215</u>	<u>25,703,198</u>	<u>29,663,720</u>	<u>-</u>	<u>172,209,133</u>	<u>216,112</u>
Total liabilities	<u>139,444,290</u>	<u>30,247,540</u>	<u>33,700,914</u>	<u>23,370</u>	<u>203,416,114</u>	<u>912,005</u>
Net Position						
Net investment in capital assets	489,043,624	19,154,931	(1,473,443)	684,794	507,409,906	20,284,887
Restricted for:						
Capital projects	2,843,668	-	-	645,327	3,488,995	-
Unrestricted	137,953,423	35,339,466	6,762,334	4,311	180,059,534	11,073,310
Total net position	<u>\$ 629,840,715</u>	<u>\$ 54,494,397</u>	<u>\$ 5,288,891</u>	<u>\$ 1,334,432</u>	<u>690,958,435</u>	<u>\$ 31,358,197</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					1,719,833	
Net position of business-type activities					<u>\$ 692,678,268</u>	

The notes to the financial statements are an integral part of this statement.

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Business-type Activities Enterprise Funds</u>					<u>Governmental Activities- Internal Service Funds</u>
	<u>Major Enterprise Funds</u>			<u>Nonmajor Enterprise Fund</u>	<u>Total Enterprise Funds</u>	
	<u>Water and Sewer</u>	<u>Solid Waste Management</u>	<u>Comprehensive Care Facility</u>	<u>Bell Court Apartments</u>		
Operating revenues						
Service charges	\$ 41,322,641	\$ 27,714,251	\$ 27,237,227	\$ -	\$ 96,274,119	\$ 17,503,866
Rental charges	-	-	-	134,659	134,659	-
Total net charges for services	41,322,641	27,714,251	27,237,227	134,659	96,408,778	17,503,866
Delinquent fees collected	56,587	51,342	-	-	107,929	-
Other revenues	3,016,726	27,565	1,144,485	1,523	4,190,299	2,162
Total operating revenues	44,395,954	27,793,158	28,381,712	136,182	100,707,006	17,506,028
Operating expenses						
Personnel services	9,328,141	2,817,117	-	38,343	12,183,601	3,069,678
Operating expenses (including administrative overhead)	8,100,997	20,467,082	26,948,074	65,989	55,582,142	1,862,734
Prefunded loss & estimated claims	-	-	-	-	-	2,600,000
Insurance	328,881	77,160	74,629	3,131	483,801	1,534,668
Supplies	2,527,020	23,803	-	96	2,550,919	4,341,998
Repairs and maintenance	3,725,915	333,467	-	122	4,059,504	1,063,129
Depreciation expense	14,371,391	1,211,429	851,410	71,346	16,505,576	3,306,351
Total operating expenses	38,382,345	24,930,058	27,874,113	179,027	91,365,543	17,778,558
Operating income (loss)	6,013,609	2,863,100	507,599	(42,845)	9,341,463	(272,530)
Nonoperating revenues (expenses)						
Investment earnings	2,083,386	925,511	51,226	123	3,060,246	155,705
Miscellaneous income (expense)	(8,264,407)	-	(2,929)	-	(8,267,336)	-
Build America Bonds Subsidy	-	5,165	-	-	5,165	-
Insurance recovery	-	3,152	-	-	3,152	18,092
Interest expense	(4,230,548)	(427,732)	(728,512)	-	(5,386,792)	-
Gain (loss) on disposition of capital assets	(262,107)	20,000	-	-	(242,107)	181,471
Total nonoperating revenues (expenses)	(10,673,676)	526,096	(680,215)	123	(10,827,672)	355,268
Net income (loss) before contributions and transfers	(4,660,067)	3,389,196	(172,616)	(42,722)	(1,486,209)	82,738
Capital contributions	35,638,453	-	-	-	35,638,453	-
Transfers in (out)	394,475	(13,175)	-	-	381,300	1,866,461
Total contributions and transfers	36,032,928	(13,175)	-	-	36,019,753	1,866,461
Change in net position	31,372,861	3,376,021	(172,616)	(42,722)	34,533,544	1,949,199
Net position - beginning of year	598,467,854	51,118,376	5,461,507	1,377,154		29,408,998
Net position - end of year	\$ 629,840,715	\$ 54,494,397	\$ 5,288,891	\$ 1,334,432		\$ 31,358,197
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					43,098	
Change in net position of business-type activities (Exhibit II-A-2)					\$ 34,576,642	

The notes to the financial statements are an integral part of this statement.

FREDERICK COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Major Enterprise Funds			Nonmajor Enterprise Fund	Total Enterprise Funds	
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments		
Cash flows from operating activities						
Cash received from residents and customers	\$ 44,186,472	\$ 28,120,447	\$ 28,766,754	\$ 135,836	\$ 101,209,509	\$ 883,164
Cash paid to suppliers	(15,485,958)	(20,602,390)	(27,854,825)	(67,279)	(64,010,452)	(11,247,224)
Cash paid to employees	(9,159,466)	(2,803,415)	-	(38,343)	(12,001,224)	(3,014,771)
Internal activity - receipts from other funds	-	-	-	-	-	16,469,353
Other	-	-	-	-	-	2,162
Net cash provided (used) by operating activities	<u>19,541,048</u>	<u>4,714,642</u>	<u>911,929</u>	<u>30,214</u>	<u>25,197,833</u>	<u>3,092,684</u>
Cash flows from noncapital financing activities						
Transfers in (out)	<u>394,475</u>	<u>(13,175)</u>	<u>-</u>	<u>-</u>	<u>381,300</u>	<u>1,866,461</u>
Net cash provided (used) by noncapital financing activities	<u>394,475</u>	<u>(13,175)</u>	<u>-</u>	<u>-</u>	<u>381,300</u>	<u>1,866,461</u>
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(38,386,106)	(643,811)	(29,448)	-	(39,059,365)	(5,225,328)
Recoveries for damages	-	-	-	-	-	18,092
Proceeds from sale of capital assets	12,904	-	-	-	12,904	348,521
Proceeds from debt issues	16,733,830	1,082,586	-	-	17,816,416	-
Payment of bond and note principal	(20,947,032)	(3,745,538)	(1,445,000)	-	(26,137,570)	-
Interest paid on bonds	(5,063,805)	(335,582)	(859,276)	-	(6,258,663)	-
Contributed capital	<u>35,638,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,638,453</u>	<u>-</u>
Net cash provided (used) by capital & related financing activities	<u>(12,011,756)</u>	<u>(3,642,345)</u>	<u>(2,333,724)</u>	<u>-</u>	<u>(17,987,825)</u>	<u>(4,858,715)</u>
Cash flows from investing activities						
Purchase of investments	(12,500,000)	(12,500,000)	-	-	(25,000,000)	-
Proceeds from the sale of investments	20,000,000	15,000,000	-	-	35,000,000	-
Interest received on investments	<u>2,438,058</u>	<u>1,521,535</u>	<u>48,013</u>	<u>3,891</u>	<u>4,011,497</u>	<u>155,706</u>
Net cash provided (used) by investing activities	<u>9,938,058</u>	<u>4,021,535</u>	<u>48,013</u>	<u>3,891</u>	<u>14,011,497</u>	<u>155,706</u>
Net increase (decrease) in cash and cash equivalents	17,861,825	5,080,657	(1,373,782)	34,105	21,602,805	256,136
Cash and cash equivalents - beginning of year	<u>115,362,153</u>	<u>46,079,273</u>	<u>7,041,468</u>	<u>638,883</u>	<u>169,121,777</u>	<u>10,772,097</u>
Cash and cash equivalents - end of year	<u>\$ 133,223,978</u>	<u>\$ 51,159,930</u>	<u>\$ 5,667,686</u>	<u>\$ 672,988</u>	<u>\$ 190,724,582</u>	<u>\$ 11,028,233</u>

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Major Enterprise Funds			Nonmajor Enterprise Fund	Total Enterprise Funds		
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments			
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 6,013,609	\$ 2,863,100	\$ 507,599	\$ (42,845)	\$ 9,341,463	\$	(272,530)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	14,371,391	1,211,429	851,410	71,346	16,505,576		3,306,350
Landfill closing costs	-	11,766	-	-	11,766		-
Change in assets and liabilities:							
(Increase) decrease:							
Accounts receivable	(92,366)	325,842	323,922	1,092	558,490		(151,348)
Inventory	16,671	-	-	-	16,671		(19,538)
Prepaid items	(1,375,865)	-	93,017	-	(1,282,848)		18,838
Increase (decrease):							
Accrued expenses	556,048	462,353	(946,376)	621	72,646		200,106
Deferred revenues	(103,441)	(4,042)	-	-	(107,483)		-
Liability for compensated leave	116,318	(4,230)	21,237	-	133,325		10,219
Closure liability	-	(189,743)	-	-	(189,743)		-
Other liabilities	38,683	38,167	61,120	-	137,970		587
Net cash provided (used) by operating activities	<u>\$ 19,541,048</u>	<u>\$ 4,714,642</u>	<u>\$ 911,929</u>	<u>\$ 30,214</u>	<u>\$ 25,197,833</u>	<u>\$</u>	<u>3,092,684</u>

Non-cash investing, capital, and financing activities:

Included in interest income in the Water and Sewer Fund is an unrealized gain of \$78,631. Included in interest income in the Solid Waste Fund is an unrealized loss of \$715.

The notes to the financial statements are an integral part of this statement.

FREDERICK COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	Pension/ OPEB Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 2,363,921	\$ 367,168
Equity in pooled invested cash	15,340,397	5,352,898
Investments:		
Money markets	5,016,418	-
Fixed income securities	221,063,827	-
Equity securities	669,673,000	-
Accounts receivable	708,812	-
Interest receivable	1,007,354	-
Total assets	915,173,729	5,720,066
LIABILITIES		
Accounts payable	582,154	-
Accrued payroll	1,811,753	-
Due to third parties	-	1,901,075
Bond forfeitures	-	78,450
Performance deposits	-	3,740,541
Retirement benefit deductions	302,004	-
Total liabilities	2,695,911	5,720,066
NET POSITION		
Net position restricted for pensions	728,291,600	-
Net position restricted for other post employment benefits	184,186,218	-
Total net position	\$ 912,477,818	\$ -

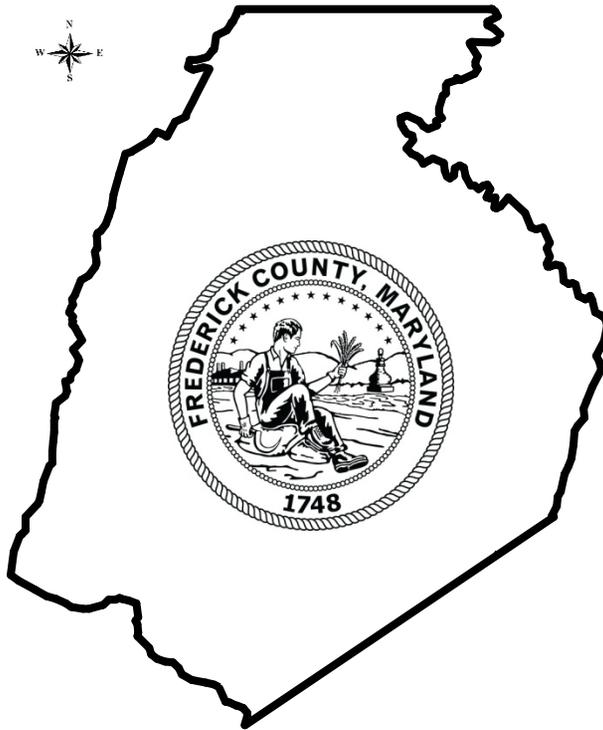
The notes to the financial statements are an integral part of this statement.

FREDERICK COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Pension/ OPEB Trust Funds
Additions	
Contributions	
Employer contributions	\$ 31,778,823
Member contributions	11,255,777
County contributions	1,187,046
Other	356,925
Total contributions	<u>44,578,571</u>
Investment income	
Net appreciation in fair value of plan investments	27,475,290
Interest and dividends	19,810,836
Investment expense	<u>(2,053,938)</u>
Net investment income	<u>45,232,188</u>
Total additions	<u>89,810,759</u>
Deductions	
Benefits and refunds	35,407,644
Administrative expenses	<u>1,034,637</u>
Total deductions	<u>36,442,281</u>
Change in net position	53,368,478
Net position - beginning of year	<u>859,109,340</u>
Net position - end of year	<u>\$ 912,477,818</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL SECTION



**FREDERICK COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Frederick County, Maryland (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies consistent with these principles are described below.

A. Financial Reporting Entity

Frederick County, Maryland is governed by an elected County Executive and an elected County Council pursuant to the Charter of Frederick County, Maryland that became effective in December 2014. The Charter provides, among other things, for the election of the County Executive and the organization, powers, and duties of the executive and administrative branches; the election of a seven-member County Council and the organization, powers and duties of the legislative branch; and fiscal and budgetary matters. The Charter supersedes a Commissioner form of government where the five Commissioners (combined executive/legislative) exercised powers granted by the General Assembly of Maryland. For financial reporting purposes, in conformance with GAAP, the reporting entity includes Frederick County, Maryland (the primary government) and its component units. The concept of "financial accountability" determines which organizations are included in the reporting entity and how they are reported. The primary government or the separately elected governing body is the nucleus of the financial reporting entity. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the primary government.

Component Units

A primary government may be financially accountable for governmental organizations that are fiscally dependent on it, regardless of the method of election or appointment of the governing board of the fiscally dependent government. Fiscal dependence occurs if the government may not 1) determine its budget without another government's having the authority to approve and modify that budget, 2) levy taxes or set rates or charges without approval by another government, or 3) issue bonded debt without approval by another government. The Board of Education of Frederick County and the Board of Trustees of Frederick Community College meet the conditions for fiscal dependency with respect to the County as discussed below and are included in the reporting entity.

The Board of Education of Frederick County (BOE) is a legally separate organization created by State Law to operate the County's school system. Day-to-day management of the schools is under the control of the BOE with final decision-making authority held by the State Board of Education. The BOE's budget is subject to approval by the County Executive and County Council. The BOE submits a funding request by major categories of expenditure. The County Executive and County Council also must approve budget amendments between major categories. The State Board of Education, through the State Department of Education, reviews the BOE's budget to ensure that the County funds a minimum budget as a condition for State funding.

The Board of Trustees of Frederick Community College oversees the day-to-day management of Frederick Community College (FCC). FCC is also legally separate under State Law. The Governor appoints FCC board members. FCC's budget is subject to approval by the County. FCC requests

NOTES TO FINANCIAL STATEMENTS
(Continued)

a single amount to fund its operations. The County can reject FCC's request and appropriate a lesser amount, but it does not have the ability to modify the individual line item amounts in FCC's requested budget. Financial data related to FCC also includes its component unit, Frederick Community College Foundation, Inc. (the Foundation).

Finally, a primary government is also financially accountable for legally separate organizations if its officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific benefits to, or to impose specific financial burdens on, the primary government. The Board of Trustees of Frederick County Public Library meets the conditions for financial accountability with respect to the County as discussed below and is included in the reporting entity.

The Board of Trustees of Frederick County Public Library (FCPL) is a legally separate organization created by State law to operate the County's library system. The County appoints the FCPL Board of Trustees. The FCPL's budget is submitted to and approved by the County in accordance with the budgetary procedures described in Note 2, except that any unspent appropriations are retained by the FCPL as a component of fund balance.

The above component units have been included with the financial reporting entity using a discrete presentation. The component units do not provide services entirely, or almost entirely, to the County nor are any of the governing boards substantially the same. Discrete presentations in the combined financial statements are created with separate columns for the individual component units in the government-wide financial statements to emphasize that they are legally separate from the primary government.

The FCPL does not issue separate financial statements. The FCPL statements are provided solely on the government-wide financial statements, as described above, since the FCPL is made up of one operating fund. Complete financial statements of the BOE and FCC can be obtained from their respective administrative offices and websites.

Board of Education of Frederick County
191 South East Street
Frederick, Maryland 21701
www.fcps.org

Frederick Community College
7932 Opossumtown Pike
Frederick, Maryland 21702
www.frederick.edu

Joint Venture

The following organization is considered a joint venture of the County: Northeast Maryland Waste Disposal Authority (NMWDA). Disclosure of the County's participation in this joint venture is presented in Note 4H. Complete financial statements can be obtained at the joint venture's office listed below:

Northeast Maryland Waste Disposal Authority
100 South Charles St., Tower II-Suite 402
Baltimore, MD 21201-3330

NOTES TO FINANCIAL STATEMENTS (Continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements, which include the Statement of Net Position and the Statement of Activities, report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity, for the most part, and all fiduciary activity has been removed from these statements. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable or for which their relationship with the County is of such significance that exclusion would cause the County's financial statements to be misleading.

The Statement of Net Position displays the financial position of the County as of fiscal year-end. Governmental activities are reported on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets, including infrastructure, as well as long-term debt and obligations. The County's net position is reported in three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements: Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major governmental funds and enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

General Fund Budget-to-Actual Comparison Statement: Demonstrating compliance with the adopted budgets is an important component of a government's accountability to the public. For this reason, the County has chosen to make its General Fund budget-to-actual comparison statement part of the basic financial statements. The County revises its original budgets over the course of the year for a variety of reasons; such revisions are reflected in a separate column in this statement.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary funds financial statements. 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 as soon as all eligibility requirements imposed by the provider have been met. Custodial funds also use the accrual basis of accounting to recognize assets and liabilities.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 31 days of the end of the current fiscal period. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except 1) employees' annual leave is recognized in the year it is accrued and expected to be liquidated with expendable available financial resources; and 2) principle and interest on general long-term debt are recognized when due.

Property taxes, income taxes, other local taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

- The General Fund – This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- Debt Service Fund – This fund is used for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term obligations of governmental funds. Transfers from the General, Agricultural Preservation, Hotel Tax, Impact Fee, Parks Acquisition and School Construction funds contribute resources, as well as proceeds from debt issuances.
- The Capital Projects Fund – This fund accounts for the purchase, construction or renovation of major capital assets. It is composed of the General Government Capital Projects Fund and accounts for additions of education facilities, roads and similar general government capital assets (other than those financed by the proprietary funds). With the implementation of Governmental Accounting Standards Board (GASB) Statement Number 54, the activities of the former special revenue funds listed below are combined with the Capital Projects Funds in the fund statements. These revenues are dedicated for the purpose of funding capital projects. They are also presented individually as supplementary data in the Budget to Actual statements. See Note 2B.
- Impact Fees Fund – This fund accounts for impact fees collected from developers to pay a portion of the cost of schools and libraries necessitated by the development.
- Parks Acquisition and Development Fund – This fund accounts for recordation taxes dedicated for parkland acquisition and development.
- School Construction Fund – This fund accounts for recordation taxes dedicated to pay a portion of the cost of school construction.

Nonmajor governmental funds include the following special revenue funds:

- Electric Lighting Tax Districts Fund – This fund accounts for property taxes that are legally restricted to paying for street lighting.
- Grants Fund – This fund accounts for Federal and State grant revenues and expenditures. This fund is a special revenue fund and receives revenues from Federal and State grants and expends these funds in accordance with the terms of the grants.

NOTES TO FINANCIAL STATEMENTS
(Continued)

- The Agricultural Preservation Fund – This fund accounts for taxes on the transfer of agricultural properties that are legally restricted to providing funding for state or approved local agricultural land preservation programs. It also accounts for other revenue sources designated for agricultural land preservation.
- Hotel Rental Tax Fund – This fund accounts for the hotel tax received from the local hotels as defined by the Hotel Tax Ordinance.
- Loan Activities Funds – These funds account for the loan activities associated with four loan funds – Housing Initiative Loans, Non-Profit Organization Loans, Fire/Rescue Loans and Economic Development Loans.
- Sheriff's/Judicial Activities Funds – These four funds account for activities such as the Sheriff's Drug Enforcement, Narcotics Investigative Section, Inmates' Canteen and the State's Attorney Law Enforcement Aid.
- Watershed Protection and Restoration Fund – This fund was established to account for stormwater remediation fees assessed against each property in the County. All funds collected will be dedicated to pay for stormwater remediation projects and related expenses.

The County reports the following major proprietary funds:

- Solid Waste Management Enterprise Fund – This fund accounts for the capital outlay, operation and maintenance of the County's recycling program and the County's landfill, providing solid waste disposal service to County residents through commercial haulers.
- Water and Sewer Enterprise Fund – This fund accounts for the acquisition and operation of utility systems providing water and sewer service to certain sections of the County.
- Comprehensive Care Facility Fund – This fund accounts for the operations of both Citizens Care and Rehabilitation Center, a skilled nursing facility, and Montevue Assisted Living facility.

Nonmajor proprietary funds include the following enterprise funds:

- Bell Court Apartments Fund – This fund accounts for the operation of the Bell Court low income, elderly housing rental project.

Additionally, the County reports the following fund types:

- Custodial Funds are used to account for monies received and held by the County as an agent for such activities as sales of property for delinquent tax bills, deposits for subdivisions, work release, servicing tax increment financing bonds, law library, juror's fund and revenue sharing.
- Internal Service Funds account for worker's compensation, fleet and voice related services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

NOTES TO FINANCIAL STATEMENTS (Continued)

- Other Post-Employment Benefits Trust Fund accounts for the activities of the Frederick County Retiree Health Benefit Plan, which accumulates resources for healthcare benefits to eligible retirees and, in certain instances, their eligible survivors and dependents.
- Pension Trust Fund accounts for the activities of the Frederick County Employee Retirement Plan, which accumulates resources for pension benefit payments to qualified employees.
- Length of Service Award Program (LOSAP) Trust Fund: This fund was established to account for the LOSAP for the volunteer fire and rescue personnel serving the various independent volunteer fire companies in the County.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges from the Statement of Activities would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

1. Pooled Cash and Investments

The County operates a centralized cash receipt and disbursement function for all funds except the Pension Trust Funds, Length of Service Award Trust Fund, Other Post-Employment Benefits Trust Funds, Tax Custodial Fund, Work Release Fund and the Tax Incremental Financing Bond Fund, which maintain their own cash accounts. Individual fund equity in pooled invested cash is reported as an asset on the balance sheets of those funds participating in the centralized cash receipt and disbursement function. Investment earnings accrue to those funds reporting equity in pooled invested cash. "Cash and Cash Equivalents" includes currency on hand, demand deposits, and investments with original maturities of three months or less at the time of purchase.

Investments other than those of the County's Pension, Other Post-Employment Benefits Trust Funds and Length of Service Award Trust Fund with original maturities of one year or less are stated at cost or amortized cost, which approximates fair value. Remaining investments are recorded at fair value. The investments in the County's Pension, Other Post-Employment Benefits Trust Funds, Length of Service Award Trust Fund are recorded at fair value.

NOTES TO FINANCIAL STATEMENTS (Continued)

Frederick County categorizes its fair value measurements with 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 valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; Level 2 inputs are valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and Level 3 inputs are valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

2. Property Taxes Receivable

The County's property taxes are levied each July 1 at rates enacted by the County on the total assessed value as determined by the Maryland State Department of Assessments and Taxation. Although the rates of levy are not legally limited, State law stipulates that the Constant Yield Tax Rate, which is furnished by the Maryland State Department of Assessments and Taxation, cannot be exceeded without public notice and public hearings regarding the intent to exceed. As a result of State legislation passed in 1979, the assessment of real property returned to a triennial system beginning in fiscal year 1981. Under the provisions of this legislation, the increase in established market value of the one-third of the properties reassessed each year is phased in over a three-year period.

Property taxes are levied as of July 1 and become delinquent on October 1. Interest accrues at one percent monthly for delinquent property taxes. Tax liens on real property are sold at public auction the second Monday in May on taxes delinquent since October 1 of the current fiscal year. Discounts of one percent and one-half percent are granted for the property taxes paid during July and August respectively.

The County bills and collects its own property taxes and those of the State and local municipalities. County property tax revenues are recognized when levied to the extent that they result in current receivables. State and municipal property taxes collected are accounted for as liabilities in the General Fund of the County.

Total assessed value on which levies were made for the year ended June 30, 2020, was \$32,632,271,472. The Countywide property tax rate was \$1.060 per \$100 of assessed value on real property taxes, except in the municipalities of the City of Frederick and the Town of Myersville. The County's property tax differential rates within the City of Frederick and the Town of Myersville are \$0.9423 and \$0.9325, respectively. In addition, taxes were levied in three lighting tax districts. The County collected 99.95% of taxes levied in the current year. The receivable portion of the current year property tax levy, including the lighting tax districts and public utility tax, is \$159,099 and is included in total property taxes receivable of \$612,400 on the Statement of Net Position. This compares to the current portion of the prior year levy of \$29,047 included in the total property taxes of \$451,031 as of June 30, 2019.

3. Inventories and Prepaids

Inventory is valued at cost (first-in, first-out), which approximates market except for the Water and Sewer Enterprise Fund, which uses specific identification to value its inventory of supplies, which also approximates market. Inventory consists of expendable supplies held for consumption. The cost, other than in the proprietary funds, is recorded as an expenditure when items are purchased. The fund balance of the General Fund is restored for the value of the inventory on hand at year-end and fund balance is reserved by an equal amount to indicate it is unavailable for appropriation.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Payments made to vendors for services that will benefit periods beyond the end of the fiscal year are recorded as prepaids in both the government-wide and fund financial statements. The cost of the prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets including property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items) are recorded at historical costs or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value at the date of donation.

Most capital assets used in operations are depreciated using the straight-line method over their estimated useful lives. The County defines capital assets, other than infrastructure and internally generated software, as assets with an initial, individual cost of \$10,000 or more, and an estimated useful life in excess of one year. Infrastructure and internally generated software is defined as capital assets with an initial cost of \$100,000 or more, and an estimated useful life in excess of one year. The County has included infrastructure acquired prior to fiscal years ended after June 30, 1980 in capital assets. The estimated useful lives for assets depreciated using the straight-line method are as follows:

Bridges	50 years
Buildings	30 - 50 years
Computer Software	5 years
Furniture, Machinery and Equipment	5 - 30 years
Improvements	10 - 30 years
Misc. Infrastructure	10 - 20 years
Roads	30 years
Vehicles	5 - 15 years
Water and Sewer Lines	25 - 75 years

Certain solid waste assets are depreciated using the activity method. Depreciation is based on capacity used of the Site B landfill in order to match depreciation expense with the landfill usage and revenues. The basis for calculating landfill capacity used is 4,121,115 tons for Site B.

The capital asset accounting policy for BOE includes capital assets with an initial, individual cost of more than \$5,000. FCC's policy is to include those capital assets with a purchase price or fair value at donation of at least \$5,000. The following useful lives are used for depreciation purposes for the assets of these component units:

	<u>In Years</u>		
	<u>BOE</u>	<u>FCC</u>	<u>FCPL</u>
Buildings and Improvements	7 - 40	10 - 40	n/a
Furniture and equipment	4 - 15	5 - 10	5 - 20
Library Collection	n/a	10	5

NOTES TO FINANCIAL STATEMENTS (Continued)

5. *Deferred Outflows/Inflows*

In addition to assets, the Statement of Net Position and/or Balance Sheet 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 position that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until that time. The County recognizes three items that qualify for reporting in this category: 1) the deferred charge on refunding resulting from the difference in the net carrying value of refunded debt and its reacquisition price; this amount is deferred and amortized over the shorter of the life of the refunded or refunding debt; 2) changes in total pension liability and 3) changes in OPEB liability. The changes in pension and OPEB liability arise from the differences between projected and actual earnings on pension plan investments, changes of assumptions, and differences between expected and actual experience are recognized as deferred outflows or inflows of resources. The differences between net projected and actual earnings on pension plan investments are amortized over a closed five-year period. The effects of changes of assumptions and the differences between projected and actual experience are amortized over a closed period equal to the average of the remaining service lives of all employees that are provided with pensions through the pension plan (active and inactive employees), determined as of the beginning of the measurement period.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet 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 position that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The County has an item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, this item, unavailable revenue, is reported only on the governmental funds Balance Sheet. The governmental funds record unavailable revenues from property taxes. The County also recognizes deferred inflows of resources related to pensions and OPEB in the Statement of Net Position. These differences are between expected and actual experience, changes in assumptions, and the net difference between projected and actual investment earnings on pension plan investments. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

6. *Compensated Absences*

Frederick County personnel policies allow employees to accumulate a limited amount of earned but unused annual leave which can be used in a subsequent period or will be paid to employees upon separation from County service. In the government-wide financial statements and proprietary fund financial statements, all annual, holiday, and compensatory leave are accrued when earned. A liability for these amounts is only reported in governmental funds for the portion estimated to be due and payable at year-end from resources of that year.

7. *Long-Term Obligations*

In the government-wide financial statements and proprietary fund financial statements, non-current obligations are reported as liabilities in either governmental activities or business-type activities in the statement of net position. Bond premiums, discounts, and deferred losses on refundings are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable unamortized bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other

NOTES TO FINANCIAL STATEMENTS (Continued)

financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. Net Position/Fund Balances

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets, represents all capital assets, including infrastructure, reduced by accumulated depreciation and the outstanding debt directly attributable to the acquisition, construction or improvements of these assets. Restricted net position represents external restrictions by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. In the Water & Sewer Enterprise Fund, a portion of the unrestricted net position is reserved to represent the intent of the County's administration to use the unrestricted net position for specific purposes in the future. Data specific to these reserves is available in Note 3.G.7.

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned.

- *Nonspendable* – This component includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.
- *Restricted* – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
- *Committed* – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal County Council legislative action. Those committed amounts cannot be used for any other purpose unless the County Council removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.
- *Assigned* – This component consists of amounts that are constraints imposed by the County Executive or their designee(s), but are neither restricted nor committed. The assigned amounts that are allocated for future use by the County Executive or their designee(s) but are not spendable until a budget ordinance is passed by the County Council.
- *Unassigned* – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the County's policy to use committed resources first, then assigned, and the unassigned as they are needed.

NOTES TO FINANCIAL STATEMENTS
(Continued)

9. *Estimates*

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

The budget document is a comprehensive financial plan showing all anticipated revenues, expenditures for the annual Operating Budget, the annual Capital Budget and the Capital Improvement Program, and any surplus or deficit in the general or special funds of the government. The Capital Improvement Program sets forth clearly the plan for proposed capital projects to be undertaken in the ensuing fiscal year and the next five years. Budgets are adopted on an annual cycle for all governmental funds except as noted below.

The majority of these procedures are set forth in the Charter for preparing the County Budget.

1. The County Executive must hold at least two public hearings to receive public comment. One hearing must occur in December to receive proposals for inclusion in the budget. The other hearing shall be held in March to receive comments on budget requests.
2. All departments submit their proposed budgets for the upcoming fiscal year (commencing the following July 1) to the Budget Director.
3. All budget requests are compiled and reviewed by the Budget Office and, with direction from the County Executive, a proposed budget is prepared, along with a budget message.
4. The County Executive submits a proposed budget to the County Council no later than April 15 of each year.
5. At least one public hearing on the proposed budget must be held by the County Council.
6. After the public hearing the County Council may decrease or delete any items in the budget, except those required by State law, by provisions for debt service on obligations then outstanding or for estimated cash deficits.
7. If the County Council's decrease or deletion from the proposed budget equals or exceeds a one percent change in the total budget or equals or exceeds a fifty percent decrease in any one-line item, the County Council must proceed with a public hearing after posting a fair summary of the change. This notice must be posted on the County website at least two days in advance of the hearing.
8. Adoption of the Budget Ordinance will (by the affirmative vote of not less than four members of the Council) occur no later than May 31. If the Council fails to adopt the budget by May 31, then the proposed budget submitted by the County Executive will become law.

NOTES TO FINANCIAL STATEMENTS
(Continued)

9. The County Council then levies the amount of taxes required by the budget to ensure that the Budget is balanced so that proposed revenues equal proposed expenditures.
10. The County Council adopts the budget for funds at various levels of budgetary control as defined in the annual Budget Adoption Ordinance. Budgetary schedules in this document may display greater detail than the legal level of budget adoption.
11. Unless otherwise provided by law and except for grant appropriations or grant funds deposited in special accounts dedicated to specific functions, activities or purposes, all unexpended and unencumbered appropriations in the Operating Budget at the end of the fiscal year shall revert into the treasury. No appropriation for a capital project in the Capital Budget may revert until the purpose for which the appropriation was made is accomplished or abandoned; but any capital project shall be considered abandoned if three fiscal years elapse without any expenditure from or encumbrance of the appropriation.
12. Formal budgetary integration is employed as a management control device for all funds for which a budget is legally adopted, namely, the General Fund, Special Revenue Funds (except: Sheriff's/Judicial Activities, Non-Profit Organization Loans, Fire/Rescue Loans and Watershed Protection and Restoration), Enterprise Funds and Capital Projects Fund. Budgets that are maintained for management control but are not legally adopted include the Other Post Employment Benefit Trust Fund, Pension Trust Fund, Length of Service Award Program Trust Fund, Debt Service Fund and Internal Service Funds.
13. During the fiscal year, the Executive may transfer unencumbered appropriations in the Operating Budget within the same department, agency, or office and within the same fund. On the recommendation of the Executive, the Council may transfer unencumbered appropriations in the Operating Budget between departments, agencies and offices within the same fund. A transfer may not be made between the Operating Budget and Capital Budget appropriations. On the recommendation of the Executive, the Council may transfer appropriations between capital projects within the same fund provided the Council neither creates nor abandons any capital projects except in accordance with Section 512 of the County charter.
14. On the recommendation of the Executive, the Council may make supplemental appropriations from any contingency appropriations in the Budget; from revenues received from anticipated sources but in excess of budget estimates; or from revenues received from sources not anticipated in the budget.

The policy established by the County with respect to the budget is at variance with GAAP. The County's budgetary basis of accounting differs from GAAP as follows:

- Encumbrances are treated as expenditures for budgetary accounting purposes. Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.
- Inventories are recorded as expenditures at the time of purchase.
- The use of prior years' fund balance is reported as another financing source (appropriated fund balance).

NOTES TO FINANCIAL STATEMENTS
(Continued)

15. In accordance to the annual budget and appropriations ordinance of Frederick County, encumbered but unexpended appropriations in the General Fund and Library are re-appropriated and carried forward to the following fiscal year.

B. Reconciliation of Budgetary Basis to GAAP Basis

The General Fund has a legally adopted annual budget. Exhibit II-A-7 the “Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual,” is prepared on a basis consistent with that budget. The budget is prepared using encumbrance accounting where encumbrances are treated as expenditures of the current period. The reconciliation of Budget to GAAP, as presented on the “Statement of Revenues, Expenditures, and Changes in Fund Balances,” reflects adjustments as described below. The “Statement of Revenues, Expenditures and Changes in Fund Balance” for all major governmental funds is prepared on a basis consistent with GAAP where encumbrances are treated as a reservation of fund balance.

	General Fund			
	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Net change in Fund Balance</u>
Budgetary Basis	\$ 639,487,207	\$ 558,378,828	\$ (73,157,172)	\$ 7,951,207
Basis Adjustments:				
Encumbrance adjustment	-	(3,441,870)	-	3,441,870
Inventory adjustment	-	(949,116)	-	949,116
Net affect of basis adjustments	-	(4,390,986)	-	4,390,986
GAAP Basis	<u>\$ 639,487,207</u>	<u>\$ 553,987,842</u>	<u>\$ (73,157,172)</u>	<u>\$ 12,342,193</u>

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Cash, Investments and Equity in Pooled Invested Cash

1. Deposits

Primary Government

As of June 30, 2020, Frederick County’s carrying amount of deposits was \$9,316,544 and the bank balance was \$9,931,223. The County’s deposits are categorized below to give an indication of the level of custodial credit risk assumed by the County at year-end. The bank’s balances were collateralized as follows:

Federal Deposit Insurance Corporation (FDIC)	\$ 484,998
Held by the government's agent in the government's name	<u>9,446,225</u>
Total Bank Balance	<u>\$ 9,931,223</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

The County's cash and investments as of June 30, 2020, totaled \$624,140,697 as presented in the Statement of Net Position. Restricted cash and cash equivalents represent unspent bond proceeds and various funds restricted by law or third party agreements. The following table reconciles the County's deposits and investments to the Statement of Net Position:

Total Primary Government - Exhibit II-A-1	
Cash	\$ 761,368
Equity in Pooled Invested Cash	485,610,718
Investments	64,818,417
Restricted Cash and Investments	72,950,194
Total	<u>\$ 624,140,697</u>
Deposit & Investment Summary:	
Investments	\$ 638,249,060
Cash on Hand	26,539
Deposits	9,316,544
Less: Component Units and Agency Fund Cash Equivalents	
Pension Trust	(17,704,318)
Frederick County Public Libraries	(27,062)
Custodial Funds	(5,720,066)
Total	<u>\$ 624,140,697</u>

Pension Trust Fund

As of June 30, 2020, the carrying amount of the Pension Trust Fund's deposits was \$2,363,921 and the bank balance was \$2,378,347. The deposits of the Pension Trust Fund were not exposed to custodial risk as of June 30, 2020.

Component Units

Deposits and investments of the BOE, FCC and FCPL are governed by the same law governing the County's investments. As of June 30, 2020, BOE's cash on hand for petty cash was \$100. The carrying amount of the Board's deposits was \$36,085,635 and investments, including \$127,532,763 of fiduciary funds, were \$164,873,678. Cash and cash equivalents restricted for debt service was \$9,272,085. The bank balance was \$38,663,785. The deposits of the Board were not exposed to custodial risk as of June 30, 2020.

As of June 30, 2020, FCC's cash on hand for petty cash was \$8,300. The carrying amount of the college's deposits was \$5,348,151 and cash equivalents were \$8,941,728. Cash and cash equivalents, as shown on the Statement of Net Position, include Frederick Community College Foundation, Inc. in the amount of \$248,469. The bank balance was \$6,636,617. The deposits of the college were not exposed to custodial risk as of June 30, 2020.

As of June 30, 2020, FCPL's cash on hand for petty cash was \$3,260. The carrying amount of FCPL's deposits was \$23,802 including \$20,000 of restricted cash. The bank balance was \$23,802. The deposits of the library were not exposed to custodial risk as of June 30, 2020.

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

Primary Government

As of June 30, 2020, Frederick County held the following investments and maturities. The government's investment balances were as follows:

<u>Investment Type (All funds)</u>	<u>Fair Value</u>	<u>0-18 Month Maturities</u>	<u>18-24 Month Maturities</u>	<u>> 24 Month Maturities</u>
U. S. Treasuries	\$ 44,802,861	\$ 782,786	\$ 1,817,716	\$ 42,202,359
MD Local Government Investment Pool	573,430,642	573,430,642	-	-
Money Market Funds	10,157	10,157	-	-
Federal Farm Credit Bank	20,005,400	20,005,400	-	-
Total Fair Value	<u>\$ 638,249,060</u>	<u>\$ 594,228,985</u>	<u>\$ 1,817,716</u>	<u>\$ 42,202,359</u>

<u>Investments by fair value level</u>	<u>June 30, 2020</u>	<u>Fair Value Measurement Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
U. S. Treasuries	\$ 44,802,861	\$ 44,802,861	\$ -	\$ -
Federal Farm Credit Bank	20,005,400	-	20,005,400	-
Total investments by fair value levels	<u>64,808,261</u>	<u>\$ 44,802,861</u>	<u>\$ 20,005,400</u>	<u>\$ -</u>
Investments carried at amortized cost				
MD Local Government Investment Pool	573,430,642			
Money Market Funds	10,157			
Total investments carried at amortized cost	<u>573,440,799</u>			
Total investments at fair value	<u>\$ 638,249,060</u>			

Frederick County categorizes its fair value measurements with 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 investments are valued at the closing price reported in the active market in which the individual security is traded.
- Level 2 investments are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.
- Level 3 investments are valued using techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Interest Rate Risk – The County recognizes that interest rate risk can result from market price losses due to changes in interest rates. Portfolio diversification of maturities is employed as a way to control these risks. The County’s investment policy states 75% of the investments must be on short-term basis of a maximum maturity of up to eighteen months. The balance of the portfolio and those funds attributed to bond proceeds may be invested in investments with longer maturities up to a maximum maturity of three years. In all funds, portfolio maturities are staggered to avoid undue concentration of assets in a specific maturity sector. The Maryland Local Government Investment Pool is managed to a Weighted Average Maturity (WAM) of a sixty-day maximum to reduce their exposure to interest rate risk. There are no significant redemption notices, maximum transaction amounts or other limitations or restrictions on the County’s withdrawals from the Maryland Local Government Investment Pool.

Credit Risk – Funds of the County will only be invested in accordance with the Provision of Article 95, Sections 22, 22L, and 22N of the Annotated Code of Maryland and State Finance and Procurement Article 6-222(a) of the Annotated Code of Maryland. The State’s restrictions are included in parentheses below. In addition to the State’s provisions, the County investment policy lists the following investments as legal for purchase:

1. U. S. Treasury securities
2. Obligations of U. S. government agencies
3. Repurchase agreements (collateralized in an amount not less than 102% of the principal amount by an obligation of the U.S., its agencies or instrumentalities, provided the collateral is held by a custodian other than the seller and designated by the buyer)
4. Bankers’ acceptances
5. Money market mutual funds that contain only securities of the organizations listed in items 1), 2), and 3) above
6. Certificates of deposit (collateralized within the guidelines of the Annotated Code of Maryland, State Finance and Procurement Article 6-202)
7. Maryland Local Government Investment Pool (MLGIP)

The County’s investments have received the followings ratings:

<u>Investment</u>	<u>Fair Value</u>	<u>Moody's</u>	<u>Standard & Poors</u>	<u>Fitch Ratings</u>
MD Local Government Investment Pool	\$ 573,430,642	not rated	AAAm	not rated
Federal Farm Credit Bank	20,005,400	AAA	AA+	not rated

All other investments are debt securities of the U.S. government or obligations of the U.S. government that are explicitly guaranteed by the U.S. government.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Concentration of Credit Risk – To reduce this risk, the County seeks to maintain a balanced portfolio by issuer or financial institution and class of security or money market instrument. More than five percent of the County’s portfolio is invested in the Maryland Local Government Investment Pool (MLGIP) and federal agency securities. The MLGIP may invest in instruments rated only Tier 1 by at least one Nationally Recognized Securities Rating Organization (NRSRO). They have maximum exposure limits per issuer to maintain a diversified portfolio.

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
MD Local Government Investment Pool (MLGIP)	\$ 573,430,642	89.844 %
U. S. Treasuries	44,802,861	7.020
Federal Farm Credit Bank	20,005,400	3.134
Money Market Funds	10,157	0.002
Total Fair Value	<u>\$ 638,249,060</u>	<u>100.000 %</u>

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County’s investment policy requires that all securities purchased by the County and securities taken as collateral, shall be held in third-party safekeeping by an institution designated as primary agent. All securities shall be purchased, sold, titled or released using the delivery vs. payment procedure. Collateral shall be:

1. In an amount not less than 102% of the principal amount of the repurchase agreement,
2. Include debt securities of the issuing agency or mortgage-backed securities guaranteed by the issuing agency, but no derivatives thereof,
3. Direct obligations of the U. S. Treasury, and derivatives thereof insofar as they represent principal portions of the debt stripped of their interest coupons (Treasury strips),
4. Held to a minimum number of pieces at all times, and
5. Marked to market daily and reported monthly by the investment custodian.

Pension Trust Fund

The County’s Pension Trust fund (the Plan) has an investment policy that is designed to protect its principal from both market value erosion and inflationary erosion. The Plan’s objective is to achieve a real rate of return over the long term, solely in the financial interest of the Plan, its participants and beneficiaries. To help achieve this return, professional investment managers are employed by the Plan to manage the Plans’ assets.

Investments – The Plan’s investment policy includes an asset allocation plan for investments. The target allocation is 65% equities and 35% fixed income. The minimum and maximum percentages for equities are 55% and 75%, respectively and for fixed income are 25% and 45%, respectively.

NOTES TO FINANCIAL STATEMENTS
(Continued)

As of June 30, 2020, the Plan held the following investments and maturities:

<u>Investment Type (All funds)</u>	<u>Fair Value</u>	<u>0 - 18 Month Maturities</u>	<u>18 - 24 Month Maturities</u>	<u>> 24 Month Maturities</u>
Money Market Funds	\$ 5,014,781	\$ 5,014,781	\$ -	\$ -
Equity Mutual Funds	190,753,397	190,753,397	-	-
Fixed Income Mutual Funds	146,638,788	146,638,788	-	-
Common Stock	303,235,745	303,235,745	-	-
Corporate Bonds & Notes	34,618,188	1,422,119	280,398	32,915,671
US Government Securities	34,148,846	3,635,863	725,421	29,787,562
Other Government Agencies	5,658,005	-	297,596	5,360,409
Total Fair Value	<u>\$ 720,067,750</u>	<u>\$ 650,700,693</u>	<u>\$ 1,303,415</u>	<u>\$ 68,063,642</u>

Frederick County has the following recurring fair value measurements as of June 30, 2020:

Investments by fair value level	June 30, 2020	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Equity Mutual Funds	\$ 190,753,397	\$ 190,753,397	\$ -	\$ -
Fixed Income Mutual Funds	146,638,788	146,638,788	-	-
Common Stock	303,235,745	303,235,745	-	-
Corporate Bonds & Notes	34,618,188	-	34,618,188	-
US Government Securities	34,148,846	34,148,846	-	-
Other Government Agencies	5,658,005	-	5,658,005	-
Total investments by fair value levels	<u>715,052,969</u>	<u>\$ 674,776,776</u>	<u>\$ 40,276,193</u>	<u>\$ -</u>
Investments carried at amortized cost				
Money Market Funds	<u>5,014,781</u>			
Total investments carried at amortized cost	<u>5,014,781</u>			
Total investments at fair value	<u>\$ 720,067,750</u>			

Interest Rate Risk – The Plan’s investment policy does not place any limits on the investment managers with respect to the duration of their investments.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Credit Risk – The Plan’s investment policy lists the following investments as permissible for purchase:

The following types of investment vehicles are permissible for investment of plan assets:

1. No-load mutual funds;
2. Commingled pooled funds; and
3. Separate accounts.

Equities - Permissible

1. Common and preferred stocks listed on a major U.S. exchange or traded regularly on another established U.S. market or exchange;
2. Equity securities of non-U.S. incorporated entities; whereby, the types of securities and the permissible percent of total portfolio holdings are limited by language contained in the contract of each equity manager;
3. Securities convertible into common stocks; and
4. Other specialized asset classes, as authorized by the Retirement Plan Committee.

Equities – Not Permissible

1. Short sales;
2. Put and call options, other than covered call options;
3. Margin purchases, lending or borrowing funds;
4. Letter stock, private or direct placements;
5. Commodities; and
6. Securities of the asset manager, their parent or subsidiaries (excluding money market funds and publicly available mutual funds).

Fixed Income - Permissible

Except as specifically listed below, debt instruments of any U.S. entity denominated in U.S. dollars including U.S., dollar denominated sovereign and supranational bonds (Yankee bonds) and MBS (Mortgage Backed Securities) notwithstanding the prohibition on derivatives listed below.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Fixed Income – Not Permissible

The following categories of securities are not permissible for investment without the Retirement Plan Committee's written approval:

1. Tax-exempt municipal bonds;
2. Securities of the asset manager, their parent or subsidiaries (excluding money market funds and publicly available market funds);
3. Common stock;
4. Inverse floaters;
5. CLOs (Collateralized Loan Obligations);
6. CBOs (Collateralized Bond Obligations);
7. Capped floaters;
8. Interest-only MBS (Mortgage Backed Securities) securities;
9. Principal-only MBS (Mortgage Backed Securities) securities;
10. Support CMO (Collateralized Mortgage Obligation) or Support MBS (Mortgage Backed Securities) tranches;
11. Swap contracts; and
12. Derivative securities including futures, options, swaps, and high risk mortgage derivatives (not permitted for active investment managers; permitted for index fund managers).

The money market funds are unrated, as are the mutual funds and common stocks used by the Plan. As of June 30, 2020, the Plan's fixed income investments had the following characteristics:

<u>Moody's Rating or Comparable</u>	<u>Fair Value</u>
AAA to A1	\$ 81,145,356
BAA3 to BA1	34,448,780
CAA2 to C	1,496,247
Not rated	602,977,367
Total Fair Value	<u>\$ 720,067,750</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

The Plan's investment policy limits its Fixed Income portfolio to the average credit quality of at least AA. The Plan also limits Equities securities to those that are publicly traded and have sufficient marketability to permit prompt, orderly liquidation under normal circumstances.

Foreign Currency Risk – The Plan's exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The Plan recognizes the value of global diversification and retains two investment managers for global and international equity investments. The Plan's investment policy does not establish any limitation related to foreign currency risk. The country of origin for the two investments is the United States; therefore, the Plan did not have foreign currency risk as of June 30, 2020.

Length of Service Awards Program

The Length of Service Award Program (LOSAP) Trust Fund has an investment policy that is designed to preserve and/or increase the value of the LOSAP's assets, net of inflation. The performance objective of the plan is to generate an annualized total rate of return which meets or exceeds the discount rate over the long-term. Professional investment managers are employed by the plan to manage the Plan's assets.

Investments – The Plan's investment policy includes an asset allocation plan for investments. The target allocation is 65% equities and 35% US fixed income. The minimum and maximum percentages for equities are 50% and 80% respectively and for fixed income are 25% and 55%, respectively.

As of June 30, 2020, the Plan held the following investments and maturities:

Investment Type (All funds)	<u>Fair Value</u>	<u>0 - 18 Month Maturities</u>	<u>18 - 24 Month Maturities</u>	<u>> 24 Month Maturities</u>
Money Market Funds	\$ 194	\$ 194	\$ -	\$ -
Mutual Funds	1,240,573	1,240,573	-	-
Collective Investment Trust (Fixed Income)	706,410	706,410	-	-
Total Fair Value	<u>\$ 1,947,177</u>	<u>\$ 1,947,177</u>	<u>\$ -</u>	<u>\$ -</u>

Frederick County has the following recurring fair value measurements as of June 30, 2020:

Investments by fair value level	<u>June 30, 2020</u>	<u>Fair Value Measurement Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Mutual Funds	\$ 1,240,573	\$ 1,240,573	\$ -	\$ -
Collective Investment Trust (Fixed Income)	706,410	706,410	-	-
Total investments by fair value levels	<u>1,946,983</u>	<u>\$ 1,946,983</u>	<u>\$ -</u>	<u>\$ -</u>
Investments carried at amortized cost				
Money Market Funds	194			
Total investments carried at amortized cost	<u>194</u>			
Total investments at fair value	<u>\$ 1,947,177</u>			

NOTES TO FINANCIAL STATEMENTS
(Continued)

Interest Rate Risk – The Plan’s investment policy does not place any limits on the investment managers with respect to the duration of their investments.

Credit Risk – The Plan’s investment policy states that the assets of the County’s LOSAP Trust will be invested in accordance with Article 95, Section 22 of the Annotated Code of Maryland. The Investment Committee may consider both actively and passively managed investment strategies.

Foreign Currency Risk – The Plan’s exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The Plan’s investment policy does not establish any limitation related to foreign currency risk. The country of origin for the investments is the United States; therefore, the Plan did not have foreign currency risk as of June 30, 2020.

Other Post Employment Benefit (OPEB) Trust Fund

Frederick County’s OPEB Trust exists for the purpose of receiving, holding and managing the investment of funds contributed on behalf of Frederick County Maryland Retiree Health Benefit Plan.

The County’s OPEB Trust fund (the Plan) has an investment policy that is designed to protect its principal from both market value erosion and inflationary erosion. The Plan’s objective is to achieve a real rate of return over the long term, solely in the financial interest of the Plan, its participants and beneficiaries. To help achieve this return, professional investment managers are employed by the Plan to manage the Plan’s assets.

Investments – The Plan’s investment policy includes an asset allocation plan for investments. The target allocation is 65% equities and 35% bonds. The minimum and maximum percentages for equities are 45% and 75%, respectively and for bonds are 25% and 55%, respectively.

As of June 30, 2020, the Plan held the following investments and maturities:

Investment Type (All funds)	<u>Fair Value</u>	<u>0 - 18 Month Maturities</u>	<u>18 - 24 Month Maturities</u>	<u>> 24 Month Maturities</u>
Money Market Funds	\$ 1,443	\$ 1,443	\$ -	\$ -
Mutual Funds	113,888,906	113,888,906	-	-
Collective Investment Trust (Fixed Income)	59,847,969	59,847,969	-	-
Total Fair Value	<u>\$ 173,738,318</u>	<u>\$ 173,738,318</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

Frederick County has the following recurring fair value measurements as of June 30, 2020:

Investments by fair value level	June 30, 2020	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Mutual Funds	\$ 113,888,906	\$ 113,888,906	\$ -	\$ -
Collective Investment Trust (Fixed Income)	59,847,969	-	-	59,847,969
Total investments by fair value levels	173,736,875	\$ 113,888,906	\$ -	\$ 59,847,969
Investments carried at amortized cost				
Money Market Funds	1,443			
Total investments carried at amortized cost	1,443			
Total investments at fair value	\$ 173,738,318			

The collective investment trust classified in Level 3 of the hierarchy is valued based on a non-M&T Bank independent source using internal valuation models.

Interest Rate Risk – The Plan’s investment policy does not place any limits on the investment managers with respect to the duration of their investments.

Credit Risk – The Plan’s investment policy states that the assets of the County’s OPEB Trust will be invested in accordance with Article 95, Section 22 of the Annotated Code of Maryland. The Investment Committee may consider both actively and passively managed investment strategies

Foreign Currency Risk – The Plan’s exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The Plan recognizes the value of global diversification and retains two investment managers for global and international equity investments. The Plan’s investment policy does not establish any limitation related to foreign currency risk. The country of origin for the two investments is the United States; therefore, the Plan did not have foreign currency risk as of June 30, 2020.

Component Units

The Board of Education’s investments as of June 30, 2020 are categorized in the following table:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
MLGIP	\$ 40,775,341	\$ 40,775,341	\$ -	\$ -
Money Market	63,401	63,401	-	-
Certificates of Deposit	4,577	4,577	-	-
Fixed Income Securities	42,258,838	42,258,838	-	-
Equity Securities	81,771,521	81,771,521	-	-
Totals	\$ 164,873,678	\$ 164,873,678	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS
(Continued)

Frederick County Public Schools (FCPS) categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GASB 72). 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.

FCPS has recurring fair value investments as of June 30, 2020, of \$124,030,359, that include Fixed Income Securities and Equity Securities. These investments were valued using quoted market prices (Level 1 inputs).

MLGIP of \$40,775,341, Money Market of \$63,401 and Certificates of Deposit of \$4,577 are valued using amortized cost method, which estimates market value.

The above investment balances include fiduciary funds in the amount of \$127,532,763. Total net investment income per the statement of activities as of June 30, 2020 was \$787,652.

FCC's investments as of June 30, 2020 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
MLGIP	<u>\$ 8,941,728</u>	<u>\$ 8,941,728</u>	<u>\$ -</u>	<u>\$ -</u>

Total net investment income for FCC (excluding the FCC Foundation) as of June 30, 2020 was \$199,469. The Frederick Community College Foundation investments as of June 30, 2020 were:

<u>Investment Type</u>	<u>June 30, 2020</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
USMF Fund	\$ 16,107,938	\$ 15,807,674	\$ (300,264)
Certificate of Deposit	231,621	231,621	-
Charitable Remainder Trust	21,604	26,584	4,980
Total Investments	<u>\$ 16,361,163</u>	<u>\$ 16,065,879</u>	<u>\$ (295,284)</u>

As of June 30, 2020, the Foundation had 385,466.9417 units of the University System of Maryland Foundation, Inc. Unitized Investment Fund valued at \$41.0092 per unit with a value of \$15,807,674.

NOTES TO FINANCIAL STATEMENTS
(Continued)

FCPL's investments as of June 30, 2020 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			<u>Interest Rate At June 30</u>
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	
MLGIP	\$ 411,185	\$ 411,185	\$ -	\$ -	0.24%
Certificates of Deposit	212,414	-	212,414	-	2.23%
Total Investments	<u>\$ 623,599</u>	<u>\$ 411,185</u>	<u>\$ 212,414</u>	<u>\$ -</u>	

Total net investment income per the statement of activities for the year ended June 30, 2020 was \$10,223.

Investment Rate Risk - Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost.

Credit Risk - The BOE, FCC and FCPL invest in the Maryland Local Government Investment Pool (MLGIP), which is under the administration of the State Treasurer. The MLGIP was established in 1982 under Article 95 Section 22G of the Annotated Code of Maryland and is rated AAAM by Standard and Poor's, their highest rating for money market funds. The MLGIP seeks to maintain a constant unit value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the BOE, FCC and FCPL will not be able to recover all or portion of the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2020, all of the component unit investments were insured or registered, or securities were held by the unit or its agent in the unit's name or were invested in the MLGIP.

Foreign Currency Risk – There are no direct investments in foreign currency by BOE, FCC or FCPL.

NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Receivables and Payables

1. Accounts and Other Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The associated allowance for doubtful accounts has been established in the following governmental and business-type funds: General Fund, \$630,058; Comprehensive Care Facility, \$278,861 and Solid Waste, \$21,519.

2. Due To/From Primary Government and Component Units

The receivable and payable balances between the primary government and its component units as of June 30, 2020, are reconciled as follows:

	<u>BOE</u>	<u>FCC</u>	<u>FCPL</u>	<u>TOTAL</u>
Due from component units per Primary Government	\$ 2,291	\$ -	\$ -	\$ 2,291
Less: Not recorded as payable by component unit in FY20	(2,291)	-	-	(2,291)
Due to primary government per Component Units (included in accounts payable)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Due to component units per Primary Government	\$ 9,957,584	\$ 116	\$ 3,757,800	\$ 13,715,500
Add: Receivables recorded by component unit in FY20	-	-	97,217	97,217
Less: Receivable recorded by component unit in FY20	(188,035)	(116)	-	(188,151)
Due from primary government per Component Units	<u>\$ 9,769,549</u>	<u>\$ -</u>	<u>\$ 3,855,017</u>	<u>\$ 13,624,566</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Capital Assets

Capital Asset activity for the year ended June 30, 2020 is as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Adjustments/ Transfers	Decreases	
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 112,808,147	\$ 6,440,240	\$ -	\$ (2,248,876)	\$ 116,999,511
Construction in progress	24,060,393	21,050,356	-	(20,059,893)	25,050,856
Total capital assets at historical cost not being depreciated	<u>136,868,540</u>	<u>27,490,596</u>	<u>-</u>	<u>(22,308,769)</u>	<u>142,050,367</u>
Capital assets being depreciated:					
Buildings and improvements	247,684,309	16,377,277	-	(399,563)	263,662,023
Equipment	145,222,714	14,138,274	-	(9,924,988)	149,436,000
Infrastructure	418,244,041	7,045,853	-	(31,102)	425,258,792
Total capital assets at historical cost being depreciated	<u>811,151,064</u>	<u>37,561,404</u>	<u>-</u>	<u>(10,355,653)</u>	<u>838,356,815</u>
Less accumulated depreciation for:					
Buildings and improvements	112,349,887	6,908,964	-	(255,986)	119,002,865
Equipment	86,385,164	11,992,755	-	(9,757,370)	88,620,549
Infrastructure	251,884,695	9,531,508	-	(31,102)	261,385,101
Total accumulated depreciation	<u>450,619,746</u>	<u>28,433,227</u>	<u>-</u>	<u>(10,044,458)</u>	<u>469,008,515</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>360,531,318</u>	<u>9,128,177</u>	<u>-</u>	<u>(311,195)</u>	<u>369,348,300</u>
Governmental activities capital assets, net	<u>\$ 497,399,858</u>	<u>\$ 36,618,773</u>	<u>\$ -</u>	<u>\$ (22,619,964)</u>	<u>\$ 511,398,667</u>
Depreciation expense was charged to governmental functions as follows:					
General government					\$ 4,372,101
Public safety					7,673,522
Public works					12,605,548
Health					212,895
Social services					553,962
Parks, recreation and culture					2,982,103
Conservation of natural resources					6,777
Economic development and opportunity					26,319
Total depreciation expense					<u>\$ 28,433,227</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Primary Government				Ending Balance
	Beginning Balance	Increases	Adjustments/ Transfers	Decreases	
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 9,327,737	\$ -	\$ -	\$ -	\$ 9,327,737
Construction in progress	26,208,357	30,295,496	-	(14,600,869)	41,902,984
Total capital assets at historical cost not being depreciated	<u>35,536,094</u>	<u>30,295,496</u>	<u>-</u>	<u>(14,600,869)</u>	<u>51,230,721</u>
Capital assets being depreciated:					
Buildings and improvements	362,995,384	2,583,506	-	(743,787)	364,835,103
Equipment	57,035,720	894,689	-	(762,883)	57,167,526
Infrastructure	429,014,808	11,811,143	-	-	440,825,951
Total capital assets at historical cost being depreciated	<u>849,045,912</u>	<u>15,289,338</u>	<u>-</u>	<u>(1,506,670)</u>	<u>862,828,580</u>
Less accumulated depreciation for:					
Buildings and improvements	99,852,691	7,852,576	-	(468,772)	107,236,495
Equipment	40,326,098	2,744,577	-	(762,884)	42,307,791
Infrastructure	86,194,413	5,908,423	-	-	92,102,836
Total accumulated depreciation	<u>226,373,202</u>	<u>16,505,576</u>	<u>-</u>	<u>(1,231,656)</u>	<u>241,647,122</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>622,672,710</u>	<u>(1,216,238)</u>	<u>-</u>	<u>(275,014)</u>	<u>621,181,458</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 658,208,804</u>	<u>\$ 29,079,258</u>	<u>\$ -</u>	<u>\$ (14,875,883)</u>	<u>\$ 672,412,179</u>
Depreciation expense was charged to business-type functions as follows:					
Bell Court					\$ 71,346
Comprehensive Care Facility					851,410
Solid Waste					1,211,429
Water & Sewer					14,371,391
Total depreciation expense					<u>\$ 16,505,576</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

Component units' capital asset activity for the year ended June 30, 2020 was as follows:

BOE	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 51,653,390	\$ 1,193,000	\$ (895,369)	\$ 51,951,021
Construction in progress	23,752,294	65,638,253	(26,324,704)	63,065,843
Total capital assets at historical cost not being depreciated	<u>75,405,684</u>	<u>66,831,253</u>	<u>(27,220,073)</u>	<u>115,016,864</u>
Capital assets being depreciated:				
Building and improvements	1,058,753,436	26,740,557	-	1,085,493,993
Furniture and equipment	55,914,330	3,981,025	(2,001,102)	57,894,253
Total capital assets at historical cost being depreciated	<u>1,114,667,766</u>	<u>30,721,582</u>	<u>(2,001,102)</u>	<u>1,143,388,246</u>
Less accumulated depreciation for:				
Building and improvements	386,610,485	30,539,785	-	417,150,270
Furniture and equipment	35,267,494	3,597,550	(1,915,784)	36,949,260
Total accumulated depreciation	<u>421,877,979</u>	<u>34,137,335</u>	<u>(1,915,784)</u>	<u>454,099,530</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>692,789,787</u>	<u>(3,415,753)</u>	<u>(85,318)</u>	<u>689,288,716</u>
BOE's capital assets, net of accumulated depreciation	<u>\$ 768,195,471</u>	<u>\$ 63,415,500</u>	<u>\$ (27,305,391)</u>	<u>\$ 804,305,580</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

FCC	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets not being depreciated:				
Land	\$ 271,620	\$ -	\$ -	\$ 271,620
Construction in progress	2,115,220	3,849,734	(1,825,865)	4,139,089
Total capital assets at historical cost not being depreciated	<u>2,386,840</u>	<u>3,849,734</u>	<u>(1,825,865)</u>	<u>4,410,709</u>
Capital assets being depreciated:				
Library collection	2,065,438	-	-	2,065,438
Building and improvements	120,453,926	4,534,967	-	124,988,893
Furniture and equipment	6,636,954	573,147	(412,931)	6,797,170
Site improvement	7,850,888	147,578	-	7,998,466
depreciated	<u>137,007,206</u>	<u>5,255,692</u>	<u>(412,931)</u>	<u>141,849,967</u>
Less accumulated depreciation for:				
Library collection	1,998,353	18,240	-	2,016,593
Building and improvements	42,248,341	3,158,199	-	45,406,540
Furniture and equipment	5,019,147	608,329	(394,029)	5,233,447
Site improvement	6,155,168	170,261	-	6,325,429
Total accumulated depreciation	<u>55,421,009</u>	<u>3,955,029</u>	<u>(394,029)</u>	<u>58,982,009</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>81,586,197</u>	<u>1,300,663</u>	<u>(18,902)</u>	<u>82,867,958</u>
depreciation	<u>\$ 83,973,037</u>	<u>\$ 5,150,397</u>	<u>\$ (1,844,767)</u>	<u>\$ 87,278,667</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

FCPL	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Library collection	\$ 7,229,701	\$ 1,091,464	\$ (1,314,298)	\$ 7,006,867
Furniture and equipment	364,858	16,041	-	380,899
Total capital assets at historical cost being depreciated	<u>7,594,559</u>	<u>1,107,505</u>	<u>(1,314,298)</u>	<u>7,387,766</u>
Less accumulated depreciation for:				
Library collection	5,373,152	1,052,644	(1,120,609)	5,305,187
Furniture and equipment	146,458	26,699	-	173,157
Total accumulated depreciation	<u>5,519,610</u>	<u>1,079,343</u>	<u>(1,120,609)</u>	<u>5,478,344</u>
FCPL's capital assets, net of accumulated depreciation	<u>\$ 2,074,949</u>	<u>\$ 28,162</u>	<u>\$ (193,689)</u>	<u>\$ 1,909,422</u>

D. Interfund Receivables, Payables and Transfers

1. Primary Government Interfund Receivables and Payable Balances

For year ended June 30, 2020, there were no interfund receivables or payables.

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. *Interfund Transfers – Primary Government*

Interfund transfers for the year ended June 30, 2020 consists of the following:

	Transfers In						Total Transfers To Other Funds
	General Fund	Debt Service	Capital Projects	Nonmajor Governmental	Internal Service	Water & Sewer	
Transfers Out							
General Fund	\$ -	\$ 43,680,000	\$ 18,951,787	\$ 8,939,500	\$ 1,850,652	\$ -	\$ 73,421,939
Nonmajor Governmental	264,767	5,622,042	-	-	-	-	5,886,809
Capital Projects	-	11,666,585	-	-	15,809	500,000	12,182,394
Water and Sewer	-	-	105,525	-	-	-	105,525
Solid Waste	-	-	13,175	-	-	-	13,175
Total Transfers in from Other Funds	<u>\$ 264,767</u>	<u>\$ 60,968,627</u>	<u>\$ 19,070,487</u>	<u>\$ 8,939,500</u>	<u>\$ 1,866,461</u>	<u>\$ 500,000</u>	<u>\$ 91,609,842</u>

Primary activities include:

- Transfers of pay-go funding from the General Fund and various non-major governmental funds to the Capital Projects Fund;
- Transfers of matching County grants funding from the General Fund to the Grants Fund.
- Transfers from various funds to the Debt Service Fund for the payment of interest and principal on long term obligations of governmental funds.

NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Operating Leases

Frederick County is committed under various leases for building and office space, the majority of which are cancelable. These leases are considered for accounting purposes to be operating leases. Operating lease expenditures for fiscal year 2020 were \$1,233,355.

The future minimum lease payments for these leases are as follows:

Years Ending June 30,	Total Payment
2021	\$ 508,783
2022	482,251
2023	421,208
2024	287,432
2025	287,432
2026-2030	830,651
2031-2035	471,474
2036-2040	50,818
Total	\$ 3,340,049

The County subleases a portion of one of these buildings to other companies and government agencies; this does not however release the County from the lease obligation. Lease revenues from subleases for fiscal year 2020 totaled \$77,344.

The future minimum lease revenues for the subleases are \$172,691 for fiscal year 2020.

The County is committed under various rental lease agreements as lessor. All leases are considered for accounting purposes to be non-cancelable leases. Lease revenues for fiscal year 2020 totaled \$1,468,489.

Future minimum lease revenues for these rentals are as follows:

Years Ending June 30,	Total Payment
2021	\$ 1,473,971
2022	1,165,186
2023	1,082,545
2024	1,044,980
2025	1,040,353
2026 - 2030	4,661,311
	\$ 10,468,346

NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Non-Current Liabilities

1. Changes in Non-Current Liabilities

Primary Government:

	Balance July 1, 2019	Additions	Principal Repayments & Reductions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 434,275,771	\$ 125,257,379	\$ (128,107,432)	\$ 431,425,718	\$ 36,983,110
Notes from direct borrowings and direct placements	20,289,802	7,952,496	(8,175,288)	20,067,010	279,085
Unamortized Premium on Bonds	31,055,579	11,585,003	(7,702,514)	34,938,068	6,587,170
Installment Purchase Agreements	50,654,101	626,849	(3,194,665)	48,086,285	770,675
Capital Lease Obligations	9,540,862	-	(1,431,741)	8,109,121	1,469,802
Compensated Absences	12,381,218	13,603,526	(11,333,759)	14,650,985	-
Net OPEB Liability	90,707,635	26,353,162	(90,236,752)	26,824,045	-
Net LOSAP Pension Liability	10,472,707	1,173,928	(1,436,142)	10,210,493	-
Termination Benefits	368,736	18,705	-	387,441	-
	<u>368,736</u>	<u>18,705</u>	<u>-</u>	<u>387,441</u>	<u>-</u>
Total Governmental Activity- Long Term Liabilities	<u>\$ 659,746,411</u>	<u>\$ 186,571,048</u>	<u>\$ (251,618,293)</u>	<u>\$ 594,699,166</u>	<u>\$ 46,089,842</u>

Payments on the non-current liabilities above (excluding personnel related liabilities), that pertain to the County's governmental activities are recorded in the Debt Service Fund and supported by revenue transfers from the General, Parks Acquisition and Development, Agricultural Preservation, Impact Fee, School Construction and Hotel Rental Tax Funds. Any additions to the unamortized premium on bonds payable for governmental activities are recorded as an Other Financing Source. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

Payments on the non-current liabilities related to the LOSAP Pension Trust are supported by revenue transfers from the general fund. Payments on the non-current liabilities related to OPEB are supported by transfers from the General, Grants and Agricultural Preservation Funds.

The Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities related to the Internal Service Funds are included as part of the above totals for governmental activities. As of June 30, 2020, Internal Service Funds compensated absences totaling \$219,989 are included in the above amounts.

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Balance July 1, 2019	Additions	Principal Repayments & Reductions	Balance June 30, 2020	Due Within One Year
Business-type Activities:					
Bonds Payable	\$ 132,299,229	\$ 11,002,621	\$ (34,927,568)	\$ 108,374,282	\$ 12,271,890
Notes from direct borrowing and direct placements	59,724,638	5,862,504	(9,948,727)	55,638,415	4,170,622
Unamortized Premium on Bonds	6,100,192	951,291	(1,561,650)	5,489,833	1,236,772
Capital Lease Obligations	319,417	143,573	(98,128)	364,862	116,201
Landfill Closure Costs	19,227,555	44,291	(222,268)	19,049,578	235,232
Compensated Absences	1,339,098	976,177	(842,852)	1,472,423	149,543
Termination Benefits	28,372	-	(28,372)	-	-
Total Business-type Activities - Long Term Liabilities	<u>\$ 219,038,501</u>	<u>\$ 18,980,457</u>	<u>\$ (47,629,565)</u>	<u>\$ 190,389,393</u>	<u>\$ 18,180,260</u>

Component Units:

	Balance July 1, 2019	Net Changes	Balance June 30, 2020	Due Within One Year
Board of Education				
Capital lease obligations	\$ 24,710,036	\$ 7,235,079	\$ 31,945,115	\$ 9,972,021
Compensated absences	8,316,982	785,657	9,102,639	5,523,440
Net OPEB liability	726,790,904	85,462,325	812,253,229	-
Termination benefits payable	23,610,736	1,689,649	25,300,385	2,523,683
Net pension liability	39,196,080	2,013,186	41,209,266	-
Board of Education - Long-term Liabilities	<u>\$ 822,624,738</u>	<u>\$ 97,185,896</u>	<u>\$ 919,810,634</u>	<u>\$ 18,019,144</u>
Frederick Community College				
Certificates of Participation	\$ 5,651,790	\$ (269,799)	\$ 5,381,991	\$ 285,000
Compensated absences	1,566,274	164,831	1,731,105	1,692,258
Net OPEB liability	321,319	(119,682)	201,637	-
Frederick Community College - Long-term Liabilities	<u>\$ 7,539,383</u>	<u>\$ (224,650)</u>	<u>\$ 7,314,733</u>	<u>\$ 1,977,258</u>
Frederick County Public Libraries				
Compensated absences	\$ 513,460	\$ 85,813	\$ 599,273	\$ 59,900
Termination Benefits	7,797	4,753	12,550	-
Frederick County Public Libraries - Long-term Liabilities	<u>\$ 521,257</u>	<u>\$ 90,566</u>	<u>\$ 611,823</u>	<u>\$ 59,900</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. *General Obligation Bonds*

Primary Government

Under the Commissioner form of government, the County could not issue general obligation bonds and installment purchase agreements unless specific enabling legislation was passed by the Maryland General Assembly. As of June 30, 2020, there is no remaining authority.

Pursuant to the Charter of Frederick County Maryland, future authorizations for general obligation borrowings will be granted by the County Council. Section 508 of the Charter sets limitations for general obligation borrowings. This debt limit is calculated at an amount not to exceed a total of five percent of the assessable base of real property of the County and fifteen percent of the County's assessable base of personal property and operating real property described in Section 8-109(c) of the Tax-Property Article of the Annotated Code of Maryland. As of June 30, 2020, the Council authorization remains in the amount of \$32,334,408 under Bill #17-03 and \$200,000,000 under Bill #19-19. On June 9, 2020, the County also adopted expedited legislation to authorize up to \$100,000,000 to fund short-term working capital needs.

The debt limit for the primary government's general obligation borrowings as of June 30, 2020 was \$1,673,866,522 and the legal debt margin was \$1,015,532,337.

The County's most recent credit ratings were reaffirmed as of August 2019 are Moody's – Aaa, S&P – AAA, Fitch – AAA. These bonds are a general obligation of the County and as such, are supported by the full faith and credit of the County.

On September 24, 2019, Frederick County issued its Tax-Exempt General Obligation Public Facility Bonds, Series 2019A, in the amount of \$106,245,000. The Series 2019A Bond bears an average coupon rate of 3.238% per annum and a true interest cost of 2.165%. The serial maturities of the Series 2019A Bonds mature on August 1, 2020 through 2039. The proceeds of these bonds will finance capital projects provided for in the Capital Improvement Plan Budget.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Government Activities	Date of Debt Issue	Date of Debt Maturity Due Serially to	Range of Interest Rates	Amount of Original Issue	Amount Outstanding 6/30/20
Pub Facility Refunding Bonds of 2006	2/1/2006	11/1/2022	4.00%-5.25%	\$ 12,608,476	\$ 8,017,666
Pub Fac Bonds of 2010C Refunding	4/27/2010	12/1/2020	2.00%-5.00%	57,786,283	6,253,617
Public Facilities Bonds of 2011A	8/4/2011	8/1/2031	2.50%-5.00%	55,810,000	3,125,000
Pub Fac Bonds of 2012 Refunding	2/9/2012	8/1/2024	2.00%-4.00%	59,842,669	32,380,771
Pub Fac Bonds of 2012B - Refunding - Taxable	8/23/2012	8/1/2020	1.00%-1.66%	51,946,393	4,799,349
Public Facilities Bonds of 2013	5/2/2013	5/1/2033	2.00%-5.00%	26,800,000	8,623,720
Public Facilities Bonds of 2014, Series A	7/24/2014	8/1/2034	2.00%-5.00%	32,117,727	2,676,862
Pub Fac Bonds of 2016, Series A	6/29/2016	8/1/2036	2.00%-5.00%	77,186,341	69,549,498
Pub Fac Bonds of 2017A - Refunding (2020 Crossover)	4/11/2017	2/11/2030	5.00%	56,901,147	56,901,147
Pub Fac Bonds of 2017B - Refunding	12/20/2017	8/1/2031	2.00%-5.00%	35,860,543	35,163,636
Pub Fac Bonds of 2018, Series A	3/7/2018	8/1/2037	2.00%-5.00%	84,465,639	78,677,073
Pub Fac Bonds of 2019, Series A	9/24/2019	8/1/2039	2.25%-5.00%	98,509,493	98,509,493
Pub Fac Bonds of 2019B - Refunding	9/24/2019	8/1/2034	1.70%-2.44%	26,747,886	26,747,886
Total Bonds Outstanding				<u>\$ 676,582,597</u>	<u>\$ 431,425,718</u>

The annual requirements to amortize governmental activities bond debt outstanding as of June 30, 2020 are as follows:

Years Ending June 30,	Principal	Interest	Total Requirement
2021	\$ 36,983,110	\$ 16,746,027	\$ 53,729,137
2022	27,132,423	15,287,666	42,420,089
2023	28,220,425	14,061,926	42,282,351
2024	27,055,880	12,846,252	39,902,132
2025	28,371,399	11,557,892	39,929,291
2026-2030	125,127,058	40,141,730	165,268,788
2031-2035	99,336,024	15,603,263	114,939,287
2036-2040	59,199,399	3,298,188	62,497,587
	<u>\$ 431,425,718</u>	<u>\$ 129,542,944</u>	<u>\$ 560,968,662</u>

For the year ended June 30, 2020, total principal and interest incurred related to general obligation bonds was \$39,880,554 and \$19,215,357.

NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Business-type Activities</u>	<u>Date of Debt Issue</u>	<u>Date of Debt Maturity Due Serially to</u>	<u>Range of Interest Rates</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding 6/30/20</u>
Pub Facility Refunding Bonds of 2006	2/1/2006	11/1/2022	4.00%-5.25%	\$ 7,756,524	\$ 4,932,334
Pub Fac Bonds of 2010C Refunding	4/27/2010	12/1/2020	2.00%-5.00%	21,578,717	2,361,383
Pub Fac Bonds of 2012 Refunding	2/9/2012	8/1/2024	4.00%	25,232,331	17,599,229
Pub Fac Bonds of 2012B - Refunding - Taxable	8/23/2012	8/1/2020	1.00%-1.66%	9,423,607	870,651
Public Facilities Bonds of 2013	5/2/2013	5/1/2033	2.00%-5.00%	4,650,000	1,496,280
Public Facilities Bonds of 2014, Series A	7/14/2014	8/1/2034	2.00%-5.00%	2,677,273	223,138
Pub Fac Bonds of 2016, Series A	6/29/2016	8/1/2036	2.00%-5.00%	8,218,659	7,405,502
Pub Fac Bonds of 2016B - Refunding	6/29/2016	8/1/2036	2.00%-3.00%	34,820,000	30,530,000
Pub Fac Bonds of 2017A - Refunding (2020 Crossover)	4/11/2017	2/1/2030	5.00%	16,963,853	16,963,853
Pub Fac Bonds of 2017B - Refunding	12/20/2017	8/1/2031	2.00%-5.00%	824,457	766,364
Pub Fac Bonds of 2018, Series A	3/7/2018	8/1/2037	2.00%-5.00%	15,269,361	14,222,927
Pub Fac Bonds of 2019, Series A	9/24/2019	8/1/2039	2.25%-5.00%	7,735,507	7,735,507
Pub Fac Bonds of 2019, Series B	9/24/2019	8/1/2034	1.70%-2.44%	3,267,114	3,267,114
Total Bonds Outstanding				<u>\$ 158,417,403</u>	<u>\$ 108,374,282</u>

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2020 are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2021	\$ 12,271,890	\$ 3,866,407	\$ 16,138,297
2022	9,402,577	3,401,708	12,804,285
2023	9,769,575	3,004,598	12,774,173
2024	8,364,120	2,638,022	11,002,142
2025	8,688,601	2,286,181	10,974,782
2026-2030	27,762,942	7,876,847	35,639,789
2031-2035	20,988,976	3,220,048	24,209,024
2036-2040	11,125,601	488,907	11,614,508
	<u>\$ 108,374,282</u>	<u>\$ 26,782,718</u>	<u>\$ 135,157,000</u>

For the year ended June 30, 2020, total principal and interest incurred related to business-type activities was \$13,019,446 and \$5,225,187.

NOTES TO FINANCIAL STATEMENTS
(Continued)

3. *Notes from Direct Borrowings and Direct Placements*

Primary Government

The County's outstanding notes from direct borrowings and direct placements include the County's General Obligation Public Facilities Refunding Bonds, Series 2014C, 2015A and 2020A. These debt instruments are general obligations of the County to which its full faith and credit and unlimited taxing power are pledged, but no collateral is pledged for repayment of the debt. The remaining Series 2014C Refunding Bonds do not offer a prepayment option. These notes do not contain any acceleration clauses.

On March 6, 2020, Frederick County issued its Tax-Exempt General Obligation Refunding Bond, Series 2020A, in the amount of \$13,815,000 to refund all the outstanding maturities of the Series 2015A Tax Exempt General Obligation Refunding Bonds. The principal amount of the 2015A refunded bonds was \$13,655,000. The Series 2020A Bond bears interest at a fixed rate per annum of 1.480% and a true interest cost of 1.480%. The principal amount of the Series 2020A Bond is payable in installments on June 1, 2020 through 2027.

As the Series 2015A Bonds were currently refunded, there is no Deferred Outflow of Resources recorded. The County completed the refunding to reduce its total debt service payments through fiscal year 2027 by \$0.62 million, and to obtain an economic gain of \$0.58 million. A breakage fee would be charged for prepayment of the Series 2020A Bond.

Government Activities	Date of Debt Issue	Date of Debt Maturity Due Serially to	Range of Interest Rates	Amount of Original Issue	Amount Outstanding 6/30/20
Pub Fac Bonds of 2014C Refunding	11/25/2014	6/1/2028	2.49%	\$ 12,429,335	\$ 12,224,844
Pub Fac Bonds of 2015A Refunding	3/19/2015	6/1/2027	2.25%	8,061,868	-
Pub Fac Bonds of 2020A Refunding	3/26/2020	6/1/2027	1.48%	7,952,496	7,828,733
Total Notes from Direct Borrowing and Direct Placements				<u>\$ 28,443,699</u>	<u>\$ 20,053,577</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

For the year ended June 30, 2020, total principal and interest incurred related to notes from direct borrowing and direct placement was \$8,162,621 and \$475,019. The annual requirements to amortize governmental activities notes from direct borrowing and direct placements outstanding as of June 30, 2020 are as follows:

Years Ending June 30,	Principal	Interest	Total Requirement
2021	\$ 265,651	\$ 420,264	\$ 685,915
2022	269,369	414,492	683,861
2023	273,087	408,628	681,715
2024	280,523	402,671	683,194
2025	287,119	396,529	683,648
2026-2028	18,677,828	730,516	19,408,344
	<u>\$ 20,053,577</u>	<u>\$ 2,773,100</u>	<u>\$ 22,826,677</u>

Maryland Industrial Land Act Loans

The County has an outstanding loan from the Maryland Department of Commerce in the original amount of \$181,059 under the Maryland Industrial Land Act, Article 83A, Section 5-401 et. seq. of the Maryland Code. The outstanding balance of this loan as of June 30, 2020 was \$13,434. The proceeds of this loan have been reloaned by the County to State Farm Insurance to assist in the financing of certain street and site improvements within the County. The loan is a full faith and credit obligation of the County.

Governmental Activity:	Paying Fund	Amount of Original Issue	Date of Debt Issue	Date of Debt Maturity	Annual Rate/ Payment Frequency	Amount Outstanding 06/30/20
MD Industrial Land Act Loan - State Farm	General	\$ 181,059	05/12/94	05/12/21	5.93%/Quarterly	\$ 13,433
Total Notes Payable		<u>\$ 181,059</u>				<u>\$ 13,433</u>

The annual debt service requirements to maturity for the notes payable are as follows:

Years Ending June 30,	Principal	Interest
2021	\$ 13,433	\$ 502
	<u>\$ 13,433</u>	<u>\$ 502</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Business-type Activities</u>	<u>Date of Debt Issue</u>	<u>Date of Debt Maturity Due Serially to</u>	<u>Range of Interest Rates</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding 6/30/20</u>
Pub Fac Bonds of 2014C Refunding	11/25/2014	6/1/2028	2.49%	\$ 4,285,665	\$ 4,215,156
Pub Fac Bonds of 2020A Refunding	3/26/2020	6/1/2027	1.48%	5,862,504	5,771,267
Total Notes from Direct Borrowing and Direct Placements				<u>\$ 10,148,169</u>	<u>\$ 9,986,423</u>

For the year ended June 30, 2020, total principal and interest incurred related to notes from direct borrowing and direct placement was \$5,947,379 and \$228,994. The annual requirements to amortize business-type activities notes from direct borrowings and direct placements outstanding as of June 30, 2020 are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2021	\$ 124,349	\$ 190,372	\$ 314,721
2022	125,631	187,897	313,528
2023	126,913	185,391	312,304
2024	129,477	182,852	312,329
2025	132,881	180,249	313,130
2026-2028	9,347,172	316,537	9,663,709
	<u>\$ 9,986,423</u>	<u>\$ 1,243,298</u>	<u>\$ 11,229,721</u>

Maryland Department of the Environment Loans

The Department of the Environment of the State of Maryland (MDE) through the Maryland Water Quality Financing Administration, makes funds available to local governments at below market interest rates for certain water quality and drinking water projects. Proceeds of the loans are dispersed to the County as draws according to construction payments.

The County has been a participant in the MDE loan program since fiscal year 1992. As of June 30, 2020, the County has no authorized and approved borrowings left to draw. As of June 30, 2020 the county has one solid waste loan with a principal balance of \$2,338,194 and three water sewer loans with a combined principal balance of \$43,313,798. The total outstanding principal at June 30, 2020 is \$45,651,992. These loans have interest rates of .80% - 3.48%.

NOTES TO FINANCIAL STATEMENTS
(Continued)

For the year ended June 30, 2020, total principal and interest incurred related to the MDE loans was \$4,001,348 and \$702,889. The annual requirements to amortize these loans as of June 30, 2020 are as follows:

Years Ending June 30,	Principal	Interest	Total Requirement
2021	\$ 4,046,274	\$ 657,963	\$ 4,704,237
2022	3,878,947	602,551	4,481,498
2023	3,917,718	563,780	4,481,498
2024	3,956,878	524,620	4,481,498
2025	3,996,428	485,070	4,481,498
2026-2030	18,951,202	1,762,328	20,713,530
2031-2035	6,894,876	435,344	7,330,220
2036	9,669	580	10,249
	<u>\$ 45,651,992</u>	<u>\$ 5,032,236</u>	<u>\$ 50,684,228</u>

4. Agricultural Preservation Installment Purchase Agreements

The County acquires development rights on a parcel of agricultural property by entering into an installment purchase agreement with the property owner. Under the terms of the agreement, the County pays the property owner annual or semi-annual interest payments for the term of the agreement, which range in length from 10 to 20 years. At the time the agreement is made, the County purchases securities with maturities that coincide with the principal payment due to the property owner at the end of the agreement. The interest rate of the investment is the interest rate paid to the owner on the installment purchase agreement. Recordation taxes and Rural Legacy grant funds are the revenue sources for the investment purchases.

On July 17, 2019, Frederick County entered into an Installment Purchase Agreement to purchase an easement of the development rights of agricultural land in Frederick County. This borrowing was authorized under Chapter 54 of the Laws of Maryland of 2012. This transaction is a 20-year obligation with interest paid annually at 2.437% and final maturity on May 15, 2039, in the amount of \$626,849. Funds are invested in U.S. Treasury strips to finance the final maturity payments. These investments are recorded in the Agricultural Preservation Fund.

NOTES TO FINANCIAL STATEMENTS
(Continued)

The annual requirements to amortize agricultural land preservation installments outstanding are as follows:

Year Ending June 30,	Principal	Interest	Total Requirement
2021	\$ 770,675	\$ 2,074,971	\$ 2,845,646
2022	1,818,558	2,066,559	3,885,117
2023	5,959,489	2,115,461	8,074,950
2024	3,978,905	1,754,706	5,733,611
2025	3,812,880	1,517,623	5,330,503
2026-2030	15,849,863	5,134,844	20,984,707
2031-2035	6,656,460	1,953,093	8,609,553
2036-2039	9,239,455	822,786	10,062,241
	<u>\$ 48,086,285</u>	<u>\$ 17,440,043</u>	<u>\$ 65,526,328</u>

For the year ended June 30, 2020, total principal and interest incurred related to agricultural land preservation installment agreements was \$3,194,665 and \$2,248,533, respectively. These agreements have interest rates that vary from 2.37% to 5.73%.

5. Capital Lease Obligations

Primary Government

The County has entered into various lease agreements as lessee for financing the acquisition of numerous pieces of equipment. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of their inception dates.

On December 16, 2019, Frederick County entered into a lease agreement for the use of copier equipment for The Citizens Care & Rehabilitation facility, in the amount of \$143,573. This lease agreement has a five-year term, and lease payments are calculated based upon a fixed interest rate of 2.99%. The County maintains ownership of the asset for the term of the lease with the lessor holding a security lien. There is also an option to purchase the equipment at the end of the lease term.

The value of the current assets being financed through capital leases are as follows:

Asset:	
Equipment	\$ 18,262,351
Less: Accumulated depreciation	8,965,184
Total:	<u>\$ 9,297,167</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

<u>Years Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total Primary Government</u>
2021	\$ 1,673,286	\$ 125,402	\$ 1,798,688
2022	1,673,296	65,179	1,738,475
2023	1,673,293	65,179	1,738,472
2024	1,673,293	65,179	1,738,472
2025	1,247,685	52,283	1,299,968
2026 - 2031	798,152	17,114	815,266
	<u>8,739,005</u>	<u>390,336</u>	<u>9,129,341</u>
Less: amount representing interest	(629,884)	(25,475)	(655,359)
Present value-net minimum lease payments	<u>\$ 8,109,121</u>	<u>\$ 364,861</u>	<u>\$ 8,473,982</u>

Component Unit

In 2007, the BOE entered into a lease agreement, as lessee, for a new central office building in the amount of \$16,700,000. Financing was completed in December 2007. The BOE refinanced the central office lease agreement in fiscal year 2013. The terms of the refinanced lease agreement lowered the interest rate from 4.62% to 3.1%. In fiscal year 2020, BOE refinanced the lease agreement again which lowered the interest rate from 3.1% to 1.98%. Principal and interest payments were adjusted under the refinanced lease agreement but the agreement still terminates on September 1, 2032. Payments including interest during fiscal year 2020 were \$869,426.

In fiscal year 2018, FCPS entered into an energy performance contract lease agreement, as lessee, to finance various deferred maintenance and facility improvements in the amount of \$15,002,047. The original financing was completed in June 2018. FCPS refinanced this lease which lowered the interest rate from 3.39% to 2.08%. The lease agreement term is for a period of fifteen years ending September 1, 2033. As of June 30, 2020, FCPS had unspent lease proceeds in the amount of \$2,738,307.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Building	\$ 31,363,206
Less: Accumulated depreciation	(4,957,350)
Total	<u>\$ 26,405,856</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

As of June 30, 2020, the minimum obligations under capital leases were as follows:

	<u>Years Ending June 30</u>	<u>Governmental Activities</u>
	2021	\$ 10,422,932
	2022	1,181,039
	2023	1,915,944
	2024	1,946,858
	2025	1,979,154
	2026-2030	10,416,273
	2031-2035	<u>7,646,093</u>
Total obligations		35,508,293
Less: Portion representing interest		<u>(3,563,178)</u>
Present value of lease obligation		<u>\$ 31,945,115</u>

6. *Certificates of Participation*

Component Unit

Frederick Community College issued Certificates of Participation in December 2010 to finance a new parking garage and a portion of the enrollment services building. Manufacturers and Traders Trust Company serves as trustee for the transaction and there is a term of twenty-five years. Principal payments began in fiscal year 2013.

The annual requirements to amortize the Certificates of Participation as of June 30, 2020 are as follows:

<u>Years Ending June 30,</u>	<u>Certificates of Participation</u>			
	<u>Principal</u>	<u>Less Discount</u>	<u>Net</u>	<u>Interest</u>
2021	\$ 285,000	\$ 5,201	\$ 279,799	\$ 380,403
2022	295,000	5,201	289,799	364,728
2023	300,000	5,201	294,799	348,503
2024	310,000	5,201	304,799	329,303
2025	320,000	5,201	314,799	309,463
2026-2030	1,785,000	26,002	1,758,998	1,207,095
2031-2035	2,165,000	26,002	2,138,998	500,250
	<u>\$ 5,460,000</u>	<u>\$ 78,009</u>	<u>\$ 5,381,991</u>	<u>\$ 3,439,745</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

7. Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care Costs

The Solid Waste Enterprise Fund recorded a liability for the costs of closing and post closure monitoring and care for thirty years of both sanitary landfills (Site A and B) as mandated by state and federal regulations. The liability recognized to date is based on the age to total landfill capacity multiplied by the total estimated current costs of closure and post closure care. The liability is reduced as the estimated costs are incurred.

As of June 30, 2005, the Site A landfill was at 100% of capacity. Total capacity of Site A is 3,228,000 tons. In fiscal year 2020, \$189,743 of operating activities such as leachate treatment and well testing related to Site A were incurred. The liability for Site A closure was decreased \$32,525 to reflect the variance between estimated and actual costs. The total remaining estimated cost for closure and post closure care of Site A is \$6,945,232 as of June 30, 2020. This entire amount is reported as a liability for Site A.

As of June 30, 2020, the Site B landfill had capacity used of 2,184,959 tons, which is 53.02% of the revised capacity of 4,121,115 tons which includes the vertical expansion and an aerial adjustment. The total estimated costs for closure and post closure care of Site B are \$23,348,752. The resulting liability is \$12,379,192 with \$10,969,560 remaining to be recognized. The current operating strategy includes the utilization of a transfer station that became operational in January 2009.

The Solid Waste Enterprise Fund has a total liability for closure and post closure care of \$19,324,424 as of June 30, 2020. No assets are restricted for payment of the closure and post closure care costs. The costs are based on estimates and actual costs may differ due to inflation, changes in technology, or changes in regulations.

8. Current Year Defeasance of Debt

On September 24, 2019, Frederick County issued its General Obligation Public Facilities Refunding Bonds, Taxable Series 2019B, in the amount of \$30,015,000 to advance refund certain maturities of the Series 2013 and Series 2014A General Obligation bonds. The Series 2019B Bonds bear an average coupon rate of 2.414% and a true interest cost of 2.299%. The serial maturities of the Series 2019B Bonds mature on August 1, 2022 through 2034.

<u>Refunded Bond Issues</u>	<u>Par Amount</u>	<u>Maturity Dates</u>	<u>Call Date</u>
2013 Tax-Exempt GO Bonds	\$ 12,645,000	5/1/2025 - 5/1/2031	5/1/2023
2014A Tax-Exempt GO Bonds	15,395,000	8/1/2028 - 8/1/2034	8/1/2022
Total Refunded Bonds	<u>\$ 28,040,000</u>		

This refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1.43 million. This difference is reported in the accompanying financial statements as a Deferred Outflow of Resources and is being charged to operations through the call date of the refunded bonds shown above using the straight line amortization method. The County completed the refunding to reduce its total debt service payments through fiscal year 2035 by \$1.81 million, and to obtain an economic gain of \$1.51 million.

NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Fund Balances/Net Position

1. *Governmental Funds – Nonspendable*

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Inventory	\$ 2,061,460	\$ -	\$ 2,061,460
Prepaid	163,295	1,497,940	1,661,235
Long-term receivables	78,381	-	78,381
Salary advances	18,962	-	18,962
Total nonspendable fund balances	<u>\$ 2,322,098</u>	<u>\$ 1,497,940</u>	<u>\$ 3,820,038</u>

2. *Governmental Funds – Restricted*

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Animal control	\$ 802,045	\$ -	\$ -	\$ 802,045
Forfeitures - circuit court	30,090	-	-	30,090
School and library construction	-	78,106,646	-	78,106,646
Weed control	175,502	-	-	175,502
Roads and bridges construction	-	4,691,587	-	4,691,587
General government/other construction	-	6,905,151	-	6,905,151
Grants	-	-	2,426,721	2,426,721
Sheriffs/judicial activities	-	-	264,701	264,701
Agricultural preservation	-	-	2,031,454	2,031,454
Total restricted fund balances	<u>\$ 1,007,637</u>	<u>\$ 89,703,384</u>	<u>\$ 4,722,876</u>	<u>\$ 95,433,897</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

3. *Governmental Funds – Committed*

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Bond rating enhancement	\$ 100,000	\$ -	\$ -	\$ 100,000
Enabling legislation	39,086,518	-	-	39,086,518
FY21 budget	26,005,370	-	-	26,005,370
Appropriation of FY20 unaudited fund balance	6,319,824	-	-	6,319,824
Permanent public improvement	79,074	-	-	79,074
FY22 budget	33,297,977	-	-	33,297,977
School and library construction	-	14,672,455	-	14,672,455
Parks construction	-	13,294,783	-	13,294,783
Roads and bridges construction	-	13,834,733	-	13,834,733
General government/other construction	-	9,694,538	-	9,694,538
Watershed restoration	-	9,785,764	3,718	9,789,482
Grant activities	-	-	1,887,056	1,887,056
Electric lighting	-	-	13,052	13,052
Sheriffs/judicial activities	-	-	1,161,662	1,161,662
Loan activities	-	-	16,643,436	16,643,436
Agricultural preservation	-	-	381,902	381,902
Installment purchase agreements	-	-	52,013,784	52,013,784
Total committed fund balances	<u>\$ 104,888,763</u>	<u>\$ 61,282,273</u>	<u>\$ 72,104,610</u>	<u>\$ 238,275,646</u>

* Section 2-7-1(a) (2) of the Frederick County, Maryland Code of Ordinances provides for the County to maintain a committed General Fund balance equal to seven percent of General Fund expenditures and transfers to the Board of Education and Frederick Community College on a budgetary basis. As of June 30, 2020 the required balance is \$39,086,518. This is classified as “committed” fund balance in accordance with the promulgations of Governmental Accounting Standards Board Statement No.54, Fund Balance Reporting and Governmental Fund Type Definitions. Due to the restricting nature of the set-aside, the seven percent is reported as restricted net position in the governmental activities column of the government-wide Statement of Net Position.

NOTES TO FINANCIAL STATEMENTS
(Continued)

4. *Governmental Funds – Assigned*

	<u>General Fund</u>	<u>Debt Service Fund</u>
Encumbrances		
General government	\$ 406,053	\$ -
Conservation of natural resources	352,634	-
Public Safety	909,399	-
Economic development & opportunity	558,048	-
Health	41,931	-
Social services	22,735	-
Parks, recreation & culture	59,222	-
Public works	757,719	-
Miscellaneous	334,129	-
Income taxes	150,000	-
Road/Street inspection	847,079	-
Automation enhancement fee	190,616	-
Revenue stabilization	13,788,924	-
FY20 supplemental appropriation	1,960,350	-
Debt Service	-	1,117,574
Total assigned fund balances	<u>\$ 20,378,839</u>	<u>\$ 1,117,574</u>

5. *Governmental Funds - Unassigned*

Sections 2-7-1(b) and (4) of the Frederick County, Maryland Code of Ordinances stipulates that the County may not levy more than \$500,000 as use in a contingency fund and must be maintained as part of unassigned fund balance. It shall be dedicated and appropriated to meet any unexpected demand which arises after the tax levy has been made, the occurrence of which could not reasonably have been foreseen. As of June 30, 2020, Frederick County, Maryland has appropriated \$300,000 for use in a contingency fund which is maintained as part of unassigned fund balance.

6. *Net Position Restricted by Enabling Legislation*

Net position restricted by enabling legislation represent accumulated net position attributed to revenue sources, such as taxes and fees, which are restricted for specified purposes in the County Code. These amounts, which are included with restricted net position in the government-wide Statement of Net Position, are as follows at year end:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Restricted by Enabling Legislation	\$ 163,703,493	\$ -
Other Amounts Restricted by Third Parties	2,296,155	3,488,995
Total Restricted Net Position	<u>\$ 165,999,648</u>	<u>\$ 3,488,995</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

7. Business-type Activities with Unrestricted Net Position

On February 19, 2002, the former Board of County Commissioners adopted a Water and Sewer rate study, which recommended the establishment of several reserves to promote the financial stability of the Water and Sewer Enterprise Fund. As of June 30, 2020, the calculation of these reserves is \$111,495,764 (detailed below). These reserves are a part of the \$629,840,715 net position balance.

Reserved for:	
Operating Reserves	\$ 6,002,739
3 R Reserves	2,876,341
Tap Credits	937,207
Cash Funding of Capital Projects	14,189,998
Rosemont MDE	138,801
System Development	<u>87,350,679</u>
Total Water and Sewer Reserves	111,495,765
Excess reserves	<u>26,457,658</u>
Unrestricted net position	<u><u>\$ 137,953,423</u></u>

8. Net Investment in Capital Assets

As of June 30, 2020, net investment in capital assets in the Government-Wide Statement of Net Position was calculated as follows:

	Governmental Activities	Business-type Activities
Capital Assets (Exhibit II-A-1)	\$ 511,398,667	\$ 672,412,179
Debt related to Capital Assets	(262,710,443)	(167,845,941)
Unspent bond proceeds included in debt related to capital assets	<u>29,805,936</u>	<u>2,843,668</u>
Net Investment in Capital Assets (Exhibit II-A-1)	<u><u>\$ 278,494,160</u></u>	<u><u>\$ 507,409,906</u></u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 4. OTHER INFORMATION

A. Commitments and Contingencies

1. Construction Commitments

As of June 30, 2020, the County had the following commitments with respect to unfinished capital projects:

	Total Project Budget	Total Expenditures	Amount Funded	Required Future Funding
General government	\$ 107,080,048	\$ 8,582,567	\$ 21,498,307	\$ 85,581,741
Roads and bridges	158,270,135	31,175,306	31,125,985	127,144,150
Board of Education	302,023,364	141,942,665	148,248,556	153,774,808
Frederick Community College	48,929,731	37,257,192	35,073,741	13,855,990
Parks and recreation	48,178,499	16,817,958	21,769,984	26,408,515
Watershed restoration	33,572,693	14,864,983	22,629,567	10,943,126
Municipal	12,603,938	11,259,158	12,095,602	508,336
	<u>\$ 710,658,408</u>	<u>\$ 261,899,829</u>	<u>\$ 292,441,742</u>	<u>\$ 418,216,666</u>

2. Federal Financial Assistance

The County participates in a number of federally assisted programs, principal of which are the Child Support Enforcement, Mass Transit, Workforce Innovation and Opportunity Act, Section 8 Housing, Capital Projects, and State Homeland Security Programs. Audits of these programs are conducted according to the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Single Audit report for the year ended June 30, 2020 is issued under separate cover.

The grant programs are subject to audit by the grantor, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as a result of these audits, in the opinion of management, is believed to be immaterial.

3. Pending Litigation

There are several pending lawsuits in which the County is involved. The County Attorney estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County as of June 30, 2020.

NOTES TO FINANCIAL STATEMENTS (Continued)

4. *Economic Dependency*

Two enterprise funds are financially dependent upon certain major revenue sources that contribute more than 10% of the fund's total operating revenues.

The Solid Waste Enterprise Fund has three customers which account for 25.70% of total operating revenues. Two commercial haulers accounted for \$5,484,146 or 19.73% of fiscal year 2020 operating revenues. A single municipality accounted for \$1,658,502 or 5.97% of fiscal year 2020 operating revenues. Should the revenues from any of these customers decrease significantly, certain variable operating expenses, such as transfer expense and closure and post closure care costs would decrease.

The Comprehensive Care Facility Fund, a non-major enterprise fund, has two payer types that individually exceed ten percent of total operating revenues for this fund. They are Medicaid (38.27%) and Medicare (29.10%).

5. *Risk Management*

The County is exposed to a variety of risks given the unique and diverse responsibilities of a public entity. To protect its interests and assets, the County carries commercial insurance for property and liability coverage, including, but not limited to, general and auto, professional, cyber, crime, media, fiduciary, law enforcement, employment practices, and pollution policies. The County retains no risk for claims up to the maximum amount of these policies except for the deductible amounts.

Employers are required by law to provide workers' compensation coverage to their employees. The County participates in a high-deductible workers' compensation program to keep the annual insurance premium low. The cost of employee injury claims that fall under the deductible are paid through the County's Workers' Compensation Internal Service Fund.

6. *Contingent Liability*

The County is using the Bell Court Apartment project as residential rental units for lower income households. The deed of trust deferred all principal and interest payments to the Department of Housing and Community Development of the State of Maryland (DHCD), which loaned funds for the construction project, in perpetuity, provided contractual responsibilities were followed. Should the County cease to use the project for this purpose or refinance, sell, transfer or convey the project, the County would be obligated to DHCD for the principal and interest amount of the loan and other specified costs. The principal, interest and associated costs would also become immediately due if any encumbrance is placed upon the project without the prior written consent of DHCD or in the event of default as defined in the deed of trust. The principal amount of the loan is \$1,813,056.

On June 20, 2013 the County entered into two loan agreements with the Maryland Department of the Environment (MDE) for the purpose of replacing the aging water distribution system located in the Village of Rosemont. The principal amount approved for the first loan to be repaid to MDE is \$202,455, maturing on February 1, 2036. The second loan was approved in the amount of \$1,417,182. At any time prior to June 20, 2023, the principal advanced under the second loan agreement shall be payable in full, on demand. MDE has agreed to forgive the repayment of the principal amount of the loan and interest payable, so long as the County performs all of its other obligations under the loan agreement.

NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Arbitrage Rebate Requirements

Arbitrage rebate requirements under Internal Revenue Code Section 1.148-3 apply to the County's investment of the proceeds of certain bond issues. The law requires the computation and payment of arbitrage profits on unspent proceeds of a bond issue if the current investment of these funds yields a higher rate of return than the original bond issue. The filing of this computation and payment to the Internal Revenue service is required at the end of the fifth year of the bond issuance date and every 5 years subsequently; however, computations and filings can be made for annual periods. There is no rebatable arbitrage to report as of June 30, 2020.

C. Tax Abatements

Facts and Assumptions

Frederick County provides tax abatements to encourage economic development: the Rehabilitated Vacant Commercial Structures Tax Credit, the New Jobs Tax Credit, the Commercial and Industrial Tax Credit and the Enterprise Zone Tax Credit

- The Rehabilitated Vacant Commercial Structures Tax Credit provides property tax abatements to encourage improvements in vacant commercial structures. The program is established under the auspices of a state statute (Md. Code Ann., Tax Property Article, §9-236) empowering counties to establish such programs. The program was enacted locally under Frederick County Code §1-8-303. The program requires that the property be vacant for not less than 18 of the previous 24 months prior to the commencement of the rehabilitation or application for the credit. All rehabilitation projects must have or provide pedestrian and vehicular connections to adjacent commercial properties. A qualifying structure must have been constructed no fewer than five years prior to the submission of an application. The abatement only applies to rehabilitation of existing structures, and is only granted on the non-residential portion if the structure is multi-use. The abatement equals a percentage of the additional property tax resulting from the lesser of the increase in assessed value as a result of the improvements or the cost expended for the project. Abatements are obtained through application by the property owner and require subsequent annual applications. Because taxes are not abated until after the improvements have been made, there are no provisions for recapturing abated taxes. No other commitments were made by the County as part of those agreements. The credits are administered as a reduction in the tax bill and last for seven years as shown in the scheduled below:

NOTES TO FINANCIAL STATEMENTS
(Continued)

**Rehabilitated Vacant Commercial Structures Tax Credit Schedule
Based on Cost of Rehabilitation Project/Change in Assessed Value**

Years	<\$1.0 Million	\$1.0 to \$4.0 Million	>\$4.0 Million
1	100%	100%	100%
2	100%	100%	100%
3	100%	100%	100%
4	80%	100%	100%
5	60%	75%	100%
6	40%	50%	66%
7	20%	25%	33%
8	0%	0%	0%

- The New Jobs Tax Credit provides property tax abatements to encourage growth in the local business community. The program is established under the auspices of a state statute (Md. Code Ann., Tax Property Article, §9-230) empowering counties to establish such programs. The program was enacted locally under Frederick County Code §1-8-431. The program provides a six-year tax credit for businesses that either construct or expand premises in the County by buying, building or leasing new premises. The program requires the employment of 25 persons in new permanent full-time positions located in the new or expanded premises within the first 24-month period after it occupies the new or expanded premises. The business entity must thereafter maintain at least 25 persons in permanent full-time positions in the new or expanded premises for a period of three years after each year that a tax credit is allowed. The property must also be located in a priority funding area and the business entity must notify the County of the intent to apply for the credit. An application is filed with the County when the business entity believes it has met all of the requirements, and an annual submission of supporting information is necessary for the credit to continue. The abatements equal a percentage of the property tax imposed on the assessment of the new or expanded premises. The percentage is 52% in years one and two, 39% in years three and four, and 26% in years five and six. The credits are administered as a reduction in the tax bill. The program has a recapture provision that allows the County to recapture tax credits if the business entity does not continue to satisfy all applicable requirements to qualify for the credit. Interest will accrue on any repayable tax credit, and unrepaid tax credits are a lien against the property in the same manner as unpaid property taxes and may be collected through the tax sale process. No other commitments were made by the County as part of those agreements.
- The Commercial and Industrial Tax Credit provides tax abatements to encourage growth in the local business community. The program is established under the auspices of a state statute (Md. Code Ann., Tax Property Article, §9-205) empowering counties to establish such programs. The program was enacted locally under Frederick County Code §1-8-441. The program provides a ten-year tax credit for businesses that make a substantial investment of at least \$5,000,000 in developing and operating a facility within Frederick County. The program requires the creation of at least 25 new permanent full time positions at the facility paying at least 150% of the federal minimum wage and which positions may not have been transferred to the facility from another location in Frederick County. The business must acquire or expand a building, land or equipment, and the facility must be used for manufacturing, fabricating or assembling purposes. The County Executive shall establish the term and amount of each tax credit. The amount would be a percentage of the additional County tax due as a result of an increase in assessment due to the new construction or expansion of a qualifying facility. If the credit would exceed

NOTES TO FINANCIAL STATEMENTS
(Continued)

60% of total incremental tax, it must be reviewed and approved by the County Council. The credits are administered as a reduction in the tax bill. The program has a recapture provision that allows the County to recapture tax credits if the business entity does not continue to satisfy all applicable requirements to qualify for the credit. Interest will accrue on any repayable tax credit, and unrepaid tax credits are a lien against the property in the same manner as unpaid property taxes and may be collected through the tax sale process. No credits have been issued under this program, but the County has been notified that one business entity is interested and may qualify in the future.

- The Maryland Enterprise Zone is a local economic development program established by the Maryland General Assembly in 1982 that gives local governments the legal authority to offer economic incentives, including real property and income tax credits, to businesses. The program is established under the auspices of state statute Md. Code Ann., Tax Property Article, §9-103. The Maryland Department of Commerce is the designated State agency responsible for coordinating the program. However, each zone is the creation and responsibility of local and county governments. To date, there are two enterprise zones in the County – the Brunswick Enterprise Zone and Frederick City’s Golden Mile Enterprise Zone. The real property tax credit is dependent upon the assessment cycle and the increase in assessed value of the property. The credit is a ten-year credit against local real property taxes on the value of a portion of real property improvements. The credit is 80 percent for the first five years and decreases 10 percent annual thereafter to 30 percent in the 10th and final year. If provided in the State budget, the State will remit to the County an amount equal to one-half of the funds that would have been collected if the property tax credit had not been granted. No credits have been issued under either the Brunswick or Golden Mile programs, but the County has been notified that two business may qualify in the future for the Golden Mile Enterprise Zone credit.

Information relevant to the disclosure of those programs for the fiscal year ended June 30, 2020 is:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Economic Development:	
Rehabilitated Vacant Commercial Structures Tax Credit	\$ 111,908
Total	<u>\$ 111,908</u>

D. Conduit Debt

1. Community Development Authority (Special Tax) Financing

Frederick County has issued special obligation bonds for Urbana, Villages of Lake Linganore, Jefferson Technology Park, and Oakdale-Lake Linganore Community Development Authorities. These bonds were for infrastructure costs within the boundaries of the respective Authorities. The Bonds are secured by special taxes levied on the properties within the respective Authorities. These are limited obligation bonds and as such do not pledge the full faith and credit of the County.

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. *Tax Increment Financing*

Frederick County has issued Tax Increment Financing Bonds to finance a portion of the infrastructure needed in the Jefferson Technology Park and Oakdale-Lake Linganore Development Districts. The County surrenders its tax revenues on the incremental increase in property taxes annually within the districts, as needed to support debt service on the bonds. The districts then utilize these revenues to pay the debt service on these bonds. These transactions are accounted for in a Custodial Fund. These are limited obligation bonds and as such, do not pledge the full faith and credit of the County. These bonds are supported by additional special tax assessments within the CDA, if needed.

On March 6, 2014, the former Board of County Commissioners enacted ordinances and adopted resolutions creating the Oakdale-Lake Linganore Development District, authorizing the issuance of up to \$75 million aggregate principal amount of special obligation bonds to finance infrastructure costs within the District, pledging certain incremental tax revenues to the payment of debt service on such bonds, and authorizing the levy of special taxes within the District to pay debt service on such bonds. These bonds were issued on November 14, 2014, as draw-down bonds. On June 19, 2018, the County entered into a Memorandum of Understanding with Oakdale Infrastructure Development to cancel the Series A bonds.

On December 19, 2019, Frederick County issued its Tax Increment and Special Tax B Limited Obligation Bonds (Oakdale-Lake Linganore Project), Series 2019, in the amount of \$17,415,000. The Series 2019 Bond bears an average coupon rate of 3.657% per annum and a true interest cost of 3.623%. The principal amounts of the Series 2019 Bonds are payable July 1, 2022 through 2039. The proceeds of these bonds will finance infrastructure improvements for the Oakdale-Lake Linganore Tax District.

Below is information on the current outstanding Tax Increment Financing and Community Development Authority bond issues.

<u>Conduit Borrower</u>	<u>TIF/CDA</u>	<u>Amount of Original Issue</u>	<u>Date of Debt Issue</u>	<u>Date of Debt Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2020</u>
Lake Linganore - Series 2001A	CDA-Term	\$ 1,957,000	02/05/01	07/01/20	5.600%	\$ 164,000
Lake Linganore - Series 2001A	CDA-Term	4,285,000	02/05/01	07/01/29	5.700%	2,375,000
Lake Linganore - Series 2007A	CDA-Loan	3,114,000	09/20/07	07/01/29	0.000%	1,584,080
Lake Linganore - Series 2007B	CDA-Loan	3,232,142	09/20/07	03/01/28	0.000%	1,463,142
Urbana CDA - Series 2010A	CDA-Serial	30,440,000	09/23/10	07/01/25	2.00-5.00%	16,240,000
Urbana CDA - Series 2010A	CDA-Term	20,455,000	09/23/10	07/01/30	4.400%	20,375,000
Urbana CDA - Series 2010A	CDA-Term	26,780,000	09/23/10	07/01/40	4.700%	26,665,000
Urbana CDA - Series 2010B	CDA-Term	20,020,000	09/23/10	07/01/40	5.500%	17,506,000
Jefferson Technology Park - Series 2013A	CDA-Serial	6,640,000	08/06/13	07/01/43	7.250%	6,510,000
Jefferson Technology Park - Series 2013B	TIF/CDA-Serial	33,360,000	08/06/13	07/01/43	7.125%	33,085,000
Oakdale-Lake Linganore - Series 2019	TIF/CDA-Term	1,665,000	12/01/19	12/01/24	2.625%	1,665,000
Oakdale-Lake Linganore - Series 2019	TIF/CDA-Term	3,665,000	12/01/19	12/01/29	3.250%	3,665,000
Oakdale-Lake Linganore - Series 2019	TIF/CDA-Term	12,085,000	12/01/19	12/01/39	3.750%	12,085,000
						<u>\$ 143,382,222</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Other Conduit Financing

From time to time, the County has issued Maryland Industrial Development Revenue Bonds, Maryland Economic Development Revenue Bonds, and Maryland Mortgage Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities and provision of housing deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from the underlying revenues and resources of the private-sector entities served by the bond issuance. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, neither the bonds nor the assets are reported in the accompanying financial statements.

On July 23, 2019, Frederick County issued Economic Development Revenue Bonds, Series 2019 to benefit Hood College, in the amount of \$36,100,000. The proceeds of this bond issue were to finance \$21,190,008 in improvements to the campus facilities and the balance (\$14,909,992) to refinance the County's Economic Development Revenue Bonds, Series 2010A. These are limited obligation bonds and as such, do not pledge the full faith and credit of the County. These bonds will be repaid by Hood College. These bonds were approved in an amount not to exceed \$36,100,000 by County Council on June 4, 2019.

On December 20, 2019, Frederick County issued Economic Development Revenue Bonds (YMCA Project), Series 2019 to benefit The Young Men's Christian Association of Frederick, Maryland Incorporated (YMCA), in the amount of \$18,000,000. A portion of the proceeds of this bond issue in the amount of \$15,579,633 were used to finance costs to develop a new facility in Frederick County and the balance (\$2,420,367) to refinance outstanding debt of the YMCA. These are limited obligation bonds and as such, do not pledge the full faith and credit of the County. These bonds will be repaid by the YMCA. These bonds were approved in an amount not to exceed \$20,000,000 by County Council Resolution 19-25 on October 1, 2019.

Below is information on the current outstanding Economic Development Revenue bond issues.

NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Conduit Borrower</u>	<u>Serial/ Term Bonds</u>	<u>Original Issue Amount</u>	<u>Date of Debt Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding 6/30/2020</u>
Friends Meeting School	Serial	\$ 2,822,138	10/01/18	10/01/28	4.600%	\$ 2,228,118
Homewood	Serial	20,450,000	12/01/97	12/01/22	2.000%	4,050,000
Homewood	Serial	86,000,000	06/19/14	07/01/42	3.152%	83,123,120
Hood College	Serial	36,100,000	07/23/19	02/01/41	3.360%	29,043,000
Mount Saint Mary's University	Serial	7,345,000	12/01/17	09/01/27	5.000%	7,345,000
Mount Saint Mary's University	Serial	9,440,000	12/01/17	09/01/32	5.000%	9,440,000
Mount Saint Mary's University	Serial	12,110,000	12/01/17	09/01/37	5.000%	12,110,000
Mount Saint Mary's University	Serial	25,695,000	12/01/17	09/01/45	5.000%	25,695,000
Mount Saint Mary's University	Term	660,000	12/01/17	09/01/21	5.000%	660,000
Mount Saint Mary's University	Term	1,260,000	12/01/17	09/01/22	5.100%	1,260,000
St. John's Catholic Prep	Serial	9,310,000	10/06/17	10/01/42	3.080%	9,144,806
YMCA	Serial	18,000,000	12/20/19	07/01/47	3.370%	5,367,844
						<u>\$ 189,466,888</u>

E. Retirement and Pension Programs

For the year ended June 30, 2020, the County recognized an aggregated pension expense of \$10,658,876.

Frederick County employees either participate in the Frederick County Employees Retirement Plan (employer sponsored defined benefit plan) or the Maryland State Retirement and Pension systems which are cost sharing multiple-employer pension plans administered by the State of Maryland.

1. Single-Employer Pension Plan

Plan Description

The Frederick County Employees Retirement Plan was established on July 1, 1993, under authority created by State Legislation and Section 2-2-2 of the County Code. Benefit provisions of the plan were adopted by ordinance after a public hearing.

The Retirement Plan Committee was established July 13, 1993. Their purpose is to administer and operate the pension plan. There are seven members that have staggered three year terms. The committee membership requires representatives from the Human Resources Division, Finance Division, Fraternal Order of Police, Career Firefighter's Association, a retiree and two non-uniformed at-large representatives. Any changes to the Frederick County Employees Retirement Plan initiated by this committee, must also meet the approval of the County Executive and County Council.

For County employees hired prior to July 1, 1993, the participation in the Plan was optional and employees had the right to elect to transfer to the County Plan from the Maryland State Retirement or Pension System.

NOTES TO FINANCIAL STATEMENTS
(Continued)

For County employees hired on or after July 1, 1993, their participation in the County Plan is a condition of employment with the County. Participation classification is based on the employee's status as either "uniformed" or "non-uniformed." County employees who meet these requirements are referred to as "qualified" or "covered" employees. An employee must work 700 hours per year to be eligible for benefits. Members of the County Council are not eligible to participate in this Plan. In addition, grant funded employees hired or rehired after June 30, 2012, were not eligible to participate in this Plan. The active grant funded employees as of June 30, 2019, were transferred to the County plan.

The type and number of employees covered as of June 30, 2020, was as follows:

	<u>Uniformed</u>	<u>Non-Uniformed</u>	<u>Non-Vested Terminations</u>	<u>Vested Terminations</u>
Retirees and beneficiaries currently receiving benefits	246	829	-	-
Terminated employees entitled to benefits	-	-	304	212
Active employees	782	1,338	-	-

Uniformed employees hired on or before June 30, 2011 may retire at the earlier of age 50 or 20 years of eligible service. Uniformed employees hired on or after July 1, 2011 may retire at age 55 or 25 years of eligible service. Vesting begins after five years of service. Retirement benefits are calculated by formula which provides a retirement income of approximately 50% to 66% of average pay depending on length of service. An early retirement benefit option is not provided.

Non-uniformed employees hired on or before June 30, 2011 may retire at the earlier of age 60 or 25 years of service and are 100% vested after five years of service. Non-uniformed employees hired on or after July 1, 2011 through June 30, 2012 may retire at the earlier of age 65 or 30 years of service and are 100% vested after five years of service. Non-uniformed employees hired on or after July 1, 2012 may retire at the earlier of age 65 or 30 years of service and are 100% vested after ten years of service. Retirement benefits are calculated by formula which provides a retirement income of approximately 50% to 60% of average pay depending on length of service. An early retirement benefit option is available with reduced benefits at age 55 with 15 years of service.

The County Council approved Bill #19-02 that eliminated the interest earnings on employee contributions for former employees who terminate County employment without a vested interest in a future retirement benefit. This plan change was effective as of the later of July 1, 2019, or the first day of the plan year that occurs at least twelve months following the former employee's termination date. Prior to this action, employees received a 4.0% earnings credit for any contributions left in the plan until withdrawn.

The benefits payable under the County's Plan not funded by employee contributions are funded entirely by the County. The plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or another entity.

Summary of Significant Accounting Policies

The plan follows the accrual basis of accounting. Contributions are recognized in amounts determined by actuarial valuations. Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal

NOTES TO FINANCIAL STATEMENTS
(Continued)

commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The fair value of investments is determined by market price.

Funding Policy

Funding for the plan provides for periodic contributions based upon actuarial valuations. In September of 2018, the County adopted a funding policy for the County Plan. This policy establishes a formal methodology for financing the pension obligations of the County Plan, with a goal of maintaining a funding ratio between 95% - 105%. The objective of the policy is to reflect a reasonable and fiscally conservative approach to fund the obligations over a time frame that ensures benefit security while balancing the additional, and sometimes competing goals of intergenerational equity and a stable contribution rate. It is intended to provide flexibility to smooth the volatility of the investment market place and the actual economic and demographic experiences that differ from assumed experience. The policy considers the actuarial determined contribution (ADC) and a minimum contribution equal to two (2) times the net blended employee contribution rate, as of the most recent actuarial valuation. Required contributions under the plan that are not funded by employee contributions are funded entirely by the County. Costs of administering the plan are financed on a current funding basis.

As of July 1, 2012, uniformed employees contribute nine percent of their base pay under the plan and non-uniformed employees contribute six percent. The County's required payroll contribution in fiscal year 2020 was 14.7%.

Net Pension Liability (Asset)

The components of the net pension liability of the County at June 30, 2020, were as follows:

Total pension liability	\$ 710,333,972
Plan fiduciary net position	<u>(726,213,354)</u>
County's net pension liability (asset)	<u>\$ (15,879,382)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.24%

Annual Pension Cost

During the fiscal year ending June 30, 2020 contributions to the plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2019.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2019 rolled forward to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Rates vary by participant years of service and status (uniformed vs non-uniformed)
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

NOTES TO FINANCIAL STATEMENTS
(Continued)

Mortality rates

Pre-retirement mortality is 70% of Pub-2010 Safety Employees Amount-Weighted Mortality table with fully generational projection using scale MP2018 for Uniformed employees; 70% of Pub-2010 General Employees Amount-Weighted Mortality table with fully generational projection using scale MP2018 for Non-Uniformed employees.

Post-retirement mortality for healthy participants and beneficiaries is Pub-2010 General Retirees Amount-Weighted Mortality table with fully generational projection using scale MP2018.

Post-retirement mortality for disabled participant is Pub-2010 General Disabled Retirees Amount-Weighted Mortality table with fully generational projection using scale MP2018.

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the July 1, 2019 actuarial valuation report.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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 target allocation and best estimates of arithmetic real rates for each major asset class are summarized below:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Large Cap Domestic Equity	6.19%
Small/mid Cap Domestic Equity	7.37%
International Equity	6.92%
Fixed Income	1.57%
Cash	0.11%
Inflation	2.50%

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of expense, was 4.98%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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 7.0%, 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%) or one percentage point higher (8%) than the current rate:

	1% Decrease - 6%	Current Discount Rate - 7%	1% Increase - 8%
County's net pension liability (asset)	\$ 80,055,572	\$ (15,879,382)	\$ (95,086,937)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances as of June 30, 2019	\$ 662,061,974	\$ 689,414,528	\$ (27,352,554)
Changes for the year:			
Service cost	24,285,818	-	24,285,818
Interest	45,446,656	-	45,446,656
Differences between expected and actual experience	2,175,014	-	2,175,014
Changes of assumptions	2,012,559	-	2,012,559
Contributions - employer	-	19,750,979	(19,750,979)
Contributions - member	-	9,421,014	(9,421,014)
Net investment income	-	34,269,809	(34,269,809)
Benefit payments, including refunds of member contributions	(25,648,049)	(25,648,049)	-
Administrative expense	-	(994,927)	994,927
Net Changes	<u>48,271,998</u>	<u>36,798,826</u>	<u>11,473,172</u>
Balances as of June 30, 2020	<u>\$ 710,333,972</u>	<u>\$ 726,213,354</u>	<u>\$ (15,879,382)</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the County recognized pension expense of \$9,848,314. As of June 30, 2020, the County reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,646,060	\$ 10,012,776
Changes of assumptions	4,894,267	-
Net difference between projected and actual earnings on pension plan investments	-	2,396,949
Total	<u>\$ 7,540,327</u>	<u>\$ 12,409,725</u>

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

<u>Year ending June 30</u>	<u>Total</u>
2021	\$ (8,923,087)
2022	(962,558)
2023	1,903,997
2024	2,414,322
2025	697,928
Thereafter	-

2. Length of Service Awards Program

Plan Description

In 1985, the County created the Length of Service Awards Program (LOSAP), a single employer defined benefit plan for eligible volunteers of Frederick County fire, rescue and emergency medical services. In fiscal year 2019, the County Executive elected to create a Length of Service Award Program Trust which is funded entirely by the general fund. This trust provides benefits to volunteers who have completed certain eligibility and years of service requirements.

The Length of Service Award Trust Administrative Committee was established for the purpose of administering this trust. The committee is comprised of the individuals holding the positions of Director of Finance, Director of Human Resources and Director of Budget, or their delegates. There is a separate committee comprised of members of the Frederick County Volunteer Fire & Rescue Association that administers the benefits of this program.

NOTES TO FINANCIAL STATEMENTS
(Continued)

An active member, upon reaching 65 years of age, who has completed 25 years of creditable service and otherwise meets the requirements of the program will be entitled to receive an award of \$200 per month, distributed quarterly, until death. An additional award of \$20 per month will be made to the member for each additional 5 years of completed creditable service up to a maximum total award of \$300 per month.

The LOSAP program also provides a death benefit to eligible volunteers. In the event a member who is receiving LOSAP benefits dies before receiving at least \$15,000 in total payments, their designated beneficiary will receive a partial benefit equal to the difference between payments received and \$15,000. A maximum benefit of \$15,000 will be paid to the designated beneficiaries of a member, age 65 or older, who has died after completing 5 years of active service but less than 25 years. The benefit will be pro-rated based on years served after 5 years. A member who has served a minimum of 5 years and is under 65 years of age will be covered under a \$15,000 LOSAP life insurance policy. The plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system of another entity.

The type and number of participants consisted of the following at July 1, 2019, the date of the Actuarial Valuation.

Active volunteers	856
Terminated vested	32
Service retirements continuing employment	96
Service retirements and beneficiaries	151
Total	<u>1,135</u>

Summary of Significant Accounting Policies

The plan's financial statements are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value, which for the plan is determined by market price.

Funding Contribution Policy

The Length of Service Award Program (LOSAP) was established with resolution 84-45 and is funded with general revenue tax sources which are appropriated through the Annual Budget and Appropriation Ordinance of Frederick County. The actually determined contribution is an increase compared to the previous pay-as-you-go funding policy. Due to this change in funding policy, the actual contributions are planned to increase until the ADC is reached, which occurred in fiscal year 2019.

Net LOSAP Liability of the County

The components of the net LOSAP liability of the County at June 30, 2020, were as follows:

Total LOSAP liability	\$ 12,288,739
Plan fiduciary net position	<u>(2,078,246)</u>
County's net LOSAP liability	<u>\$ 10,210,493</u>
Plan fiduciary net position as a percentage of the total LOSAP liability	16.91%

NOTES TO FINANCIAL STATEMENTS
(Continued)

Annual LOSAP Costs

During fiscal year ending June 30, 2020 contributions were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation as of July 1, 2018. For the year ended June 30, 2020, the County recognized LOSAP expense of \$810,562.

Actuarial assumptions

The total LOSAP liability was determined by an actuarial valuation as of July 1, 2019, rolled forward to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	None
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Mortality rates	Pub-2010 Safety Retirees Headcount-Weighted Mortality table with fully generational projection using scale MP2018

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the July 1, 2019 actuarial valuation report.

Long-term expected rate of return

The long-term expected rate of return on LOSAP plan investments was determined using a building-block method in which best-estimate ranges of 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 target allocation and best estimates of arithmetic real rates for each major asset class are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap domestic equity	45%	6.19%
Small/mid cap domestic equity	10%	7.37%
International equity	10%	6.92%
Fixed income	35%	1.57%
Cash	0%	0.11%
Inflation	0%	2.50%
Total	<u>100%</u>	

NOTES TO FINANCIAL STATEMENTS
(Continued)

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on LOSAP plan investments, net of LOSAP plan expense, was 5.96%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Actual returns may vary due to timing of contributions and redemptions.

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

The following presents the net pension liability of the County, calculated using the discount rate of 7.0%, 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%) or one percentage point higher (8%) than the current rate:

	1% Decrease - 6%	Current Discount Rate - 7%	1% Increase - 8%
County's net LOSAP liability	\$ 11,513,782	\$ 10,210,493	\$ 9,104,487

Changes in the Net LOSAP Liability

	Increase (Decrease)		
	Total LOSAP Liability (a)	Plan Fiduciary Net Position (b)	Net LOSAP Liability (a) - (b)
Balances as of June 30, 2019	\$ 12,035,538	\$ 1,562,831	\$ 10,472,707
Changes for the year:			
Service cost	190,836	-	190,836
Interest	815,396	-	815,396
Differences between expected and actual experience	(134,629)	-	(134,629)
Changes of assumptions	155,650	-	155,650
Contributions - employer	-	1,187,046	(1,187,046)
Net investment income	-	114,467	(114,467)
Benefit payments, including refunds of member contributions	(774,052)	(774,052)	-
Administrative expense	-	(12,046)	12,046
Net Changes	<u>253,201</u>	<u>515,415</u>	<u>(262,214)</u>
Balances as of June 30, 2020	<u>\$ 12,288,739</u>	<u>\$ 2,078,246</u>	<u>\$ 10,210,493</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to LOSAP

As of June 30, 2020, the County reported deferred outflows of resources and deferred inflow of resources related to LOSAP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 638,228
Changes of assumptions	136,194	-
Net difference between projected and actual earnings on LOSAP plan investments	-	1,387
Total	<u>\$ 136,194</u>	<u>\$ 639,615</u>

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

<u>Year ending June 30</u>	<u>Total</u>
2021	\$ (84,285)
2022	(84,287)
2023	(86,940)
2024	(82,319)
2025	(84,111)
Thereafter	(81,479)

3. Component Units

The employees at the BOE are covered under one of four defined benefit retirement plans. These plans are part of the Maryland State Retirement and Pension Systems and are cost sharing multiple-employer public employee retirement plans. Total contributions were \$32,893,353 in 2020. This contribution was recognized as both revenue and expenditures for BOE.

As of June 30, 2020, the BOE reported a liability of approximately \$41.2 million for its proportionate share of the Employees Retirement System of the State of Maryland (ERS) net pension liability. The ERS net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The BOE’s proportion of the ERS net pension liability was based on a projection of the Board’s long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2020, the Board’s proportion for ERS was 0.20%, which was substantially the same from its proportion measured as of June 30, 2019. For the year ended June 30, 2020, the public schools recognized pension expense for ERS of approximately

NOTES TO FINANCIAL STATEMENTS
(Continued)

\$4.4 million. Detailed retirement plan information for the BOE is available in their current year audited financial statements.

The BOE administers the Frederick County Public Schools Defined Contribution Plan (the "Plan"). The Plan is designed to afford eligible employees an opportunity to increase their security at retirement through employee and employer contributions during participants' periods of active employment while this Plan remains in effect. The BOE has the right to amend the Plan at any time. In fiscal year 2020, the Superintendent of Schools was the only participant in the Defined Contribution Plan. There are no contribution requirements of the employee or the BOE. The Plan has received a favorable determination letter from the Internal Revenue Service indicating that it qualifies as a tax-qualified "profit-sharing" plan. It is intended to be a "governmental plan" within the meaning of Internal Revenue Code Section 414. During the year ended June 30, 2020 a \$40,000 contribution was made to the Plan by the BOE. The Plan is similar to other deferred compensation plans such as 401(k), 403(b), and 457 plans, and therefore is not reported in these financial statements.

All permanent employees of the Frederick Community College are covered under one of the two cost-sharing multiple-employer pension/retirement plans. One of these plans is provided directly by the State of Maryland, and the employer funding for eligible College employees is provided directly by the State. Only teachers employed by FCC are eligible. State contributions for the fiscal year for this plan totaled \$1,850,720. The other retirement plan, provided through TIAA/CREF or Fidelity, is an option for certain professional employees and is also provided for those College employees for which the State does not provide employer share funding of retirement benefits. The employer contributions toward these non-State plans totaled \$1,134,001. These non-State plans are defined contribution plans requiring an employer contribution of 7.25% of employees' base salary. Employee contributions to the non-State plans are not mandatory.

Substantially all employees of the FCPL are covered under the Maryland State Teachers' Retirement System or the Maryland State Teachers' Pension System. Plan members on December 31, 1979, are members of the Teachers' Retirement System unless they elected to join the Pension System. No new Retirement System members were accepted after December 31, 1979. A member of the Teachers' Retirement System may retire with full benefits at age 60 or with 30 years of service. A member of the Teachers' Pension System may retire with full benefits with 30 years of service or at age 62 or older with specified years of service. For both systems, vesting starts after five years of service. Benefits under both plans are established under Titles 22 and 23 of the State Personnel and Pensions Article of the Annotated Code of Maryland. Obligations to contribute to the plans were established under the above-referenced article of the Maryland Code. Members of the Retirement System and the Pension System contribute seven percent and five percent of their gross employee compensation, respectively. The FCPL's share of contributions for its employees is primarily the responsibility of the State. During the fiscal year ended June 30, 2020, the State paid \$877,732 in retirement costs on its behalf. This amount has been shown as grant revenue and current expenditures for the FCPL.

F. Post-Employment Benefits Plans

1. Retiree Health Benefit Plan

Plan Description

The Frederick County Retiree Health Benefit Plan is a single-employer defined benefit healthcare plan administered by the County in a separate trust fund. The Plan provides healthcare benefits to eligible retirees of both Frederick County and Frederick County Public Library and, in certain instances, their eligible survivors and dependents. The County at its discretion can establish, alter, amend, modify or terminate its practice of providing

NOTES TO FINANCIAL STATEMENTS
(Continued)

healthcare benefits to retirees and their dependents, as well as the right to require retirees to make greater contributions to the funding of their benefits. The County may amend or terminate the Plan at any time by a duly adopted resolution of the County Council. The Plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system of another entity.

The Other Post Employee Benefits (OPEB) Investment Committee was established on June 24, 2008 and consists of the Deputy Director of Human Resources and Director of Finance, both serving unlimited terms. The remaining members include the two members from the Frederick County Retirement Plan Committee who serve two consecutive three-year terms on the OPEB Investment Committee.

Membership of the Plan consisted of the following at July 1, 2017, the date of the September 3, 2020, actuarial valuation report:

Retirees and beneficiaries receiving benefits	741
Terminated plan members entitled to but not yet receiving benefits	N/A
Active plan members	1,804
Total	2,545

Summary of Significant Accounting Policies

The Plan’s financial statements are prepared using 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 and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value, which for the Plan is determined by market price.

Funding Policy and Contributions

Benefits are based on the employee’s hire date. For employees hired on or before July 1, 1992, the County pays approximately 84 percent of the cost of premiums for medical and hospitalization costs. Employees hired after July 1, 1992 and before August 1, 2008, also must have worked for the County for a minimum of ten years; these employees pay 50% of the cost of premiums. Employees hired after August 1, 2008, also must have worked for the County for a minimum of ten consecutive years; these employees will pay 75% of the cost of the premium with 10 to 14.9 years of service, 65% with 15 to 19.9 years, 55% with 20 to 24.9 years and 45% with over 25 years of service. If a retiree elects to discontinue coverage at the time of retirement or later, they have the option of re-enrolling in the County plan. Therefore, the number of retirees participating in the plan varies throughout the year. For fiscal year 2020, the County contributed \$12,384,769 to the Plan, including \$7,150,780 for current premiums (approximately 75% of total premiums) and an additional \$4,877,064 to prefund benefits. Plan members receiving benefits contributed \$1,834,763 approximately 25% of the total premium. Administrative costs are financed through investment earnings.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Net OPEB Liability of the County

The components of the net OPEB liability of the County at June 30, 2020, were as follows:

Total OPEB liability	\$ 211,010,263
Plan fiduciary net position	<u>(184,186,218)</u>
County's net OPEB liability	<u>\$ 26,824,045</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 87.29%

Annual OPEB Costs

During fiscal year ending June 30, 2020, contributions were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation as of July 1, 2019. The County recognized OPEB expense of \$5,062,502 for year ended June 30, 2020.

Actuarial Assumptions

The total OPEB liability as of June 30, 2020, was determined by an actuarial valuation as of July 1, 2019, and rolled forward to June 30, 2020, using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.5%
Salary Increases	2.5% Annually
Investment Rate of Return	7.0%
Discount Rate	7.0%
Healthcare Cost Trend Rate	5.5% in 2019 to 3.9 Pre-Medicare and 3.8 Post-Medicare in 2082 based on the Society of Actuaries Long Term Medical Trend Model
Actuarial Cost Method	Entry age
Mortality Rates	Pre-retirement mortality is 70% of Pub-2010 Safety Employees Head Count-Weighted Mortality table with fully generational projection using scale MP2018 for Uniformed employees; 70% of Pub-2010 General Employees Head Count-Weighted Mortality table with fully generational projection using scale MP2018 for Non-Uniformed employees.
	Post-retirement mortality for healthy participants and beneficiaries is Pub-2010 General Retirees Head Count-Weighted Mortality table with fully generational projection using scale MP2018.
	Post-retirement mortality for disabled participant is Pub-2010 General Disabled Retirees Head Count-Weighted Mortality table with fully generational projection using scale MP2018.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Long-term expected rate of return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap domestic equity	45%	6.19%
Small/mid cap domestic equity	10%	7.37%
International equity	10%	6.92%
Fixed income	35%	1.57%
Cash	0%	0.11%
Inflation	0%	2.50%
Total	100%	

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of expense was 6.22%. The money-weighted return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Actual returns may vary due to timing of capital contributions and redemptions.

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

The following table presents Frederick County Government's net OPEB liability if calculated using a discount rate that is one percentage point lower or one percentage point higher.

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
County's net OPEB liability	\$ 59,436,182	\$ 26,824,045	\$ 549,011

NOTES TO FINANCIAL STATEMENTS
(Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents Frederick County Government's net OPEB liability if calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher.

	1% Decrease 3%	Trend Rate 4%	1% Increase 5%
County's net OPEB liability	\$ (3,917,373)	\$ 26,824,045	\$ 65,865,052

Changes in the net OPEB liability

	Increase/(Decrease)		
		Plan Fiduciary	
	Total OPEB Liability	Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance as of June 30, 2019	\$ 258,839,616	\$ 168,131,981	\$ 90,707,635
Changes for the year			
Service cost	6,622,239	-	6,622,239
Interest	17,868,496	-	17,868,496
Experience Losses/(Gains)	(47,072,609)	-	(47,072,609)
Trust Contribution - Employer	-	12,027,844	(12,027,844)
Trust Contribution - Member	-	1,834,763	(1,834,763)
Trust Contribution - From non-employer contributing entities	-	356,925	(356,925)
Net Investment Income	-	10,847,912	(10,847,912)
Changes in Assumptions	(18,096,699)	-	(18,096,699)
Benefit Payments	(7,150,780)	(8,985,543)	1,834,763
Administrative expenses	-	(27,664)	27,664
Net Changes	(47,829,353)	16,054,237	(63,883,590)
Balance as of June 30, 2020	\$ 211,010,263	\$ 184,186,218	\$ 26,824,045

Deferred outflow of resources and deferred inflows of resources related to OPEB

As of June 30, 2020 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary government		
Difference between expected and actual experience	\$ 1,537,695	\$ 42,413,420
Changes of assumptions	3,727,533	15,834,612
Net difference between projected and actual earnings on OPEB plan investments	5,754	-
Total primary government	<u>\$ 5,270,982</u>	<u>\$ 58,248,032</u>

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

<u>Year ending</u>	<u>Total</u>
2021	\$ (7,504,436)
2022	(7,504,437)
2023	(7,097,877)
2024	(7,076,556)
2025	(7,297,267)
Thereafter	(16,496,477)

2. Component Units

The FCPS Retiree Health Benefit Plan (the "Plan") is a single-employer defined benefit plan administered by the Board of Education. The Plan provides medical, dental, vision, and life insurance benefits to eligible participants (covered retirees, covered survivors, and with respect to certain benefits, their eligible dependents). As of June 30, 2020 there were 2,278 retirees (of which 601 had dependent coverage) and 5,226 active benefited employees in the Plan. The Board of Education has the authority to establish and amend post-employment benefits.

The Board of Education negotiates the contribution percentage between the FCPS and the employees through union contracts and personnel policy. The required contribution is based on projected "pay-as-you-go" financing requirements. For fiscal year 2020, the Board contributed \$15,430,963 to the plan. Of this amount \$11,486,903 was for FCPS' share of retiree premiums, \$54,500 was contributed towards trust investment fees and \$3,889,560 was placed into a 115 Trust account (the Trust), which was established on May 29, 2008 for the purpose of pre-funding a portion of retiree health benefits in the future. Plan members receiving benefits contributed \$7,305,046 or approximately 32% of the total premiums. The rates for fiscal year 2020 were based on the length of service of the retiree (two tiers), the age of the retiree (non-Medicare eligible or Medicare eligible), and the type of insurance (medical Choice Advantage, medical PPO, and/or Dental).

The FCC Healthcare Plan is approved by the Board of Trustees. This policy provides for those retirees who are collecting benefits through either the Maryland State System or one of the state-approved Optional Retirement Plans to continue their healthcare coverage at their expense indefinitely. The healthcare premiums charged have not been age adjusted and, as a result, the plan is deemed to provide an implied subsidy to retirees.

NOTES TO FINANCIAL STATEMENTS
(Continued)

The required contribution is based on projected “pay-as-you-go” financing requirements. Coverage for retirees will be governed by contracts in effect with the insurance carriers.

Eligible retirees of FCPL are included in the County Retiree Health Benefit Plan as described in F.1 above.

G. Deferred Compensation

Employees of Frederick County may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all regular employees or temporary employees to whom compensation is paid. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. During the fiscal year 2020, approximately 28.6% of the County’s eligible employees elected to participate in the plan.

The deferred compensation plan is administered by an unrelated compensation and benefit consulting organization. Under the terms of an IRS Section 457b deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the compensation and benefit consulting organization are held in trust for the exclusive benefit of the participants and their beneficiaries, and accordingly, are not included in the County’s financial statements.

As part of its fiduciary role, the County has an obligation of due care in selecting the third party administrator. In the opinion of the County’s legal counsel, the County has acted in a prudent manner and it is unlikely that the County will be liable for any losses that may arise from its selection of the third party administrator.

H. Joint Venture

The Primary Government participates in a joint venture which is not included as part of the reporting entity. The Primary Government does not have a separable financial interest in the joint venture. Therefore, no “Investment in Joint Venture” is included in the accompanying financial statements. Audited financial statements are available from this organization. A general description of this joint venture follows:

Northeast Maryland Waste Disposal Authority (NMWDA)

The NMWDA is a body politic and corporate and a public instrumentality of the State of Maryland. The NMWDA was established to assist the political subdivisions in the Northeast Maryland Region and the private sector in waste management and the development of waste disposal facilities adequate to accommodate the region’s requirements for disposal of solid waste. The MWDA has the following eight member jurisdictions from the State of Maryland: Anne Arundel County, Baltimore City, Baltimore County, Carroll County, Frederick County, Harford County, Howard County and Montgomery County. The Maryland Environmental Service is an ex-officio member. As a participating government in NMWDA, the County paid fiscal year 2020 membership dues and fees for services amounting to \$159,546.

NOTES TO FINANCIAL STATEMENTS
(Continued)

I. Subsequent Events

Notes from Direct Borrowings and Direct Placements

On March 6, 2020, Frederick County entered into a forward bond purchase agreement with DNT Asset Trust regarding the forward purchase of the County's General Obligation Public Facilities Refunding Bond, Series 2022A, expected to be issued on May 3, 2022 in the amount of \$21,565,000 to refund certain maturities of the General Obligation Public Facilities Refunding Bonds, Series 2012. The Series 2022A Bond is expected to bear interest at a fixed rate per annum of 1.476% and a true interest cost of 1.476%. The principal amount of the Series 2022A Bond is expected to be payable on August 1, 2022 through 2024.

<u>Refunded Bond Issues</u>	<u>Par Amount</u>	<u>Maturity Dates</u>	<u>Call Date</u>
2012 Tax-Exempt Ref Bonds	\$ 10,365,000	8/1/2023	8/1/2022
2012 Tax-Exempt Ref Bonds	10,730,000	8/1/2024	8/1/2022
Total Refunded Bonds	<u>\$ 21,095,000</u>		

This refunding is expected to reduce total debt service payments for fiscal years 2023 through 2025 by \$0.68 million, and to obtain an economic gain of \$0.66 million. The 2022A bond is expected to be subject to a breakage fee upon prepayments on these bonds. The terms of the agreement do not include an acceleration clause. Closing is scheduled for May 3, 2022.

On June 9, 2020, the County Council adopted Bill 20-06 authorizing the issuance of up to \$100 million of general obligation debt to fund short-term working capital needs. The County on July 16, 2020 entered into a short-term credit agreement with JPMorgan Chase Bank, NA in the amount of \$75 million. The term of this agreement is for one year and carries a commitment fee of 0.35% per annum for the unused portion of the facility. Interest on amounts drawn from the facility will be calculated at 80% of the One Month LIBOR rate plus 1.35%. The terms of this borrowing do not include any penalty for prepayment or acceleration clauses. The County has not yet drawn any amount under this credit facility.

On September 24, 2020, Frederick County issued its Tax-Exempt General Obligation Public Facility Bond, Series 2020B, in the amount of \$7,830,000. The Series 2020B Bond bears interest at a fixed rate per annum of 0.45% per annum and a true interest cost of 0.45%. The principal amount of the Series 2020B Bonds is payable October 1, 2021. The proceeds of the Series 2020B Bond will finance the purchase and fit-out of a warehouse facility for the storage of personal protective equipment. The terms of this borrowing do not include any penalty for prepayment or acceleration clauses.

Community Development Authority Special Tax Financing

On October 28, 2020, Frederick County issued its Special Obligation Bonds for the Urbana Community Development Authority. This included a Series A Senior Refunding Bond \$65,355,000, a Subordinate Series B Refunding Bond \$1,410,000 and a Subordinate Series C Bond \$25,505,000. The Series C Bonds will provide funding for infrastructure in two recently expanded sections of the Urbana Community Development Authority.

The refunding bonds were issued to refund all outstanding maturities of the Series 2010A and 2010B bonds. The Series 2020 Bonds bear an average coupon rate of between 4.00% and 4.33% and a true interest cost of 2.99%. The principal amount of the Series 2020 Bonds are payable July 1, 2022 through 2034.

NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Refunded Bond Issues</u>	<u>Par Amount</u>	<u>Maturity Dates</u>	<u>Call Date</u>
2010A Urbana Bonds	\$ 61,030,000	7/1/2025 - 7/1/2040	7/1/2020
2010B Urbana Bonds	16,919,000	7/1/2040	7/1/2020
Total Refunded Bonds	<u>\$ 77,949,000</u>		

This refunding will reduce total debt service payments through for fiscal years 2021 through 2040 by \$22,806,556, and to obtain an economic gain of \$17,840,025.

Tax Increment Financing

On July 15, 2020, County Executive Gardner approved Letters of Intent between Frederick County and the bond holders of the existing Jefferson Technology Park Special Obligation Bonds, Series 2013A and Series 2013B. These letters memorialized the terms by which the existing bond holders would sell their holdings in these securities so that the bonds could be refunded.

On September 17, 2020, Frederick County issued its Special Tax A Limited Obligation Refunding Bonds (Jefferson Technology Park Project), Series A and Special Tax B Limited Obligation Refunding Bonds (Jefferson Technology Park Project), Series B in the amounts of \$7,040,000 and \$37,330,000 respectively. These were to advance refund all outstanding maturities of the Series 2013A and 2013B bonds. The Series 2020 Bonds bear an average coupon rate of 5.000% and a true interest cost of 4.625%. The principal amount of the Series 2020 Bonds are payable July 1, 2021 through 2034.

<u>Refunded Bond Issues</u>	<u>Par Amount</u>	<u>Maturity Dates</u>
2013A JTP Park Bonds (CDA)	\$ 6,450,000	7/1/2043
2013B JTP Park Bonds (TIF/CDA)	32,880,000	7/1/2043
Total Refunded Bonds	<u>\$ 39,330,000</u>	

These refundings will reduce total debt service payments through for fiscal years 2021 through 2043 by \$8.31 million, and obtain an economic gain of \$5.85 million.

Other Conduit Financing

On March 13, 2020, Homewood Retirement Centers, Inc., requested Frederick County to provide host approval of the refinancing of the Frederick County Bonds, Series 1997 and Series 2014, as well as other financial obligations. These obligations would be refinanced through the issuance and sale of bonds through Washington County, Maryland. The hearing was held on April 30, 2020 with no comments received from the public. As of the date of this report, the refunding bonds are scheduled to close in late November of this year.

NOTES TO FINANCIAL STATEMENTS
(Continued)

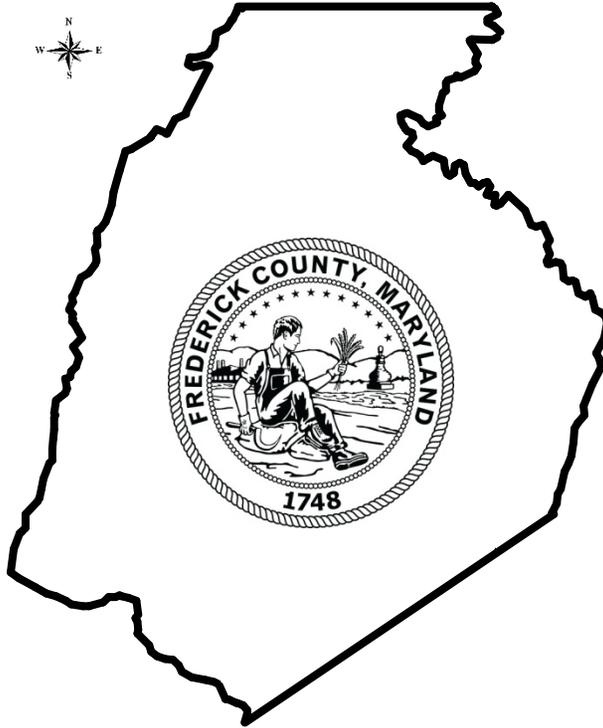
J. New Governmental Accounting Standards Board (GASB) Standard

The County has adopted the provisions of Governmental Accounting Standard Board (GASB) issued Statement 89 entitled *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement 84 entitled *Fiduciary Activities*, Statement No. 95 entitled *Postponement of the Effective Dates of Certain Authoritative Guidance*. The adoption of these standards did not have a material effect on these statements.

As of year ended June 30, 2020, Statement No. 87 entitled *Leases*, Statement No. 90 entitled *Majority Equity Interests*, Statement No. 91 entitled *Conduit Lease Obligations*, Statement No. 92 entitled *Omnibus 2020*, Statement No. 93 entitled *Replacement of Interbank Offered Rates*, Statement No. 94 entitled *Public-Private Partnerships and Availability Payment Arrangements*, Statement No. 96 entitled *Subscription-Based Information Technology Arrangements*, and Statement 97 entitled *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The County has not yet completed the process of evaluating the impact of these pronouncements on its financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION



The information provided in this section is required supplementary disclosures.

**FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
(Dollar Amounts in Thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total pension liability										
Service cost	\$ 24,286	\$ 22,689	\$ 22,387	\$ 21,310	\$ 20,272	\$ 20,127	\$ 21,309	Information for FY2013 and earlier is not available		
Interest	45,446	42,252	39,564	36,760	34,936	32,636	30,170			
Changes of benefit terms	-	11,649	-	-	-	-	-			
Differences between expected and actual experience	2,175	(6,595)	(7,803)	2,501	(10,287)	(124)	-			
Changes of assumptions	2,013	-	6,434	-	-	(2,341)	-			
Benefit payments, including refunds of member contributions	(25,648)	(23,067)	(21,308)	(19,696)	(18,052)	(16,812)	(15,671)			
Net change in total pension liability	<u>48,272</u>	<u>46,928</u>	<u>39,274</u>	<u>40,875</u>	<u>26,869</u>	<u>33,486</u>	<u>35,808</u>			
Total pension liability - beginning	<u>662,062</u>	<u>615,134</u>	<u>575,860</u>	<u>534,985</u>	<u>508,116</u>	<u>474,630</u>	<u>438,822</u>			
Total pension liability - ending	<u>\$ 710,334</u>	<u>\$ 662,062</u>	<u>\$ 615,134</u>	<u>\$ 575,860</u>	<u>\$ 534,985</u>	<u>\$ 508,116</u>	<u>\$ 474,630</u>			
Plan fiduciary net position										
Contributions - employer	19,751	23,153	21,678	20,419	18,910	20,323	21,260			
Contributions - member	9,421	9,401	8,093	7,681	7,199	7,022	6,880			
Net investment income	34,269	46,159	56,674	66,342	3,253	22,501	67,022			
Benefit payments, including refunds of member contributions	(25,648)	(23,067)	(21,308)	(19,696)	(18,052)	(16,812)	(15,671)			
Administrative expense	(995)	(1,492)	(1,504)	(1,038)	(705)	(793)	(930)			
Net change in plan fiduciary net position	<u>36,798</u>	<u>54,154</u>	<u>63,633</u>	<u>73,708</u>	<u>10,605</u>	<u>32,241</u>	<u>78,561</u>			
Plan fiduciary net position - beginning	<u>689,415</u>	<u>635,261</u>	<u>571,628</u>	<u>497,920</u>	<u>487,315</u>	<u>455,074</u>	<u>376,513</u>			
Plan fiduciary net position - ending	<u>\$ 726,213</u>	<u>\$ 689,415</u>	<u>\$ 635,261</u>	<u>\$ 571,628</u>	<u>\$ 497,920</u>	<u>\$ 487,315</u>	<u>\$ 455,074</u>			
Net pension position liability (asset) - ending	<u>\$ (15,879)</u>	<u>\$ (27,353)</u>	<u>\$ (20,127)</u>	<u>\$ 4,232</u>	<u>\$ 37,065</u>	<u>\$ 20,801</u>	<u>\$ 19,556</u>			
Plan fiduciary net position as a percentage of the total pension liability	102.24%	104.13%	103.27%	99.27%	93.07%	95.91%	95.88%			
Covered payroll	\$ 130,636	\$ 117,956	\$ 114,631	\$ 108,689	\$ 100,998	\$ 99,555	\$ 106,397			
Net pension liability as a percentage of covered payroll	-12.16%	-23.19%	-17.56%	3.89%	36.70%	20.89%	18.38%			
Expected average remaining service years of all participants	6	6	6	6	6	6	6			
Annual money weighted rate of return, net of investment expenses	4.98%	7.34%	10.17%	13.46%	1.07%	5.18%	18.04%			

Notes to Schedule:

Changes of assumptions: The following assumptions were changed: mortality, retirement rates, turnover rates, and disability rates. Full descriptions of the actuarial assumptions are available in the July 1, 2019 actuarial valuation report.

Benefit changes: None

**FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS
(Dollar Amounts in Thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 19,751	\$ 16,929	\$ 17,365	\$ 17,455	\$ 18,808	\$ 18,721	\$ 18,687	Information for FY2013 and earlier is not available		
Contributions in relation to the actuarially determined contribution	19,751	23,153	21,678	20,419	18,910	20,323	21,260			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (6,224)</u>	<u>\$ (4,313)</u>	<u>\$ (2,964)</u>	<u>\$ (102)</u>	<u>\$ (1,602)</u>	<u>\$ (2,573)</u>			
Covered payroll	<u>\$ 130,636</u>	<u>\$ 117,956</u>	<u>\$ 114,631</u>	<u>\$ 108,689</u>	<u>\$ 100,998</u>	<u>\$ 99,555</u>	<u>\$ 100,298</u>			
Contributions as a percentage of covered payroll	15.12%	19.63%	18.91%	18.79%	18.72%	20.41%	21.20%			

Notes to Schedule

Valuation date: July 1, 2019

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of payroll
Remaining amortization period	2 years for ad hoc COLA, 14 years for grant funded employees, 15 years for assumption change, 30 years for surplus
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	Rates vary by participant service and status (uniformed vs. non-uniformed)
Investment rate of return	7.0% net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	Pre-retirement mortality is 70% of Pub-2010 Safety Employees Amount-Weighted Mortality table with fully generational projection using scale MP2018 for Uniformed employees; 70% of Pub-2010 General Employees Amount-Weighted Mortality table with fully generational projection using scale MP2018 for Non-Uniformed employees.

Post-retirement mortality for healthy participants and beneficiaries is Pub-2010 General Retirees Amount-Weighted Mortality table with fully generational projection using scale MP2018.

Post-retirement mortality for disabled participant is Pub-2010 General Disabled Retirees Amount-Weighted Mortality table with fully generational projection using scale MP2018.

**FREDERICK COUNTY LENGTH OF SERVICE AWARDS PROGRAM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
(Dollar Amounts in Thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total LOSAP liability										
Service cost	\$ 191	\$ 202	\$ 171	\$ 167						
Interest	815	840	827	810						
Differences between expected and actual experience	(135)	(628)	(74)	-						
Changes of assumptions	156	-	-	-						
Benefit payments, including refunds of member contributions	(774)	(763)	(719)	(744)						
Net change in total LOSAP liability	253	(349)	205	233						
Total LOSAP liability - beginning	12,036	12,385	12,180	11,947						
Total LOSAP liability - ending	<u>\$ 12,289</u>	<u>\$ 12,036</u>	<u>\$ 12,385</u>	<u>\$ 12,180</u>						
Plan fiduciary net position										
Contributions - employer	1,187	1,461	1,241	1,006						
Net investment income	114	102	23	-						
Benefit payments, including refunds of member contributions	(774)	(763)	(719)	(744)						
Administrative expense	(12)	(24)	(20)	-						
Net change in plan fiduciary net position	515	776	525	262						
Plan fiduciary net position - beginning	1,563	787	262	-						
Plan fiduciary net position - ending	<u>\$ 2,078</u>	<u>\$ 1,563</u>	<u>\$ 787</u>	<u>\$ 262</u>						
Net position liability - ending	<u>\$ 10,211</u>	<u>\$ 10,473</u>	<u>\$ 11,598</u>	<u>\$ 11,918</u>						
Plan fiduciary net position as a percentage of the total LOSAP liability	16.91%	12.99%	6.36%	2.15%						
Covered payroll	n/a	n/a	n/a	n/a						
Net LOSAP liability as a percentage of covered payroll	n/a	n/a	n/a	n/a						
Expected average remaining service years of all participants	8	8	9	9						
Annual money weighted rate of return, net of investment expenses	5.96%	7.75%	3.21%	0.00%						

Information for FY2016 and earlier is not available

Notes to Schedule:

Changes of assumptions: None
Benefit changes: None

**FREDERICK COUNTY LENGTH OF SERVICE AWARDS PROGRAM
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 LAST TEN FISCAL YEARS
 (Dollar Amounts in Thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 1,187	\$ 1,461	\$ 1,461	\$ 1,430						Information for FY2016 and earlier is not available
Contributions in relation to the actuarially determined contribution	<u>1,187</u>	<u>1,461</u>	<u>1,241</u>	<u>1,005</u>						
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 425</u>						
Covered payroll	n/a	n/a	n/a	n/a						
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a						

Notes to Schedule

Valuation date: July 1, 2018

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level payments over a closed period of 20 years
Remaining amortization period	Ranging from 16 to 20 years
Asset valuation method	Market value
Inflation	2.5%
Salary increases	None
Investment rate of return	7.0% net of LOSAP investment expense, including inflation
Retirement age	The latter of 25 years of service and age 65
Mortality	Pub-2010 Safety Retirees Headcount-Weighted Mortality table with fully generational projection using scale MP2018

FREDERICK COUNTY RETIREE HEALTH BENEFIT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
(Dollar Amounts in Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total pension liability										
Service cost	\$ 6,622	\$ 6,380	\$ 5,623	\$ 5,257						
Interest	17,869	16,845	15,251	14,311						
Differences between expected and actual experience	(47,073)	(1,633)	2,460	-						
Changes of assumptions	(18,097)	(6,787)	5,964	-						
Benefit payments, including refunds of member contributions	(7,151)	-	(6,278)	(5,998)						
Net change in total pension liability	(47,830)	14,805	23,020	13,570						
Total OPEB liability - beginning	258,840	244,035	221,015	207,445						
Total OPEB - ending	<u>\$ 211,010</u>	<u>\$ 258,840</u>	<u>\$ 244,035</u>	<u>\$ 221,015</u>						
Plan fiduciary net position										
Contributions - employer	12,385	12,031	10,833	10,343						
Net investment income	10,848	10,928	11,693	13,807						
Benefit payments, including refunds of member contributions	(7,151)	(6,787)	(6,279)	(5,998)						
Administrative expense	(28)	(13)	-	(52)						
Net change in plan fiduciary net position	16,054	16,159	16,247	18,100						
Plan fiduciary net position - beginning	168,132	151,973	135,726	117,626						
Plan fiduciary net position - ending	<u>\$ 184,186</u>	<u>\$ 168,132</u>	<u>\$ 151,973</u>	<u>\$ 135,726</u>						
Net position liability - ending	<u>\$ 26,824</u>	<u>\$ 90,708</u>	<u>\$ 92,062</u>	<u>\$ 85,289</u>						
Plan fiduciary net position as a percentage of the total pension liability	87.29%	64.96%	62.27%	61.41%						
Covered payroll	\$ 130,636	\$ 117,956	\$ 114,631	\$ 108,689						
Expected average remaining service years of all participants	-	8	8	8						
Annual money weighted rate of return, net of investment expenses	6.22%	7.71%	8.39%	11.60%						

Information for FY2016 and earlier is not available

Notes to Schedule:

Changes of assumptions:

The medical trend was updated to the latest model released by the SOA and excludes the impact of the Cadillac Tax

The decrement assumption was updated to mirror those used for the Frederick County Employees Retirement Plan.

The mortality assumption was updated to the headcount version of the mortality table used for the Frederick County Employees Retirement Plan.

Benefit changes: None

**FREDERICK COUNTY RETIREE HEALTH BENEFIT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS
(Dollar Amounts in Thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 11,663	\$ 11,519	\$ 10,386	\$ 9,783	Information for FY2016 and earlier is not available					
Contributions in relation to the actuarially determined contribution	<u>12,385</u>	<u>12,031</u>	<u>10,832</u>	<u>10,343</u>						
Contribution deficiency (excess)	<u>\$ (722)</u>	<u>\$ (512)</u>	<u>\$ (446)</u>	<u>\$ (560)</u>						
Covered payroll	\$ -	\$ 117,956	\$ 114,631	\$ 108,689						
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a						

Notes to Schedule

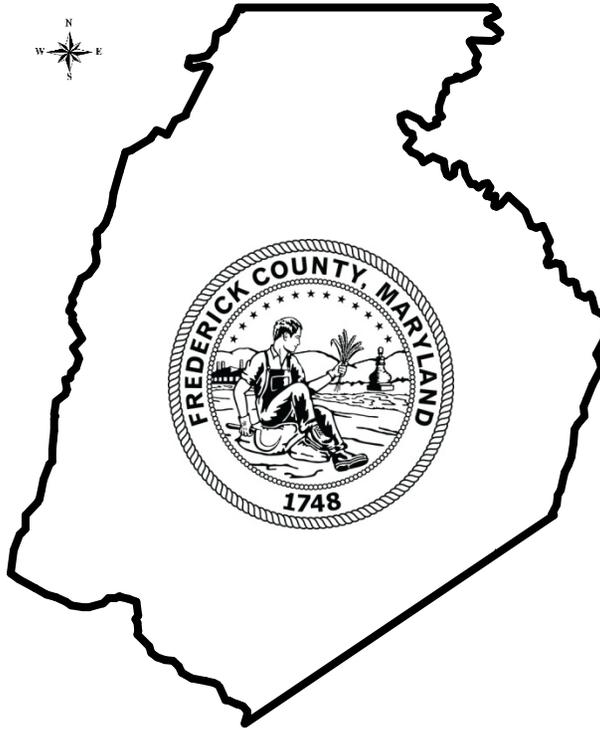
Valuation date: July 1, 2019

The FYE 2020 actuarially determined contribution (ADC) is calculated as of 6/30/2019. The liability is based on 7/1/2019 data rolled forward to 6/30/2020. The trust assets were as of 7/1/2019. Actuarial valuations are done every other year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll
Remaining amortization period	19 years
Asset valuation method	Market value
Inflation	2.5%
Salary increases	3.5% Annually
Investment rate of return	7.0% net of OPEB investment expense, including inflation
Retirement age	The latter of 25 years of service and age 65
Mortality Rate	Pre-retirement mortality is 70% of Pub-2010 Safety Employees Head Count-Weighted Mortality table with fully generational projection using scale MP2018 for Uniformed employees; 70% of Pub-2010 General Employees Head Count-Weighted Mortality table with fully generational projection using scale MP2018 for Non-Uniformed employees. Post-retirement mortality for healthy participants and beneficiaries is Pub-2010 General Retirees Head Count-Weighted Mortality table with fully generational projection using scale MP2018. Post-retirement mortality for disabled participant is Pub-2010 General Disabled Retirees Head Count-Weighted Mortality table with fully generational projection using scale MP2018.

FUND STATEMENTS AND SCHEDULES



The combining statements provide detailed information concerning the financial position and results of operations for nonmajor governmental and proprietary funds. The schedules provide selected detailed information concerning the capital project fund, custodial funds and the internal service funds, as well as information on capital assets used in the operation of governmental funds.

FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds						Total Non Major Governmental Funds (See Exhibit II-A-3)	
	Grants	Agricultural Preservation	Watershed Protection & Restoration	Electric Lighting Tax Districts	Hotel Rental Tax	Sheriff's/ Judicial Activities		Loan Activities
Assets								
Cash	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ 206,946	\$ -	\$ 206,976
Equity in pooled invested cash	518,455	11,527,402	3,718	14,123	52,894	1,281,385	8,021,440	21,419,417
Total cash and cash equivalents	518,485	11,527,402	3,718	14,123	52,894	1,488,331	8,021,440	21,626,393
Investments	-	44,802,860	-	-	-	-	-	44,802,860
Receivables, net of allowance for uncollectibles:								
Accounts	241,713	8,820	-	-	154,789	96,644	-	501,966
Intergovernmental	4,103,393	-	-	-	-	-	-	4,103,393
Prepaid items	64,799	1,333,141	-	-	-	-	10,000	1,407,940
Due from component units	2,291	-	-	-	-	-	-	2,291
Long term receivables, net of allowance for uncollectibles:								
Non-profit organization loans	-	-	-	-	1,664,072	-	-	1,664,072
Housing loans	1,678,721	-	-	-	-	-	8,611,996	10,290,717
Other long term receivables	748,000	-	-	-	-	-	-	748,000
Cash and cash equivalents - restricted	38,590,610	-	-	-	-	-	-	38,590,610
Total assets	<u>\$ 45,948,012</u>	<u>\$ 57,672,223</u>	<u>\$ 3,718</u>	<u>\$ 14,123</u>	<u>\$ 1,871,755</u>	<u>\$ 1,584,975</u>	<u>\$ 16,643,436</u>	<u>\$ 123,738,242</u>
Liabilities and fund balance								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,866	\$ -	\$ 56,866
Accrued liabilities	1,579,065	1,140	-	1,071	207,683	-	-	1,788,959
Payroll and benefit deductions	954,315	12,073	-	-	-	-	-	966,388
Due to third parties	-	-	-	-	-	101,746	-	101,746
Due to other governmental units	27,802	5,772	-	-	-	-	-	33,574
Other liabilities	1,481,861	-	-	-	-	-	-	1,481,861
Unearned revenues	37,526,393	1,892,957	-	-	1,664,072	-	-	41,083,422
Total liabilities	<u>41,569,436</u>	<u>1,911,942</u>	<u>-</u>	<u>1,071</u>	<u>1,871,755</u>	<u>158,612</u>	<u>-</u>	<u>45,512,816</u>
Fund balances								
Nonspendable	64,799	1,333,141	-	-	-	-	10,000	1,407,940
Restricted	2,426,721	2,031,454	-	-	-	264,701	-	4,722,876
Committed	1,887,056	52,395,686	3,718	13,052	-	1,161,662	16,633,436	72,094,610
Total fund balance	<u>4,378,576</u>	<u>55,760,281</u>	<u>3,718</u>	<u>13,052</u>	<u>-</u>	<u>1,426,363</u>	<u>16,643,436</u>	<u>78,225,426</u>
Total liabilities and fund balance	<u>\$ 45,948,012</u>	<u>\$ 57,672,223</u>	<u>\$ 3,718</u>	<u>\$ 14,123</u>	<u>\$ 1,871,755</u>	<u>\$ 1,584,975</u>	<u>\$ 16,643,436</u>	<u>\$ 123,738,242</u>

**FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
SHERIFF'S/ JUDICIAL ACTIVITIES - SPECIAL REVENUE FUNDS
JUNE 30, 2020**

	Sheriff's Drug Enforcement	Narcotics Investigative Section	State's Attorney Law Enforcement Aid	Inmates' Canteen	Total Sheriff's/Judicial Activities (See Exhibit II-B-1)
Assets					
Cash	\$ 71,698	\$ 5,710	\$ 25,366	\$ 104,172	\$ 206,946
Equity in pooled invested cash	266,517	116,230	10,143	888,495	1,281,385
Total cash and cash equivalents	338,215	121,940	35,509	992,667	1,488,331
Receivables, net of allowance for uncollectibles:					
Accounts	-	-	-	96,644	96,644
Total assets	\$ 338,215	\$ 121,940	\$ 35,509	\$ 1,089,311	\$ 1,584,975
 Liabilities and fund balance					
Liabilities					
Accounts payable	\$ -	\$ 6,294	\$ -	\$ 50,572	\$ 56,866
Due to third parties	-	-	-	101,746	101,746
Total liabilities	-	6,294	-	152,318	158,612
 Fund balances					
Restricted	264,701	-	-	-	264,701
Committed	73,514	115,646	35,509	936,993	1,161,662
Total fund balance	338,215	115,646	35,509	936,993	1,426,363
Total liabilities and fund balance	\$ 338,215	\$ 121,940	\$ 35,509	\$ 1,089,311	\$ 1,584,975

FREDERICK COUNTY, MARYLAND
 COMBINING BALANCE SHEET
 LOAN ACTIVITIES - SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	<u>Housing Initiative</u>	<u>Non-Profit Organizations Loans</u>	<u>Fire/Rescue Loans</u>	<u>Economic Development Loans</u>	<u>Total Loan Activities (See Exhibit II-B-1)</u>
Assets					
Equity in pooled invested cash	\$ 7,255,235	\$ 20,000	\$ 204,707	\$ 541,498	\$ 8,021,440
Total cash and cash equivalents	<u>7,255,235</u>	<u>20,000</u>	<u>204,707</u>	<u>541,498</u>	<u>8,021,440</u>
Receivables, net of allowance for uncollectibles:					
Accounts	-	-	-	-	-
Prepaid items	10,000	-	-	-	10,000
Long term receivables, net of allowance for uncollectibles:					
Housing loans	<u>8,611,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,611,996</u>
Total assets	<u>\$ 15,877,231</u>	<u>\$ 20,000</u>	<u>\$ 204,707</u>	<u>\$ 541,498</u>	<u>\$ 16,643,436</u>
Liabilities and fund balance					
Liabilities					
Other liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	10,000	-	-	-	10,000
Committed	<u>15,867,231</u>	<u>20,000</u>	<u>204,707</u>	<u>541,498</u>	<u>16,633,436</u>
Total fund balance	<u>15,877,231</u>	<u>20,000</u>	<u>204,707</u>	<u>541,498</u>	<u>16,643,436</u>
Total liabilities and fund balance	<u>\$ 15,877,231</u>	<u>\$ 20,000</u>	<u>\$ 204,707</u>	<u>\$ 541,498</u>	<u>\$ 16,643,436</u>

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Special Revenue Funds							Total Nonmajor Governmental Funds (See Exhibit II-A-5)
	Grants	Agricultural Preservation	Watershed Protection & Restoration	Electric Lighting Tax Districts	Hotel Rental Tax	Sheriff's/ Judicial Activities	Loan Activities	
Revenues								
Storm Water Remediation Fee	\$ -	\$ -	\$ 536	\$ -	\$ -	\$ -	\$ -	\$ 536
Lighting tax levy	-	-	-	16,419	-	-	-	16,419
Other local taxes	-	5,731,992	-	-	1,967,562	-	-	7,699,554
Grants from federal government	24,800,150	-	-	-	-	102,482	-	24,902,632
Grants from state government	5,751,211	3,979,709	-	-	-	-	-	9,730,920
Charges for services	628,495	-	-	-	-	746,746	-	1,375,241
Fines and forfeitures	-	-	-	-	-	220,343	-	220,343
Investment earnings	1,317	5,611,711	54	317	1,773	18,628	96,920	5,730,720
Miscellaneous revenue	889,458	1,974,860	-	-	168,911	2,000	2,496,643	5,531,872
Total revenues	<u>32,070,631</u>	<u>17,298,272</u>	<u>590</u>	<u>16,736</u>	<u>2,138,246</u>	<u>1,090,199</u>	<u>2,593,563</u>	<u>55,208,237</u>
Expenditures								
General government	3,436,412	-	-	-	38,219	-	-	3,474,631
Public safety	4,599,483	-	-	-	-	961,036	-	5,560,519
Public works	7,524,457	-	-	14,411	-	-	-	7,538,868
Health	2,663,276	-	-	-	-	-	-	2,663,276
Social services	2,634,716	-	-	-	-	-	-	2,634,716
Parks and Recreation	42,153	-	-	-	-	-	-	42,153
Debt service	88,542	-	-	-	-	-	-	88,542
Miscellaneous	12,221	-	-	-	-	-	-	12,221
Conservation of natural resources	854,122	7,997,878	-	-	-	-	-	8,852,000
Community development and public housing	7,452,448	-	-	-	-	-	302,139	7,754,587
Economic development and opportunity	8,929,723	-	-	-	1,931,116	-	-	10,860,839
Total expenditures	<u>38,237,553</u>	<u>7,997,878</u>	<u>-</u>	<u>14,411</u>	<u>1,969,335</u>	<u>961,036</u>	<u>302,139</u>	<u>49,482,352</u>
Excess (deficiency) of revenues over expenditures	<u>(6,166,922)</u>	<u>9,300,394</u>	<u>590</u>	<u>2,325</u>	<u>168,911</u>	<u>129,163</u>	<u>2,291,424</u>	<u>5,725,885</u>
Other financing sources (uses)								
Transfers in from General Fund	7,047,155	1,310,855	-	-	-	-	581,490	8,939,500
Transfers in from Grants Fund	-	-	-	-	-	-	97,500	97,500
Transfers out to Debt Service Fund	-	(5,453,131)	-	-	(168,911)	-	-	(5,622,042)
Transfers out to Housing Initiative	(97,500)	-	-	-	-	-	-	(97,500)
Transfers out to General Fund	(264,767)	-	-	-	-	-	-	(264,767)
Installment purchase agreement	-	626,849	-	-	-	-	-	626,849
Total other financing sources (uses)	<u>6,684,888</u>	<u>(3,515,427)</u>	<u>-</u>	<u>-</u>	<u>(168,911)</u>	<u>-</u>	<u>678,990</u>	<u>3,679,540</u>
Net change in fund balances	517,966	5,784,967	590	2,325	-	129,163	2,970,414	9,405,425
Fund balance - beginning of year	<u>3,860,610</u>	<u>49,975,314</u>	<u>3,128</u>	<u>10,727</u>	<u>-</u>	<u>1,297,200</u>	<u>13,673,022</u>	<u>68,820,001</u>
Fund balance - end of year	<u>\$ 4,378,576</u>	<u>\$ 55,760,281</u>	<u>\$ 3,718</u>	<u>\$ 13,052</u>	<u>\$ -</u>	<u>\$ 1,426,363</u>	<u>\$ 16,643,436</u>	<u>\$ 78,225,426</u>

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SHERIFF'S/JUDICIAL ACTIVITIES - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Sheriff's Drug Enforcement</u>	<u>Narcotics Investigative Section</u>	<u>State's Attorney Law Enforcement Aid</u>	<u>Inmates' Canteen</u>	<u>Total Sheriff's/Judicial Activities (See Exhibit II-B-4)</u>
Revenues					
Grants from federal government	\$ 102,482	\$ -	\$ -	\$ -	\$ 102,482
Charges for services	-	-	-	746,746	746,746
Fines and forfeitures	27,806	167,743	24,794	-	220,343
Investment earnings	3,560	1,718	422	12,928	18,628
Miscellaneous revenue	-	2,000	-	-	2,000
Total revenues	<u>133,848</u>	<u>171,461</u>	<u>25,216</u>	<u>759,674</u>	<u>1,090,199</u>
Expenditures					
Public safety	<u>30,277</u>	<u>221,472</u>	<u>86,163</u>	<u>623,124</u>	<u>961,036</u>
Total expenditures	<u>30,277</u>	<u>221,472</u>	<u>86,163</u>	<u>623,124</u>	<u>961,036</u>
Net change in fund balances	<u>103,571</u>	<u>(50,011)</u>	<u>(60,947)</u>	<u>136,550</u>	<u>129,163</u>
Fund balance - beginning of year	<u>234,644</u>	<u>165,657</u>	<u>96,456</u>	<u>800,443</u>	<u>1,297,200</u>
Fund balance - end of year	<u>\$ 338,215</u>	<u>\$ 115,646</u>	<u>\$ 35,509</u>	<u>\$ 936,993</u>	<u>\$ 1,426,363</u>

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
LOAN ACTIVITIES - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Housing Initiative</u>	<u>Non-Profit Organizations Loans</u>	<u>Fire/Rescue Loans</u>	<u>Economic Development Loans</u>	<u>Total Loan Activities (See Exhibit II-B-4)</u>
Revenues					
Investment earnings	\$ 85,800	\$ -	\$ 3,051	\$ 8,069	\$ 96,920
Miscellaneous revenue	2,496,643	-	-	-	2,496,643
Total revenues	<u>2,582,443</u>	<u>-</u>	<u>3,051</u>	<u>8,069</u>	<u>2,593,563</u>
Expenditures					
Community development and public housing	302,139	-	-	-	302,139
Total expenditures	<u>302,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,139</u>
Excess (deficiency) of revenues over expenditures	<u>2,280,304</u>	<u>-</u>	<u>3,051</u>	<u>8,069</u>	<u>2,291,424</u>
Other financing sources (uses)					
Transfer in from grants fund	97,500	-	-	-	97,500
Transfer in from general fund	581,490	-	-	-	581,490
Total other financing sources (uses)	<u>678,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>678,990</u>
Net change in fund balances	2,959,294	-	3,051	8,069	2,970,414
Fund balance - beginning of year	<u>12,917,937</u>	<u>20,000</u>	<u>201,656</u>	<u>533,429</u>	<u>13,673,022</u>
Fund balance - end of year	<u>\$ 15,877,231</u>	<u>\$ 20,000</u>	<u>\$ 204,707</u>	<u>\$ 541,498</u>	<u>\$ 16,643,436</u>

FREDERICK COUNTY, MARYLAND
SPECIAL REVENUE FUNDS
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Grants			Housing Initiative			School Construction		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues									
Lighting tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-	-	-	6,461,131	7,227,315	766,184
Grants from federal government	73,252,695	24,800,150	(48,452,545)	-	-	-	-	-	-
Grants from state government	7,235,547	5,751,211	(1,484,336)	-	-	-	-	-	-
Charges for services	1,010,390	628,495	(381,895)	-	-	-	-	-	-
Interest from loans	-	-	-	-	-	-	-	-	-
Investment earnings	1,318	1,317	(1)	26,000	85,800	59,800	125,692	253,654	127,962
Build America Bonds Subsidy	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	1,597,896	889,458	(708,438)	1,000,000	2,769,034	1,769,034	-	-	-
Total revenues	<u>83,097,846</u>	<u>32,070,631</u>	<u>(51,027,215)</u>	<u>1,026,000</u>	<u>2,854,834</u>	<u>1,828,834</u>	<u>6,586,823</u>	<u>7,480,969</u>	<u>894,146</u>
Expenditures									
General government	14,719,397	4,587,874	10,131,523	-	-	-	-	-	-
Public safety	7,308,655	4,017,890	3,290,765	-	-	-	-	-	-
Public works	15,476,558	5,525,240	9,951,318	-	-	-	-	-	-
Health	24,508,934	2,663,276	21,845,658	-	-	-	-	-	-
Social services	5,633,120	2,649,878	2,983,242	-	-	-	-	-	-
Parks and recreation	42,501	42,153	348	-	-	-	-	-	-
Miscellaneous	15,000	12,221	2,779	-	-	-	-	-	-
Conservation of natural resources	1,131,446	851,398	280,048	-	-	-	-	-	-
Community development and public housing	10,975,715	7,422,265	3,553,450	3,632,060	1,547,463	2,084,597	-	-	-
Economic development and opportunity	12,139,109	8,965,237	3,173,872	-	-	-	-	-	-
Debt service	90,000	88,542	1,458	-	-	-	-	-	-
Total expenditures	<u>92,040,435</u>	<u>36,825,974</u>	<u>55,214,461</u>	<u>3,632,060</u>	<u>1,547,463</u>	<u>2,084,597</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(8,942,589)</u>	<u>(4,755,343)</u>	<u>4,187,246</u>	<u>(2,606,060)</u>	<u>1,307,371</u>	<u>3,913,431</u>	<u>6,586,823</u>	<u>7,480,969</u>	<u>894,146</u>
Other financing sources (uses)									
Appropriated fund balance	1,412,875	970,062	(442,813)	1,927,070	1,481,203	(445,867)	2,345,846	-	(2,345,846)
Transfers in from general fund	7,891,981	7,047,155	(844,826)	581,490	581,490	-	-	-	-
Transfers in from grants fund	-	-	-	97,500	97,500	-	-	-	-
Transfers out to capital projects fund	-	-	-	-	-	-	(3,737,669)	(3,737,669)	-
Transfers out to general fund	(264,767)	(264,767)	-	-	-	-	-	-	-
Transfers out to fleet services	-	-	-	-	-	-	-	-	-
Transfers out to housing initiative	(97,500)	(97,500)	-	-	-	-	-	-	-
Transfers out to debt service fund	-	-	-	-	-	-	(5,195,000)	(4,004,720)	1,190,280
Installment purchase agreement	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>8,942,589</u>	<u>7,654,950</u>	<u>(1,287,639)</u>	<u>2,606,060</u>	<u>2,160,193</u>	<u>(445,867)</u>	<u>(6,586,823)</u>	<u>(7,742,389)</u>	<u>(1,155,566)</u>
Net change in fund balances	<u>\$ -</u>	<u>2,899,607</u>	<u>\$ 2,899,607</u>	<u>\$ -</u>	<u>3,467,564</u>	<u>\$ 3,467,564</u>	<u>\$ -</u>	<u>(261,420)</u>	<u>\$ (261,420)</u>
Fund balance - beginning of year		3,860,610			12,917,937			-	
Net change in reserves and adjustments to GAAP basis		<u>(2,381,641)</u>			<u>(508,270)</u>			<u>261,420</u>	
Fund balance - end of year		<u>\$ 4,378,576</u>			<u>\$ 15,877,231</u>			<u>\$ -</u>	

(continued)

FREDERICK COUNTY, MARYLAND
SPECIAL REVENUE FUNDS
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Impact Fees			Economic Development Loans			Electric Lighting Tax Districts		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues									
Lighting tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,258	\$ 16,419	\$ 161
Other local taxes	-	-	-	-	-	-	-	-	-
Grants from federal government	-	-	-	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-	-	-	-
Charges for services	23,574,669	30,631,873	7,057,204	-	-	-	-	-	-
Interest from loans	-	-	-	-	-	-	-	-	-
Investment earnings	899,465	1,194,852	295,387	-	8,069	8,069	-	317	317
Build America Bonds Subsidy	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-
Total revenues	<u>24,474,134</u>	<u>31,826,725</u>	<u>7,352,591</u>	<u>-</u>	<u>8,069</u>	<u>8,069</u>	<u>16,258</u>	<u>16,736</u>	<u>478</u>
Expenditures									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	14,300	14,411	(111)
Health	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-	-	-	-
Community development and public housing	-	-	-	-	-	-	-	-	-
Economic development and opportunity	-	-	-	200	-	200	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>200</u>	<u>14,300</u>	<u>14,411</u>	<u>(111)</u>
Excess (deficiency) of revenues over expenditures	<u>24,474,134</u>	<u>31,826,725</u>	<u>7,352,591</u>	<u>(200)</u>	<u>8,069</u>	<u>8,269</u>	<u>1,958</u>	<u>2,325</u>	<u>367</u>
Other financing sources (uses)									
Appropriated fund balance	(1,938,310)	-	1,938,310	200	-	(200)	(1,958)	-	1,958
Transfers in from general fund	-	14,813	14,813	-	-	-	-	-	-
Transfers out to capital projects fund	(15,141,324)	(15,141,324)	-	-	-	-	-	-	-
Transfers out to debt service fund	(7,394,500)	(7,380,733)	13,767	-	-	-	-	-	-
Installment purchase agreement	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(24,474,134)</u>	<u>(22,507,244)</u>	<u>1,966,890</u>	<u>200</u>	<u>-</u>	<u>(200)</u>	<u>(1,958)</u>	<u>-</u>	<u>1,958</u>
Net change in fund balances	<u>\$ -</u>	<u>9,319,481</u>	<u>\$ 9,319,481</u>	<u>\$ -</u>	<u>8,069</u>	<u>\$ 8,069</u>	<u>\$ -</u>	<u>2,325</u>	<u>\$ 2,325</u>
Fund balance - beginning of year		-			533,429			10,727	
Net change in reserves and adjustments to GAAP basis		(9,319,481)			-			-	
Fund balance - end of year		<u>\$ -</u>			<u>\$ 541,498</u>			<u>\$ 13,052</u>	

(continued)

FREDERICK COUNTY, MARYLAND
SPECIAL REVENUE FUNDS
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Parks Acquisition & Development			Hotel Rental Tax			Agricultural Preservation		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues									
Lighting tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	4,845,751	5,420,378	574,627	2,346,000	1,967,562	(378,438)	5,745,751	5,731,992	(13,759)
Grants from federal government	-	-	-	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-	6,879,227	3,979,709	(2,899,518)
Charges for services	-	-	-	-	-	-	-	-	-
Interest from loans	-	-	-	-	-	-	-	-	-
Investment earnings	29,925	182,538	152,613	2,500	1,773	(727)	398,808	5,611,711	5,212,903
Build America Bonds Subsidy	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	170,000	168,911	(1,089)	2,929,521	1,974,860	(954,661)
Total revenues	<u>4,875,676</u>	<u>5,602,916</u>	<u>727,240</u>	<u>2,518,500</u>	<u>2,138,246</u>	<u>(380,254)</u>	<u>15,953,307</u>	<u>17,298,272</u>	<u>1,344,965</u>
Expenditures									
General government	-	-	-	45,451	38,219	7,232	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-	15,174,530	8,002,235	7,172,295
Community development and public housing	-	-	-	-	-	-	-	-	-
Economic development and opportunity	-	-	-	2,303,049	1,931,116	371,933	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,348,500</u>	<u>1,969,335</u>	<u>379,165</u>	<u>15,174,530</u>	<u>8,002,235</u>	<u>7,172,295</u>
Excess (deficiency) of revenues over expenditures	<u>4,875,676</u>	<u>5,602,916</u>	<u>727,240</u>	<u>170,000</u>	<u>168,911</u>	<u>(1,089)</u>	<u>778,777</u>	<u>9,296,037</u>	<u>8,517,260</u>
Other financing sources (uses)									
Appropriated fund balance	(2,086,600)	-	2,086,600	-	-	-	-	-	-
Transfers in from general fund	-	-	-	-	-	-	1,310,855	1,310,855	-
Transfers out to capital projects fund	(2,463,076)	(2,463,076)	-	-	-	-	294,787	-	(294,787)
Transfers out to debt service fund	(326,000)	(281,132)	44,868	(170,000)	(168,911)	1,089	(5,579,084)	(5,453,131)	125,953
Installment purchase agreement	-	-	-	-	-	-	3,194,665	626,849	(2,567,816)
Total other financing sources (uses)	<u>(4,875,676)</u>	<u>(2,744,208)</u>	<u>2,131,468</u>	<u>(170,000)</u>	<u>(168,911)</u>	<u>1,089</u>	<u>(778,777)</u>	<u>(3,515,427)</u>	<u>(2,736,650)</u>
Net change in fund balances	<u>\$ -</u>	<u>2,858,708</u>	<u>\$ 2,858,708</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,780,610</u>	<u>\$ 5,780,610</u>
Fund balance - beginning of year								49,975,314	
Net change in reserves and adjustments to GAAP basis		<u>(2,858,708)</u>						<u>4,357</u>	
Fund balance - end of year		<u>\$ -</u>			<u>\$ -</u>			<u>\$ 55,760,281</u>	

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Amended Budget	Actual	Variance - Positive (Negative)
Revenues			
Investment earnings	\$ 1,474,740	\$ 1,406,405	\$ (68,335)
Build America bond subsidy	1,253,675	1,202,253	(51,422)
Total revenues	2,728,415	2,608,658	(119,757)
Expenditures			
Debt Service:			
Principal and interest for general obligation bonds:			
General government	17,570,211	16,963,378	606,833
Parks and recreation	1,129,233	1,046,852	82,381
Watershed restoration	333,900	322,367	11,533
Transportation	7,679,269	7,414,045	265,224
Frederick Community College	3,700,561	3,572,753	127,808
Frederick County Public Schools	37,730,123	36,892,609	837,514
Municipalities	1,202,006	1,160,492	41,514
Tourism	361,830	361,053	777
Principal and interest for:			
Installment purchase agreements	5,546,084	5,443,198	102,886
Long term leases	1,673,050	1,673,302	(252)
Notes payable	13,940	13,936	4
Debt issuance costs	916,150	907,297	8,853
Total expenditures	77,856,357	75,771,282	2,085,075
Excess (deficiency) of revenues over expenditures	(75,127,942)	(73,162,624)	1,965,318
Other financing sources (uses)			
Transfers in from general fund	43,680,000	43,680,000	-
Transfers in from special revenue funds:			
Agricultural preservation fund	5,579,084	5,453,131	(125,953)
Hotel rental tax fund	170,000	168,911	(1,089)
Transfers in from capital project funds:			
Impact fee fund	7,393,500	7,380,733	(12,767)
Parks acquisition & development fund	326,000	281,132	(44,868)
School construction fund	5,195,000	4,004,720	(1,190,280)
Refunding bonds issued	34,730,638	34,731,525	887
Payment to refunded bond escrow agent	(91,573,428)	(90,150,822)	1,422,606
Premium on debt	3,618,921	991,837	(2,627,084)
Total other financing sources (uses)	9,119,715	6,541,167	(2,578,548)
Net change in fund balances	<u>\$ (66,008,227)</u>	<u>(66,621,457)</u>	<u>\$ (613,230)</u>
Net change in reserves and adjustment to GAAP basis		-	
Fund balance - beginning of year		67,739,031	
Fund balance - end of year		<u>\$ 1,117,574</u>	

FREDERICK COUNTY, MARYLAND
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Project Budget</u>	<u>Current Year Actual</u>	<u>Total To Date</u>	<u>Variance - Positive (Negative)</u>
Revenues				
Grants from federal government				
Highways	\$ 7,202,958	\$ 393,529	\$ (150,000)	\$ (7,352,958)
Miscellaneous grants	6,397,952	94,459	734,538	(5,663,414)
Grants from state government:				
Highways	3,613,000	-	-	(3,613,000)
Program open space	2,656,506	266,328	1,031,174	(1,625,332)
Detention center	1,102,500	-	-	(1,102,500)
Education	94,895,872	21,301,222	49,320,033	(45,575,839)
Watershed restoration	1,109,845	713,806	713,806	(396,039)
Miscellaneous grants	1,502,697	758,300	(624,734)	(2,127,431)
Other	2,175,262	547,986	747,854	(1,427,408)
Total revenues	<u>120,656,592</u>	<u>24,075,630</u>	<u>51,772,671</u>	<u>(68,883,921)</u>
Expenditures				
General government	107,080,048	14,427,499	8,582,567	98,497,481
Roads and bridges	158,270,135	26,977,901	31,175,306	127,094,829
Board of Education	302,023,364	62,710,166	141,942,665	160,080,699
Frederick Community College	48,929,731	6,177,638	37,257,192	11,672,539
Parks and recreation	48,178,499	4,665,416	16,817,958	31,360,541
Watershed restoration	33,572,693	4,125,492	14,864,983	18,707,710
Municipal	12,603,938	2,410,898	11,259,158	1,344,780
Total expenditures	<u>710,658,408</u>	<u>121,495,010</u>	<u>261,899,829</u>	<u>448,758,579</u>
Excess (deficiency) of revenues over expenditures	<u>(590,001,816)</u>	<u>(97,419,380)</u>	<u>(210,127,158)</u>	<u>379,874,658</u>
Other financing sources (uses)				
Transfers in from general fund	95,314,705	18,936,974	55,349,384	(39,965,321)
Transfers in from impact fees fund	56,728,809	15,141,324	52,549,116	(4,179,693)
Transfers in from parks acquisition & development fund	22,796,564	2,463,076	11,426,380	(11,370,184)
Transfers in from development road improvement fund	5,111,785	-	569,705	(4,542,080)
Transfers in from school construction fund	12,772,021	3,737,669	7,031,889	(5,740,132)
Transfers in from water and sewer fund	883,303	105,525	84,902	(798,401)
Transfers in from solid waste fund	13,175	13,175	13,175	-
Transfers out to fleet service fund	(15,809)	(15,809)	-	15,809
Transfers out from water and sewer fund	-	(500,000)	(500,000)	(500,000)
General obligation bonds issued	367,491,423	98,509,493	95,927,133	(271,564,290)
Premium on debt	18,291,106	10,593,166	17,815,447	(475,659)
Capital leases	10,614,734	(1)	401,940	(10,212,794)
Total other financing sources (uses)	<u>590,001,816</u>	<u>148,984,592</u>	<u>240,669,071</u>	<u>(349,332,745)</u>
Net change in fund balances	<u>\$ -</u>	<u>51,565,212</u>	<u>\$ 30,541,913</u>	<u>\$ 30,541,913</u>
Net change in reserves and adjustment to GAAP basis		(5,183,311)		
Fund balance - beginning of year		104,603,756		
Fund balance - end of year		<u>\$ 150,985,657</u>		

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2020

	<u>Worker's Compensation</u>	<u>Voice Services</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds (See Exhibit II-A-8)</u>
Assets				
Current assets:				
Equity in pooled invested cash	\$ 3,928,643	\$ 801,767	\$ 6,297,823	\$ 11,028,233
Total cash and cash equivalents	3,928,643	801,767	6,297,823	11,028,233
Receivables, net of allowance for uncollectible accounts	234,944	70,038	75,613	380,595
Inventories	-	-	522,281	522,281
Prepaid items	-	54,206	-	54,206
Total current assets	<u>4,163,587</u>	<u>926,011</u>	<u>6,895,717</u>	<u>11,985,315</u>
Noncurrent assets:				
Capital assets:				
Buildings and improvements	-	-	1,833,133	1,833,133
Equipment	-	1,062,593	36,662,092	37,724,685
Accumulated depreciation	-	(838,661)	(18,434,270)	(19,272,931)
Total noncurrent assets	<u>-</u>	<u>223,932</u>	<u>20,060,955</u>	<u>20,284,887</u>
 Total assets	 <u>4,163,587</u>	 <u>1,149,943</u>	 <u>26,956,672</u>	 <u>32,270,202</u>
Liabilities				
Current liabilities:				
Payroll and benefit deductions	4,721	24,484	163,933	193,138
Accrued expenses	11,030	4,080	483,181	498,291
Other liabilities	-	587	-	587
Current portion of compensated absences	-	-	3,877	3,877
Total current liabilities	<u>15,751</u>	<u>29,151</u>	<u>650,991</u>	<u>695,893</u>
Noncurrent liabilities:				
Liability for compensated absences	657	41,241	174,214	216,112
Total noncurrent liabilities	<u>657</u>	<u>41,241</u>	<u>174,214</u>	<u>216,112</u>
 Total liabilities	 <u>16,408</u>	 <u>70,392</u>	 <u>825,205</u>	 <u>912,005</u>
Net position				
Net investment in capital assets	-	223,932	20,060,955	20,284,887
Unrestricted	4,147,179	855,619	6,070,512	11,073,310
Total net position	<u>\$ 4,147,179</u>	<u>\$ 1,079,551</u>	<u>\$ 26,131,467</u>	<u>\$ 31,358,197</u>

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Worker's Compensation</u>	<u>Voice Services</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds (See Exhibit II-A-9)</u>
Operating revenues				
Service charges	\$ 4,167,381	\$1,038,002	\$12,298,483	\$ 17,503,866
Other revenues	-	-	2,162	2,162
Total operating revenues	<u>4,167,381</u>	<u>1,038,002</u>	<u>12,300,645</u>	<u>17,506,028</u>
Operating expenses				
Personnel services	22,996	423,126	2,623,556	3,069,678
Other operating expenses (including administrative overhead)	220,969	425,261	1,216,504	1,862,734
Prefunded loss & estimated claims	2,600,000	-	-	2,600,000
Insurance	1,534,668	-	-	1,534,668
Supplies	-	835	4,341,163	4,341,998
Repairs and maintenance	-	286,883	776,246	1,063,129
Depreciation	-	24,882	3,281,469	3,306,351
Total operating expenses	<u>4,378,633</u>	<u>1,160,987</u>	<u>12,238,938</u>	<u>17,778,558</u>
Operating income (loss)	<u>(211,252)</u>	<u>(122,985)</u>	<u>61,707</u>	<u>(272,530)</u>
Nonoperating revenues (expenses)				
Investment earnings	57,222	15,469	83,014	155,705
Miscellaneous income	-	-	-	-
Insurance recovery	-	-	18,092	18,092
Gain (loss) on disposition of capital assets	-	-	181,471	181,471
Total nonoperating revenues (expenses)	<u>57,222</u>	<u>15,469</u>	<u>282,577</u>	<u>355,268</u>
Net income (loss) before contributions and transfers	<u>(154,030)</u>	<u>(107,516)</u>	<u>344,284</u>	<u>82,738</u>
Transfers in (out)	<u>529,617</u>	<u>-</u>	<u>1,336,844</u>	<u>1,866,461</u>
Total contributions and transfers	<u>529,617</u>	<u>-</u>	<u>1,336,844</u>	<u>1,866,461</u>
Change in net position	375,587	(107,516)	1,681,128	1,949,199
Net position - beginning of year	<u>3,771,592</u>	<u>1,187,067</u>	<u>24,450,339</u>	<u>29,408,998</u>
Net position - end of year	<u>\$ 4,147,179</u>	<u>\$1,079,551</u>	<u>\$26,131,467</u>	<u>\$ 31,358,197</u>

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Worker's Compensation</u>	<u>Voice Services</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds (See Exhibit II-A-10)</u>
Cash flows from operating activities				
Cash received from residents and customers	\$ -	\$ 387,669	\$ 495,495	\$ 883,164
Cash paid to suppliers	(4,352,337)	(708,029)	(6,186,858)	(11,247,224)
Cash paid to employees	(17,618)	(411,656)	(2,585,497)	(3,014,771)
Internal activity - receipts from other funds	4,031,452	623,896	11,814,005	16,469,353
Other	-	-	2,162	2,162
Net cash provided by operating activities	<u>(338,503)</u>	<u>(108,120)</u>	<u>3,539,307</u>	<u>3,092,684</u>
Cash flows from noncapital financing activities				
Transfers in (out)	529,617	-	1,336,844	1,866,461
Net cash provided (used) by noncapital financing activities	<u>529,617</u>	<u>-</u>	<u>1,336,844</u>	<u>1,866,461</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	-	(248,815)	(4,976,513)	(5,225,328)
Recoveries for damages	-	-	18,092	18,092
Proceeds from sale of capital assets	-	-	348,521	348,521
Net cash provided (used) by capital & related financing activities	<u>-</u>	<u>(248,815)</u>	<u>(4,609,900)</u>	<u>(4,858,715)</u>
Cash flows from investing activities				
Interest received on investments	57,222	15,470	83,014	155,706
Net cash provided by investing activities	<u>57,222</u>	<u>15,470</u>	<u>83,014</u>	<u>155,706</u>
Net increase (decrease) in cash and cash equivalents	248,336	(341,465)	349,265	256,136
Cash and cash equivalents - beginning of year	<u>3,680,307</u>	<u>1,143,232</u>	<u>5,948,558</u>	<u>10,772,097</u>
Cash and cash equivalents - end of year	<u>\$ 3,928,643</u>	<u>\$ 801,767</u>	<u>\$ 6,297,823</u>	<u>\$ 11,028,233</u>

(continued)

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Worker's Compensation</u>	<u>Voice Services</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds (See Exhibit II-A-10)</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ (211,252)	\$ (122,985)	\$ 61,707	\$ (272,530)
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation	-	24,881	3,281,469	3,306,350
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(135,929)	(26,436)	11,017	(151,348)
Inventory	-	-	(19,538)	(19,538)
Prepaid items	-	18,838	-	18,838
Increase (decrease) in:				
Accrued expenses	8,021	(10,855)	202,940	200,106
Liability for compensated leave	657	7,850	1,712	10,219
Other liabilities	-	587	-	587
Net cash provided by operating activities	<u>\$ (338,503)</u>	<u>\$ (108,120)</u>	<u>\$ 3,539,307</u>	<u>\$ 3,092,684</u>
Non-cash investing, capital, and financing activities:				
None				

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFITS TRUST FUNDS
JUNE 30, 2020

	<u>Pension Trust</u>	<u>Other Post Employment Benefits Trust</u>	<u>Length of Service Award Program Trust</u>	<u>Total Pension Trust Funds (See Exhibit II-A-11)</u>
ASSETS				
Cash and cash equivalents	\$ 2,363,921	\$ -	\$ -	\$ 2,363,921
Equity in pooled invested cash	4,749,593	10,459,377	131,427	15,340,397
Investments:				
Money markets	5,014,781	1,443	194	5,016,418
Fixed income securities	221,063,827	-	-	221,063,827
Equity securities	493,989,142	173,736,875	1,946,983	669,673,000
Accounts receivable	707,250	902	660	708,812
Interest receivable	1,007,354	-	-	1,007,354
Total assets	<u>728,895,868</u>	<u>184,198,597</u>	<u>2,079,264</u>	<u>915,173,729</u>
LIABILITIES				
Accounts payable	568,757	12,379	1,018	582,154
Accrued payroll	1,811,753	-	-	1,811,753
Retirement benefit deductions	302,004	-	-	302,004
Total liabilities	<u>2,682,514</u>	<u>12,379</u>	<u>1,018</u>	<u>2,695,911</u>
NET POSITION				
Net position restricted for pension	726,213,354	-	2,078,246	728,291,600
Net position restricted for other post employment benefits	-	184,186,218	-	184,186,218
Total net position	<u>\$ 726,213,354</u>	<u>\$ 184,186,218</u>	<u>\$ 2,078,246</u>	<u>\$ 912,477,818</u>

The notes to the financial statements are an integral part of this statement.

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFITS TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Pension Trust</u>	<u>Other Post Employment Benefits Trust</u>	<u>Length of Service Award Program Trust</u>	<u>Total Pension Trust Funds (See Exhibit II-A-12)</u>
Additions				
Contributions				
Employer contributions	\$ 19,750,979	\$ 12,027,844	\$ -	\$ 31,778,823
Member contributions	9,421,014	1,834,763	-	11,255,777
County contributions	-	-	1,187,046	1,187,046
Other	-	356,925	-	356,925
Total contributions	<u>29,171,993</u>	<u>14,219,532</u>	<u>1,187,046</u>	<u>44,578,571</u>
Investment income				
Net appreciation in fair value of plan investments	19,793,066	7,616,459	65,765	27,475,290
Interest and dividends	16,475,374	3,282,639	52,823	19,810,836
Investment expense	(1,998,631)	(51,186)	(4,121)	(2,053,938)
Net investment income	<u>34,269,809</u>	<u>10,847,912</u>	<u>114,467</u>	<u>45,232,188</u>
Total additions	<u>63,441,802</u>	<u>25,067,444</u>	<u>1,301,513</u>	<u>89,810,759</u>
Deductions				
Benefits and refunds	25,648,049	8,985,543	774,052	35,407,644
Administrative expenses	994,927	27,664	12,046	1,034,637
Total deductions	<u>26,642,976</u>	<u>9,013,207</u>	<u>786,098</u>	<u>36,442,281</u>
Change in net position	36,798,826	16,054,237	515,415	53,368,478
Net position - beginning of year	<u>689,414,528</u>	<u>168,131,981</u>	<u>1,562,831</u>	<u>859,109,340</u>
Net position - end of year	<u>\$ 726,213,354</u>	<u>\$ 184,186,218</u>	<u>\$ 2,078,246</u>	<u>\$ 912,477,818</u>

The notes to the financial statements are an integral part of this statement.

**FREDERICK COUNTY, MARYLAND
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
Tax Agency Fund				
Assets				
Cash and cash equivalents	\$ 594,499	\$ 2,850,670	\$ 3,114,033	\$ 331,136
Equity in pooled invested cash	2,058,734	5,461,996	6,354,135	1,166,595
Total Assets	<u>\$ 2,653,233</u>	<u>\$ 8,312,666</u>	<u>\$ 9,468,168</u>	<u>\$ 1,497,731</u>
Liabilities				
Due to third parties	<u>\$ 2,653,233</u>	<u>\$ 2,954,269</u>	<u>\$ 4,109,771</u>	<u>\$ 1,497,731</u>
Subdivision and Driveway Deposits Fund				
Assets				
Equity in pooled invested cash	<u>\$ 3,667,499</u>	<u>\$ 1,388,491</u>	<u>\$ 1,315,449</u>	<u>\$ 3,740,541</u>
Liabilities				
Performance deposits	<u>\$ 3,667,499</u>	<u>\$ 1,319,859</u>	<u>\$ 1,246,817</u>	<u>\$ 3,740,541</u>
Work Release Fund				
Assets				
Cash and cash equivalents	\$ 16,218	\$ 865,966	\$ 867,690	\$ 14,494
Equity in pooled invested cash	-	322	322	-
	<u>\$ 16,218</u>	<u>\$ 866,288</u>	<u>\$ 868,012</u>	<u>\$ 14,494</u>
Liabilities				
Due to third parties	<u>\$ 16,218</u>	<u>\$ 291,136</u>	<u>\$ 292,860</u>	<u>\$ 14,494</u>
Tax Incremental Financing Bond Fund				
Assets				
Equity in pooled invested cash	<u>\$ -</u>	<u>\$ 2,365,729</u>	<u>\$ 2,365,729</u>	<u>\$ -</u>
Liabilities				
Due to third parties	<u>\$ -</u>	<u>\$ 2,365,729</u>	<u>\$ 2,365,729</u>	<u>\$ -</u>
Law Library Fund				
Assets				
Equity in pooled invested cash	<u>\$ 432,029</u>	<u>\$ 60,509</u>	<u>\$ 46,776</u>	<u>\$ 445,762</u>
Liabilities				
Due to third parties	\$ 347,779	\$ 66,309	\$ 46,776	\$ 367,312
Bond forfeitures	84,250	1,475	7,275	78,450
Total Liabilities	<u>\$ 432,029</u>	<u>\$ 67,784</u>	<u>\$ 54,051</u>	<u>\$ 445,762</u>

FREDERICK COUNTY, MARYLAND
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
Juror's Fund				
Assets				
Cash and cash equivalents	\$ 19,090	\$ 46,768	\$ 44,320	\$ 21,538
Liabilities				
Due to third parties	\$ 19,090	\$ 14,068	\$ 11,620	\$ 21,538
Revenue Sharing-457(b)/401(a) Fund				
Assets				
Equity in pooled invested cash	\$ -	\$ 55,646	\$ 55,646	\$ -
Liabilities				
Due to third parties	\$ -	\$ 57,885	\$ 57,885	\$ -
Totals - All Custodial funds				
Assets				
Cash and cash equivalents	\$ 629,807	\$ 3,763,404	\$ 4,026,043	\$ 367,168
Equity in pooled invested cash	6,158,262	9,332,693	10,138,057	5,352,898
Total assets	<u>\$ 6,788,069</u>	<u>\$ 13,096,097</u>	<u>\$ 14,164,100</u>	<u>\$ 5,720,066</u>
Liabilities				
Due to third parties	\$ 3,036,320	\$ 5,749,396	\$ 6,884,641	\$ 1,901,075
Bond forfeitures	84,250	1,475	7,275	78,450
Performance deposits	3,667,499	1,319,859	1,246,817	3,740,541
Total liabilities	<u>\$ 6,788,069</u>	<u>\$ 7,070,730</u>	<u>\$ 8,138,733</u>	<u>\$ 5,720,066</u>

FREDERICK COUNTY, MARYLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE (1)
JUNE 30, 2020

	2020
Governmental funds capital assets	
Land and improvements	\$ 165,924,910
Buildings	212,903,492
Equipment	111,711,313
Infrastructure	425,258,792
Construction in progress	25,050,856
Total governmental funds capital assets	\$ 940,849,363
 Investment in governmental funds capital assets by source	
Capital projects fund (2)	\$ 761,038,806
General fund	7,482,357
Special revenue funds	115,941,864
Donations	56,386,336
Total governmental funds capital assets	\$ 940,849,363

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$39,557,818 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Position.

(2) Capital projects are principally funded by general obligation bonds.

FREDERICK COUNTY, MARYLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION (1)
JUNE 30, 2020

<u>Function</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
General government	\$ 3,262,377	\$ 51,854,068	\$ 24,430,028	\$ -	\$ -	\$ 79,546,473
Public safety	7,665,605	75,202,595	67,014,892	-	-	149,883,092
Public works	4,781,648	10,322,182	13,712,265	-	-	28,816,095
Public health	808,088	7,584,601	140,626	-	-	8,533,315
Social services	526,264	9,760,527	431,899	-	-	10,718,690
Recreation and culture	54,099,292	56,982,401	5,844,215	1,513,900	-	118,439,808
Conservation of natural resources	93,311,186	-	128,984	-	-	93,440,170
Economic development and opportunity	217,968	1,197,118	8,405	-	-	1,423,491
Infrastructure	1,252,481	-	-	423,744,892	-	424,997,373
Construction in progress	-	-	-	-	25,050,856	25,050,856
Total governmental funds capital assets	<u>\$ 165,924,909</u>	<u>\$ 212,903,492</u>	<u>\$ 111,711,314</u>	<u>\$ 425,258,792</u>	<u>\$ 25,050,856</u>	<u>\$ 940,849,363</u>

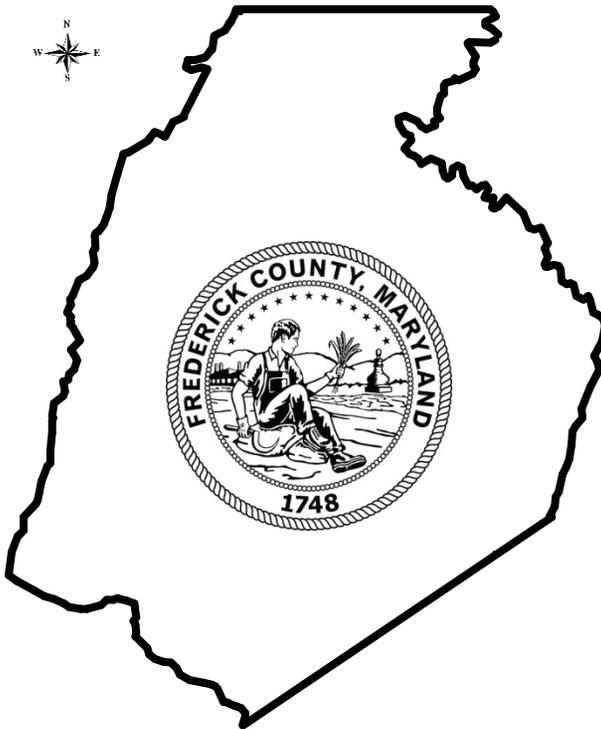
(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$39,557,818 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Position.

FREDERICK COUNTY, MARYLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION (1)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Function</u>	Governmental Funds Capital Assets July 1, 2019	Additions	Deductions	Governmental Funds Capital Assets June 30, 2020
General government	\$ 76,583,671	\$ 6,593,619	\$ 3,630,817	\$ 79,546,473
Public safety	150,437,710	1,686,046	2,240,664	149,883,092
Public works	28,385,660	1,104,243	673,810	28,816,093
Public health	7,836,832	696,483	-	8,533,315
Social services	10,166,274	720,273	167,857	10,718,690
Recreation and culture	102,163,430	16,811,096	534,717	118,439,809
Conservation of natural resources	90,852,282	4,829,494	2,241,606	93,440,170
Economic development and opportunity	1,284,374	139,117	-	1,423,491
Infrastructure	418,735,776	6,292,700	31,102	424,997,374
Construction in progress	24,060,393	47,544,824	46,554,361	25,050,856
Total governmental funds capital assets	<u>\$ 910,506,402</u>	<u>\$ 86,417,895</u>	<u>\$ 56,074,934</u>	<u>\$ 940,849,363</u>

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$39,557,818 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Position.

STATISTICAL SECTION



FREDERICK COUNTY, MARYLAND
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	<u>2020</u>	<u>2019</u>	<u>2018 (4)</u>	<u>2017</u>	<u>2016 (3)</u>	<u>2015</u>	<u>2014</u>	<u>2013 (2)</u>	<u>2012</u>	<u>2011</u>
Governmental activities										
Net Investment in capital assets	\$ 278,494,160	\$ -	\$ 324,840,212	\$ 307,568,324	\$ 297,438,174	\$ 259,453,783	\$ 254,191,895	\$ 275,015,641	\$ 261,682,219	\$ 282,853,416
Restricted	165,999,648	(129,900,954)	173,536,423	163,711,175	182,283,535	145,342,639	138,179,573	180,302,326	146,940,466	143,503,406
Unrestricted (Deficit) (1)	(119,663,607)	264,743,814	(323,725,357)	(233,227,495)	(235,936,549)	(183,217,496)	(178,367,506)	(238,490,895)	(191,281,325)	(228,733,110)
Total governmental activities net position	<u>324,830,201</u>	<u>134,842,860</u>	<u>174,651,278</u>	<u>238,052,004</u>	<u>243,785,160</u>	<u>221,578,926</u>	<u>214,003,962</u>	<u>216,827,072</u>	<u>217,341,360</u>	<u>197,623,712</u>
Business-type activities										
Net Investment in capital assets	507,409,906	-	449,599,222	442,194,425	438,579,430	425,865,230	401,049,591	385,175,447	354,046,472	338,311,974
Restricted	3,488,995	185,737,312	38,935,350	27,602,398	8,854,679	2,036,901	1,326,742	2,401,597	456,221	4,371,265
Unrestricted (Deficit)	181,779,367	658,101,626	122,915,156	118,937,571	101,822,626	105,728,749	107,306,474	101,996,356	101,593,763	98,317,538
Total business-type activities net position	<u>692,678,268</u>	<u>843,838,938</u>	<u>611,449,728</u>	<u>588,734,394</u>	<u>549,256,735</u>	<u>533,630,880</u>	<u>509,682,807</u>	<u>489,573,400</u>	<u>456,096,456</u>	<u>441,000,777</u>
Primary government										
Net Investment in capital assets	785,904,066	-	774,439,434	749,762,749	736,017,604	685,319,013	655,241,486	660,191,088	615,728,691	621,165,390
Restricted	169,488,643	55,836,358	212,471,773	191,313,573	191,138,214	147,379,540	139,506,315	182,703,923	147,396,687	147,874,671
Unrestricted (Deficit) (1)	62,115,760	922,845,440	(200,810,201)	(114,289,924)	(134,113,923)	(77,488,747)	(71,061,032)	(136,494,539)	(89,687,562)	(130,415,572)
Total primary government net position	<u>\$ 1,017,508,469</u>	<u>\$ 978,681,798</u>	<u>\$ 786,101,006</u>	<u>\$ 826,786,398</u>	<u>\$ 793,041,895</u>	<u>\$ 755,209,806</u>	<u>\$ 723,686,769</u>	<u>\$ 706,400,472</u>	<u>\$ 673,437,816</u>	<u>\$ 638,624,489</u>

- (1) Deficits occur in unrestricted net position for governmental activities because the County issues debt to fund construction costs for the Board of Education, yet the Board of Education owns the capital assets. See the Management's Discussion and Analysis for further details.
- (2) Restated due to the implementation of GASB Statement No. 65 in fiscal year 2014 required a restatement of unrestricted net position
- (3) Restated due to the implementation of GASB Statement No. 73 in fiscal year 2017 required a restatement of unrestricted net position
- (4) Restated due to the implementation of GASB Statement No. 75 in fiscal year 2018 required a restatement of unrestricted net position

FREDERICK COUNTY, MARYLAND
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities:										
General government	\$ 66,970,477	\$ 68,549,392	\$ 63,460,776	\$ 68,013,736	\$ 57,212,165	\$ 60,751,789	\$ 52,314,050	\$ 51,175,746	\$ 46,806,905	\$ 47,444,418
Public safety	131,909,914	131,166,006	118,905,575	113,039,674	109,986,688	102,524,827	102,479,766	97,785,269	94,646,502	94,014,597
Public works	58,559,965	52,700,033	53,272,452	44,509,357	46,776,331	37,487,379	36,262,384	35,874,382	38,137,648	38,082,578
Health	7,908,820	7,321,929	7,418,055	7,312,583	7,155,032	6,087,893	6,618,902	5,722,861	6,165,458	7,389,079
Social services	9,386,860	8,739,411	8,156,301	6,990,145	8,193,173	13,667,150	8,618,986	8,505,272	7,570,218	8,607,518
Education	360,992,908	314,234,528	351,197,463	331,171,787	286,993,704	271,936,166	269,815,733	249,689,186	253,445,819	255,092,160
Parks, recreation and culture	24,511,355	22,399,034	23,678,439	20,007,099	19,898,672	19,604,270	19,424,328	18,636,699	18,460,120	18,294,771
Conservation of natural resources	16,158,540	11,642,334	9,749,130	10,624,901	5,461,861	3,782,468	2,451,626	2,654,878	4,007,350	2,514,717
Community development and public housing	8,325,583	8,369,398	8,479,237	8,256,051	7,857,125	6,906,365	7,065,314	6,979,175	6,632,923	7,068,638
Economic development and opportunity	14,462,151	11,164,606	10,572,727	9,103,679	8,130,895	7,782,637	7,128,852	7,440,036	7,558,114	12,777,129
Interest on long term debt	19,116,730	18,789,477	18,792,919	17,918,468	19,414,360	17,826,278	18,608,011	19,465,343	19,546,097	15,104,694
Total governmental activities expenses	<u>718,303,304</u>	<u>655,076,148</u>	<u>673,683,074</u>	<u>636,947,480</u>	<u>577,080,006</u>	<u>548,357,222</u>	<u>530,787,952</u>	<u>503,928,847</u>	<u>502,977,154</u>	<u>506,390,299</u>
Business-type activities:										
Water and sewer	50,846,081	48,117,760	43,576,797	40,909,521	39,275,344	34,933,323	34,528,670	32,464,763	31,926,579	29,622,835
Solid waste management	25,342,752	23,730,871	27,238,710	19,648,104	20,021,489	19,829,130	19,474,982	18,365,946	17,878,124	19,949,545
Comprehensive care facility	28,605,554	27,350,922	25,858,932	20,679,299	-	-	21,928,222	22,407,711	20,203,892	19,217,797
Public housing	179,034	185,840	176,422	166,198	165,457	163,740	194,866	168,096	149,510	143,837
Permitting and development review	-	-	-	-	-	-	-	-	4,287,265	5,080,138
Total business-type activities expenses	<u>104,973,421</u>	<u>99,385,393</u>	<u>96,850,861</u>	<u>81,403,122</u>	<u>59,462,290</u>	<u>54,926,193</u>	<u>76,126,740</u>	<u>73,406,516</u>	<u>74,445,370</u>	<u>74,014,152</u>
Total primary government expenses	<u>\$ 823,276,725</u>	<u>\$ 754,461,541</u>	<u>\$ 770,533,935</u>	<u>\$ 718,350,602</u>	<u>\$ 636,542,296</u>	<u>\$ 603,283,415</u>	<u>\$ 606,914,692</u>	<u>\$ 577,335,363</u>	<u>\$ 577,422,524</u>	<u>\$ 580,404,451</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 38,888,420	\$ 49,171,958	\$ 35,709,760	\$ 31,796,658	\$ 23,323,815	\$ 19,555,583	\$ 16,430,929	\$ 15,442,981	\$ 8,208,837	\$ 7,755,507
Public safety	7,349,152	8,574,631	10,255,623	8,555,612	7,483,879	6,895,014	5,543,192	6,143,618	7,356,176	6,456,180
Public works	768,577	814,575	1,005,135	1,014,323	1,014,588	937,256	1,048,985	758,458	747,519	785,085
Health	195,102	248,377	316,946	345,202	257,160	239,230	293,068	253,721	271,307	43,167
Social services	1,913,469	1,767,433	1,958,040	1,812,220	1,840,224	1,514,741	1,334,066	1,870,902	1,532,062	1,388,107
Parks, recreation and culture	1,270,099	1,744,240	1,626,022	1,654,271	1,401,608	1,222,224	1,249,899	1,235,612	1,161,925	1,045,575
Conservation of natural resources	396,570	459,396	292,960	320,147	271,956	237,143	229,566	190,724	181,256	183,549
Community development and public housing	-	-	-	-	-	-	-	104,050	174,436	-
Economic development and opportunity	-	-	-	-	-	-	287,303	18,644	30,247	65,258
Operating grants and contributions:	36,059,297	27,056,986	27,818,407	24,429,063	21,321,993	23,553,216	20,861,610	20,368,814	18,668,608	22,050,865
Capital grants and contributions:	5,841,541	9,553,286	8,452,087	11,454,285	14,833,955	8,130,387	3,673,967	8,845,948	10,060,341	8,006,580
Total governmental activities program revenues	<u>\$ 92,682,226</u>	<u>\$ 99,390,882</u>	<u>\$ 87,434,980</u>	<u>\$ 81,381,781</u>	<u>\$ 71,749,178</u>	<u>\$ 62,284,794</u>	<u>\$ 50,952,585</u>	<u>\$ 55,233,472</u>	<u>\$ 48,392,714</u>	<u>\$ 47,779,873</u>

(Continued)

FREDERICK COUNTY, MARYLAND
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Business-type activities:										
Charges for services:										
Water and sewer	\$ 44,395,954	\$ 40,678,445	\$ 39,897,755	\$ 34,597,137	\$ 31,400,630	\$ 28,935,733	\$ 26,515,370	\$ 24,453,219	\$ 24,539,136	\$ 24,274,317
Solid waste management	27,793,158	28,218,241	25,920,502	25,238,901	24,952,098	24,951,765	23,837,722	25,066,503	24,502,144	24,584,906
Comprehensive care facility	27,304,063	27,475,458	25,993,069	20,193,147	-	-	16,261,305	18,594,578	14,241,647	14,185,948
Public housing	136,182	129,366	128,367	127,729	126,095	125,304	120,875	114,488	108,478	94,815
Permitting and development review	-	-	-	-	-	-	-	-	3,838,228	4,350,081
Operating grants and contributions:	1,077,649	-	986	-	-	-	-	-	-	-
Capital grants and contributions:	35,638,453	45,159,377	25,227,165	39,754,531	21,740,182	24,576,946	25,481,073	36,011,030	15,481,330	40,907,293
Total business-type activities program revenues	<u>136,345,459</u>	<u>141,660,887</u>	<u>117,167,844</u>	<u>119,911,445</u>	<u>78,219,005</u>	<u>78,589,748</u>	<u>92,216,345</u>	<u>104,239,818</u>	<u>82,710,963</u>	<u>108,397,360</u>
Total primary government program revenues	<u>\$ 229,027,685</u>	<u>\$ 241,051,769</u>	<u>\$ 204,602,824</u>	<u>\$ 201,293,226</u>	<u>\$ 149,968,183</u>	<u>\$ 140,874,542</u>	<u>\$ 143,168,930</u>	<u>\$ 159,473,290</u>	<u>\$ 131,103,677</u>	<u>\$ 156,177,233</u>
Net (Expense)/Revenue										
Governmental activities	\$ (625,621,077)	\$ (555,685,266)	\$ (586,248,094)	\$ (555,565,699)	\$ (505,330,828)	\$ (486,072,428)	\$ (479,835,367)	\$ (448,695,375)	\$ (454,584,440)	\$ (458,610,426)
Business-type activities	31,372,038	42,275,494	20,316,983	38,508,323	18,756,715	23,663,555	16,089,605	30,833,302	8,265,593	34,383,208
Total primary government net expense	<u>\$ (594,249,040)</u>	<u>\$ (513,409,772)</u>	<u>\$ (565,931,111)</u>	<u>\$ (517,057,376)</u>	<u>\$ (486,574,113)</u>	<u>\$ (462,408,873)</u>	<u>\$ (463,745,762)</u>	<u>\$ (417,862,073)</u>	<u>\$ (446,318,847)</u>	<u>\$ (424,227,218)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Local property taxes	\$ 336,865,559	\$ 322,656,757	\$ 308,184,413	\$ 293,611,922	\$ 282,362,326	\$ 271,031,681	\$ 267,892,085	\$ 259,687,605	\$ 280,654,804	\$ 289,330,130
Local income taxes	275,113,624	252,609,768	228,887,334	203,994,345	201,920,167	204,424,356	177,325,988	163,761,716	161,879,620	165,839,265
Other local taxes	45,642,199	44,428,145	40,061,715	38,329,124	32,936,414	27,257,030	25,883,856	26,244,396	19,886,169	21,938,991
Intergovernmental	-	-	-	-	-	-	-	-	3,200,000	3,676,983
Build America Bonds Subsidy	678,783	1,246,061	1,244,234	1,247,613	1,277,965	1,274,642	1,274,184	1,325,054	1,374,895	1,374,892
Grants & contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	-
Investment earnings	12,419,466	12,422,655	3,048,508	338,486	4,855,222	2,213,961	1,911,117	(945,754)	8,637,707	1,758,640
Miscellaneous	15,369,133	11,804,103	9,413,511	11,600,117	12,131,643	7,006,950	6,008,732	3,525,720	4,681,823	7,903,103
Gain / (Loss) on disposal of assets	-	(133,395)	384,230	284,109	-	(5,388)	-	230,352	-	-
Transfers	(381,300)	743,708	166,960	426,827	4,000,000	-	(3,283,705)	(2,782,241)	(6,012,930)	(5,826,523)
Total governmental activities	<u>685,707,464</u>	<u>645,777,802</u>	<u>591,390,905</u>	<u>549,832,543</u>	<u>539,483,737</u>	<u>513,203,232</u>	<u>477,012,257</u>	<u>451,046,848</u>	<u>474,302,088</u>	<u>485,995,481</u>
Business-type activities:										
Build America Bonds Subsidy	5,165	374,401	364,816	388,152	336,301	337,240	337,121	341,630	363,764	363,764
Investment earnings	3,060,246	4,611,389	2,107,163	1,033,861	-	366,410	382,050	469,201	447,281	642,203
Miscellaneous	-	-	79,277	934	532,839	-	16,926	19,585	6,111	56,804
Gain / (Loss) on disposal of assets	(242,107)	134,322	14,055	(26,784)	-	(419,132)	-	(215,886)	-	-
Transfers	381,300	(743,708)	(166,960)	(426,827)	(4,000,000)	-	3,283,705	2,782,241	6,012,930	5,826,523
Total business-type activities	<u>3,204,604</u>	<u>4,376,404</u>	<u>2,398,351</u>	<u>969,336</u>	<u>(3,130,860)</u>	<u>284,518</u>	<u>4,019,802</u>	<u>3,396,771</u>	<u>6,830,086</u>	<u>6,889,294</u>
Total primary government	<u>\$ 688,912,068</u>	<u>\$ 650,154,206</u>	<u>\$ 593,789,256</u>	<u>\$ 550,801,879</u>	<u>\$ 536,352,877</u>	<u>\$ 513,487,750</u>	<u>\$ 481,032,059</u>	<u>\$ 454,443,619</u>	<u>\$ 481,132,174</u>	<u>\$ 492,884,775</u>
Change in Net Position										
Governmental activities	\$ 60,086,387	\$ 90,092,536	\$ 5,142,811	\$ (5,733,156)	\$ 34,152,909	\$ 27,130,804	\$ (2,823,110)	\$ 2,351,473	\$ 19,717,648	\$ 27,385,055
Business-type activities	34,576,642	46,651,898	22,715,334	39,477,659	15,625,855	23,948,073	20,109,407	34,230,073	15,095,679	41,272,502
Total primary government	<u>\$ 94,663,029</u>	<u>\$ 136,744,434</u>	<u>\$ 27,858,145</u>	<u>\$ 33,744,503</u>	<u>\$ 49,778,764</u>	<u>\$ 51,078,877</u>	<u>\$ 17,286,297</u>	<u>\$ 36,581,546</u>	<u>\$ 34,813,327</u>	<u>\$ 68,657,557</u>

**FREDERICK COUNTY, MARYLAND
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund										
Nonspendable	\$ 2,322,098	\$ 1,331,441	\$ 2,229,603	\$ 2,289,616	\$ 2,460,677	\$ 2,106,066	\$ 875,623	\$ 1,448,707	\$ 1,245,845	\$ 1,648,689
Restricted	1,007,637	923,383	948,467	1,144,725	1,811,085	2,284,366	1,789,157	3,075,002	1,481,720	1,748,141
Committed	104,888,763	95,977,890	83,364,687	85,447,354	85,472,727	70,701,317	28,937,617	25,194,232	22,808,337	21,460,449
Assigned	20,378,839	18,022,430	15,879,549	6,101,299	6,157,055	5,105,750	45,598,798	64,137,601	74,564,269	59,868,123
Unassigned	300,000	300,000	300,000	300,000	300,000	300,000	300,000	500,000	500,000	500,000
Total General Fund	<u>128,897,337</u>	<u>116,555,144</u>	<u>102,722,306</u>	<u>95,282,994</u>	<u>96,201,544</u>	<u>80,497,499</u>	<u>77,501,195</u>	<u>94,355,542</u>	<u>100,600,171</u>	<u>85,225,402</u>
All other Governmental Funds										
Nonspendable										
Special revenue funds	1,407,940	142,663	68,514	-	6,994,203	7,444,229	6,752,481	5,721,414	5,890,746	5,527,435
Restricted										
Capital project funds	89,703,384	61,163,223	36,790,982	31,645,560	83,037,492	29,625,910	22,756,077	40,695,165	26,378,793	15,301,345
Debt Service fund	-	65,324,590	66,579,921	68,405,176	-	-	-	-	-	-
Special revenue funds	4,722,876	4,654,874	4,788,291	4,672,649	1,872,261	1,986,081	1,729,249	1,730,552	2,216,834	1,885,830
Committed										
Capital project funds	61,282,273	43,440,533	62,057,709	56,382,750	64,277,420	61,532,982	56,746,856	51,814,834	39,012,874	28,461,553
Special revenue funds	72,094,610	64,022,464	56,678,124	53,082,809	52,533,574	50,610,317	46,106,305	45,795,195	49,323,414	49,659,195
Assigned										
Debt Service fund	1,117,574	2,414,441	5,444,470	4,374,736	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	5,645,840	6,279,023	11,286,926	5,915,306
Total all other governmental funds	<u>230,328,657</u>	<u>241,162,788</u>	<u>232,408,011</u>	<u>218,563,680</u>	<u>208,714,950</u>	<u>151,199,519</u>	<u>139,736,808</u>	<u>152,036,183</u>	<u>134,109,587</u>	<u>106,750,664</u>
Total Governmental Fund Balance	<u>\$ 359,225,994</u>	<u>\$ 357,717,932</u>	<u>\$ 335,130,317</u>	<u>\$ 313,846,674</u>	<u>\$ 304,916,494</u>	<u>\$ 231,697,018</u>	<u>\$ 217,238,003</u>	<u>\$ 246,391,725</u>	<u>\$ 234,709,758</u>	<u>\$ 191,976,066</u>

(2) Restated

FREDERICK COUNTY, MARYLAND
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues										
Local property taxes	\$ 335,820,170	\$ 322,884,602	\$ 308,037,634	\$ 293,528,978	\$ 282,362,800	\$ 271,415,720	\$ 267,862,169	\$ 259,514,346	\$ 280,559,892	\$ 289,635,356
Local income taxes	246,930,060	236,272,579	217,210,924	202,906,047	203,361,507	195,202,656	174,145,880	176,068,392	169,760,329	157,826,635
Other local taxes	48,135,688	46,076,846	41,716,007	39,937,950	34,539,017	28,836,221	27,401,993	27,730,818	21,465,211	23,529,980
Licenses and permits	6,564,047	6,637,041	5,870,061	5,531,434	4,781,330	4,094,070	3,360,551	2,974,589	532,074	517,020
Grants from federal government	26,736,692	18,949,590	23,301,956	19,562,749	23,577,357	17,301,232	14,384,629	15,412,690	16,645,496	20,508,653
Grants from state government	15,663,621	18,035,651	13,343,947	16,499,117	12,685,953	14,067,186	8,004,219	11,107,191	9,017,538	9,542,786
Intergovernmental	-	-	-	-	-	-	-	-	3,200,000	3,676,983
Charges for services	42,857,164	54,085,952	41,607,173	37,851,416	29,101,150	25,074,489	22,750,120	21,688,995	15,866,215	15,401,850
Fines and forfeitures	245,049	255,800	310,369	288,871	295,013	402,343	266,718	502,583	212,745	272,540
Interest from loans	-	-	34	298	4,721	2,201	23,312	23,219	25,632	26,130
Investment income	12,263,761	12,170,159	2,871,799	248,415	4,820,107	2,193,040	1,862,271	(996,954)	8,575,492	1,696,828
Build America bond subsidy	1,202,253	1,253,644	1,254,053	1,247,613	1,277,965	1,275,215	1,265,591	1,374,894	1,374,895	1,393,990
Miscellaneous	8,570,615	7,020,621	7,433,392	8,317,174	8,028,474	6,920,048	8,261,245	3,851,416	4,402,651	3,700,464
Total revenues	<u>744,989,120</u>	<u>723,642,485</u>	<u>662,957,349</u>	<u>625,920,062</u>	<u>604,835,394</u>	<u>566,784,421</u>	<u>529,588,698</u>	<u>519,252,179</u>	<u>531,638,170</u>	<u>527,729,215</u>
Expenditures										
Current										
General government	50,754,795	49,505,808	44,818,908	44,901,162	42,600,221	41,515,466	38,637,465	37,810,525	32,732,501	31,033,301
Public safety	134,590,574	121,994,860	117,507,126	112,413,340	105,100,235	102,933,508	96,852,558	96,758,110	91,044,159	86,282,410
Public works	26,422,898	29,787,527	28,128,388	24,760,896	27,662,046	25,594,930	24,590,164	22,335,990	23,097,616	22,071,591
Health	8,735,091	7,371,604	7,468,654	7,403,305	6,864,090	6,407,492	6,446,902	5,936,409	5,999,958	6,553,649
Social services	9,584,714	8,473,225	7,895,895	7,163,574	7,101,453	12,959,464	7,420,761	6,861,672	6,836,930	7,339,050
Education	313,406,322	301,059,766	287,567,740	273,253,016	264,499,491	256,036,118	255,444,856	251,123,285	243,014,146	241,906,846
Parks, recreation and culture	19,407,856	19,067,361	17,589,839	17,153,413	16,418,611	16,039,160	15,791,538	15,142,891	14,645,090	13,977,415
Conservation of natural resources	11,409,486	11,353,474	11,549,402	12,272,476	10,967,872	7,135,337	5,311,395	4,249,374	5,617,846	9,155,146
Community development and public housing	8,413,162	8,408,070	8,517,484	8,275,968	7,858,215	6,925,622	7,063,243	6,997,550	6,648,743	7,033,746
Economic development and opportunity	14,856,671	11,200,665	10,697,281	9,151,557	8,089,745	7,808,805	7,137,461	7,524,458	7,589,188	11,815,100
Miscellaneous (69,049)	(69,049)	4,330,921	1,864,036	4,641,857	6,393,719	3,665,209	2,967,580	5,824,185	1,104,915	1,322,468
Intergovernmental	5,869,132	5,463,438	5,392,457	5,102,156	5,057,136	4,876,200	4,812,532	5,077,122	8,768,154	7,451,352
Debt service										
Principal	75,859,824	43,251,842	40,698,573	40,521,476	38,547,782	36,280,911	33,334,242	33,334,244	30,689,502	27,242,262
Interest	-	22,361,610	17,739,886	17,739,886	17,791,749	18,215,612	20,791,313	19,402,391	21,317,629	23,543,184
Capital projects	<u>117,293,868</u>	<u>65,349,543</u>	<u>127,082,296</u>	<u>103,057,067</u>	<u>62,117,010</u>	<u>45,349,937</u>	<u>30,550,542</u>	<u>16,655,781</u>	<u>45,867,283</u>	<u>68,903,882</u>
Total expenditures	<u>796,535,344</u>	<u>708,979,714</u>	<u>734,517,965</u>	<u>687,811,149</u>	<u>627,069,375</u>	<u>591,743,771</u>	<u>557,152,552</u>	<u>535,033,987</u>	<u>544,973,660</u>	<u>565,631,402</u>
Excess of revenues over expenditures	<u>(51,546,224)</u>	<u>14,662,771</u>	<u>(71,560,616)</u>	<u>(61,891,087)</u>	<u>(22,233,981)</u>	<u>(24,959,350)</u>	<u>(27,563,854)</u>	<u>(15,781,808)</u>	<u>(13,335,490)</u>	<u>(37,902,187)</u>

(Continued)

FREDERICK COUNTY, MARYLAND
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Other Financing Sources (Uses)										
Transfers in from:										
General Fund	\$ 71,571,287	\$ 65,748,719	\$ 61,722,743	\$ 60,410,203	\$ 17,980,116	\$ 15,748,182	\$ 14,146,422	\$ 23,076,713	\$ 16,548,559	\$ 9,055,525
Special Revenue Funds	5,984,309	4,232,755	3,198,428	7,956,116	-	-	-	7,222,796	400,000	696,364
Capital Projects Fund	11,666,585	11,971,181	11,453,087	11,340,453	-	-	-	-	-	4,500,000
Enterprise Funds	118,700	633,377	119,000	-	4,000,000	-	-	1,410,316	-	-
Internal Service Funds	-	-	-	-	-	3,235,721	300,000	51,300	-	1,674,000
Transfer out to:										
General Fund	(264,767)	(295,252)	-	-	-	-	-	(6,987,796)	-	(5,047,695)
Special Revenue Funds	(9,037,000)	(6,725,940)	(6,234,579)	(6,139,510)	(5,440,407)	(5,715,547)	(5,402,015)	(14,240,588)	(7,044,110)	(5,972,843)
Capital Projects Fund	(18,951,787)	(17,107,782)	(14,954,639)	(13,055,192)	(12,539,709)	(10,032,635)	(8,744,407)	(9,071,125)	(9,904,449)	(3,231,351)
Enterprise Funds	(500,000)	-	-	(2,999,332)	-	-	(2,583,705)	(4,192,557)	(6,012,930)	(5,735,201)
Internal Service Funds	(1,866,461)	(1,244,049)	(1,323,181)	(795,276)	(276,478)	(171,288)	-	-	-	(129,592)
Debt Service Fund	(60,968,627)	(57,823,681)	(55,185,040)	(60,512,070)	-	-	-	-	-	-
Gain on sale of property	-	-	-	-	-	350,000	-	-	-	-
Proceeds from public facilities and refunding bonds	133,241,018	-	120,326,182	56,901,147	112,006,339	87,103,930	-	78,746,393	120,557,832	-
Payment to refunded bond escrow agent	(90,150,822)	-	(43,852,615)	-	(34,523,171)	(54,546,633)	-	(51,773,701)	(81,114,121)	-
Payment to refunded lease escrow agent	-	-	-	-	-	(910,517)	-	-	-	-
Bond premium on public facilities and refunding bonds	11,585,003	-	15,198,824	12,039,897	11,508,322	2,375,660	-	3,222,024	18,317,929	-
Installment purchase agreement	626,849	1,527,513	2,376,049	1,970,599	2,738,445	1,981,492	693,837	-	1,587,605	4,467,570
Proceeds of capital lease	-	7,008,003	-	3,704,232	-	-	-	-	2,679,047	-
Sale of capital assets	-	-	-	-	-	-	-	-	53,820	-
Total other financing sources (uses)	<u>53,054,287</u>	<u>7,924,844</u>	<u>92,844,259</u>	<u>70,821,267</u>	<u>95,453,457</u>	<u>39,418,365</u>	<u>(1,589,868)</u>	<u>27,463,775</u>	<u>56,069,182</u>	<u>276,777</u>
Net change in fund balances	<u>\$ 1,508,063</u>	<u>\$ 22,587,615</u>	<u>\$ 21,283,643</u>	<u>\$ 8,930,180</u>	<u>\$ 73,219,476</u>	<u>\$ 14,459,015</u>	<u>\$ (29,153,722)</u>	<u>\$ 11,681,967</u>	<u>\$ 42,733,692</u>	<u>\$ (37,625,410)</u>
Total expenditures	\$ 796,535,344	\$ 708,979,714	\$ 734,517,965	\$ 687,811,149	\$ 627,069,375	\$ 591,743,771	\$ 557,152,552	\$ 535,033,987	\$ 544,973,660	\$ 565,631,402
Less: Capital outlay	39,125,685	35,947,417	(10,926,354)	(6,765,350)	(885,721)	(3,307,691)	(4,692,445)	(167,076)	(4,331,574)	(6,402,058)
Noncapital expenditures	<u>\$ 835,661,029</u>	<u>\$ 744,927,131</u>	<u>\$ 723,591,611</u>	<u>\$ 681,045,799</u>	<u>\$ 626,183,654</u>	<u>\$ 588,436,080</u>	<u>\$ 552,460,107</u>	<u>\$ 534,866,911</u>	<u>\$ 540,642,086</u>	<u>\$ 559,229,344</u>
Debt service	<u>\$ 75,859,824</u>	<u>\$ 65,613,452</u>	<u>\$ 58,438,459</u>	<u>\$ 58,261,362</u>	<u>\$ 56,339,531</u>	<u>\$ 54,496,523</u>	<u>\$ 54,125,555</u>	<u>\$ 52,736,635</u>	<u>\$ 52,007,131</u>	<u>\$ 50,785,446</u>
Debt service as a percentage of noncapital expenditures	9.08%	8.81%	8.08%	8.55%	9.00%	9.26%	9.80%	9.86%	9.62%	9.08%

FREDERICK COUNTY, MARYLAND
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property Taxable Assessed Value				Limited Business Personal Property (4)		Total		
	Residential Property	Commercial Property	Industrial Property	Total Real Property	Direct Tax Rate (1)	Public Utilities Taxable Assessed Value	Direct Tax Rate (1) (2)	Taxable Assessed Value	Direct Tax Rate (1) (3)
2020	\$ 25,161,249,769	\$ 5,605,718,164	\$ 1,439,406,759	\$ 32,206,374,692	1.060	\$ 425,897,500	2.65	\$ 32,632,272,192	1.081
2019	23,868,391,244	5,392,964,469	1,428,302,251	30,689,657,964	1.060	416,801,030	2.65	31,106,458,994	1.081
2018	22,758,173,436	5,209,332,611	1,396,834,400	29,364,340,447	1.060	393,853,430	2.65	29,758,193,877	1.081
2017	21,635,023,165	5,027,530,566	1,310,743,601	27,973,297,332	1.060	374,887,120	2.65	28,348,184,452	1.081
2016	20,809,732,203	4,793,034,691	1,282,299,164	26,885,066,058	1.060	342,546,890	2.34	27,227,612,948	1.076
2015	20,062,491,947	4,672,981,701	1,279,373,375	26,014,847,023	1.060	302,584,420	2.34	26,317,431,443	1.075
2014	19,696,121,250	4,509,960,797	1,259,675,094	25,465,757,141	1.064	299,508,700	2.34	25,765,265,841	1.079
2013	19,711,683,572	4,482,673,576	1,279,054,781	25,473,411,929	0.936	298,056,050	2.34	25,771,467,979	0.952
2012	20,114,709,447	4,638,038,491	1,259,251,162	26,011,999,100	0.936	294,258,800	2.34	26,306,257,900	0.952
2011	20,722,341,796	4,626,661,711	1,260,344,245	26,609,347,752	0.936	295,566,800	2.34	26,904,914,552	0.951

Source: County Treasury Office and Maryland State Department of Assessments and Taxation

Note: The Maryland State Department of Assessments and Taxation assesses property every three years. The County is divided into three areas and each area is reassessed in a different year.

(1) Per \$100 of assessed value

(2) The direct rate for public utilities does not include the rate for railroads which are immaterial to the public utility revenues.

(3) The Total Direct Tax Rate is the weighted average of the real property and public utilities limited personal property direct rates.

(4) Percent of assessment for this subclass of personal property is 55% and applies only to machinery and equipment, other than operating personal property of a public utility, that is used to generate electricity or steam for sale, or hot or chilled water for sale that is used to heat or cool a building.

FREDERICK COUNTY, MARYLAND
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
Tax Rates (Per \$100 Assessed Value)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Direct Real Property Tax Rates										
Frederick County (1)	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.064	\$ 0.936	\$ 0.936	\$ 0.936
Total Direct Real Property Tax Rates	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.064	\$ 0.936	\$ 0.936	\$ 0.936
Overlapping real property tax rates										
<u>Fire and lighting tax districts</u>										
Suburban Fire/Rescue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.080	\$ 0.080	\$ 0.080
Urban Fire/Rescue	-	-	-	-	-	-	-	0.128	0.128	0.128
Braddock lighting tax district	0.015	0.015	0.015	0.015	0.015	0.018	0.018	0.010	0.010	0.006
Libertytown lighting tax district	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013
New Addition lighting tax district	0.017	0.017	0.017	0.017	0.017	0.013	0.013	0.090	0.010	0.007
State	0.112	0.112	0.112	0.112	0.112	0.112	0.112	0.112	0.112	0.112
<u>Municipalities</u>										
Brunswick	0.410	0.420	0.430	0.440	0.462	0.462	0.462	0.462	0.462	0.462
Burkittsville	0.190	0.190	0.190	0.190	0.190	0.140	0.140	0.140	0.140	0.140
Emmitsburg	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360
Frederick	0.731	0.731	0.731	0.731	0.731	0.731	0.731	0.732	0.650	0.650
Middletown	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.232
Mt. Airy	0.166	0.166	0.166	0.170	0.170	0.170	0.170	0.170	0.170	0.170
Myersville	0.361	0.376	0.391	0.391	0.391	0.391	0.391	0.391	0.274	0.274
New Market	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120
Rosemont	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Thurmont	0.299	0.304	0.285	0.293	0.302	0.310	0.309	0.308	0.260	0.260
Walkersville	0.160	0.160	0.160	0.160	0.150	0.150	0.150	0.170	0.170	0.156
Woodsboro	0.123	0.124	0.126	0.125	0.126	0.127	0.128	0.128	0.130	0.120

(1) In FY2020, the County offered a tax differential to any municipality that wanted to substitute the tax rate with the current tax equity program.

County's Frederick City tax differential rate: 0.9423

County's Myersville tax differential rate: 0.9325

Source: County Treasury Office

FREDERICK COUNTY, MARYLAND
 PRINCIPAL PROPERTY TAX PAYERS
 CURRENT YEAR AND NINE YEARS AGO

<u>Name of Taxpayer</u>	<u>Fiscal Year 2020</u>			<u>Fiscal Year 2011</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>
Potomac Edison Company	\$ 200,193,870	1	0.61 %	\$ 125,969,200	1	0.47 %
Astrazeneca Pharmaceuticals	120,035,900	2	0.37	-		-
RIV 402, LLC	99,693,100	3	0.31	-		-
PR Financing Limited Partnership	82,145,233	4	0.25	73,405,433	3	0.27
Costco Wholesale Corporation	69,130,333	5	0.21	-		-
Homewood at Frederick MD Inc	62,009,133	6	0.19	-		-
Rachuba Prospect Hall, LLC	58,997,600	7	0.18	-		-
Washington Gas Light Company	56,518,220	8	0.17	42,689,890	6	0.16
River X, LLC	55,173,900	9	0.17	44,901,000	5	0.17
MFIV Urban Green, LLC	54,852,767	10	0.17	-		-
Verizon	-		-	81,254,110	2	0.30
Medimmune, Inc.	-		-	52,191,900	4	0.19
State Farm Mutual Auto Insurance	-		-	41,615,200	7	0.15
WRIT Frederick Crossing Land, LLC	-		-	39,208,500	8	0.15
Frederick Westview Properties, LLC	-		-	36,053,333	9	0.13
Fannie Mae	-		-	35,889,300	10	0.13
Totals	<u>\$ 858,750,056</u>		<u>2.63 %</u>	<u>\$ 573,177,866</u>		<u>2.12 %</u>

Source: County Treasury Office

**FREDERICK COUNTY, MARYLAND
GENERAL FUND PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments (1)	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2020	\$ 325,721,487	\$ (2,595,515)	\$ 323,125,972	\$ 322,731,079	99.88 %	\$ -	\$ 322,731,079	99.88 %
2019	310,250,830	(1,969,739)	308,281,091	308,100,885	99.94	91,887	308,192,772	99.97
2018	295,980,742	(1,920,093)	294,060,649	293,695,909	99.88	229,187	293,925,096	99.95
2017	282,599,043	(2,049,697)	280,549,346	280,316,897	99.92	139,692	280,456,589	99.97
2016	271,195,289	(1,674,469)	269,520,820	269,144,537	99.86	(158,439)	268,986,098	99.80
2015	261,968,145	(1,625,791)	260,342,354	260,153,968	99.93	25,895	260,179,863	99.94
2014	258,299,607	(1,435,910)	256,863,697	256,652,511	99.92	91,499	256,744,010	99.95
2013	226,706,549	(1,543,014)	225,163,535	224,912,437	99.89	243,944	225,156,381	100.00
2012	240,261,872	(1,868,202)	238,393,670	238,135,801	99.89	144,407	238,280,208	99.95
2011	245,857,629	(2,208,994)	243,648,635	243,347,532	99.88	219,112	243,566,644	99.97

Source: County Treasury Office

Note: The information in this schedule relates to the County's own property tax levies, and does not include those it collects on behalf of other governments.

(1) For fiscal years 2011 through 2020, only additions and abatements are included in this column.

FREDERICK COUNTY, MARYLAND
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Governmental Activities							
Fiscal Year	General Obligation Bonds (1)	Notes from Direct Borrowings & Direct Placements	Capital Leases	Agricultural Preservation Installment Purchase Agreements	Total Governmental Activities		
2020	\$ 466,363,786	\$ 20,067,010	\$ 8,109,121	\$ 48,086,285	\$ 542,626,202		
2019	465,331,349	20,289,803	9,540,862	50,654,101	545,816,115		
2018	512,600,827	20,396,848	3,239,985	50,618,445	586,856,105		
2017	461,159,303	20,474,307	3,704,232	49,113,314	534,451,156		
2016	467,042,767	20,551,121	106,708	52,440,249	540,140,845		
2015	417,177,384	20,561,131	289,042	52,332,153	490,359,710		
2014	433,189,044	335,652	1,474,560	53,505,061	488,504,317		
2013	448,464,372	375,438	2,260,619	53,783,983	504,884,412		
2012	443,447,989	1,244,870	3,516,894	54,611,083	502,820,836		
2011	415,119,045	2,092,380	4,071,505	53,023,478	474,306,408		

Business-Type Activities							
Fiscal Year	General Obligation Bonds (1)	Notes from Direct Borrowings & Direct Placements	Capital Leases	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
2020	\$ 113,864,115	\$ 55,638,415	\$ 364,862	\$ 169,867,392	\$ 712,493,594	N/A	\$ 2,684
2019	138,399,421	59,724,637	319,416	198,443,474	744,259,589	N/A	2,863
2018	152,461,139	64,352,465	163,353	216,976,957	803,833,062	5.0%	3,149
2017	148,748,940	67,533,907	231,830	216,514,677	750,965,833	4.1%	3,013
2016	103,784,507	72,476,241	287,798	176,548,546	716,689,391	5.5%	2,902
2015	106,048,518	77,416,338	-	183,464,856	673,824,566	5.2%	2,765
2014	123,494,437	71,834,384	-	195,328,821	683,833,138	5.2%	2,839
2013	126,747,752	65,748,564	-	192,496,316	697,380,728	5.9%	2,926
2012	136,436,986	51,144,933	-	187,581,919	690,402,755	5.8%	2,919
2011	147,577,338	44,100,674	-	191,678,012	665,984,420	6.0%	2,829

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Presented net of unamortized premium/discount.

(2) See Exhibit III-A-13 for personal income and population data. All information updated as of June 30, 2020.

**FREDERICK COUNTY, MARYLAND
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Obligation Debt (1)</u>	<u>Installment Purchase Agreements (2)</u>	<u>Less Amounts to be Paid with Other Resources (3)</u>	<u>Total Net General Obligation Debt Outstanding</u>	<u>Percentage of Total Estimated Actual Value of Taxable Property (4)</u>	<u>Per Capita (4)</u>
2020	\$ 610,267,901	\$ 48,086,285	\$ (82,095,000)	\$ 576,259,186	1.77%	\$ 2,171
2019	634,065,770	50,654,101	(82,095,000)	602,624,871	1.94%	2,318
2018	695,551,966	50,618,445	(82,095,000)	664,075,411	2.23%	2,602
2017	640,513,242	49,113,314	(82,095,000)	607,531,556	2.14%	2,437
2016	601,547,272	52,440,249	-	653,987,521	2.40%	2,648
2015	553,945,902	53,505,061	-	607,450,963	2.31%	2,493
2014	556,683,481	53,783,983	-	610,467,464	2.37%	2,534
2013	575,212,124	54,611,083	-	629,823,207	2.44%	2,642
2012	579,884,975	53,023,478	-	632,908,453	2.41%	2,676
2011	562,696,383	48,555,908	-	611,252,291	2.27%	2,597

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

- (1) Presented net of unamortized premium/discount and deferred loss on bond refundings. With the implementation of GASB 65 in fiscal year 2014, the general obligation bonds are now presented net of unamortized premium/discount. Deferred loss on bond refundings is no longer considered part of outstanding debt.
- (2) Installment Purchase Agreements are included because they require the County's bond authority to be issued.
- (3) Externally restricted funds for payment of principal on general bonded debt. Prior years adjusted in fiscal year 2017 presentation.
- (4) See Exhibit III-A-5 for real property tax values and Exhibit III-A-13 for population values.

**FREDERICK COUNTY, MARYLAND
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020**

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct:			
Frederick County	\$ 542,626,203	100%	\$ 542,626,203
Overlapping Debt:			
Component Units:			
Frederick County Public Schools	31,945,115	100%	31,945,115
Frederick Community College	5,381,991	100%	5,381,991
Towns, Cities and Villages:			
Brunswick	2,625,859	100%	2,625,859
Burkittsville	161,793	100%	161,793
Emmitsburg	14,800	100%	14,800
Frederick City	57,815,842	100%	57,815,842
Middletown	2,159,915	100%	2,159,915
Myersville	4,087,738	100%	4,087,738
Thurmont	438,978	100%	438,978
Subtotal Overlapping:	<u>104,632,031</u>		<u>104,632,031</u>
Totals	<u>\$ 647,258,234</u>		<u>\$ 647,258,234</u>

Source: Division of Finance

(1) Debt repaid by general government activities

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Frederick County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

**FREDERICK COUNTY, MARYLAND
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015 (4)</u>	<u>2014 (3)</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt limitation	\$ 1,597,003,053	\$ 1,692,327,206	\$ 1,613,639,986	\$ 1,551,079,602	\$ 1,495,999,620	\$ 1,545,915,950	\$ 1,546,288,079	\$ 1,578,375,474	\$ 1,614,294,873
Total debt applicable to limit (2)	<u>647,564,101</u>	<u>701,148,445</u>	<u>652,533,314</u>	<u>626,480,249</u>	<u>586,867,153</u>	<u>195,328,821</u>	<u>192,126,399</u>	<u>185,262,503</u>	<u>184,227,695</u>
Legal debt margin	<u>\$ 949,438,952</u>	<u>\$ 991,178,761</u>	<u>\$ 961,106,672</u>	<u>\$ 924,599,353</u>	<u>\$ 909,132,467</u>	<u>\$ 1,350,587,129</u>	<u>\$ 1,354,161,680</u>	<u>\$ 1,393,112,971</u>	<u>\$ 1,430,067,178</u>
Total net debt applicable to the limit as a percentage of debt limit	40.55%	41.43%	40.44%	40.39%	39.23%	12.64%	12.43%	11.74%	11.41%

Legal debt margin calculation for Fiscal Year 2020 (4)

Assessable Basis - Real Property (1)	\$ 32,209,543,072
Debt limitation - 5% of assessable basis in real property (1)	\$ 1,610,477,154
Assessable Basis - Personal Property (public utilities)	422,729,120
Debt limitation - 15% of assessable basis in personal property	<u>63,409,368</u>
Total Debt Limit	1,673,886,522
Amount of Debt Applicable to Debt Limit:	
Total Bonds and Direct Borrowings	610,267,900
Total Installment Purchase Agreements	<u>48,086,285</u>
Total debt applicable to limit	<u>658,354,185</u>
Legal debt margin	<u>\$ 1,015,532,337</u>
Total net debt applicable to the limit as a percentage of debt limit	39.33%

(1) Source - Maryland State Department of Assessments and Taxation; all other data - Division of Finance

(2) The total debt applicable to the limit is for bonds and notes issued pursuant to Chapter 2-13-13. Water, sewers, drains and solid waste of Part II, Code of Public Laws of Frederick County, 1979. Fiscal year 2013 and prior are shown net of unamortized premium/discount and deferred loss on bond refunding.

(3) With the implementation of GASB 65 in fiscal year 2014, the general obligation bonds are presented net of unamortized premium/discount. Deferred loss on bond refundings is no longer considered part of outstanding debt.

(4) Pursuant to Section 508 of the Charter of Frederick County, Maryland, effective 12/1/2014, the debt limit calculation was changed to include all general obligation debt of the County based on the combined percentages of real and personal property assessable basis. Debt amounts reflect the liability owed to bond holders, exclusive of unamortized premium or deferred losses.

**FREDERICK COUNTY, MARYLAND
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Population(1)</u>	<u>Personal Income (thousands of dollars) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment (3)</u>	<u>Community College Academic State FTE (4)</u>			<u>Unemployment Rate (5)</u>
					<u>Credit</u>	<u>Non- Credit</u>	<u>Total</u>	
2020	265,480	N/A	N/A	43,828	3,318	572	3,890	7.6%
2019	259,942	N/A	N/A	42,789	3,293	639	3,932	3.6
2018	255,265	\$ 15,816,571	\$ 61,869	42,204	3,534	652	4,186	4.1
2017	249,277	14,934,448	59,259	41,378	3,424	647	4,071	3.7
2016	246,972	13,882,887	56,072	40,720	3,594	613	4,207	4.0
2015	243,692	13,447,457	54,803	40,757	3,582	560	4,142	5.0
2014	240,911	12,918,918	53,040	40,715	3,672	529	4,201	5.4
2013	238,345	12,477,615	51,736	40,527	3,798	534	4,332	6.6
2012	236,551	12,405,485	51,774	40,487	3,842	571	4,413	5.9
2011	235,400	12,041,181	50,738	40,484	4,055	553	4,608	6.5

Sources: (1) Frederick County Planning and Permitting Division Population Estimates
(2) US Bureau of Economic Analysis (All data updated as of November 14, 2019)
(3) Frederick County Board of Education
(4) Frederick Community College
(5) Maryland Department of Labor, Licensing & Regulation
N/A - Not available

**FREDERICK COUNTY, MARYLAND
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u> *	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u> *
Fort Detrick	10,200 *	1	9.60 %	9,200 *	1	9.88 %
Frederick County Board of Education	5,863	2	5.52	5,540	2	5.95
Frederick Health Hospital (formerly Frederick Memorial Healthcare System)	2,618	3	2.46	2,295	4	2.46
Frederick County Government	2,324	4	2.19	2,355	3	2.53
Leidos Biomedical (formerly SAIC-Frederick)	2,277 **	5	2.14	1,965	6	2.11
Frederick Community College	1,573	6	1.48	899	8	0.97
Wells Fargo Home Mortgage	1,400 **	7	1.32	1,500	7	1.61
Frederick City Government	880	8	0.83	852	9	0.91
AstraZeneca	700	9	0.66	-	-	-
NVR, Inc.	683 **	10	0.64	-	-	-
United Health Care (formerly MAMSI)	-	-	-	832	10	0.89
Bechtel Corporation (formerly Bechtel Power)	-	-	-	2,203	5	2.37
	<u>28,518</u>		<u>26.84 %</u>	<u>27,641</u>		<u>29.68 %</u>

* Includes military personnel

**2019 numbers reported - 2020 numbers were unavailable

Source: Frederick County Office of Economic Development

FREDERICK COUNTY, MARYLAND
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General government	368	349	341	338	318	291	287	294	303	332
Public safety	1,043	967	915	898	837	819	808	810	820	801
Public works	402	394	402	385	374	370	343	359	376	407
Health	161	153	149	154	157	158	157	316	298	318
Social services	116	111	106	104	98	97	97	101	105	109
Parks, recreation and culture	59	46	46	46	46	45	48	46	45	46
Library	161	106	119	115	115	107	111	111	114	119
Conservation of natural resources	8	8	8	8	7	7	8	7	7	5
Community dev. & public housing	12	11	11	11	10	9	9	9	9	9
Economic dev. & opportunity	41	39	37	34	30	33	28	31	31	33
Total	<u>2,371</u>	<u>2,184</u>	<u>2,134</u>	<u>2,093</u>	<u>1,992</u>	<u>1,936</u>	<u>1,896</u>	<u>2,084</u>	<u>2,108</u>	<u>2,179</u>

Source: Division of Finance

**FREDERICK COUNTY, MARYLAND
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Human Resources										
Employment announcements issued	322	333	314	323	297	228	220	219	256	180
Employment applications received/reviewed	13,478	15,227	13,755	14,976	13,947	12,219	12,500	9,392	8,993	7,515
Finance/Accounting										
Accounts payable checks/ACH's generated	23,694	23,359	21,639	19,315	19,223	19,160	20,163	20,766	21,056	22,310
Procurement & Contracting										
Formal bids, sole source & emergencies	699	614	406	287	286	265	223	185	211	204
Treasurer										
Invoices prepared	2,268	2,332	2,447	1,874	1,791	1,953	2,183	2,063	2,148	2,573
Property tax bills/delinquent notices mailed (1)	110,865	108,320	109,509	108,101	107,557	106,460	104,890	102,348	107,045	106,612
Building Maintenance										
Buildings	162	166	165	164	162	162	155	149	147	142
Work orders/service requests	3,226	3,542	3,703	3,800	4,004	3,700	4,064	4,331	5,888	5,815
Square feet of properties managed	1,502,889	1,513,635	1,524,239	1,526,544	1,527,176	1,527,176	1,462,965	1,316,994	1,313,488	1,300,120
Facility Services										
Number of leases managed	31	33	17	28	28	28	30	35	39	33
Square feet of leased property managed	45,817	77,257	74,286	100,238	100,238	100,238	110,238	136,860	148,257	141,742
Pieces of outgoing U.S. mail	218,756	272,739	233,430	243,253	234,145	231,078	406,924	291,304	298,733	326,858
Elections										
Registered voters	182,962	177,333	169,113	167,809	163,131	152,913	149,393	149,312	141,136	136,014
Liquor Board										
Regular liquor licenses	345	336	332	331	322	310	306	307	304	304
Liquor inspections	6,597	3,926	6,597	8,825	10,084	9,747	7,323	7,216	5,399	5,864
Internal Audit										
Internal Audits performed (2)	12	13	12	10	12	10	7	2	4	4
Circuit Court										
New cases filed	7,501	9,190	8,379	8,181	8,734	9,756	9,704	10,333	10,710	10,431
Public Safety										
Housing units permitted (3)	1,518	2,226	1,410	1,263	1,302	721	1,296	1,006	845	581
Sheriff's Office										
Administration Bureau										
Civil Process papers served	17,447	21,995	22,521	22,701	23,416	23,970	23,181	22,972	19,440	20,648
Courthouse Security										
Prisoners handled: adult/juvenile	3,205	3,570	3,793	4,750	5,129	4,608	4,149	3,846	4,332	4,241
Operations: Law Enforcement										
Arrests: adult/juvenile	3,214	4,046	3,902	3,924	4,162	3,770	3,372	3,189	3,520	3,826
Calls for service	103,758	113,762	108,045	93,621	121,158	90,251	95,223	89,428	98,876	99,047
Adult Detention Center										
Average daily populaton	257	298	321	398	374	407	360	382	395	442
Emergency Communications										
Fire/EMS dispatches	34,022	35,682	36,739	35,222	33,646	33,324	32,114	32,614	32,199	32,453
Police dispatches	262,879	277,548	301,502	277,546	262,803	240,922	208,541	134,084	145,206	144,489
Administrative phone calls	303,752	359,884	363,781	383,672	298,311	264,044	274,703	186,643	161,568	167,106
Animal Control/ECC/Park Dispatches	29,386	31,972	31,647	28,228	28,375	28,001	19,735	19,067	18,980	18,526
911 calls	84,898	97,610	90,032	93,249	136,708	100,162	107,321	126,042	140,973	132,231
Text to 911 (4)	284	198	188	178	272	-	-	-	-	-

- (1) The decrease in property tax bills/delinquent notices mailed from FY18 to FY19 is solely due to \$0 property tax bills being excluded from this count since they are not mailed. \$0 property tax bills consist primarily of government owned vacant land exempted from real property tax.
- (2) The drop in the number of audits after FY10 is due to the majority of the Internal Audit function being outsourced and resulting decrease in staff. Two in house FTEs remain. Two contractors began performing audit work in FY13. FY14 - FY20 includes special projects, agreed upon procedure reports, reviews, audits and closed follow up reports.
- (3) For FY11 - FY12, the data represents housing units constructed. For FY13 - FY16 the data represents housing units permitted. FY15 - FY20 numbers include the County and all municipalities, but excludes the City of Frederick.
- (4) FY16 was the first year that this was implemented.

FREDERICK COUNTY, MARYLAND
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Safety, Cont'd										
Animal Control (1)										
Calls for service	8,766	10,968	10,543	10,446	11,834	11,700	11,154	10,858	11,322	10,657
Public Works										
Water facilities										
Customers	26,540	26,000	24,536	23,636	22,666	21,926	21,213	21,113	20,763	20,549
Annual production (1,000 gals.)	2,538,827	2,337,841	2,341,430	2,215,190	2,441,675	2,414,284	2,395,882	2,032,866	2,036,251	1,846,545
Sewer facilities										
Customers	34,624	34,183	33,267	32,178	30,978	30,201	29,454	29,398	28,550	28,221
Fleet Services										
Work orders	5,171	5,934	5,725	5,510	5,646	5,700	5,516	5,160	5,429	5,716
Vehicles maintained	1,116	1,141	1,054	966	962	981	874	926	961	967
Highway Operations										
County roads - mileage maintained	1,285	1,279	1,285	1,273	1,273	1,273	1,272	1,270	1,271	1,264
Tar and chip maintenance (miles)	55	56	61	87	64	44	8	12	11	21
Usage of salt & anti-skid (tons)	6,124	31,668	21,242	12,426	12,995	30,307	37,222	17,911	7,268	15,263
Transportation Engineering										
Bridges inspected	141	134	142	103	145	103	145	103	138	116
Road overlay (miles)	32	32	33	33	25	13	49	17	26	3
Construction Management										
CIP and developer funded subdivision projects completed	48	32	45	32	38	26	40	23	23	41
TransIT										
Passenger trips	431,933	593,853	614,551	636,862	677,808	761,088	839,297	864,013	909,804	835,880
Revenue vehicle miles (2)	990,472	1,214,758	1,142,403	1,126,156	1,130,887	1,108,172	1,059,840	1,129,546	1,147,211	1,173,086
Revenue vehicle hours (2)	74,005	85,986	83,902	81,855	81,037	78,603	77,365	79,904	81,995	83,154
Health										
Public health nursing/non-nursing contacts (3)	41,567	41,363	42,044	40,533	24,775	19,641	20,535	22,068	21,130	21,499
Mental health visits	3,612	3,836	7,518	12,781	16,514	11,902	13,498	12,220	12,165	10,724
Peer service encounters (4)	2,416	2,086	8,544	39,620	35,401	21,581	39,755	35,827	25,764	26,464
Environmental health reviews/inspections	14,098	17,390	16,591	16,610	16,150	12,478	12,437	13,458	14,304	14,799
School health program										
Children served (5)	28,035	31,031	42,340	41,984	40,819	40,757	40,715	40,527	39,293	40,484
Health room visits	210,260	305,928	299,000	345,604	338,167	331,992	317,079	320,884	289,766	304,730
Developmental Center										
Dental visits for children	2,971	3,848	4,090	4,065	4,109	3,970	3,897	3,983	3,899	4,242
Infants & Toddlers Program children served	743	797	744	682	636	607	555	528	697	638
School-based services visits	20,815	20,575	20,521	20,327	19,133	14,000	14,810	14,113	13,959	14,378
School-based assessments	335	385	376	414	325	220	*	*	*	*
Audiology services visits	508	693	775	810	798	786	778	793	767	809
Social Services										
Child & Adult Care Food Program										
Home visits (6)	n/a	n/a	850	900	850	850	850	800	855	843
Senior Services										
Home delivered meals served to elderly	94,100	79,000	80,000	58,000	57,635	51,951	41,003	51,282	50,305	50,220
Congregate meals served	6,000	10,000	10,500	10,000	10,751	10,366	9,485	11,795	13,474	15,522

*Information not available

- (1) FY11 and FY12 data has been adjusted to reflect fiscal year data not calendar year.
- (2) FY19 - FY20 TransIT miles and hours are based on FTA/NTD approved sampling.
- (3) During FY17, a more precise tracking system was implemented to better capture all client interactions and more fully illustrate the workload.
- (4) Formerly substance abuse visits in FY11 - FY18. FY19 - FY20 data reflects peer service encounters across all peer programs.
- (5) The FY19-FY20 values reflect children who visited a health room. FY18 and prior years reflect the number of children enrolled who had access to a health room.
- (6) DSS no longer administers this program. It is now being administered through the City of Frederick, Community Action Agency.

FREDERICK COUNTY, MARYLAND
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Parks, recreation and culture										
Parks acres maintained	2,282	2,099	2,099	2,099	2,099	2,096	2,074	2,066	2,066	2,066
Recreation center registrations (1)	6,673	7,526	6,725	6,918	6,676	7,287	6,292	55,997	49,994	62,183
Conservation of natural resources										
Agriculture										
Farms	1,373	1,373	1,308	1,308	1,308	1,308	1,308	1,442	1,442	1,442
Acreage	188,576	188,576	181,512	181,512	181,512	181,512	181,512	202,087	202,087	202,087
Preserved land										
Farms	492	482	467	455	439	426	413	405	397	390
Acreage	67,166	65,546	63,565	61,667	59,220	57,198	55,542	54,365	53,572	52,802
Community development and public housing										
Bell Court housing project (28 units)										
Occupancy rate	99%	99%	94%	100%	100%	100%	99%	99%	100%	100%
Economic development and opportunity										
Workforce Services										
One - stop services - customers served	9,389	5,210	5,896	6,132	5,911	5,324	5,511	5,009	4,538	6,547
One - stop services - youth customers served	223	295	284	377	335	255	237	220	212	242
Job openings received	5,439	5,244	4,879	4,755	3,708	3,968	3,073	3,178	3,743	4,446
Customized training provided (trainees)	n/a	Program Ended	1,044	1,413						
Frederick Business works projects (trainees)	61	84	90	45	1	91	n/a	n/a	Grant Ended	351
Recruitment for business (2)	100	110	80	5	58	80	91	44	60	32
Customized & onsite recruitment events	195	416	300	439	318	415	454	359	454	364
Website unique visitors	36,955	47,876	36,410	35,313	41,054	50,380	68,344	82,257	93,875	82,422
Office of Economic Development										
Website sessions/social media engagements (3)	237,614	208,728	29,382	1,243	513,951	413,000	396,800	421,502	420,018	422,119
Inquiries (4)	n/a	n/a	n/a	2,100	2,100	2,100	2,100	2,100	2,001	2,590
Prospects	96	124	106	195	120	150	185	140	128	150
Projects (4)	n/a	n/a	n/a	500	400	500	410	503	499	513
Business visits (5)	243	264	284	400	350	350	348	325	308	311
Business assistance (6)	2,413	2,328	2,501	500	400	300	275	313	290	270

(1) Formerly recreation center attendance - numbers updated accordingly

(2) Job fair employers; Frederick New Post job fair now leads recruiting businesses for event

(3) Formerly average web hits per month for FY11 - FY16 and average page views per month for FY17 - FY18. FY19 - FY20 totals include Office of Economic Development, Homegrown and Root website sessions/ social media engagements

(4) Indicators are no longer being tracked

(5) Formerly companies visited

(6) Formerly companies assisted

Sources: Frederick County, Maryland Adopted Budgets Performance Indicators and individual county departments. Estimates generated by the agencies were used when actual figures were unavailable.

**FREDERICK COUNTY, MARYLAND
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Building maintenance										
Buildings managed	162	166	165	164	162	162	155	149	147	142
Public Safety										
Fire/rescue stations	29	29	29	30	30	30	30	30	30	30
Adult Detention Center average daily population	257	298	321	398	374	407	360	382	395	442
Public Works										
County roads - mileage	1,285	1,279	1,285	1,273	1,273	1,273	1,272	1,270	1,271	1,264
Water facilities										
Plants/Distribution Systems	13	13	13	13	13	13	13	12	12	12
Daily capacity (1,000 gals.)	17,005	17,005	17,061	17,198	17,198	17,282	18,124	18,124	18,124	18,124
Miles of water mains	364	355	344	336	321	314	308	306	302	293
Hydrants	3,339	3,224	3,117	3,026	2,843	2,783	2,689	2,665	2,602	2,482
Sewer facilities										
Plants/Collection Systems	12	12	12	12	12	12	13	14	14	15
Daily capacity (1,000 gals.)	16,043	16,043	16,043	16,043 *	16,043 *	16,043	8,533	8,677	8,677	8,677
Miles of sewer mains	427	416	406	396	377	373	371	367	363	357
Bridges										
Bridges (over 20' spans)	221	221	222	219	218	218	219	219	219	219
Fleet services										
Vehicles	1,097	1,008	1,054	1,001	996	987	940	926	961	967
Parks, Recreation and Culture										
County park acreage	2,282	2,099	2,099	2,099	2,099	2,096	2,074	2,066	2,066	2,066
County facilities	41	40	39	39	39	37	37	36	36	36

*FY16 and FY17 reflect updated capacity

Sources: Fire/Rescue, Sheriff, Public Works, Fleet Services, Parks and Recreation, Division of Utilities and Solid Waste Management

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