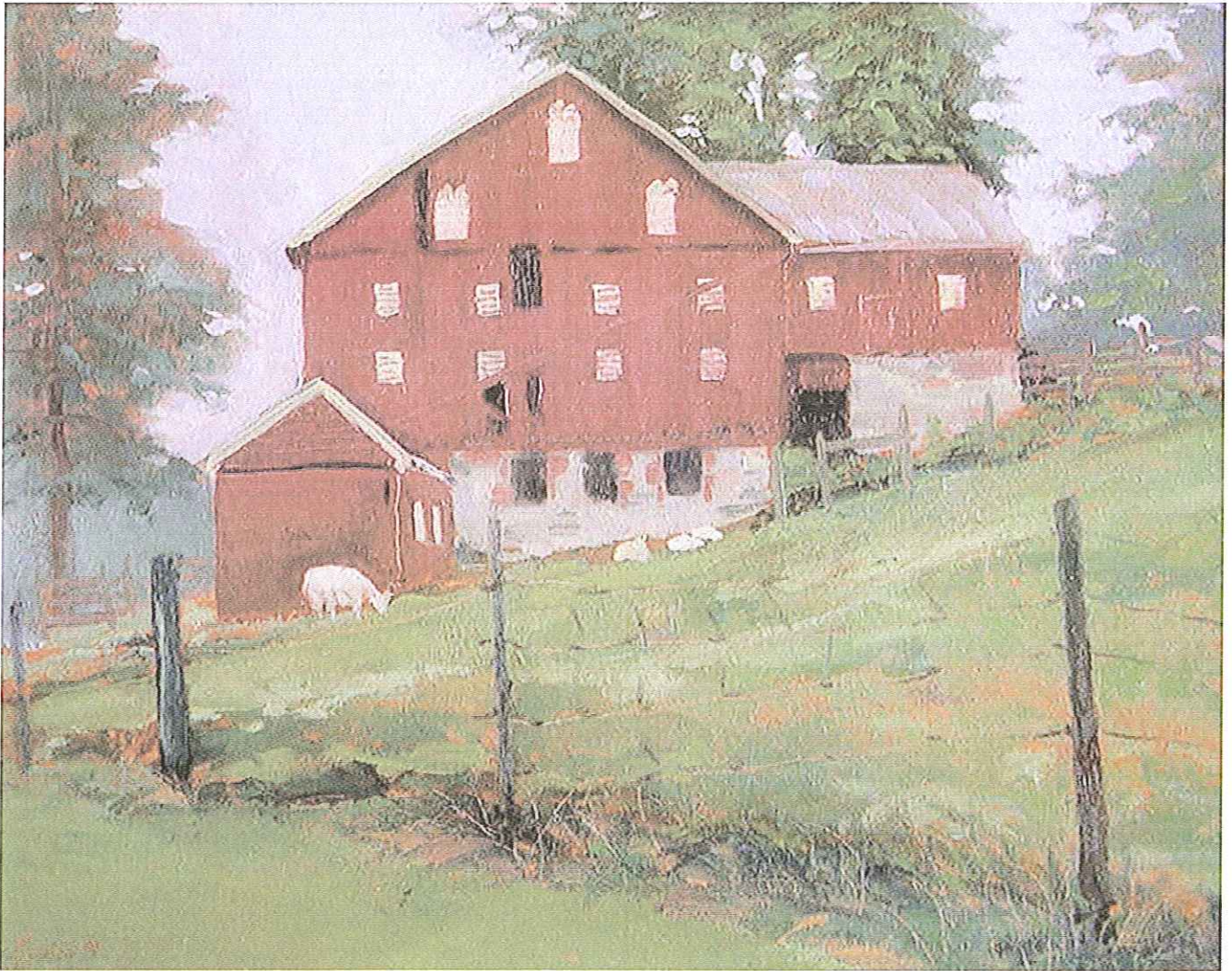


# Frederick County Maryland



*Red Barn In Summer*

*Deborah Lovelace Richardson*

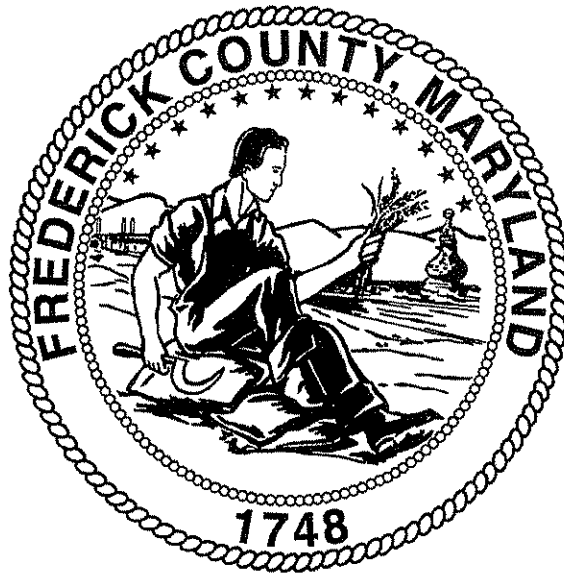
**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2010**

*Front Cover: "Red Barn In Summer" by Deborah Lovelace Richardson, New Market, MD. This scene was painted during the 2009 Barnstormers Tour sponsored by Frederick County Landmarks. The circa 1800 barn, located north of Libertytown, is owned by Jim and Mary Ann Peterson.*

*To see more of this artist's work visit her website at [www.deborahlovelaceart.com](http://www.deborahlovelaceart.com).*

*Frederick County photos were provided by Robin Santangelo, Public Information Officer.*

*Frederick County, Maryland*  
*Comprehensive Annual Financial Report*  
*Fiscal Year 2010*  
*July 1, 2009 – June 30, 2010*



*Prepared by the Finance Division*

# OUR MISSION





**FREDERICK COUNTY, MARYLAND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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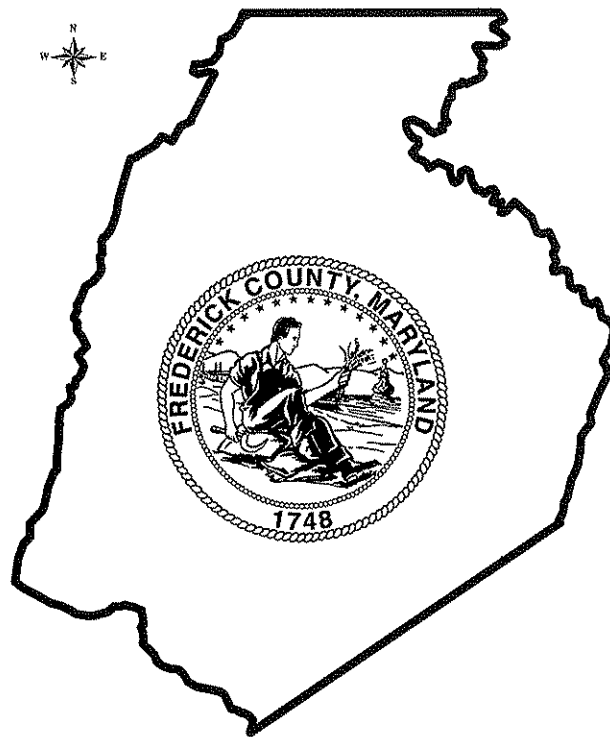
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# INTRODUCTORY SECTION





## FINANCE DIVISION FREDERICK COUNTY, MARYLAND

Winchester Hall • 12 East Church Street • Frederick, Maryland 21701  
301-600-1117 • FAX 301-600-2302 • TTY Use Maryland Relay  
[www.FrederickCountyMD.gov](http://www.FrederickCountyMD.gov)

December 6, 2010

The Board of County Commissioners and the  
Citizens of Frederick County, Maryland

### COMMISSIONERS

Blaine R. Young  
*President*

C. Paul Smith  
*Vice President*

Billy Shreve

David P. Gray

Kirby DeLauter

### COUNTY MANAGER

Barry L. Stanton

### DIVISION DIRECTOR

John R. Kroll

### **CHARACTER COUNTS!**



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Pillars of Character are service  
marks of the CHARACTER  
COUNTS! Coalition, a project of the  
Josephson Institute of Ethics.  
[www.charactercounts.org](http://www.charactercounts.org)

I am pleased to present this Comprehensive Annual Financial Report (CAFR) of Frederick County, Maryland (the "County") for the fiscal year ended June 30, 2010.

### **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 report includes the independent auditor's opinion of the Board of County Commissioners' (the "Board") appointed certified public accounting firm pursuant to Section 2-7-68 of the Frederick County Code.

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 Linton Shafer Warfield & Garrett, P.A. (LSWG), a firm of licensed certified public accountants. LSWG has issued an unqualified opinion on the County's financial statements as of and for the fiscal year ended June 30, 2010. 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 auditor's report 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 Single Audit Act of 1984 (as amended in 1996 and 2003) and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. 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.

Generally Accepted Accounting Principles require 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 Frederick County**

Frederick County, 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 236,600. Frederick County, Maryland, 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 62,650. The City of Frederick is located approximately 45 miles northwest of Washington, D.C. and 45 miles west of Baltimore, Maryland.

Frederick County is governed by an elected five-member Board of County Commissioners that serves for four years. Section 3 of Article 25 of the Annotated Code of Maryland of 1957, as amended (the "Maryland Code") sets out the enumerated powers of the county commissioners of each county in the State of Maryland (the "State") that is governed by the county commissioner form of government. Section 1 of Article 25 declares the county commissioners of a county to be a corporation. Under Maryland law, the county commissioners combine executive and legislative functions. The executive offices of the County are located at Winchester Hall, 12 East Church Street, Frederick, Maryland. The County's Internet address is [www.frederickcountymd.gov](http://www.frederickcountymd.gov).

The Board may exercise only such powers as are expressly conferred on it: (1) by the Maryland General Assembly as codified in the Maryland Code, and (2) by public local

laws enacted by the Maryland General Assembly, which apply only to Frederick County and are codified as Part II of the Frederick County Code, 2004, as amended (the "County Code"). Part II of the Frederick County Code is known as the Code of Public Local Laws of Frederick County, 1979.

Section 1 of Article 25 of the Maryland Code empowers the Board to appoint a clerk to the Board, and all other officers, agents and employees required for County purposes not otherwise provided by law. The County Code empowers the Board to appoint an attorney to provide it with legal services and a county manager to administer and supervise the daily operations of County staff.

#### - 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 Solid Waste Management, and Water and Sewer Enterprise Funds are supported through user fees. The Citizens Care and Rehabilitation Center and the Division of Permitting and Development Review are primarily supported through user fees with supplemental support from the General Fund. Montevue Home, while supported by user fees, is more heavily subsidized by General Fund contributions. 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-14.

#### - Budgetary Overview

The annual budget serves as the foundation for the County's financial planning and control. The County budget is comprised of the operating budget for the General Fund, the Capital Budget (from project inception through the current year), and the Capital Program (a six year plan). Budgets are also adopted for most Special Revenue Funds and the Enterprise and Internal Service Funds. The formulation of the County's budget is the responsibility of the Budget Officer. Public local law requires the budget (1) to be adopted by the Board prior to the beginning of the fiscal year, and (2) maintain a surplus at the end of the fiscal year.

The General Fund budget is prepared and submitted to the Board by the Budget Officer based on estimated revenues and expenditures of operations submitted by the County departments and agencies for the ensuing fiscal year. When submitted to the Board, the General Fund budget must contain: the prior fiscal year's fund balance in excess of five 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 Capital Program sets forth the County's plan of proposed capital projects to be undertaken in the ensuing fiscal year and the following five fiscal years and the proposed means of financing all projects. The Capital Budget and Capital Program are prepared by the Finance Division from submissions by the County departments and agencies and must be approved by the Board. The portion of the cost of the Capital Budget that is to be paid from current funds may be included in the General Fund Budget or certain special revenue and enterprise funds.

No department or agency of County government may, during any fiscal year, expend or contract to expend any money or incur any liability or enter into any contract which by its terms involves the expenditure of money in excess of the amounts appropriated or allocated in the budget for such fiscal year, or in any line item transfer approved by the Board; and no payment may be made nor any obligation or liability incurred which has not been provided for in the Capital Budget. Transfer of appropriations among the items set forth therein may be authorized with the approval of the Board.

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis - Budget and Actual is presented for the General Fund and the Agricultural Preservation Fund, a special revenue fund, which adopt annual budgets, and are presented in Exhibit II-A-7 and Exhibit II-A-8, respectively, 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.

## **Impact of Financial Policies**

The long-term economic outlook and condition continue to improve from the 2007 – 2009 down turn. While positive signs are returning and while the economy is in fact beginning to recover, the Board of County Commissioners reacted to the declines experienced in FY2009 and FY2010 by implementing a number of policies and safeguards to ensure the preservation of County services and a faster turn-around. Capital spending on selected projects was either eliminated or delayed. Operating budget spending levels were cut at both the program level and at the department level. Employees were asked to forego pay increases in both FY2009 and FY2010. Hiring freezes were initiated in October 2008 and will continue beyond the date of this letter. The County has a recurring three-year cycle review process for examining job classifications to insure the County remains competitive in duties and salaries with neighboring governmental jurisdictions and private employers. This review process was suspended in November 2008 and the suspension continues beyond the date of this letter. The effect of these measures and other similar cost cutting actions, such as travel and training reductions, and reductions to health care benefits, has helped reduce the General Fund operating expenditures \$20.1 million from

FY2009 to FY2010 and reduced the General Fund contribution to the Capital Budget by \$15.7 million. Because these actions are County-wide, there are concomitant reductions in special revenue and proprietary funds as well.

## **Information to Assess Economic 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 Frederick County operates.

**Local Economy** - The economic condition and outlook of the County have substantially improved during the past ten years. According to census records, the population of the County has grown from 150,208 in 1990 to 195,277 in 2000, with an estimated population of 236,600 as of July 2010, a 57.5 percent increase from 1990. The Planning Division estimates the County growth will be steady through calendar year 2020, when the population will reach an estimated 287,900.

Frederick County had the sixth highest number of new jobs created in the State of Maryland for calendar year 2005 to calendar year 2009, for a total of 491 new jobs created. The civilian labor force in the County was estimated at 122,600 in June 2010. Of this number, 114,678 were employed, resulting in an unemployment rate for the County of 6.4 percent. This rate is substantially lower than the statewide unemployment rate of 7.3 percent and the national unemployment rate of 9.5 percent. (Source: Maryland Department of Labor, Licensing and Regulation) While the County's involvement in the nation-wide recession had not reached its full extent at the end of the fiscal year, we anticipate that the County will hold its comparative standing within the State of Maryland. The County's unemployment rate and job growth figures continue to rank more favorably than the State of Maryland and the Nation's figures.

The County's estimated taxable assessed property value has increased \$9.7 billion since 2005 or 57.3 percent. As of June 30, 2010, taxable assessed value totaled \$26.6 billion. The growth in the taxable assessable base from FY2009 to FY2010 was 6.7 percent. The continued emphasis on economic development within the County should result in assessable base growth in the foreseeable future although residential housing construction and resale of existing homes has been slowing as evidenced by the decrease in recordation taxes from FY2008 to FY2010 (although up slightly from 2009 to 2010) in the amount of \$6.6 million, or 25.1 percent. The commercial market does not appear to have been as directly affected by the drop in the residential market as evidenced by its continued strong growth.

Fort Detrick, a military installation primarily dedicated to medical research, is an economic engine for the County as well as the State of Maryland. Federal biodefense expansion and Base Realignment and Closure (BRAC) 2005 changes at Fort Detrick have resulted in \$373 million in ongoing construction happening now and another \$2 billion in total projects over the next three years representing an additional 1,112 jobs from 2010 through 2018. In related bioscience research expansions, the National Cancer Institute (NCI) and Science Applications International Corporation (SAIC) - Frederick, Inc. broke ground in November 2008 on an advanced technology research facility which will



provide 330,000 square feet for offices and state-of-the art laboratories for cancer and AIDS research, and will be the cornerstone for a research campus facility at this site.

**Long-term Financial Planning** - Major initiatives during FY2010 were predominately in the Capital Budget area. Major general governmental projects approved in the six year Capital Improvements Program (fiscal years 2010-2015) include:

- Citizens Care and Rehabilitation Center Replacement
- Montevue Home Replacement
- Animal Control Building Improvements
- Carroll Manor Elementary School Addition
- Walkersville Elementary School Addition

Additional projects to expand and improve proprietary infrastructure to serve the growing population are included in the plan. The entire Capital Improvements Plan totals \$632.9 million for fiscal years 2010 to 2015.

Frederick County concluded the fiscal year ended June 30, 2010 with a General Fund unreserved fund balance of \$54.4 million. Section 2-7-1(a) of the Frederick County Code provides that "the County must maintain an unappropriated undesignated General Fund balance equal to 5 percent of General Fund expenditures and transfers to the Board of Education and the Frederick Community College." Expenditures and transfers to component units measured on a budgetary basis totaled \$407.2 million. The required balance of the reserve was \$20.3 million, a decrease of \$1.0 million from FY2009. The actual unreserved fund balance increased \$4.9 million from the unreserved fund balance at June 30, 2009. Therefore, the June 30, 2010 unreserved fund balance of \$54.4 million provides \$34.1 million of excess fund balance above the required 5 percent requirement. Accordingly, this amount is available and legislatively mandated for use in funding future budgets. Of this amount, \$10.9 million and \$20.1 million have been designated for the FY2011 and FY2012 budgets, respectively.

The major rating agencies have recognized Frederick County's strong financial management skills and practices. During the latest general obligation bond issuance processes (January and April 2010), Standard & Poor's Credit Market Services, Moody's Investors Service, Inc. and Fitch Ratings maintained their ratings of AA+, Aa2 and AA+, respectively. The ratings reflect ongoing and consistent growth, primarily in the commercial sector; increased employment; tax base growth; strong, well-embedded and likely sustainable management practices coupled with established fiscal policies; and, a moderate/modest debt burden. Subsequent to the January and April 2010 debt issues, Moody's Investors Service, Inc. and Fitch Ratings recalibrated their municipal ratings which resulted in upgraded County's ratings to Aa1 and AAA, respectively.

**Retirement Plans and Other Post Employment Benefits** – Frederick County employees participate in a single-employer pension plan that is administered by the County in a separate trust fund and two cost-sharing multiple-employer pension plans administered by the State. Each year an independent actuary engaged by the pension trust calculates the amount of annual contributions the County must make to ensure that the plan will be able to meet its obligations to retired employees as the requirements come due. As a matter of policy, the County fully funds each year's annual required

contribution to the pension plan as determined by the actuary. The County fully funds its obligations to the State plans as well.

The County participates in a Length of Service Awards Program (LOSAP) that provides annuities to former volunteer members of the County's fire companies and rescue squads who meet certain qualifying age and service criteria. These benefits are intended to be funded on a pay-as-you-go basis.

The County also provides other post employment benefits (OPEB), principally healthcare, for certain eligible retirees and their dependents. These benefits are funded on a schedule designed to achieve Annual Required Contribution funding in the near future.

Additional information related to the County's pension and OPEB benefits can be found in Note 4.D. and Note 4.E. in the Notes to Financial Statements (Exhibit II-A-14).

**Debt Management Policy** – The County has adopted a debt policy that establishes the administrative and procedural processes employed to manage its long-term debt. The policy sets the parameters for issuing new debt. It provides guidance from the Board of County Commissioners regarding the timing, amounts and purposes for which debt can be issued, together with the types of debt, method of sale, and length of maturities. By establishing and following a formal debt policy, the County has ensured that it will maintain a strong debt position, will commit itself to full and timely repayment of its debt, and therefore protect its credit quality.

## **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, 2009. 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.

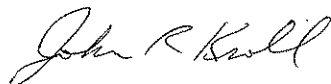
The preparation of this report could not have been accomplished without the dedicated team effort of the staff of the County's Finance Division. Each member of the Division has my sincere appreciation for the contributions made in preparation of this report. Special recognition is given to the Director of Accounting, Erin White, and the Accounting Team Leaders, Carol Abramson, Susan Blum, Regina Howell, and Rob Reilly, along with

their staffs; and the Director of Treasury, Lori Depies, and her staff who administer the County's property tax and revenue collection systems. Administration of the budget process, without which the accounting and financial reporting could not exist, is in the capable hands of Michael Gastley, Budget Officer, and his staff. A special thanks goes to them as well. A sincere note of appreciation goes to Heidi Keeney who assumed the production process of this document. Lastly, I express my appreciation to Richard Duthoy, Deputy Director of Finance, for his oversight of the Division, and to County Manager Ronald Hart, Assistant County Manager Barry Stanton, and the prior Board of County Commissioners 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](http://www.FrederickCountyMD.gov/reports) (See Departments; Budget [for other information] and Treasury [for other information]). In addition, copies of this report are placed in the Frederick County Public Library system for use by the general public.

Respectfully submitted,

A handwritten signature in cursive script, reading "John R. Kroll".

John R. Kroll  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Frederick County  
Maryland

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



**Key** **Coordination**  
**Reporting**





**Board of County Commissioners of Frederick County,  
Maryland  
2006-2010 Term**

**Seated from left  
Commissioner David P. Gray, Vice President;  
Commissioner Jan H. Gardner, President; and Commissioner Kai J. Hagen.**

**Standing from left  
Commissioner John. L. Thompson, Jr. and Commissioner Blaine R. Young  
(Photo by Scott Betts)**

## Frederick County, Maryland

### Summary of Elected and Appointed Officials

#### Board of County Commissioners

Jan H. Gardner, *President*  
David P. Gray, *Vice President*  
Kai J. Hagen  
John L. Thompson, Jr.  
Blaine R. Young

#### Sheriff

Charles A. "Chuck" Jenkins

#### State's Attorney

J. Charles Smith III, Esquire

#### Administrative Judge of the Circuit Court

Honorable G. Edward Dwyer, Jr.

#### Clerk of the Circuit Court

Sandra K. Dalton, Clerk

#### Appointed Officials

County Attorney  
County Manager  
Assistant County Manager  
Animal Control Division Director  
Citizens Care and Rehabilitation Center Administrator  
Citizens Services Division Director  
Economic Development Division Director  
Emergency Management Division Director  
Finance Division Director  
Fire and Rescue Services Division Director  
Health Services Division Health Officer  
Human Resources Division Director  
Interagency Information Technologies Division Director  
Internal Audit Division Director  
Management Services Division Director  
Montevue Home Administrator  
Parks and Recreation Division Director  
Permitting & Development Review Division Director  
Planning Division Director  
Public Works Division Director  
Transit Services Division Director  
Utilities and Solid Waste Management Division Director

John S. Mathias, Esquire  
Ronald A. Hart  
Barry L. Stanton  
Harold L. Domer, Jr.  
Nicole M. Bohrer-Banzhoff, LNHA  
Margaret L. Nusbaum  
Laurie M. Boyer  
John E. "Jack" Markey  
John R. Kroll  
Thomas W. Owens  
Barbara A. Brookmyer, MD, MPH  
Mitchell L. Hose  
Dale R. Spangenberg  
Richard A. Kaplan  
Austin S. Abraham  
Diane L. Grove, RN  
W. Paul Dial  
Gary W. Hessong  
Eric E. Soter  
Thomas J. Meunier, P.E.  
Sherry C. Burford  
Michael G. Marschner

## **Component Units**

### **Board of Education**

President	Kathryn B. Groth
Vice-President	Michael E. Schaden, VMD
Member	Daryl A. Boffman
Member	Bonnie M. Borsa, Ph.D.
Member	Donna J. Crook
Member	Angie L. Fish
Member	Jean A. Smith
Student Member	Margo Dawes
Superintendent	Linda D. Burgee, Ed.D.

### **Frederick Community College**

Chairperson	Nick Diaz
Vice Chairperson	Dixie J. Miller
Trustee	Debra S. Borden
Trustee	Byron J. Grayson
Trustee	Donald C. Linton
Trustee	Peter H. Michael
Trustee	Doris J. White
President	Carol W. Eaton, Ph.D.

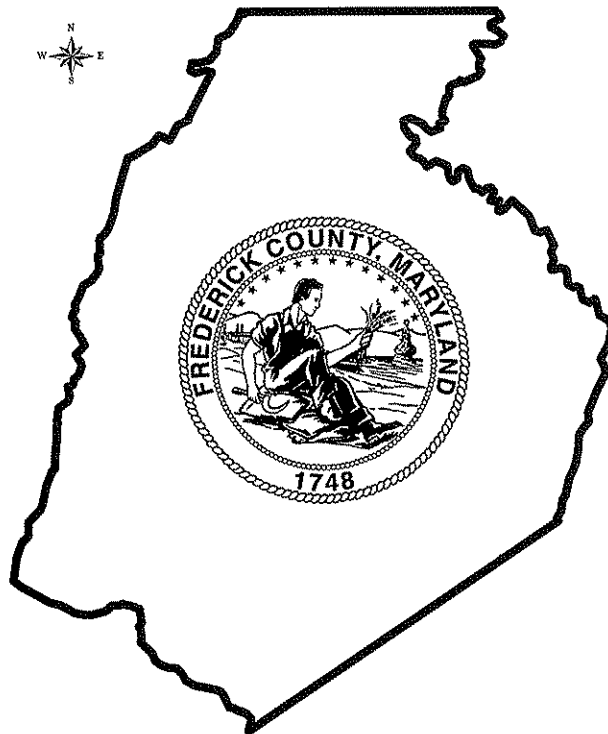
### **Frederick County Public Library**

President	Thomas C. Kutz
Vice-President	Michael Kurtianyk
Secretary/Treasurer	Tina B. Prensky
Member	Eric S. Larson
Member	George Laugelli
Member	Blanca Poteat
Member	Cheryl Smith
Public Libraries Director	Darrell L. Batson





# FINANCIAL SECTION





## **Report of Independent Certified Public Accountants On Basic Financial Statements**

To the Board of County Commissioners  
Frederick County, Maryland

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 as of and for the year ended June 30, 2010, which collectively comprise Frederick County, Maryland's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Frederick County, Maryland's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Frederick County Board of Education and Frederick Community College. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included in Frederick County Board of Education and Frederick Community College, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison for the General Fund and the Agricultural Preservation Fund and the aggregate remaining fund information of Frederick County, Maryland as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Linton Shafer Warfield & Garrett, P.A.  
Certified Public Accountants & Business Consultants

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2010 on our consideration of Frederick County, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. That report will be issued under separate cover with the Frederick County Single Audit Reports.

The Management's Discussion and Analysis and other information on Exhibits II-A-15 through II-A-18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Frederick County, Maryland's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules, schedules of 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 combining and individual nonmajor fund financial statements, budgetary schedules, and the schedules of capital assets used in the operation of governmental funds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Linton Shafer Warfield & Garrett, P.A.*

December 3, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Frederick County Government's (the "County") discussion and analysis is designed 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 (it's ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page 1) and the County's financial statements (beginning on page 34). All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### FINANCIAL HIGHLIGHTS

- The assets of Frederick County Government exceeded its liabilities at the close of this fiscal year by \$570.0 million (net assets), approximately 70.1 percent of which is attributable to the County's business-type activities. Of total net assets, \$586.0 million is invested in capital assets, net of related debt, and \$194.5 million is restricted for specific purposes (restricted net assets). The County's unrestricted net assets are a negative \$210.5 million. This total unrestricted net asset amount includes a balance of \$77.6 million from business-type activities, offset by a deficit balance in unrestricted net assets from governmental activities of \$288.1 million. This deficit balance in unrestricted net assets results primarily from the County issuing debt to fund construction for the Frederick County Board of Education and Frederick Community College, both component units. The school buildings 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 \$287.4 million of bonds payable, the proceeds of which have been used to fund school and college construction.
- The County's overall financial position experienced a planned reduction since the prior fiscal year. Total net assets decreased by \$26.2 million or 4.4 percent. The governmental net assets decreased by \$52.6 million. The major causes include expenses to the Board of Education and the Community College for construction totaling \$53.2 million (in Frederick County, as well as in all of Maryland, local county governments issue debt to fund school construction while the assets are recorded by the Board of Education and Community College component units), an increase in the Other Post Employment Benefits (OPEB) liability totaling \$8.7 million, and an increase in the Compensated Absences liability totaling \$.4 million, offset primarily by a combination of other revenue and expense changes. The General Fund had an increase in fund balance of \$4.8 million due primarily to expenditure savings and nonrecurring transfers from other funds totaling \$3.5 million net of other revenue shortfalls. The Agricultural Preservation Special Revenue Fund (a Major Fund) had an increase in fund balance totaling \$2.1 million primarily due to an increase in installment

purchase agreements. The remaining special revenue funds had total increases of \$7.8 million accumulated in the normal course of operations. Property taxes increased by \$17.9 million but income taxes decreased by \$12.0 million resulting in a net increase of \$5.9 million from FY2009 to FY2010 for these two revenue sources. The remaining difference resulted from Government-wide to GAAP Fund Balance reconciliations as noted in Exhibit II-A-6. The business-type net assets increased by \$26.4 million or 7.0 percent, primarily the result of operating and capital contributions in the Water and Sewer Fund in excess of operating expenses.

- The governmental activities revenue totaled \$514.4 million or 84.7 percent of total revenue and the net results from governmental activities was a decrease of \$52.6 million.
- The business-type activities revenue totaled \$101.2 million or 15.3 percent of total revenue and the net assets from business-type activities increased by \$26.4 million.
- The total cost of all County programs was \$633.3 million a decrease of \$30.9 million from FY2009.
- As of June 30, 2010, the County's governmental funds have a combined fund balance of \$229.6 million, an increase of \$37.2 million. Included in this increased fund balance is an increase in the General Fund of \$4.8 million, an increase in the Capital Projects Fund of \$22.5 million, an increase in the Agricultural Preservation Special Revenue Fund of \$2.1 million, and an increase in the Nonmajor Governmental Funds of \$7.8 million. The increase in the General Fund is primarily due to mid-year expenditure savings in excess of unanticipated revenue shortfalls in income tax, State Grant for highway user fees and police protection and investment income. A more detailed explanation is presented later in this document. At the close of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$20.3 million, or 5.0 percent of total General Fund expenditures. This total unreserved amount is a legislatively mandated set-aside. Designated fund balance of the General Fund was \$34.1 million, or 62.6 percent of the total unreserved fund balance. The increase in the fund balance of the nonmajor governmental funds is a result of levied recordation taxes in the School Construction and Parks Acquisition and Development Special Revenue Funds without appreciable increases in expenditures while the School Construction Special Revenue Fund continues to build fund balances in anticipation of supporting general obligation debt for school construction; the Parks Acquisition & Development Special Revenue Fund increased its fund balance in order to fund a major capital project in FY2011. Lastly, the Development Road Improvement Special Revenue Fund received \$1.1 million in excise taxes in anticipation of spending in future years.
- Frederick County's total bonded debt increased by \$117.0 million during the current fiscal year, the result of a new money issue and a refunding issue.

## 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 Assets* (the "Unrestricted Net Assets") 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 and long term obligations. "Net Assets" is the difference between the County's assets and its liabilities. Over time, increases or decreases in net assets 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 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 assets changed during the most recent fiscal year. All changes in net assets 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 reflects the County's basic services, including general government, public safety, public works, health, social services, education, parks/recreation/culture, conservation of natural resources, community development/public housing, economic development and interest on long term debt. Local property, income, and other local taxes, along with charges for services, and grants finance the majority of these services. The Business-type Activities reflect private sector type operation including water and sewer services, solid waste management, nursing homes, public housing and permitting & development review, where the fee for service typically covers all or most of the cost of operation, including depreciation.

The Government-Wide Financial Statements include not only Frederick County itself (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 Board of Education and Community College can 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 34-36 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 focus is on Major Funds. 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 begin with Exhibit II-A-3.

Frederick County maintains twenty individual governmental funds: the General Fund, the Capital Projects Fund, the Grants Fund, the Fire/Rescue Tax Districts Fund, the Agricultural Preservation Fund (a Major Governmental Fund), the School Construction Fund, the Impact Fees Fund, the Development Road Improvement Fund, the Electric Lighting Tax Districts Fund, the Parks Acquisition & Development Fund, the Hotel Rental Tax Fund, the Nursing Home Construction Fund, the Sheriff's Drug Enforcement Fund, the Sheriff's Office Fund, the Narcotics Task Force Fund, the Inmates Canteen Fund, the Housing Initiative Fund, the Non-Profit Organizations Loans Fund, the Fire/Rescue Loans Fund, and the Economic Development Loans Fund.

Frederick County adopts an annual appropriated budget for its General Fund and each of the Special Revenue Funds (except for the Sheriff's Drug Enforcement Fund, the Sheriff's Office Fund, the Narcotics Task Force Fund, the Inmates Canteen Fund, the Non-Profit Organizations Loans Fund, and the Fire/Rescue Loans Fund). A budgetary comparison schedule has been prepared for the General Fund and the Agricultural Preservation Fund. These can be found on Exhibit II-A-7 and Exhibit II-A-8, respectively, of this report. Budgetary schedules for the non-major special revenue funds can be found as Exhibit II-B-7 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 as Exhibit II-B-8.

**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 six individual enterprise funds: the Water & Sewer Fund, the Solid Waste Management Fund, the Citizens Care & Rehabilitation Center Fund, the Montevue Home Fund, the Bell Court Apartments Fund, and the Permitting and Development Review 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 fleet services and voice services operations. Because the services of these funds benefit both the governmental and business-type functions, the change in net assets is included in 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-9, II-A-10, and II-A-11.

**Fiduciary Funds:** The Fund Financial Statements also allow the government to address its Fiduciary Funds, (See Exhibits II-A-12 and II-A-13). 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 Trust Fund, and various Agency Funds. While the Fiduciary Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. 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.

While the total column on the Business-type Fund Financial Statements (see Exhibits II-A-9 and II-A-10) may be the same as the Business-type 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 bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column in the Government-Wide Financial Statements.

## **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-14.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Frederick County's progress in funding its obligation to provide retirement benefits to its employees. The required supplementary information is presented in Exhibit II-A-15 to Exhibit II-A-18.

## **Infrastructure Assets**

Infrastructure Assets is the government's largest group of assets (roads, bridges, traffic signals, underground pipes [unless associated with a utility], etc.) in the governmental 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 life 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 life.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

As noted earlier, changes in net assets may serve over time as a useful indicator of a government's overall financial condition and position. In the case of Frederick County, assets exceeded liabilities by \$570.0 million at the close of the fiscal year. Frederick County's net assets are divided into three categories, invested in capital assets net of related debt, restricted net assets and unrestricted net assets. The largest portion of the County's net assets, \$586.0 million or 102.8 percent, 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 assets represent 34.1 percent of total net assets.

Restricted net assets are resources that are subject to external restrictions on how they may be used. Unrestricted net assets of the government have a negative balance of \$210.5 million. The unrestricted net assets for business-type activities have a balance of \$77.6 million.

The County issues long-term debt to finance the construction of public schools. These public schools are considered capital assets of the 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 assets. This is the situation generally in all counties in Maryland and is not unique to Frederick County.

The result of these basic current year calculations is that the County's overall financial position has diminished somewhat from FY2009 to FY2010. The deficit increased in the Unrestricted Net Assets of the Governmental activities while the already positive Business Activities Unrestricted Net Assets increased slightly. The main reason for the continued reduction in Net Assets in the governmental activities is the fact that the County continues to have expenses related to the Board of Education and Community College capital program. During this fiscal year \$51.4 million and \$1.8 million were sent to the Board of Education and Community College, respectively. This expense has no revenue or other financing sources associated because it is bond funded. This will be explained more in the discussion of the Governmental Activities. Other reasons for the reduction of net assets include but are not limited to the following: recognition of OPEB expense, compensated absences and depreciation without concomitant revenues.

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## Statement of Net Assets

The following table reflects the condensed Statement of Net Assets for the current and prior years.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 314,720	\$ 269,311	\$ 145,603	\$ 125,046	\$ 460,323	\$ 394,357
Capital assets	433,944	409,260	482,519	447,150	916,463	856,410
Total assets	<u>748,664</u>	<u>678,571</u>	<u>628,122</u>	<u>572,196</u>	<u>1,376,786</u>	<u>1,250,767</u>
Current and other liabilities	54,047	43,073	26,839	21,139	80,886	64,212
Long-term debt outstanding	524,378	412,685	201,555	177,733	725,933	590,418
Total Liabilities	<u>578,425</u>	<u>455,758</u>	<u>228,394</u>	<u>198,872</u>	<u>806,819</u>	<u>654,630</u>
Net Assets:						
Invested in capital assets, net of debt	273,493	242,889	312,459	294,245	585,952	537,134
Restricted	184,829	147,016	9,714	679	194,543	147,695
Unrestricted (deficit)	(288,083)	(167,093)	77,555	78,400	(210,528)	(88,693)
Total net assets	<u>\$ 170,239</u>	<u>\$ 222,812</u>	<u>\$ 399,728</u>	<u>\$ 373,324</u>	<u>\$ 569,967</u>	<u>\$ 596,136</u>

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets as a whole.

As noted earlier, the government's net assets decreased by \$26.2 million during the fiscal year. Net assets of governmental activities decreased \$52.6 million. The increase in net assets of business-type activities was \$26.4 million in FY2010.

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

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## 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 assets for these two fiscal years.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
<b>REVENUES</b>						
<b>Program revenues</b>						
Charges for services	\$ 21,561	\$ 18,430	\$ 63,368	\$ 62,153	\$ 84,929	\$ 80,583
Operating grants and contributions	23,530	35,124	25	-	23,555	35,124
Capital grants and contributions	7,426	18,624	27,685	32,266	35,111	50,890
<b>General revenues</b>						
Local property taxes	289,145	271,247	-	-	289,145	271,247
Local income taxes	143,208	137,509	-	-	143,208	137,509
Other local taxes	23,080	23,394	-	-	23,080	23,394
Build America Bond subsidy	592	-	157	-	749	-
Investment earnings	4,905	7,901	893	4,245	5,798	12,146
Miscellaneous	914	7,631	662	27	1,576	7,658
<b>Total revenues</b>	<b>514,361</b>	<b>519,860</b>	<b>92,790</b>	<b>98,691</b>	<b>607,151</b>	<b>618,551</b>
<b>EXPENSES</b>						
<b>Program Activities</b>						
<b>Primary Government</b>						
<b>Governmental Activities:</b>						
General government	47,427	48,337	-	-	47,427	48,337
Public safety	96,002	98,638	-	-	96,002	98,638
Public works	42,608	45,640	-	-	42,608	45,640
Health	8,666	8,430	-	-	8,666	8,430
Social services	8,700	9,079	-	-	8,700	9,079
Education	296,414	317,246	-	-	296,414	317,246
Parks, recreation, and culture	17,106	17,984	-	-	17,106	17,984
Conservation of natural resources	3,204	5,920	-	-	3,204	5,920
Community development and public housing	6,125	5,314	-	-	6,125	5,314
Economic development and opportunity	14,318	14,367	-	-	14,318	14,367
Interest on long term debt	17,983	17,384	-	-	17,983	17,384
<b>Business-type Activities:</b>						
Water and sewer	-	-	28,895	27,859	28,895	27,859
Solid waste management	-	-	20,467	22,543	20,467	22,543
Non-major Business-type Activities	-	-	25,405	25,445	25,405	25,445
<b>Total expenses</b>	<b>558,553</b>	<b>588,339</b>	<b>74,767</b>	<b>75,847</b>	<b>633,320</b>	<b>664,186</b>
<b>Incr. (decr.) in net assets before transfers</b>	<b>(44,192)</b>	<b>(68,479)</b>	<b>18,023</b>	<b>22,844</b>	<b>(26,169)</b>	<b>(45,635)</b>
<b>Transfers</b>	<b>(8,381)</b>	<b>(5,407)</b>	<b>8,381</b>	<b>5,407</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net assets</b>	<b>(52,573)</b>	<b>(73,886)</b>	<b>26,404</b>	<b>28,251</b>	<b>(26,169)</b>	<b>(45,635)</b>
<b>Net Assets - beginning of year</b>	<b>222,812</b>	<b>296,698</b>	<b>373,324</b>	<b>345,073</b>	<b>596,136</b>	<b>641,771</b>
<b>Net Assets - ending of year</b>	<b>\$ 170,239</b>	<b>\$ 222,812</b>	<b>\$ 399,728</b>	<b>\$ 373,324</b>	<b>\$ 569,967</b>	<b>\$ 596,136</b>

**Governmental Activities:** While the Governmental Funds (accounted for on both the modified accrual basis and budgetary basis) continued growth in fund balances, the Governmental activities of the Government-wide financial statements experienced decreases in net assets by \$52.6 million. A key element of this overall decrease is due to the issuance of debt for the Board of Education and Frederick Community College. This amounted to \$53.2 million for FY2010. When the resulting funding from the bond issue is expensed as a payment to the component units, there remains an imbalance of Net Assets as the County retains the liability for the bonds but has neither cash nor assets to offset the liability. Other reasons for this imbalance include the recognition of depreciation of fixed assets (\$6.7 million increase over FY2009), and unfunded expenses related to Other Post Employment Benefits (\$8.7 million) and compensated absences (\$.4 million). Operating and capital grants together with investment income and miscellaneous income decreased from prior year levels by \$32.5 million. These decreases were offset by increases in property and income taxes totaling \$23.6 million. Overall, revenues decreased by \$5.5 million or 1.1 percent.. Expenses were reduced \$29.8 million (primarily in the education activity) from FY2009 levels but were \$44.2 million greater than total revenues. Transfers out increased \$3.0 million resulting in a \$52.6 million decrease in Net Assets.

**Business-type Activities:** Business-type activities increased Frederick County's net assets by \$26.4 million. The key element of this increase relates to contributions from developers. Capital grants and contributions continue to provide a major revenue source for the Water and Sewer Fund during the current fiscal year, producing \$27.2 million in revenue.

## 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. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Frederick County's governmental funds reported combined ending fund balances of \$229.6 million. Approximately 72.4 percent of this total amount (\$166.2 million) constitutes *unreserved fund balance*, which is generally available for spending. The remainder of fund balance (\$63.4 million) is *reserved* to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period (\$56.3 million), (2) for inventories (\$1.1 million), (3) for long-term receivables (\$5.5 million) or (4) dedicated for other restricted purposes (\$.5 million). The reserved fund balance, at 27.6 percent of total fund balance, does not significantly affect the availability of fund resources for future use.

The General Fund is the chief operating fund of Frederick County. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$20.3 million, while total fund balance reached \$57.2 million. As a measure of the General Fund's liquidity, it



may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 13.4 percent of total General Fund expenditures, while total fund balance represents 14.0 percent of that same amount.

Frederick County's General Fund fund balance increased by \$4.8 million during the current fiscal year. This increase is due primarily to mid-year expenditure reductions across nearly all functions of government, especially public safety, and public works. These reductions totaled \$19.8 million and were offset partially by reductions in revenue totaling \$13.9 million and increases in one-time transfers totaling \$1.3 million. The revenue reductions are attributed to a decrease in income taxes (\$12.0 million), State grants for highway user fees and police protection (\$12.7 million), and investment income (\$2.4 million).

The Agricultural Preservation Fund has a total fund balance of \$45.7 million. \$31.0 million is designated for debt service related to the Installment Purchase Agreements and \$2.1 million is designated for the payments related to the Rural Legacy program. The total fund balance increased \$2.1 million during FY2010 primarily due to increases in installment purchase agreements.

The Capital Projects Fund has a total fund balance of \$66.1 million. The increase in fund balance was \$22.5 million. This increase is primarily due to issuing general obligation bonds during the fiscal year and the timing of related construction spending.

**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. Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$62.4 million and unrestricted net assets in the Solid Waste Management Fund totaled \$10.8 million. The Permitting and Development Review Fund had unrestricted net assets totaling \$2.3 million.

## **General Fund Budgetary Highlights**

The final expenditure and transfers budgets for the General Fund was increased \$.7 million over the original budget. During the year, revenues were less than budgetary estimates by \$9.8 million and expenditures were less than budgetary estimates by \$27.9 million, eliminating the need to draw upon the appropriated fund balance of \$17.0 million. The major variances between the final budget and the actual amounts are summarized as follows:

- Local property tax revenue were greater than the budgeted amount by \$.6 million. This is primarily due to tax credits being less than originally estimated. In addition, interest on delinquent accounts was higher than estimated, reflecting the economics of the period. These increases were partially offset by abated taxes.
- Local income tax distributions were less than the budgeted amount by \$4.6 million and resulted in a 3.0 percent variance.
- Other local taxes, primarily recordation tax collections, were greater than budgeted amounts by \$1.2 million. The recordation tax budget had a positive variance of \$.9

million. Nevertheless, new home construction and the real estate market, in general are still lagging behind the previous peak period of 2002-2006.

- State grants were less than the budgeted amount by \$4.3 million and investment earnings were less than budget by \$2.0 million. The State of Maryland did a mid-year budget adjustment and lowered Highway User Fees by \$3.8 million. The investment shortfall was due to poorer than expected investment rates.
- Various departmental under spending of appropriations resulted in total expenditures being under budget by \$27.9 million generally throughout all functions of government. The largest contributors to this savings were \$2.5 million in public safety, \$1.0 million in management services, \$17.5 million as accumulated in the non-departmental other miscellaneous expenditures line item, \$1.3 million in contingencies and \$.7 million in fringe benefits. The \$17.5 million in the non-departmental other miscellaneous operating line item resulted from budget transfers in debt service (\$1.8 million), transfers to CIP (\$9.0 million), transfers to the Fire Tax District (\$3.7 million), transfers to Agricultural Preservation (\$.2 million) and a number of one-time balance transfers related to loan funds (\$.5 million), housing (\$.8 million) and Montevue Home (\$.2 million) in addition to hiring freezes (\$.8 million), a reduction in the Fuel Cost Reserve (\$.4 million) and a number of smaller, less impact savings items. (Favorable variances will not be obvious to the reader as the concomitant budgets were transfers to this line item thereby eliminating the possibly to create expenditures in the source categories.) All of these savings were directed as part of the Board of County Commissioners' efforts to react to revenue shortfalls in State grants and income tax revenue during the year. 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, 2009 and 2010, amount to \$856.4 million and \$916.5 million, respectively. This investment in capital assets includes land, easements, buildings, improvements, machinery and equipment, vehicles, roads, water and sewer lines, highways and bridges and construction in progress. The total increase in Frederick County's investment in capital assets for the current fiscal year was 7.0 percent.

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 77,362	\$ 67,511	\$ 7,088	\$ 7,088	\$ 84,450	\$ 74,599
Buildings, impr. & equip.	267,099	261,944	177,439	173,799	444,538	435,743
Infrastructure	334,409	324,448	281,181	277,822	615,590	602,270
Construction in prog.	31,908	17,380	139,945	101,875	171,853	119,255
Accumul. Depreciation	(276,835)	(262,023)	(123,133)	(113,434)	(399,968)	(375,457)
Total	<u>\$ 433,943</u>	<u>\$ 409,260</u>	<u>\$ 482,520</u>	<u>\$ 447,150</u>	<u>\$ 916,463</u>	<u>\$ 856,410</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 3.C.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning Balance	\$ 409,260	\$ 447,150	\$ 856,410
Additions	68,045	51,801	119,846
Depreciation	(23,732)	(9,833)	(33,565)
Retirement*	<u>(19,630)</u>	<u>(6,598)</u>	<u>(26,228)</u>
Ending Balance	<u>\$ 433,943</u>	<u>\$ 482,520</u>	<u>\$ 916,463</u>

\*Net of accumulated depreciation related to asset retirement.

Costs incurred for major capital asset additions during the current fiscal year, not including prior year costs, include, but are not limited to, the following projects:

#### **Governmental Activities:**

- Construction costs were incurred for the following major projects:
  - Pavement Management \$10.4 million
  - Public Safety Training Facility 6.1 million
  - Nursing Home & Assisted Living Facility 6.0 million
  - Reich's Ford Road 3.3 million
  - Catoctin Creek Nature Center 2.1 million
  - Brunswick Branch Library 1.0 million
- The following transfers were made to the Frederick County Board of Education for school construction:
  - Linganore High School \$36.3 million
  - Walkersville Elementary 6.9 million
  - Carroll Manor Elementary 5.8 million
  - West Frederick Middle School 2.0 million
- The following transfer was made to Frederick Community College for school construction.
  - FCC Classroom/Student Center \$939 thousand

#### **Business-type Activities:**

- Construction costs were incurred for the following major projects:
  - New Design Water Treatment Plant Expansion \$26.0 million
  - McKinney Wastewater Treatment Plant 8.2 million

## Debt Outstanding

As of year-end, the County had \$590.6 million in bonded debt outstanding compared to a total of \$473.7 million last year, a 24.7 percent net increase. This increase results from issuing \$229.1 million in General Obligation Debt (new money and refunding) while retiring \$112.2 million of General Obligation Debt.

The County maintains a debt affordability index to determine its self-imposed limits for issuing long-term 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 6-year capital program. The County's financial advisor reviews this index periodically.

	Balance June 30, 2010	Balance June 30, 2009
<b>Governmental Activities:</b>		
Bonds and notes payable:		
General obligation bonds	\$ 435,384	\$ 340,404
Installment purchase agreements	48,556	42,046
Other notes payable	2,922	3,700
	<u>486,862</u>	<u>386,150</u>
Add remaining original issue premium	17,301	10,824
Less deferred amount on bond refundings	(9,824)	(7,200)
Total bonds and notes payable	<u>494,339</u>	<u>389,774</u>
Other liabilities:		
Capital lease obligations	5,850	7,775
Compensated absences	10,257	9,879
Net OPEB obligation	13,702	5,045
Termination benefits	230	212
Total other liabilities	<u>30,039</u>	<u>22,911</u>
Governmental activities long-term liabilities	<u>\$ 524,378</u>	<u>\$ 412,685</u>
<b>Business-type Activities:</b>		
Bonds and notes payable:		
General obligation bonds	\$ 155,261	\$ 133,276
Other notes payable	28,232	25,874
	<u>183,493</u>	<u>159,150</u>
Add remaining original issue premium	5,836	3,519
Less deferred amount on bond refundings	(3,051)	(1,715)
Total bonds and notes payable	<u>186,278</u>	<u>160,954</u>
Other liabilities:		
Landfill closure costs	13,542	13,324
Compensated absences	1,690	1,663
Net OPEB obligation	-	1,747
Termination benefits	45	45
Total other liabilities	<u>15,277</u>	<u>16,779</u>
Business-type activities long-term liabilities	<u>\$ 201,555</u>	<u>\$ 177,733</u>

January 26, 2010 was the most recent time the County issued new money General Obligation Public Facilities Bonds. April 27, 2010 was the most recent refunding issue. The rating agencies provided the following ratings to those debt issues:

Aa2	Moody's Investors Service Inc.
AA+	Fitch Ratings
AA+	Standard & Poor's

Subsequent to these issues Moody's Investors Services, Inc. recalibrated its Frederick County rating to Aa1. Fitch Ratings recalibrated its Frederick County rating to AAA.

Principal payments and reductions of long-term debt in the amounts of \$93.9 million and \$42.3 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. on pages 88-103 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S PROPERTY TAX RATES**

The following summarizes some economic factors and trends:

- As of June 2010 the average unemployment rate for the County was 6.4 percent, while the average unemployment rate for the State of Maryland was 7.3 percent.
- The total percentage of increase in the number of new jobs from 2005 through 2009 was .54 percent (491 jobs) compared to the State of Maryland percentage increase of 1.46 percent for the same period. Frederick County is one of only nine Maryland counties that experienced a positive job growth from 2005-2009.
- The FY2011 property tax remained at \$.936 per \$100 of assessed valuation. The tax rate is based on a full market value taxable assessment of \$26,192,686,000.

## **FINANCIAL CONTACT**

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.



## **BASIC FINANCIAL STATEMENTS**

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This section provides a combined overview of the County's net assets 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 ASSETS**  
**JUNE 30, 2010**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries
<b>Assets</b>						
Cash	\$ 25,368,081	\$ 2,096,059	\$ 27,464,140	\$ 313,667	\$ 13,683,811	\$ 6,516
Equity in pooled invested cash	129,134,499	44,488,322	173,622,821	-	1,433	-
Total cash and cash equivalents	154,502,580	46,584,381	201,086,961	313,667	13,685,244	6,516
Investments	57,730,144	64,318,614	122,048,758	31,965,374	7,427,513	441,164
Receivables, net of allowance for uncollectibles:						
Property taxes	899,127	-	899,127	-	-	-
Accounts	5,645,024	13,441,221	19,086,245	2,216,918	1,271,468	8,484
Intergovernmental	43,557,312	-	43,557,312	3,028,642	4,906,312	-
Internal balances	(825,766)	825,766	-	-	-	-
Due from primary government	-	-	-	12,772,776	-	3,015,255
Due from component units	23,478	30,733	54,211	-	-	-
Inventories	1,391,752	170,886	1,562,638	1,140,693	660,353	-
Prepaid items	176,138	-	176,138	245,640	42,425	7,360
Deferred charges	2,619,146	915,384	3,534,530	-	-	-
Long-term receivables, net of allowance for uncollectibles	7,463,614	9,117,578	16,581,192	-	-	-
Cash and cash equivalents - restricted	41,537,719	10,198,274	51,735,993	3,593,824	-	20,000
Beneficial interest in charitable remainder trust	-	-	-	-	287,794	-
Capital assets:						
Land	77,362,009	7,088,479	84,450,488	37,060,664	271,620	-
Buildings and improvements	174,716,310	133,915,845	308,632,155	597,353,340	75,062,072	-
Equipment	92,382,680	43,522,978	135,905,658	70,768,446	3,485,077	111,951
Library collection	-	-	-	-	1,883,034	9,931,255
Infrastructure	334,408,506	281,181,443	615,589,949	-	-	-
Construction in progress	31,908,432	139,944,629	171,853,061	214,770,760	450,088	-
Accumulated depreciation	(276,834,611)	(123,133,693)	(399,968,304)	(253,633,001)	(28,103,007)	(6,036,911)
Total assets	748,663,594	628,122,518	1,376,786,112	721,597,743	81,329,993	7,505,074

(continued)

FREDERICK COUNTY, MARYLAND  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries
<b>Liabilities</b>						
Accounts payable	\$ 1,684,413	\$ 1,311,398	\$ 2,995,811	\$ 22,544,273	\$ 1,334,952	\$ 44,719
Accrued liabilities	17,393,686	6,770,572	24,164,258	300,383	160,970	-
Payroll and benefit deductions	9,371,951	1,991,168	11,363,119	8,333,198	302,250	462,967
Property taxes payable	411,431	-	411,431	-	-	-
Due to third parties	1,113,343	-	1,113,343	-	183,774	-
Due to other governmental units	555,386	-	555,386	-	-	-
Due to component units	15,787,611	-	15,787,611	-	-	-
Due to fiduciary funds	-	-	-	66,468	-	-
Unearned revenues	4,933,819	10,605,598	15,539,417	196,954	1,029,651	160,642
Performance and security deposits	-	9,358	9,358	-	-	-
Other liabilities	2,795,125	6,150,911	8,946,036	-	-	-
Noncurrent liabilities:						
Due within one year	30,652,274	13,777,784	44,430,058	7,860,642	43,421	18,625
Due in more than one year	493,725,898	187,777,454	681,503,352	109,551,604	1,642,102	1,305,089
Total liabilities	578,424,937	228,394,243	806,819,180	148,853,522	4,697,120	1,992,042
<b>Net Assets</b>						
Investment in capital assets, net of related debt	273,493,228	312,459,077	585,952,305	649,995,933	53,008,424	4,006,295
Restricted for:						
School and library construction	29,998,315	-	29,998,315	-	-	-
Additional or expanded road facilities	9,508,692	-	9,508,692	-	-	-
Capital Projects	68,415,041	9,273,946	77,688,987	-	-	-
Agricultural preservation	40,465,681	-	40,465,681	-	-	-
Fire and rescue services	10,983,892	-	10,983,892	-	-	-
County code required set-aside	20,360,666	-	20,360,666	-	-	-
Other purposes	5,096,478	440,295	5,536,773	3,593,824	8,849,093	695,519
Unrestricted (Deficit)	(288,083,336)	77,554,957	(210,528,379)	(80,845,536)	14,775,356	811,218
Total net assets	\$ 170,238,657	\$ 399,728,275	\$ 569,966,932	\$ 572,744,221	\$ 76,632,873	\$ 5,513,032

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, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
		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
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 47,426,759	\$ 9,934,491	\$ 1,518,255	\$ -	\$ (35,974,013)	\$ -	\$ (35,974,013)	\$ -	\$ -	\$ -
Public safety	96,002,101	6,808,959	3,146,437	627,249	(85,419,456)	-	(85,419,456)	-	-	-
Public works	42,608,184	657,612	3,877,678	3,985,128	(34,087,766)	-	(34,087,766)	-	-	-
Health	8,666,393	1,895,940	1,034,132	508,634	(5,227,687)	-	(5,227,687)	-	-	-
Social services	8,699,974	1,309,912	987,309	-	(6,402,753)	-	(6,402,753)	-	-	-
Education	296,413,864	-	-	361,542	(296,052,322)	-	(296,052,322)	-	-	-
Parks, recreation and culture	17,106,503	859,500	-	442,844	(15,804,159)	-	(15,804,159)	-	-	-
Conservation of natural resources	3,203,584	-	226,859	1,439,539	(1,537,186)	-	(1,537,186)	-	-	-
Community development and public housing	6,124,692	-	7,188,562	-	1,063,870	-	1,063,870	-	-	-
Economic development and opportunity	14,318,099	94,066	5,551,155	60,672	(8,612,206)	-	(8,612,206)	-	-	-
Interest on long term debt	17,983,300	-	-	-	(17,983,300)	-	(17,983,300)	-	-	-
Total governmental activities	<u>558,553,453</u>	<u>21,560,480</u>	<u>23,530,387</u>	<u>7,425,608</u>	<u>(506,036,978)</u>	<u>-</u>	<u>(506,036,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:										
Water and sewer	28,894,767	20,874,838	-	27,238,122	-	19,218,193	19,218,193	-	-	-
Solid waste management	20,467,049	23,313,156	-	271,841	-	3,117,948	3,117,948	-	-	-
Nursing homes	19,389,965	13,869,981	-	-	-	(5,519,984)	(5,519,984)	-	-	-
Public housing	174,279	94,164	25,000	175,000	-	119,885	119,885	-	-	-
Permitting & development review	5,840,521	5,216,087	-	-	-	(624,434)	(624,434)	-	-	-
Total business-type activities	<u>74,766,581</u>	<u>63,368,226</u>	<u>25,000</u>	<u>27,684,963</u>	<u>-</u>	<u>16,311,608</u>	<u>16,311,608</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 633,320,034</u>	<u>\$ 84,928,706</u>	<u>\$ 23,555,387</u>	<u>\$ 35,110,571</u>	<u>(506,036,978)</u>	<u>16,311,608</u>	<u>(489,725,370)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Component Units:</b>										
Board of Education	\$ 550,417,903	\$ 8,832,701	\$ 345,595,075	\$ 70,080,070	-	-	(125,910,057)	-	-	-
Community College	53,844,969	17,005,806	34,391,929	7,797,646	-	-	-	5,350,412	-	-
Public Libraries	10,555,199	528,551	11,280,444	-	-	-	-	-	1,253,796	-
Total Component Units	<u>\$ 614,818,071</u>	<u>\$ 26,367,058</u>	<u>\$ 391,267,448</u>	<u>\$ 77,877,716</u>	<u>-</u>	<u>-</u>	<u>\$ (125,910,057)</u>	<u>\$ 5,350,412</u>	<u>\$ 1,253,796</u>	<u>-</u>
General Revenues:										
Local property taxes					289,144,746	-	289,144,746	-	-	-
Local income taxes					143,208,402	-	143,208,402	-	-	-
Recordation taxes					19,728,495	-	19,728,495	-	-	-
Excise taxes					1,136,164	-	1,136,164	-	-	-
Hotel rental tax					1,068,106	-	1,068,106	-	-	-
Admission and amusement tax					836,230	-	836,230	-	-	-
Agriculture transfer tax					311,414	-	311,414	-	-	-
Build America Bond Subsidy					591,969	156,620	748,589	-	-	-
Grants and contributions not restricted to specific programs					-	-	-	145,786,581	-	-
Investment earnings					4,904,974	892,586	5,797,560	198,868	691,944	2,499
Miscellaneous					914,146	661,855	1,576,001	843,696	2,881,840	-
Transfers					(8,381,479)	8,381,479	-	-	-	-
Total general revenues and transfers					<u>453,463,167</u>	<u>10,092,540</u>	<u>463,555,707</u>	<u>146,829,145</u>	<u>3,573,784</u>	<u>2,499</u>
Change in net assets					(52,573,811)	26,404,148	(26,169,663)	20,919,088	8,924,196	1,256,295
Net assets - beginning of year					222,812,468	373,324,127	596,136,595	551,825,133	67,708,677	4,256,737
Total net assets - end of year					<u>\$ 170,238,657</u>	<u>\$ 399,728,275</u>	<u>\$ 569,966,932</u>	<u>\$ 572,744,221</u>	<u>\$ 76,632,873</u>	<u>\$ 5,513,032</u>

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

**FREDERICK COUNTY, MARYLAND  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	General	Agricultural Preservation	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 25,235,889	\$ -	\$ -	\$ 132,192	\$ 25,368,081
Equity in pooled invested cash	16,554,016	14,151,151	36,490,447	53,543,159	120,738,773
Total cash and cash equivalents	41,789,905	14,151,151	36,490,447	53,675,351	146,106,854
Investments	22,375,018	33,362,900	-	1,992,226	57,730,144
Receivables, net of allowance for uncollectibles:					
Property taxes	810,766	-	-	88,361	899,127
Accounts	3,474,030	8,038	60,000	1,942,498	5,484,566
Intergovernmental	37,198,669	-	1,146,071	4,620,601	42,965,341
Prepays	95,556	-	2,324	1,250	99,130
Due from other funds	309,363	-	-	-	309,363
Due from component units	9,468	-	-	13,676	23,144
Inventories	1,135,858	-	-	-	1,135,858
Long-term receivables, net of allowance for uncollectibles:					
Employee salary advances	90,817	-	-	-	90,817
MILA/MICRF loans	-	-	-	375,649	375,649
Fire/Rescue loans	-	-	-	156,841	156,841
Non profit organization loans	92,939	-	-	1,637,080	1,730,019
Small business loans	-	-	-	75,177	75,177
Housing loans	-	-	-	5,035,111	5,035,111
Cash and cash equivalents - restricted	2,724,678	-	37,079,005	1,734,036	41,537,719
Total assets	<u>\$ 110,107,067</u>	<u>\$ 47,522,089</u>	<u>\$ 74,777,847</u>	<u>\$ 71,347,857</u>	<u>\$ 303,754,860</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 707,037	\$ -	\$ 511,673	\$ 379,427	\$ 1,598,137
Accrued liabilities	533,015	16,188	6,164,294	2,626,193	9,339,690
Payroll and benefit deductions	8,219,436	14,345	89,730	1,048,440	9,371,951
Property taxes payable	411,431	-	-	-	411,431
Due to other funds	-	-	-	309,363	309,363
Due to third parties	417,325	-	-	696,018	1,113,343
Due to other governmental units	-	8,279	-	547,107	555,386
Due to component units	15,746,511	-	-	-	15,746,511
Other liabilities	-	-	1,905,846	889,279	2,795,125
Deferred revenue	26,915,623	1,745,627	-	4,251,197	32,912,447
Total liabilities	<u>52,950,378</u>	<u>1,784,439</u>	<u>8,671,543</u>	<u>10,747,024</u>	<u>74,153,384</u>
<b>Fund balances:</b>					
Reserved	2,712,109	199,067	54,663,444	5,863,499	63,438,119
Unreserved:					
Designated for:					
Subsequent year's expenditures - General fund	33,983,914	-	-	-	33,983,914
Subsequent year's expenditures - Special revenue funds	-	-	-	2,733,203	2,733,203
Other purposes - General fund	100,000	-	-	-	100,000
Other purposes - Special revenue funds	-	33,157,583	-	41,262,641	74,420,224
Undesignated:					
General fund	20,360,666	-	-	-	20,360,666
Capital projects fund	-	-	11,442,860	-	11,442,860
Special revenue funds	-	12,381,000	-	10,741,490	23,122,490
Total fund balances	<u>57,156,689</u>	<u>45,737,650</u>	<u>66,106,304</u>	<u>60,600,833</u>	<u>229,601,476</u>
Total liabilities and fund balances	<u>\$ 110,107,067</u>	<u>\$ 47,522,089</u>	<u>\$ 74,777,847</u>	<u>\$ 71,347,857</u>	<u>\$ 303,754,860</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 ASSETS  
JUNE 30, 2010

Total fund balance - governmental funds (See Exhibit II-A-3) \$ 229,601,476

Amounts reported for governmental activities in the statement of net assets 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	\$ 77,362,009	
Buildings and Improvements	174,716,310	
Equipment	92,382,680	
Infrastructure	334,408,506	
Construction in Progress	31,908,432	
Less Accumulated Depreciation	<u>(276,834,611)</u>	433,943,326

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, net of Deferred Loss on Bond Refunding	(425,560,494)	
Accrued Bond Interest	(7,811,482)	
Installment Purchase Agreements	(48,555,908)	
Notes Payable	(2,922,118)	
Capital Lease Obligations	(5,850,235)	
Unamortized Premium on Bonds Payable	(17,300,533)	
Compensated Absences	(10,257,377)	
Termination Benefits	(230,054)	
Net Other Post Employment Benefit Obligation	(13,701,453)	
Recognition of Deferred Revenue	<u>27,978,628</u>	(504,211,026)

Costs from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred in the government-wide statements.

Deferred Issuance Costs - General Obligation Bonds	2,322,917	
Deferred Issuance Costs - IPAs	262,339	
Deferred Issuance Costs - Capital Leases	<u>33,890</u>	2,619,146

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 assets. This balance is net of Capital Assets and Long-term liabilities included above.

8,285,735

Net assets of governmental activities (See Exhibit II-A-1) \$ 170,238,657

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

**FREDERICK COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	General	Agricultural Preservation	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Local property taxes	\$ 251,830,507	\$ -	\$ -	\$ 37,153,125	\$ 288,983,632
Local income taxes	146,332,338	-	-	-	146,332,338
Other local taxes	13,661,607	2,777,476	-	8,780,561	25,219,644
Licenses and permits	508,039	-	-	-	508,039
Grants from federal government	124,065	-	1,887,799	18,888,262	20,900,126
Grants from state government	2,107,348	1,393,513	708,625	5,475,313	9,684,799
Charges for services	4,815,632	-	-	13,621,623	18,437,255
Fines and forfeitures	175,915	-	-	49,315	225,230
Interest from loans	-	-	-	36,243	36,243
Investment earnings	530,624	3,595,565	-	703,428	4,829,617
Miscellaneous	1,813,226	-	186,712	621,411	2,621,349
Total revenues	<u>421,899,301</u>	<u>7,766,554</u>	<u>2,783,136</u>	<u>85,329,281</u>	<u>517,778,272</u>
<b>Expenditures</b>					
Current:					
General government	29,441,525	-	-	2,188,745	31,630,270
Public safety	47,551,252	-	-	43,831,204	91,382,456
Public works	18,878,587	-	-	7,580,891	26,459,278
Health	6,809,058	-	-	1,150,158	7,959,216
Social services	6,006,132	-	-	1,856,527	7,862,659
Education	243,159,708	-	-	-	243,159,708
Parks, recreation and culture	14,161,782	-	-	-	14,161,782
Conservation of natural resources	682,471	10,437,200	-	319,193	11,438,864
Community development and public housing	340,427	-	-	5,738,529	6,078,956
Economic development and opportunity	2,380,737	-	-	11,088,757	13,469,494
Miscellaneous	1,451,118	-	-	-	1,451,118
Intergovernmental	6,651,041	-	-	-	6,651,041
Debt service	29,779,558	2,060,077	402,013	11,748,235	43,989,883
Capital projects	-	-	97,440,556	-	97,440,556
Total expenditures	<u>407,293,396</u>	<u>12,497,277</u>	<u>97,842,569</u>	<u>85,502,039</u>	<u>603,135,281</u>
Excess (deficiency) of revenues over expenditures	<u>14,605,905</u>	<u>(4,730,723)</u>	<u>(95,059,433)</u>	<u>(172,758)</u>	<u>(85,357,009)</u>
<b>Other financing sources (uses)</b>					
Transfers in from:					
General fund	-	305,931	-	7,067,934	7,373,865
Capital projects fund	1,203,108	-	-	1,488,311	2,691,419
Special revenue funds	1,284,000	-	1,741,753	-	3,025,753
Enterprise funds	-	-	38,360	-	38,360
Internal service funds	1,000,000	-	-	-	1,000,000
Transfers out to:					
General fund	-	-	(1,203,108)	(1,284,000)	(2,487,108)
Capital projects fund	-	-	-	(1,741,753)	(1,741,753)
Special revenue funds	(7,373,865)	-	(1,488,311)	-	(8,862,176)
Enterprise funds	(8,481,582)	-	-	-	(8,481,582)
Internal service funds	(250,648)	-	-	-	(250,648)
Refunding bonds issued	37,089,587	-	-	17,477,729	54,567,316
Payment to refunded bond escrow agent	(40,638,833)	-	-	(19,150,241)	(59,789,074)
General obligation bonds issued	-	-	118,474,499	-	118,474,499
Premium on debt	6,399,253	-	-	4,104,251	10,503,504
Installment purchase agreement	-	6,509,802	-	-	6,509,802
Sale of capital assets	-	-	-	45,918	45,918
Total other financing sources and (uses)	<u>(9,768,980)</u>	<u>6,815,733</u>	<u>117,563,193</u>	<u>8,008,149</u>	<u>122,618,095</u>
Net change in fund balances	<u>4,836,925</u>	<u>2,085,010</u>	<u>22,503,760</u>	<u>7,835,391</u>	<u>37,261,086</u>
Fund balances - beginning of year	<u>52,319,764</u>	<u>43,652,640</u>	<u>43,602,544</u>	<u>52,765,442</u>	<u>192,340,390</u>
Fund balances - end of year	<u>\$ 57,156,689</u>	<u>\$ 45,737,650</u>	<u>\$ 66,106,304</u>	<u>\$ 60,600,833</u>	<u>\$ 229,601,476</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  
 BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds (See Exhibit II-A-5) \$ 37,261,086

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	\$ 16,999,763	
Depreciation Expense	(23,732,050)	
Adjusted for Internal Service Fund Depreciation	<u>3,379,699</u>	(3,352,588)

The net effect of various miscellaneous transactions involving capital assets is to increase net assets.

Donation of Capital Assets	1,557,701	
Additions to Construction in Progress	31,487,069	
Asset Replacements, Retirements and Deletions	<u>(3,044,919)</u>	29,999,851

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	25,570,134	
Income Taxes - Recognized as Income in the Prior Year	(28,694,070)	
Other Revenues - Deferred in the Fund Statements	2,408,494	
Other Revenues - Recognized as Income in the Prior Year	<u>(2,365,410)</u>	(3,080,852)

(continued)

FREDERICK COUNTY, MARYLAND  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

The issuance of long-term debt (i.e. bonds, leases, installment purchase agreements) proceeds provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets. 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 General Obligation Bonds	\$ (173,041,815)	
Issuance of IPAs	(6,509,802)	
Bond Premiums	(10,503,504)	
Deferred Loss on Bond Refunding	3,416,527	
Principal Payments on General Obligation Debt	79,484,728	
Principal Payments on Notes Payable	777,761	
Principal Payments on Capital Leases	1,925,181	
Deferred Charge for Issuance Costs	960,298	
Build America Bonds Subsidy	591,969	
Amortization of Bond Premiums	2,370,922	
Amortization of Deferred Loss on Bonds	(203,366)	
Amortization of Issuance Costs	<u>(792,247)</u>	\$ (101,523,348)

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.

Accrued Interest - Prior Year	5,327,182	
Accrued Interest - Current Year	(7,811,482)	
Net Other Post Employment Benefit Obligation	(8,785,075)	
Compensated Absences Accrual	(360,987)	
Termination Benefits Accrual	<u>(18,062)</u>	(11,648,424)

Internal service funds are used by management to charge the costs of motor pool services to individual funds. (229,536)

Change in net assets of governmental activities (See Exhibit II-A-2) \$ (52,573,811)

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, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
<b>Local property taxes</b>				
Real property (inc. additions & abatements)	\$ 296,500,000	\$ 296,500,000	\$ 295,275,366	\$ (1,224,634)
Public utilities	7,700,000	7,700,000	6,950,935	(749,065)
Payments in lieu of taxes	50,000	50,000	152,554	102,554
Total levy	<u>304,250,000</u>	<u>304,250,000</u>	<u>302,378,855</u>	<u>(1,871,145)</u>
Tax credit - state reimbursement	2,750,000	2,750,000	3,328,201	578,201
Homestead credit	(52,467,069)	(52,467,069)	(50,776,198)	1,690,871
Other tax credits and refunds	(3,727,000)	(3,727,000)	(4,222,649)	(495,649)
Interest - delinquent taxes	1,785,000	1,785,000	2,641,872	856,872
Discounts allowed on taxes	(1,365,000)	(1,365,000)	(1,519,574)	(154,574)
Total adjustments	<u>(53,024,069)</u>	<u>(53,024,069)</u>	<u>(50,548,348)</u>	<u>2,475,721</u>
Total local property taxes	<u>251,225,931</u>	<u>251,225,931</u>	<u>251,830,507</u>	<u>604,576</u>
<b>Local income taxes</b>	<u>150,945,395</u>	<u>150,945,395</u>	<u>146,332,338</u>	<u>(4,613,057)</u>
<b>Other local taxes</b>				
Admission and amusement	800,000	800,000	836,230	36,230
Recordation	9,785,500	9,785,500	10,686,142	900,642
911 fees - local	1,758,000	1,758,000	2,039,624	281,624
Trailer parks	83,000	83,000	99,291	16,291
Security interest filing fees	1,000	1,000	320	(680)
Total other local taxes	<u>12,427,500</u>	<u>12,427,500</u>	<u>13,661,607</u>	<u>1,234,107</u>
<b>Licenses and permits</b>				
Alcoholic beverage licenses	220,000	220,000	230,424	10,424
Traders' licenses	208,000	208,000	198,639	(9,361)
Animal licenses	32,000	32,000	48,016	16,016
Marriage fees	14,000	14,000	11,605	(2,395)
Miscellaneous licenses and permits	9,000	9,000	19,355	10,355
Total licenses and permits	<u>483,000</u>	<u>483,000</u>	<u>508,039</u>	<u>25,039</u>
<b>Grants from federal government</b>	<u>-</u>	<u>-</u>	<u>124,065</u>	<u>124,065</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, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
<b>Grants from state government</b>				
Police protection	\$ 1,025,000	\$ 1,025,000	\$ 664,585	\$ (360,415)
Aid for fire, rescue and ambulance services	360,000	360,000	364,830	4,830
Highway user revenues	4,912,459	4,917,459	1,077,933	(3,839,526)
Parks	84,000	84,000	-	(84,000)
Total grants from state government	<u>6,381,459</u>	<u>6,386,459</u>	<u>2,107,348</u>	<u>(4,279,111)</u>
<b>Charges for services</b>				
Planning and zoning fees	77,000	77,000	37,130	(39,870)
Court costs, fees and charges	2,300	2,300	2,712	412
Scott Key Center	1,352,000	1,352,000	1,309,912	(42,088)
Other general government	157,000	352,065	400,219	48,154
Public safety	285,500	289,300	388,759	99,459
Public improvement inspections	182,500	182,500	7,434	(175,066)
Workforce services	70,000	70,000	22,706	(47,294)
Frederick County Developmental Center	43,000	43,000	38,918	(4,082)
Mental health	1,711,247	1,913,896	1,748,342	(165,554)
Recreation	692,000	692,000	859,500	167,500
Total charges for services	<u>4,572,547</u>	<u>4,974,061</u>	<u>4,815,632</u>	<u>(158,429)</u>
<b>Fines and forfeitures</b>				
Court	79,000	79,000	90,155	11,155
Alcoholic beverages	5,000	5,000	8,900	3,900
Other fines and forfeitures	103,000	103,000	76,860	(26,140)
Total fines and forfeitures	<u>187,000</u>	<u>187,000</u>	<u>175,915</u>	<u>(11,085)</u>
<b>Investment earnings</b>	<u>2,505,000</u>	<u>2,505,000</u>	<u>530,624</u>	<u>(1,974,376)</u>
<b>Miscellaneous revenues</b>				
Rents and concessions	1,386,230	1,386,230	1,457,634	71,404
Contributions and donations	-	14,345	16,679	2,334
Sale of property	10,000	10,000	5,431	(4,569)
Other miscellaneous revenues	879,500	1,129,500	333,482	(796,018)
Total miscellaneous revenues	<u>2,275,730</u>	<u>2,540,075</u>	<u>1,813,226</u>	<u>(726,849)</u>
<b>Total revenues</b>	<u>431,003,562</u>	<u>431,674,421</u>	<u>421,899,301</u>	<u>(9,775,120)</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, 2010

	Original Budget	Amended Budget	Actual	Variance- Positive (Negative)
<b>General government</b>				
<b>Legislative and executive</b>				
County commissioners	\$ 686,455	\$ 677,758	\$ 655,074	\$ 22,684
County manager	1,164,005	1,164,005	1,146,189	17,816
Boards and commissions	9,898	9,898	7,940	1,958
Total legislative and executive	1,860,358	1,851,661	1,809,203	42,458
<b>Judicial</b>				
Circuit court	1,058,642	1,061,307	1,053,286	8,021
Orphans court	26,312	26,312	20,414	5,898
States attorney	5,188,144	5,188,144	5,166,547	21,597
Grand jury	87,989	87,989	60,803	27,186
Other judicial	500	500	500	-
Total judicial	6,361,587	6,364,252	6,301,550	62,702
<b>Elections</b>				
Board of supervisors of elections	858,381	858,381	543,481	314,900
<b>Financial administration</b>				
Accounting	2,394,129	2,394,129	2,350,407	43,722
Independent auditing	50,550	50,550	52,531	(1,981)
Budgeting	510,707	510,707	510,392	315
Purchasing	873,401	851,577	888,079	(36,502)
Risk Management	371,727	371,727	368,571	3,156
Treasury	1,058,293	1,063,443	941,774	121,669
Total financial administration	5,258,807	5,242,133	5,111,754	130,379
<b>Legal</b>				
County attorney	898,690	898,690	898,443	247
<b>Personnel administration</b>				
Personnel	934,841	951,841	919,941	31,900
<b>Planning and zoning</b>				
Planning	2,090,829	2,090,829	1,973,949	116,880
Board of zoning appeals	11,622	11,622	6,223	5,399
Total planning and zoning	2,102,451	2,102,451	1,980,172	122,279

(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, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
<b>Management services</b>				
General services	\$ 2,649,449	\$ 2,636,480	\$ 2,367,403	\$ 269,077
Logistical services	311,056	311,056	307,962	3,094
Maintenance	8,021,679	8,026,679	7,285,075	741,604
Total management services	<u>10,982,184</u>	<u>10,974,215</u>	<u>9,960,440</u>	<u>1,013,775</u>
<b>Other general government</b>				
Internal audit	7,536,919	7,454,057	6,703,832	750,225
Interagency Information Technologies	560,309	547,361	344,289	203,072
Board of liquor license commissioners	255,315	261,615	261,875	(260)
Total other general government	<u>8,352,543</u>	<u>8,263,033</u>	<u>7,309,996</u>	<u>953,037</u>
Total general government	<u>37,609,842</u>	<u>37,506,657</u>	<u>34,834,980</u>	<u>2,671,677</u>
<b>Public safety</b>				
Sheriff	23,083,271	23,022,500	22,273,820	748,680
Detention center	12,402,641	12,402,641	11,141,707	1,260,934
Work release center	2,703,356	2,703,356	2,587,638	115,718
Alternative sentencing	791,380	791,380	727,405	63,975
Emergency communications	4,608,639	4,608,639	4,739,323	(130,684)
Fire and rescue services	5,166,823	1,789,640	1,528,169	261,471
Fire protection	802,638	-	-	-
Fire Marshall	535,049	535,049	557,755	(22,706)
Emergency preparedness	533,432	390,060	338,815	51,245
Fire/rescue state grant allocation	360,000	360,000	363,568	(3,568)
Public safety director	429,726	429,726	327,582	102,144
Division of Emergency Planning & Management	271,629	271,629	257,641	13,988
Animal control	1,654,904	1,660,384	1,596,631	63,753
Total public safety	<u>53,343,488</u>	<u>48,965,004</u>	<u>46,440,054</u>	<u>2,524,950</u>
<b>Public works</b>				
Highways	12,799,590	13,801,512	13,654,923	146,589
Public works administration	325,266	325,266	338,733	(13,467)
Project management	370,748	370,748	326,091	44,657
Construction management	1,831,147	1,831,147	1,830,300	847
Watershed management section	659,047	635,306	605,839	29,467
Program development and management	496,463	496,463	482,948	13,515
Transportation engineering	1,319,508	1,319,508	1,246,872	72,636
Total public works	<u>17,801,769</u>	<u>18,779,950</u>	<u>18,485,706</u>	<u>294,244</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, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
<b>Health</b>				
County administrator	\$ 118,268	\$ 118,268	\$ 115,699	\$ 2,569
Core services	3,023,095	3,225,744	2,636,140	589,604
Detention center substance abuse	132,572	132,572	132,572	-
Mental health	1,380,517	1,380,517	1,297,799	82,718
Mosquito control	8,000	8,000	6,207	1,793
Frederick County Developmental Center	2,189,063	2,189,063	2,116,214	72,849
ARC of Frederick County	37,050	37,050	37,050	-
Counseling services	22,800	22,800	22,800	-
Mental Health Association hotline	57,000	57,000	57,000	-
Child Abuse Prevention-Mental Health Association	6,175	6,175	6,175	-
Alzheimer's Association of Frederick County	12,350	12,350	12,350	-
Central Maryland Catholic Charities	22,230	22,230	22,230	-
Hepatitis Clinic	15,139	15,939	15,939	-
Total health	<u>7,024,259</u>	<u>7,227,708</u>	<u>6,478,175</u>	<u>749,533</u>
<b>Social services</b>				
Contribution to Department of Social Services	1,337,680	1,162,451	1,295,752	(133,301)
Scott Key Center	2,806,220	2,803,095	2,718,174	84,921
Department of Aging	416,765	392,892	346,065	46,827
Office of Children and Families	147,978	147,978	133,530	14,448
Medical transportation services	176,318	163,744	114,354	49,390
Family Partnership	299,596	299,596	297,996	1,600
Child Advocacy Center	279,302	279,302	223,107	56,195
Deinstitutionalization day care	11,514	11,514	-	11,514
Community Agency School Services	45,600	45,600	45,600	-
Daybreak Adult Daycare Center	27,312	27,312	27,312	-
Advocates for the Homeless	23,750	23,750	23,750	-
The Volunteer Center - United Way	19,000	19,000	19,000	-
Community Action Agency	114,000	114,000	114,000	-
American Red Cross	15,000	15,000	15,000	-
Character Counts	2,850	2,850	2,850	-
Emergency food/fuel/shelter	215,650	215,650	215,650	-
Cakes for Cause	15,000	15,000	15,000	-
Goodwill Industries	15,000	15,000	15,000	-
Hope Alive	7,030	8,976	8,976	-
Healthy Family/Heartly House	44,849	45,649	45,649	-
CASA of Frederick County	5,700	5,700	5,700	-
Other social services	141,295	141,295	141,295	-
Total social services	<u>6,167,409</u>	<u>5,955,354</u>	<u>5,823,760</u>	<u>131,594</u>
<b>Education</b>				
Maryland School for the Blind	2,000	2,000	-	2,000
Frederick County Board of Education	228,962,398	228,930,615	228,579,710	350,905
Frederick Community College	14,538,155	14,538,155	14,579,998	(41,843)
Total education	<u>243,502,553</u>	<u>243,470,770</u>	<u>243,159,708</u>	<u>311,062</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, 2010

	Original Budget	Amended Budget	Actual	Variance- Positive (Negative)
<b>Parks, recreation and culture</b>				
Frederick County Public Libraries	\$ 9,300,648	\$ 9,241,729	\$ 9,123,885	\$ 117,844
Parks and recreation	5,278,775	5,328,859	4,850,752	478,107
Recreation grants	38,000	38,000	38,000	-
Historical Society of Frederick County	11,903	11,903	11,903	-
American Legion Council	950	950	950	-
National Museum of Civil War Medicine	9,500	9,500	9,500	-
Delaplaine Visual Arts Center	9,500	9,500	9,500	-
Weinberg Center for the Arts	9,500	9,500	9,500	-
Community libraries	1,510	1,510	1,510	-
Total parks, recreation and culture	<u>14,660,286</u>	<u>14,651,451</u>	<u>14,055,500</u>	<u>595,951</u>
<b>Conservation of natural resources</b>				
Extension service	342,719	289,471	290,047	(576)
Weed Control	-	195,065	171,032	24,033
Soil conservation	201,530	201,530	193,495	8,035
Gypsy moth control	80,000	80,000	13,600	66,400
Forestry Board	1,900	1,900	1,900	-
Total conservation of natural resources	<u>626,149</u>	<u>767,966</u>	<u>670,074</u>	<u>97,892</u>
<b>Community development and public housing</b>				
Housing administration	383,010	377,881	328,030	49,851
Total community development and public housing	<u>383,010</u>	<u>377,881</u>	<u>328,030</u>	<u>49,851</u>

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**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, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
<b>Economic development and opportunity</b>				
Office of Economic Development	\$ 984,788	\$ 984,788	\$ 881,832	\$ 102,956
Citizens Services Administration	356,387	356,387	350,288	6,099
Workforce Services	658,543	658,543	595,772	62,771
Frederick Innovative Technology Center	142,500	142,500	142,500	-
Head Start	56,870	56,870	56,423	447
Human relations	151,641	151,641	149,962	1,679
Jeanne Bussard Center	20,000	20,000	20,000	-
Commission for Women	4,615	4,615	4,615	-
Goodwill Ambassador Fund	4,750	4,750	600	4,150
Commission for Disabilities	1,378	1,378	1,167	211
Seton Center	47,500	47,500	47,500	-
Emmitsburg Child Care Center	28,500	28,500	28,500	-
Child Care Consortium	28,500	28,500	28,500	-
MHA E-Care	23,750	23,750	23,750	-
Total economic development and opportunity	<u>2,509,722</u>	<u>2,509,722</u>	<u>2,331,409</u>	<u>178,313</u>
<b>Non-departmental</b>				
Property and liability insurance	1,181,550	1,181,550	655,024	526,526
Other post employment benefits	6,132,251	2,799,652	2,799,652	-
Other employee benefits and taxes	843,471	844,419	144,447	699,972
Other various contingencies	3,017,127	1,336,437	-	1,336,437
Indirect cost recovery	(5,740,064)	(5,239,491)	(5,499,813)	260,322
Other miscellaneous	(494,333)	17,565,323	76,005	17,489,318
Total non-departmental	<u>4,940,002</u>	<u>18,487,890</u>	<u>(1,824,685)</u>	<u>20,312,575</u>
<b>Intergovernmental</b>				
Financial corporations grant to municipalities	50,000	50,000	49,273	727
Tax rebate to municipalities	6,601,768	6,601,768	6,601,768	-
Total intergovernmental	<u>6,651,768</u>	<u>6,651,768</u>	<u>6,651,041</u>	<u>727</u>
<b>Debt service</b>				
Principal - general obligation debt	17,785,417	17,785,417	17,785,417	-
Principal - state loans	752,669	752,669	752,669	-
Interest - general obligation debt	12,849,776	11,049,776	11,041,724	8,052
Interest - state loans	199,749	199,749	199,749	-
Total debt service	<u>31,587,611</u>	<u>29,787,611</u>	<u>29,779,559</u>	<u>8,052</u>
Total expenditures	<u>426,807,868</u>	<u>435,139,732</u>	<u>407,213,311</u>	<u>27,926,421</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, 2010

	Original Budget	Amended Budget	Actual	Variance- Positive (Negative)
<b>Other financing sources (uses)</b>				
Transfers in from				
Fire/rescue special revenue fund	\$ -	\$ 180,000	\$ 180,000	\$ -
Economic development loan fund	-	144,000	144,000	-
Non-profit organizational loan fund	-	210,000	210,000	-
Special revenue fund - Housing initiatives	-	750,000	750,000	-
Special revenue fund - Fleet services	1,000,000	1,000,000	1,000,000	-
Capital projects fund	(7,814,900)	1,203,108	1,203,108	-
Transfers out to				
Grants special revenue fund	(8,189,639)	(8,016,373)	(7,067,934)	948,439
Agriculture preservation special revenue fund	(505,931)	(305,931)	(305,931)	-
Enterprise fund - Solid Waste	-	(283,533)	(283,533)	-
Enterprise - Water/Sewer	-	(856,772)	(856,772)	-
Enterprise fund - Citizens Care & Rehabilitation Center	(3,055,699)	(4,270,100)	(4,270,100)	-
Enterprise fund - Montevue Home	(2,262,262)	(2,290,445)	(2,290,445)	-
Enterprise fund - Permitting and Development Review	(400,000)	(780,732)	(780,732)	-
Internal service fund - Fleet services	-	(217,659)	(217,659)	-
Internal service fund - Voice services	-	(32,989)	(32,989)	-
Refunding bonds issued	-	-	37,089,587	37,089,587
Payment to refunded bond escrow agent	-	-	(40,638,833)	(40,638,833)
Premium on debt	-	-	6,399,253	6,399,253
Total other financing sources (uses)	<u>(21,228,431)</u>	<u>(13,567,426)</u>	<u>(9,768,980)</u>	<u>3,798,446</u>
Budgeted use of fund balance	\$ <u>(17,032,737)</u>	\$ <u>(17,032,737)</u>	\$ <u>4,917,010</u>	\$ <u>21,949,747</u>
Change in fund balance			\$ 4,917,010	
Net change in reserves and adjustments to GAAP basis			(80,085)	
Fund balance - beginning of year			52,319,764	
Fund balance - end of year			<u>\$ 57,156,689</u>	

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**  
**AGRICULTURAL PRESERVATION FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actuals</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues</b>				
Other local taxes	\$ 3,286,904	\$ 3,286,904	\$ 2,777,476	\$ (509,428)
Grants from state government	-	4,503,410	1,393,513	(3,109,897)
Investment earnings	1,394,599	1,394,599	3,595,565	2,200,966
Miscellaneous	850,000	-	-	-
Total revenues	<u>5,531,503</u>	<u>9,184,913</u>	<u>7,766,554</u>	<u>(1,418,359)</u>
<b>Expenditures</b>				
Conservation of natural resources	4,880,510	14,976,187	10,437,200	4,538,987
Debt Service	<u>2,176,927</u>	<u>2,176,927</u>	<u>2,060,077</u>	<u>116,850</u>
Total expenditures	<u>7,057,437</u>	<u>17,153,114</u>	<u>12,497,277</u>	<u>4,655,837</u>
Excess (deficiency) of revenues over expenditures	<u>(1,525,934)</u>	<u>(7,968,201)</u>	<u>(4,730,723)</u>	<u>3,237,478</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	(979,997)	946,829	(631,082)	(1,577,911)
Transfer from General Fund	505,931	305,931	305,931	-
Installment purchase agreement	<u>2,000,000</u>	<u>6,715,441</u>	<u>6,509,802</u>	<u>(205,639)</u>
Total other financing sources (uses)	<u>1,525,934</u>	<u>7,968,201</u>	<u>6,184,651</u>	<u>(1,783,550)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,453,928</u>	<u>\$ 1,453,928</u>
Net change in reserves and adjustment to GAAP basis			631,082	
Fund balance - beginning			43,652,640	
Fund balance - ending			<u>\$ 45,737,650</u>	

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

FREDERICK COUNTY, MARYLAND  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	Solid Waste Management	Total Nonmajor Enterprise Funds	Total	
<b>Assets</b>					
Current assets:					
Cash	\$ 2,015,062	\$ 2,600	\$ 78,397	\$ 2,096,059	\$ -
Equity in pooled invested cash	23,026,009	14,304,756	7,157,557	44,488,322	8,395,726
Restricted cash and cash equivalents	9,757,979	30,099	410,196	10,198,274	-
Total cash and cash equivalents	34,799,050	14,337,455	7,646,150	56,782,655	8,395,726
Short-term investments	34,086,679	15,000,000	-	49,086,679	-
Receivables, net of allowance for uncollectibles accounts	9,311,816	1,756,333	2,373,072	13,441,221	160,458
Due from other funds	710,895	-	-	710,895	-
Due from component units	30,733	-	-	30,733	334
Inventories	133,102	-	37,784	170,886	255,894
Prepaid items	-	-	-	-	77,008
Total current assets	<u>79,072,275</u>	<u>31,093,788</u>	<u>10,057,006</u>	<u>120,223,069</u>	<u>8,889,420</u>
Noncurrent assets:					
Long-term investments	10,195,735	5,036,200	-	15,231,935	-
Notes Receivable	9,117,578	-	-	9,117,578	-
Due from other funds	2,307,897	-	-	2,307,897	-
Capital Assets:					
Land	3,605,173	2,837,164	646,142	7,088,479	-
Buildings and improvements	68,106,814	52,093,729	13,715,302	133,915,845	1,633,133
Equipment	35,012,936	6,011,227	2,488,815	43,522,978	26,850,376
Other improvements	281,181,443	-	-	281,181,443	-
Accumulated depreciation	(82,220,823)	(32,505,640)	(8,407,230)	(123,133,693)	(15,783,632)
Construction in progress	139,610,302	334,327	-	139,944,629	-
Deferred bond issue expense	745,807	139,544	30,033	915,384	-
Total noncurrent assets	<u>467,662,862</u>	<u>33,946,551</u>	<u>8,483,062</u>	<u>510,092,475</u>	<u>12,899,877</u>
Total assets	<u>546,735,137</u>	<u>65,040,339</u>	<u>18,540,068</u>	<u>630,315,544</u>	<u>21,789,297</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	1,255,091	29,493	26,814	1,311,398	86,276
Payroll and benefit deductions	680,434	167,987	1,132,747	1,991,168	164,156
Accrued expenses	4,841,236	1,551,193	378,143	6,770,572	78,358
Due to other funds	-	710,895	-	710,895	-
Deferred revenues	6,939,144	15,868	3,650,586	10,605,598	-
Security deposits	-	-	9,358	9,358	-
Other liabilities	6,077,948	6,400	66,563	6,150,911	-
Current portion landfill closure and postclosure liability	-	275,325	-	275,325	-
Current portion general obligation bonds and notes	10,014,257	3,065,377	347,399	13,427,033	-
Current portion of compensated absences	17,807	5,502	52,117	75,426	2,239
Total current liabilities	<u>29,835,917</u>	<u>5,826,040</u>	<u>5,663,727</u>	<u>41,327,684</u>	<u>331,029</u>
Noncurrent liabilities:					
Long term portion landfill closure and postclosure liability	-	13,267,040	-	13,267,040	-
Long term portion general obligation bonds and notes	134,359,881	32,755,854	5,735,300	172,851,035	-
Liability for compensated absences	644,892	158,822	811,018	1,614,732	173,071
Accrued termination benefits	14,617	9,745	20,285	44,647	-
Due to other funds	-	2,307,897	-	2,307,897	-
Total noncurrent liabilities	<u>135,019,380</u>	<u>48,499,358</u>	<u>6,566,603</u>	<u>190,085,351</u>	<u>173,071</u>
Total liabilities	<u>164,855,307</u>	<u>54,327,398</u>	<u>12,230,330</u>	<u>231,413,035</u>	<u>504,100</u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	310,195,652	(106,905)	2,370,330	312,459,077	12,899,877
Restricted for:					
Capital projects	9,273,946	-	-	9,273,946	-
Other purposes	-	30,099	410,196	440,295	-
Unrestricted	<u>62,410,232</u>	<u>10,789,747</u>	<u>3,529,212</u>	<u>76,729,191</u>	<u>8,385,320</u>
Total net assets	<u>\$ 381,879,830</u>	<u>\$ 10,712,941</u>	<u>\$ 6,309,738</u>	<u>\$ 399,902,509</u>	<u>\$ 21,285,197</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.				825,768	
Net assets of business-type activities				<u>\$ 399,728,275</u>	

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

**FREDERICK COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<b>Water and Sewer</b>	<b>Solid Waste Management</b>	<b>Total Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
<b>Operating revenues</b>					
Service charges	\$ 20,495,421	\$ 23,241,000	\$ -	\$ 43,736,421	\$ 12,367,230
Charges for health care services, net of contractual adjustments	-	-	13,803,786	13,803,786	-
License and permit revenue	-	-	3,317,764	3,317,764	-
Fee revenue	-	-	1,849,948	1,849,948	-
Rental charges	-	-	138,339	138,339	-
Total net charges for services	20,495,421	23,241,000	19,109,837	62,846,258	12,367,230
Delinquent fees collected	59,661	72,156	-	131,817	-
Other revenues	319,756	-	70,395	390,151	-
Total operating revenues	20,874,838	23,313,156	19,180,232	63,368,226	12,367,230
<b>Operating expenses</b>					
Personnel services	8,601,821	2,067,983	18,638,028	29,307,832	2,737,441
Operating expenses (including administrative overhead)	6,727,890	14,985,588	4,442,355	26,155,833	1,338,909
Supplies	916,696	31,571	1,191,753	2,140,020	3,825,110
Repairs and maintenance	1,686,517	269,739	76,881	2,033,137	566,358
Depreciation expense	7,387,986	1,635,575	809,761	9,833,322	3,379,699
Total operating expenses	25,320,910	18,990,456	25,158,778	69,470,144	11,847,517
Operating income (loss)	(4,446,072)	4,322,700	(5,978,546)	(6,101,918)	519,713
<b>Nonoperating revenues (expenses)</b>					
Donations	-	-	19,800	19,800	-
Investment earnings	671,737	190,115	30,734	892,586	39,114
Miscellaneous income (expense)	642,055	-	-	642,055	10,109
Build america bonds subsidy	152,623	3,997	-	156,620	-
Interest expense	(3,602,715)	(1,503,707)	(257,272)	(5,363,694)	-
Gain (loss) on disposition of capital assets	(31,122)	-	(4,317)	(35,439)	(42)
Total nonoperating revenues (expenses)	(2,167,422)	(1,309,595)	(211,055)	(3,688,072)	49,181
Net income (loss) before contributions and transfers	(6,613,494)	3,013,105	(6,189,601)	(9,789,990)	568,894
Capital contributions	27,238,122	271,841	-	27,509,963	-
Capital grants and contributions	-	-	175,000	175,000	-
Operating grants and contributions	-	-	25,000	25,000	-
Transfers in	856,772	283,533	7,341,277	8,481,582	312,391
Transfers out	(65,583)	-	(34,520)	(100,103)	(1,000,000)
Total contributions and transfers	28,029,311	555,374	7,506,757	36,091,442	(687,609)
Change in net assets	21,415,817	3,568,479	1,317,156	26,301,452	(118,715)
Net assets - beginning of year	360,464,013	7,144,462	4,992,582		21,403,912
Net assets - end of year	\$ 381,879,830	\$ 10,712,941	\$ 6,309,738		\$ 21,285,197
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.				102,696	
Change in net assets of business-type activities				\$ 26,404,148	

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, 2010**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities-Internal Service Funds</b>
	<b>Water and Sewer</b>	<b>Solid Waste Management</b>	<b>Total Nonmajor Enterprise Funds</b>	<b>Total</b>	
<b>Cash flows from operating activities</b>					
Cash received from residents and customers	\$ 21,719,778	\$ 23,037,243	\$ 19,089,045	\$ 63,846,066	\$ 12,392,336
Cash received from (paid to) interfund services	-	-	(677,075)	(677,075)	-
Cash paid to suppliers	(8,454,585)	(15,507,051)	(5,429,967)	(29,391,603)	(5,817,892)
Cash paid to employees	(9,121,925)	(2,214,542)	(19,710,864)	(31,047,331)	(2,851,900)
Other	-	-	30,655	30,655	-
Net cash provided (used) by operating activities	<u>4,143,268</u>	<u>5,315,650</u>	<u>(6,698,206)</u>	<u>2,760,712</u>	<u>3,722,544</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers in	1,540,326	283,533	7,341,277	9,165,136	(687,610)
Cash received from operating grants	-	-	25,000	25,000	-
Cash received from donations	-	-	19,800	19,800	-
Transfers out	-	(683,553)	-	(683,553)	-
Cash received from patient and resident funds	-	-	(6,923)	(6,923)	-
Cash paid to memorial and employee funds	-	-	48	48	-
Net cash provided (used) by noncapital financing activities	<u>1,540,326</u>	<u>(400,020)</u>	<u>7,379,202</u>	<u>8,519,508</u>	<u>(687,610)</u>
<b>Cash flows from capital and related financing activities</b>					
Cash received from capital grants	-	-	175,000	175,000	-
Acquisition and construction of capital assets	(45,427,300)	(1,372,268)	(175,000)	(46,974,568)	(1,645,577)
Recoveries for damages	-	-	-	-	10,110
Payment of bond issue expense	(150,616)	-	-	(150,616)	229,473
Proceeds from debt issues	52,397,859	829,703	227	53,227,789	-
Payment of bond and note principal	(26,218,727)	(2,923,279)	(349,415)	(29,491,421)	-
Gain on disposal of capital assets	20,854	-	-	20,854	-
Interest paid on bonds	(2,985,461)	(1,564,932)	(289,175)	(4,839,568)	-
Contributed capital	24,375,916	-	(34,520)	24,341,396	-
Net cash provided (used) by capital & related financing activities	<u>2,012,525</u>	<u>(5,030,776)</u>	<u>(672,883)</u>	<u>(3,691,134)</u>	<u>(1,405,994)</u>
<b>Cash flows from investing activities</b>					
Purchase of investments	(50,786,263)	(30,058,551)	-	(80,844,814)	-
Proceeds from the sale of investments	56,272,509	21,500,000	-	77,772,509	-
Interest received on investments	1,615,146	531,439	31,352	2,177,937	39,114
Net cash provided (used) by investing activities	<u>7,101,392</u>	<u>(8,027,112)</u>	<u>31,352</u>	<u>(894,368)</u>	<u>39,114</u>
Net increase (decrease) in cash and cash equivalents	14,797,511	(8,142,258)	39,465	6,694,718	1,668,054
Cash and cash equivalents - beginning of year (restated)	<u>20,001,539</u>	<u>22,479,713</u>	<u>7,606,685</u>	<u>50,087,937</u>	<u>6,727,672</u>
Cash and cash equivalents - end of year	<u>\$ 34,799,050</u>	<u>\$ 14,337,455</u>	<u>\$ 7,646,150</u>	<u>\$ 56,782,655</u>	<u>\$ 8,395,726</u>

(continued)

FREDERICK COUNTY, MARYLAND  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	Solid Waste Management	Total Nonmajor Enterprise Funds	Total	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (4,446,072)	\$ 4,322,700	\$ (5,978,546)	\$ (6,101,918)	\$ 519,713
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	7,387,986	1,635,575	809,761	9,833,322	3,379,699
Bond amortization	-	-	-	-	-
Landfill closing costs	-	507,637	-	507,637	-
Other post employee benefit obligation	(476,277)	(162,884)	(1,107,407)	(1,746,568)	-
Accrued termination benefits	-	-	-	-	-
Miscellaneous non operating income	642,054	-	-	642,054	-
Change in assets and liabilities:					
(Increase) decrease:					
Accounts receivable	320,869	(276,007)	191,418	236,280	25,106
Bad debt allowance	-	32,797	(15,187)	17,610	-
Intergovernmental receivables	-	-	-	-	-
Inventory	35,263	-	3,012	38,275	16,771
Prepaid items	-	-	-	-	(39,010)
Increase (decrease):					
Accounts payable	888,928	(209,231)	(25,207)	654,490	(69,535)
Accrued expenses	(68,803)	(259,697)	3,804	(324,696)	1,437
Deferred revenues	(117,983)	94	103,008	(14,881)	-
Liability for compensated leave	(22,697)	14,130	35,942	27,375	17,264
Due to other funds	-	-	(721,250)	(721,250)	-
Security deposits	-	-	-	-	-
Closure liability	-	(289,464)	-	(289,464)	-
Other liabilities	-	-	2,446	2,446	(128,901)
Net cash provided (used) by operating activities	\$ 4,143,268	\$ 5,315,650	\$ (6,698,206)	\$ 2,760,712	\$ 3,722,544

Noncash investing, capital, and financing activities:

Included in interest income in the Water and Sewer Fund is an unrealized loss of \$559,360. Included in interest income in the Solid Waste Fund is an unrealized loss of \$133,622.

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

**FREDERICK COUNTY, MARYLAND  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2010**

	<u>Pension Trust</u>	<u>Other Post Employment Benefits Trust</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 22,803	\$ -	\$ 201,317
Equity in pooled invested cash	184,522	1,042,161	3,805,402
Investments:			
Money markets	5,734,171	3	-
Fixed income securities	22,498,292	-	-
Equity securities	203,552,518	23,906,904	-
Accounts receivable	-	230,146	-
Interest receivable	261,168	-	-
Total assets	<u>232,253,474</u>	<u>25,179,214</u>	<u>\$ 4,006,719</u>
<b>LIABILITIES</b>			
Accounts payable	287,032	7,736	\$ -
Accrued payroll	2,073	-	-
Due to third parties	-	-	567,283
Performance deposits	-	-	3,439,436
Retirement benefit deductions	90,537	-	-
Total liabilities	<u>379,642</u>	<u>7,736</u>	<u>\$ 4,006,719</u>
<b>NET ASSETS</b>			
Assets held in trust for pension benefits and other purposes	<u>\$ 231,873,832</u>	<u>\$ 25,171,478</u>	

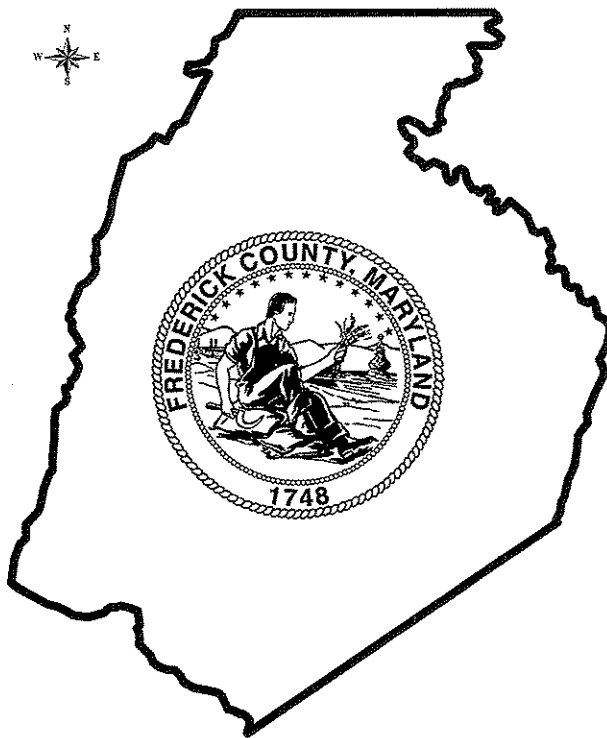
The notes to the financial statements are an integral part of this statement.

**FREDERICK COUNTY , MARYLAND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Pension Trust</u>	<u>Other Post Employment Benefits Trust</u>
<b>Additions</b>		
Contributions		
Employer contributions	\$ 20,438,562	\$ 11,351,017
Member contributions	5,722,396	-
Member contributions for current benefits	-	740,497
Other	-	236,075
Total contributions	<u>26,160,958</u>	<u>12,327,589</u>
Investment income		
Net appreciation (depreciation) in fair value of plan investments	23,378,956	1,984,063
Interest and dividends	4,160,541	685,590
Investment expense	(852,070)	(1,889)
Net investment income	<u>26,687,427</u>	<u>2,667,764</u>
Total additions	<u>52,848,385</u>	<u>14,995,353</u>
<b>Deductions</b>		
Benefits and refunds	7,862,996	5,284,918
Administrative expenses	696,902	38,357
Total deductions	<u>8,559,898</u>	<u>5,323,275</u>
Change in net assets	44,288,487	9,672,078
Net assets - beginning of year	<u>187,585,345</u>	<u>15,499,400</u>
Net assets - end of year	<u>\$ 231,873,832</u>	<u>\$ 25,171,478</u>

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

## NOTES TO FINANCIAL STATEMENTS





Frederick County, Maryland

Directory For

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JUNE 30, 2010

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**FREDERICK COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Frederick County (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**

For financial reporting purposes, in conformance with GAAP, the reporting entity includes the Board of County Commissioners of Frederick County (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 Board of County Commissioners of Frederick 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 Board of County Commissioners of Frederick County. The BOE submits a funding request by major categories of expenditure; the Board of County Commissioners can reduce the BOE request and appropriate a lesser amount in total and/or redistribute funds between major categories. The Board of County Commissioners 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 Board of County Commissioners funds a minimum budget as a condition for State funding. However, this review is considered ministerial, and not substantive in nature.

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 Board of County Commissioners of Frederick County. FCC requests a single amount to fund its operations; the Board of Commissioners 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).

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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 Board of County Commissioners of Frederick 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 Board of County Commissioners of Frederick County appoints the FCPL Board of Trustees. The FCPL's budget is submitted to and approved by the Board of Commissioners 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.

Board of Education of Frederick County  
191 South East Street  
Frederick, Maryland 21701

Frederick Community College  
7932 Opossumtown Pike  
Frederick, Maryland 21702

### 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 4G. 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

## B. Government-wide and Fund Financial Statements

The government-wide financial statements, which include the Statement of Net Assets and the Statement of Activities, report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity, for the most part, and all fiduciary activity have 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

## NOTES TO FINANCIAL STATEMENTS

### (Continued)

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 Assets displays the financial position of the County as of 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 assets are reported in three categories: 1) invested in capital assets, net of related debt; 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 and Agricultural Preservation 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 and Agricultural Preservation 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 pension trust fund 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. Agency 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 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.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The County reports the following major governmental funds:

The *General 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.

The *Agricultural Preservation 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.

The *Capital Projects 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).

Nonmajor governmental funds include the following special revenue funds:

- The *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
- *Fire/Rescue Tax Districts Fund* – This fund primarily accounts for property taxes that are legally restricted to providing fire and rescue services within designated areas of the County. Expenditures accounted for are limited to salaries and fringes, training, lease payments on capital equipment and other capital costs. All other expenditures are recorded in the General Fund.
- *Impact Fees Fund* – This fund accounts for impact fees collected from developers to pay a portion of the cost of schools necessitated by the development.
- *Development Road Improvement Fund* – This fund accounts for building excise tax collections that are dedicated to road development.
- *Electric Lighting Tax Districts Fund* – This fund accounts for property taxes that are legally restricted to paying for street lighting.
- *Parks Acquisition and Development Fund* – This fund accounts for recordation taxes dedicated for parkland acquisition and development.
- *Hotel Rental Tax Fund* – This fund accounts for the hotel tax received from the local hotels as defined by the Hotel Tax Ordinance.
- *Nursing Home Construction Fund* – This fund accounts for recordation taxes dedicated to pay for the cost of building a new Citizens Care and Rehabilitation Center, a nursing home facility.
- *School Construction Fund* – This fund accounts for recordation taxes dedicated to pay a portion of the cost of school construction.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

- *Sheriff's Activities Fund* – These four funds account for activities such as the Sheriff's Drug Enforcement, Sheriff's Office, Narcotics Task Force, and Inmates' Canteen.
- *Loan Activities* – These funds accounts for the loan activities associated with four loan funds – Housing Initiative Loans, Non-Profit Organization Loans, Fire/Rescue Loans and Economic Development Loans.

The County reports the following major proprietary funds:

- *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.
- *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.

Nonmajor proprietary funds include the following enterprise funds:

- *Citizens Care and Rehabilitation Center Fund* accounts for operations of Citizens Care and Rehabilitation Center of Frederick County, a nursing home facility.
- *Montevue Home Fund* accounts for operations of an assisted living facility.
- *Bell Court Apartments Fund* accounts for the operation of the Bell Court low income, elderly housing rental project.
- *Permitting and Development Review Fund* accounts for the operations related to the issuing and administration of building and other permits and for the approval process for contractor development plans.

Additionally, the County reports the following fund types:

- *Internal Service Funds* account for fleet and voice related services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.
- *Agency 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, and servicing tax increment financing bonds.
- *Pension Trust Fund* accounts for the activities of the Frederick County Employee Retirement Plan, which accumulates resources for pension benefit payments to qualified employees.
- *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.

## NOTES TO FINANCIAL STATEMENTS

### (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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 and Net Assets or Equity**

##### *1. Pooled Cash and Investments*

The County operates a centralized cash receipt and disbursement function for all funds except the Pension Trust Funds, Tax Agency Fund, Work Release Fund and the Tax Incremental Financing Board 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 and Other Post Employment Benefits Trust Funds 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 and Other Post Employment Benefits Trust Funds are recorded at fair value.



## NOTES TO FINANCIAL STATEMENTS (Continued)

### 2. *Property Taxes Receivable*

The County's property taxes are levied each July 1 at rates enacted by the Board of County Commissioners 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 1 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, 2010, was \$26,312,887,121. The Countywide property tax rate was \$.936 per \$100 of assessed value. In addition, taxes were levied in two fire tax districts and three lighting tax districts. The County collected 99.83 percent of taxes levied in the current year. The receivable portion of the current year property tax levy, including fire and lighting tax districts and public utility tax, is \$621,592 and is included in total property taxes receivable \$899,127 on the Statement of Net Assets. This compares to the current portion of the prior year levy of \$519,678 included in the total property taxes of \$641,976 as of June 30, 2009.

### 3. *Inventories and Prepaids*

**Inventories-** 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.

**Prepaids-** Payments made to vendors for services that will benefit periods beyond the end of the fiscal year are recorded as prepaids.

### 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 fixed assets are valued at their fair market value at the date of donation.

**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

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 \$5,000 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
Improvements	10 – 30	years
Machinery and Equipment	5 – 30	years
Vehicles	5 – 15	years
Water and Sewer Lines	25 – 75	years
Roads	30	years
Misc. Infrastructure	10 – 20	years
Computer Software	5	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 3,959,910 tons for Site B.

The capital asset accounting policies for BOE, FCC and FCPL are the same as the County. The following useful lives are used for depreciation purposes for the assets of these component units:

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

*5. 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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 6. 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 assets. 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. All debt issue costs are deferred and amortized over the life of the debt issue using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

### 7. Net Assets/Fund Balances

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Invested in capital assets, net of related debt, 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 assets represent 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 assets are reserved to represent the intent of the County's administration to use the unrestricted net assets for specific purposes in the future. Data specific to these reserves is available in Note 3.G.4.

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance are not legally required segregations, but rather represent the intent of the County's administration to use fund balances for specific purposes in the future.

### 8. 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.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Data**

The budget document is a comprehensive financial plan showing all revenues and expenditures for the operating budget, the capital budget and the Capital Improvements Program. The Capital Improvements 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 County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January 15, the Budget Officer requests all departments to submit their proposed operating budgets for the fiscal year commencing the following July 1.
2. All budget requests are compiled by the Budget Office and, after making departmental reviews of the request, a recommended budget is presented to the Board of County Commissioners for review and appeal.
3. Public hearings are required by law to be scheduled by the Budget Officer with approval of the Board of County Commissioners.
4. Prior to the commencement of the fiscal year, the property tax rate is set and the budget is legally enacted through the passage of an ordinance.
5. The Board of County Commissioners adopts the budget for all funds, except the General Fund, at the fund level of budgetary control. The General Fund budget is adopted at the department level. Budgetary schedules in this document may display greater detail than the legal level of budget adoption.
6. Supplemental appropriations are allowed only to provide for the award of federal and state grants and other restricted revenues during the year. Supplemental appropriations were not material in relation to the budget originally appropriated.
7. Appropriations lapse at the end of the fiscal year for all funds, except the Capital Projects Fund and certain federal and state grants that do not have a year-end date of June 30.
8. Formal budgetary integration is employed as a management control device for all funds for which a budget is legally adopted, namely, the General, Special Revenue (except the Sheriff's Drug Enforcement, Sheriff's Office Fund, Narcotics Task Force, Inmates' Canteen, Fire/Rescue Loan and Non-Profit Organizations Loan), Capital Projects, Enterprise Funds, Internal Service Funds, Pension Trust Fund, and Other Post Employment Benefits Trust Fund. No budgets are in place for the Special Revenue Funds individually noted.
9. During the operating year, inter-departmental budget transfers must be approved by the Board of County Commissioners.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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 a other financing source (appropriated fund balance).

**B. Reconciliation of Budgetary Basis to GAAP Basis**

The General Fund and the Agricultural Preservation fund have legally adopted annual budgets. Exhibit II-A-7 and Exhibit II-A-8, the "Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual" are prepared on a basis consistent with these budgets. The budgets are 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 – Budget and Actual" 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				Agricultural Preservation Fund	
	Revenues	Expenditures	Other Financing Sources (Uses)	Net change in Fund Balance	Other Financing Sources (Uses)	Net change in Fund Balance
Budgetary Basis	\$ 421,899,301	\$ 407,213,311	\$ (9,768,980)	\$ 4,917,010	\$ 6,184,651	\$ 1,453,928
Basis Adjustments:						
Encumbrance adjustment	-	(158,193)	-	158,193	-	-
Use of prior year fund balance to balance						
FY 2010 budget (Appropriated fund balance)	-	-	-	-	631,082	631,082
Inventory adjustment	-	238,278	-	(238,278)	-	-
Net affect of basis adjustments	-	80,085	-	(80,085)	631,082	631,082
GAAP Basis	<u>\$ 421,899,301</u>	<u>\$ 407,293,396</u>	<u>\$ (9,768,980)</u>	<u>\$ 4,836,925</u>	<u>\$ 6,815,733</u>	<u>\$ 2,085,010</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The following departments over expended their FY2010 budgets:

	Amended Budget	Actual	Variance
Purchasing	\$ 851,577	\$ 888,079	\$ (36,502)
Emergency Communication	4,608,639	4,739,323	(130,684)
Fire Marshall	535,049	557,755	(22,706)
Public Works Administration	325,266	338,733	(13,467)
Department of Social Services	1,162,451	1,295,752	(133,301)
Frederick County Community College	14,538,155	14,579,998	(41,843)

Variances for Purchasing and Public Works Administration were due to higher than anticipated salary and/or fringe costs. Due to the snow storms in February of 2010, Emergency Communications was over budget in operating and personnel expenditures. Fire Inspection's negative variance was the result on a non budgeted capital expenditure. The Department of Social Services' negative variance was the result of a lower than anticipated Federal recovery of salaries due to a change in the eligible reimbursable employees. Frederick Community College's variance was due to higher than anticipated in-kind charges for indirect costs.

### NOTE 3. DETAILED NOTES ON ALL FUNDS

#### A. Cash, Investments and Equity in Pooled Invested Cash

##### 1. Deposits

##### Primary Government

At year-end, Frederick County's carrying amount of deposits was \$30,701,374 and the bank balance was \$31,475,309. 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)	\$ 799,090
National Credit Union Administration (NCUA)	924
Held by the government's agent, in the government's name	<u>30,675,295</u>
Total Bank Balance	<u><u>\$ 31,475,309</u></u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The County's cash and investments as of June 30, 2010, totaled \$374,871,712 as presented in the Statement of Net Assets. Restricted cash and cash equivalents represent unspent bond proceeds and Bell Court Apartments required reserves for Maryland Department of Housing and Community Development (DHCD). The following table reconciles the County's deposits and investments to the Statement of Net Assets:

Total Primary Government - Exhibit II-A-1	
Cash	\$ 27,464,140
Equity in Pooled Invested Cash	173,622,821
Investments	122,048,758
Restricted Cash and Cash Equivalents	51,735,993
Total	<u>\$ 374,871,712</u>
Deposit & Investment Summary:	
Investments	\$ 349,192,645
Cash on Hand	11,753
Deposits	30,950,035
Less: Component Units and Agency Fund Cash Equivalents	
Pension Trust	(207,325)
OPEB Trust	(1,042,161)
Frederick County Public Libraries	(26,516)
Agency Funds	(4,006,719)
Total	<u>\$ 374,871,712</u>

### Pension Trust Fund

At the year-end, the carrying amount of the Pension Trust Fund's deposits was \$22,803 and the bank balance was \$628,371. The deposits of the Pension Trust Fund were not exposed to custodial risk at June 30, 2010.

### Component Units

Deposits and investments of the BOE, FCC and FCPL are governed by the same law governing the County's investments. At June 30, 2010, BOE's cash on hand for petty cash was \$12,400. The carrying amount of the Board's deposits was \$6,403,178 and the bank balance was \$11,599,946. The deposits of the Board were not exposed to custodial risk at June 30, 2010.

At June 30, 2010, FCC's cash on hand for petty cash was \$8,152. The carrying amount of the College's deposits was \$4,642,315 and the bank balance was \$4,860,891. The deposits of the College were not exposed to custodial risk at June 30, 2010.

At June 30, 2010, the carrying amount and bank balance of FCPL's deposits was \$6,516.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

2. *Investments*

**Primary Government**

As of June 30, 2010, 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>&gt; 24 Month Maturities</u>
U. S. Treasuries	\$ 43,377,001	\$ 10,023,129	\$ 3,039	\$ 33,350,833
Repurchase Agreements	6,188,958	6,188,958	-	-
MD Local Government Investment Pool	215,364,426	215,364,426	-	-
Money Market Funds	11,779,460	11,779,460	-	-
Federal Agency Securities	72,482,800	57,441,650	15,041,150	-
Total Fair Value	<u>\$ 349,192,645</u>	<u>\$ 300,797,623</u>	<u>\$ 15,044,189</u>	<u>\$ 33,350,833</u>

**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 limits General fund investments to maturities within eighteen months from the date of purchase. Up to one-half of Water and Sewer Fund investments may have maturities from two to ten years, with the remaining investments maturing within two 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.

**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, 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 agreement (collateralized in an amount not less than 102 percent 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 designated by the buyer)
4. Bankers' acceptances



**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

5. Shares in an investment company or investment trust (limited to direct obligations of the U.S government and to repurchased agreements fully collateralized by U. S. government obligations and the investment company or trust takes delivery of that collateral, either directly or through an authorized custodian)
6. Money market mutual funds that contain only securities of the organizations listed in items (1), (2), and (3) above
7. Certificates of deposit (collateralized within the guidelines of the Annotated Code of Maryland, State Finance and Procurement Article 6-202)
8. 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 &amp; Poor's</u>	<u>Fitch Ratings</u>
MD Local Government Investment Pool	\$ 215,364,426	not rated	AAAm	not rated
Repurchase Agreement	6,188,958	Aa2	A+	A+
Federal Home Loan Bank	20,050,050	Aaa	AAA	not rated
Federal National Mortgage Association	5,003,150	Aaa	AAA	AAA
Federal Home Loan Mortgage Corporation	23,937,735	Aaa	AAA	AAA
Federal Farm Credit Bank	9,996,900	Aaa	AAA	AAA
Federal Agricultural Mortgage Corporation	13,494,965	not rated	not rated	not rated

The repurchase agreements are collateralized with Small Business Administration (SBA) securities and are explicitly guaranteed by the U.S. Government. 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.

**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. A portion of the portfolio shall be invested in marketable U. S. Treasury bills at all times. More than 5 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.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

<b>Investment Type</b>	<b>Fair Value</b>	<b>% of Portfolio</b>
U. S. Treasuries	\$ 43,377,001	12.422 %
Repurchase Agreements	6,188,958	1.772
MD Local Government Investment Pool (MLGIP)	215,364,426	61.675
Money Market Funds	11,779,460	3.373
Federal Home Loan Bank (FHLB)	20,050,050	5.742
Federal National Mortgage Assoc. (FNMA)	5,003,150	1.433
Federal Home Loan Mortgage Corp (FHLMC)	23,937,735	6.855
Federal Farm Credit Bank	9,996,900	2.863
Federal Agricultural Mortgage Corporation	13,494,965	3.865
Total Fair Value	<u>\$ 349,192,645</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 percent 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 Plans investment policy includes an asset allocation plan for investments. The target allocation is 60 percent equities and 40 percent bonds. The minimum and maximum percentages for equities are 35 percent and 75 percent, respectively, and for bonds are 25 percent and 50 percent, respectively.

**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

As of June 30, 2010, the Plan held the following investments and maturities:

<b><u>Investment Type (All funds)</u></b>	<b><u>Fair Value</u></b>	<b><u>0 - 18 Month Maturities</u></b>	<b><u>18 - 24 Month Maturities</u></b>	<b><u>&gt; 24 Month Maturities</u></b>
Money Market Funds	\$ 5,734,171	\$ 5,734,171	\$ -	\$ -
Mutual Funds	97,944,748	97,944,748	-	-
U.S. Government Securities (Fixed Income)	9,535,803	-	-	9,535,803
Corporate Bonds and Notes (Fixed Income)	12,962,489	620,463	516,197	11,825,829
Common Stocks	105,607,770	105,607,770	-	-
Total Fair Value	<u>\$ 231,784,981</u>	<u>\$ 209,907,152</u>	<u>\$ 516,197</u>	<u>\$ 21,361,632</u>

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**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 lists the following investments as permissible for purchase:

*Equities*

1. Common and preferred stocks listed on a major U.S. exchange or traded regularly on another established U.S. market or exchanges such as NASDAQ;
2. Securities convertible into common stocks;
3. Commingled pooled funds; and
4. Other specialized asset classes, as authorized by the Retirement Plan Committee.
5. No-load mutual funds.

*Fixed Income*

All debt instruments except:

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;

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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, 2010, the Plan's fixed income investments had the following characteristics:

<u>Moody's Rating or Comparable</u>	<u>Fair Value</u>
AAA to A1	\$ 15,200,679
BAA3 to BA1	2,929,234
Not rated	4,368,379
Total Fair Value	<u>\$ 22,498,292</u>

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 broadly classified as institutional quality issues and those that are publicly traded 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 one investment manager for global and international equity investments. The Plan's investment policy does not establish any limitation related to foreign currency risk. The Plan's exposure to foreign currency risk is as follows:

<u>Currency</u>	<u>Fair Value</u>
Australian Dollar	\$ 497,906
British Pound Sterling	5,108,910
Canadian Dollar	249,988
Euro Currency	6,515,367
Hong Kong Dollar	509,972
Japanese Yen	3,638,971
Norwegian Krone	392,230
Singapore Dollar	207,492
Swedish Krona	157,564
Swiss Franc	1,340,451
US	1,474,786
Total Fair Value	<u>\$ 20,093,637</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**Component Units**

The Board of Education's investments at June 30, 2010 are categorized in the following table:

<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>	
State Investment Pool	\$ 3,064,005	\$ 3,064,005	\$ -	\$ -	0.21%
Money Market	22,838,397	22,838,397	-	-	0.35%
Certificates of Deposit	10,436	10,436	-	-	Various
Muni	6,061,976	6,061,976	-	-	0.20%
Fixed Income Securities	7,190,653	7,190,653	-	-	0.01%
Equity Securities	11,512,712	11,512,712	-	-	1.30%
Totals	<u>\$ 50,678,179</u>	<u>\$ 50,678,179</u>	<u>\$ -</u>	<u>\$ -</u>	

Investment income includes the following for the year ended June 30, 2010:

Total net investment income per statement of activities at June 30, 2010 was \$843,696

FCC's investments at June 30, 2010 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>	
State Investment Pool	<u>\$ 8,392,738</u>	<u>\$ 8,392,738</u>	<u>\$ -</u>	<u>\$ -</u>	0.21%

Investment income includes the following for the year ended June 30, 2010:

Total net investment income for FCC (excluding the FCC Foundation) at June 30, 2010 was \$26,061.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The Frederick Community College Foundation investments at June 30, 2010 are:

	June 30, 2010			June 30, 2009		
	Cost	Market	Unrealized Gains (Losses)	Cost	Market	Unrealized Gains (Losses)
Total Investments	<u>\$ 8,712,908</u>	<u>\$ 7,427,513</u>	<u>\$ (1,285,395)</u>	<u>\$ 5,947,249</u>	<u>\$ 4,211,318</u>	<u>\$ (1,735,931)</u>

On June 30, 2010, the Foundation had 324,607.1556 units of the University System of Maryland Foundation, Inc. Unitized Investment Fund valued at \$22.88154 per unit with a value of \$4,211,218.

All debt securities are considered held-to-maturity and equity securities are considered available for sale. Investments are carried at cost and marked for financial statement presentation.

FCPL's investments at June 30, 2010 were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			Interest Rate At June 30
		Less than 1	1-5	6-10	
State Investment Pool	\$ 267,724	\$ 267,724	\$ -	\$ -	0.21%
Certificates of Deposit	193,440	193,440	-	-	Various
Total Investments	<u>\$ 461,164</u>	<u>\$ 461,164</u>	<u>\$ -</u>	<u>\$ -</u>	

Investment income includes the following for the year ended June 30, 2010:

Total net investment income per statement of activities - \$2,499

*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.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*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. At June 30, 2010, 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 investments in foreign currency by the BOE, FCC or FCPL.

**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:

Fire/Rescue Tax Districts	\$254,780
Water and Sewer	1,092
Solid Waste	79,337
Citizen's Nursing Home	255,725
Montevue Home	84,185

*2. Due To/From Primary Government and Component Units*

The receivable and payable balances between the primary government and its component units at June 30, 2009, are reconciled as follows:

	BOE	FCC	FCPL	TOTAL
Due from component units per Primary Government	\$ 42,301	\$ 11,910	\$ -	\$ 54,211
Less: Not recorded as payable by component unit in FY10	(42,301)	(11,910)	-	(54,211)
Due to primary government per Component Units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Due to component units per Primary Government	\$ 12,772,356	\$ -	\$ 3,015,255	\$ 15,787,611
Plus: Receivables recorded by component unit in FY10	420	-	-	420
Due from primary government per Component Units	<u>\$ 12,772,776</u>	<u>\$ -</u>	<u>\$ 3,015,255</u>	<u>\$ 15,788,031</u>

**C. Capital Assets**

With the implementation of GASB Statement No. 34 for the year ended June 30, 2002, infrastructure assets were valued for the first time. This valuation was performed by a third party.



**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Capital Asset activity for the year ended June 30, 2010 is as follows:

	<b>Primary Government</b>			
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 67,510,912	\$ 9,851,097	\$ -	\$ 77,362,009
Construction in progress	17,380,446	31,487,069	(16,959,083)	31,908,432
Total capital assets at historical cost not being depreciated	84,891,358	41,338,166	(16,959,083)	109,270,441
Capital assets being depreciated:				
Buildings and improvements	170,120,550	6,458,560	(1,862,800)	174,716,310
Equipment	91,823,311	9,270,599	(8,711,230)	92,382,680
Infrastructure	324,448,002	10,978,600	(1,018,096)	334,408,506
Total capital assets at historical cost being depreciated	586,391,863	26,707,759	(11,592,126)	601,507,496
Less accumulated depreciation for:				
Buildings and improvements	50,694,336	5,283,624	(74,511)	55,903,449
Equipment	48,237,992	9,474,196	(7,816,191)	49,895,997
Infrastructure	163,091,194	8,974,230	(1,030,259)	171,035,165
Total accumulated depreciation	262,023,522	23,732,050	(8,920,961)	276,834,611
Total capital assets being depreciated, net of accumulated depreciation	324,368,341	2,975,709	(2,671,165)	324,672,885
Governmental activities capital assets, net	<u>\$ 409,259,699</u>	<u>\$ 44,313,875</u>	<u>\$ (19,630,248)</u>	<u>\$ 433,943,326</u>
Depreciation expense was charged to governmental functions as follows:				
General government				\$ 2,743,657
Public safety				5,622,504
Public works				2,794,940
Health				524,147
Social services				435,841
Rec and culture				2,559,688
Conservation of Natural Resources				9,274
Economic Development and Opportunity				67,769
Infrastructure				8,974,230
Total depreciation expense				<u>\$ 23,732,050</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 7,088,479	\$ -	\$ -	\$ 7,088,479
Construction in progress	101,874,869	44,605,211	(6,535,451)	139,944,629
Total capital assets at historical cost not being depreciated	108,963,348	44,605,211	(6,535,451)	147,033,108
Capital assets being depreciated:				
Buildings and improvements	130,847,288	3,131,231	(62,674)	133,915,845
Equipment	42,951,410	704,963	(133,395)	43,522,978
Infrastructure	277,822,294	3,359,149	-	281,181,443
Total capital assets at historical cost being depreciated	451,620,992	7,195,343	(196,069)	458,620,266
Less accumulated depreciation for:				
Buildings and improvements	51,187,155	3,439,465	(55,115)	54,571,505
Equipment	23,493,226	2,641,333	(78,314)	26,056,245
Infrastructure	38,753,419	3,752,524	-	42,505,943
Total accumulated depreciation	113,433,800	9,833,322	(133,429)	123,133,693
Total capital assets being depreciated, net of accumulated depreciation	338,187,192	(2,637,979)	(62,640)	335,486,573
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 447,150,540</u>	<u>\$ 41,967,232</u>	<u>\$ (6,598,091)</u>	<u>\$ 482,519,681</u>
Depreciation expense was charged to business-type functions as follows:				
Citizens Nursing Home				\$ 233,730
Montevue Home				194,967
Bell Court				66,971
Permitting & Development Review				314,093
Solid Waste				1,635,575
Water & Sewer				7,387,986
Total depreciation expense				<u>\$ 9,833,322</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Component units' capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 37,221,290	\$ 110,994	\$ -	\$ 37,332,284
Construction in progress	177,494,724	81,968,145	(44,242,021)	215,220,848
 Total capital assets at historical cost not being depreciated	 214,716,014	 82,079,139	 (44,242,021)	 252,553,132
Capital assets being depreciated:				
Library collection	12,063,003	1,145,532	(1,394,246)	11,814,289
Building and improvements	633,529,814	42,899,437	(4,013,839)	672,415,412
Furniture and equipment	70,958,182	6,380,070	(2,972,778)	74,365,474
 Total capital assets at historical cost being depreciated	 716,550,999	 50,425,039	 (8,380,863)	 758,595,175
Less accumulated depreciation for:				
Library collection	9,416,297	32,857	(1,706,377)	7,742,777
Building and improvements	212,318,613	18,662,947	(4,013,839)	226,967,721
Furniture and equipment	50,439,065	5,405,733	(2,782,377)	53,062,421
Total accumulated depreciation	272,173,975	24,101,537	(8,502,593)	287,772,919
 Total capital assets being depreciated, net of accumulated depreciation	 444,377,024	 26,323,502	 121,730	 470,822,256
 Component units' capital assets, net of accumulated depreciation	 \$ 659,093,038	 \$ 108,402,641	 \$ (44,120,291)	 \$ 723,375,388

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**D. Interfund Receivables, Payables and Transfers**

1. *Primary Government Interfund Receivables and Payable Balances*

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
	<u>Nonmajor Governmental</u>	<u>Due from Other Funds</u>
General Fund	\$ 309,363	\$ 309,363
Total Due to Other Funds	<u>\$ 309,363</u>	<u>\$ 309,363</u>

Interfund balances due from the nonmajor governmental funds include \$309,363 from the Grants Fund. The amount due from the Grant Fund is primarily the additional cash amounts needed during the year ended June 30, 2010, to fund grant expenditures until the County is reimbursed by grantor agencies. This amount due will be repaid to the General Fund as the Grant Fund is reimbursed for expenditures by grantor agencies in the subsequent years.

2. *Interfund Transfers – Primary Government*

Interfund transfers for the year ended June 30, 2010 consists of the following:

	<u>Transfers In</u>								<u>Total Transfers to Other Funds</u>
	<u>General Fund</u>	<u>Agricultural Preservation</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Nonmajor Enterprise</u>	<u>Internal Service Funds</u>	
<b><u>Transfers Out</u></b>									
General Fund	\$ -	\$ 305,931	\$ -	\$ 7,067,934	\$ 856,772	\$ 283,533	\$ 7,341,277	\$ 250,648	\$ 16,106,095
Capital projects	1,203,108	-	-	1,488,311	-	-	-	-	2,691,419
Nonmajor governmental	1,284,000	-	1,741,753	-	-	-	-	-	3,025,753
Water and Sewer	-	-	3,840	-	-	-	-	61,743	65,583
Nonmajor enterprise	-	-	34,520	-	-	-	-	-	34,520
Internal service funds	1,000,000	-	-	-	-	-	-	-	1,000,000
Total Transfers in from Other Funds	<u>\$ 3,487,108</u>	<u>\$ 305,931</u>	<u>\$ 1,780,113</u>	<u>\$ 8,556,245</u>	<u>\$ 856,772</u>	<u>\$ 283,533</u>	<u>\$ 7,341,277</u>	<u>\$ 312,391</u>	<u>\$ 22,923,370</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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 and;
- Transfers to the enterprise funds of the Citizens Care and Rehabilitation Center and Montevue Home for operating purposes from the General Fund.
- Transfers to enterprise funds from the General Fund to fund 100 percent of the annual required contribution for other post-employment benefits

**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 2010 were approximately \$2,703,000.

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

<u>Fiscal Year</u>	<u>Total Payment</u>
2011	\$ 961,481
2012	934,515
2013	904,239
2014	551,610
2015	478,731
2016-2020	2,279,160
2021-2025	1,478,248
2026-2030	573,291
2031-2035	414,890
2036-2040	96,808
<b>Total</b>	<u><u>\$ 8,672,973</u></u>

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 2010 totaled \$127,616.

**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

The future minimum lease revenues for the subleases are as follows:

Years Ending June 30,		
2011	\$	117,206
2012		120,136
2013		123,139
2014		20,607
2015		-
2016-thereafter		-
	\$	<u>381,088</u>

The County is committed under various rental lease agreements as lessor. All leases are considered for accounting purposes to be collectable leases. Lease revenues for Fiscal Year 2010 totaled \$256,113.

Future minimum lease revenues for these rentals are as follows:

Years Ending June 30,		
2011	\$	250,650
2012		144,194
2013		40,477
2014		-
2015		-
2016-thereafter		-
	\$	<u>435,321</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**F. Non-Current Liabilities**

*1. Changes in Non-Current Liabilities*

**Primary Government:**

	Balance July 1, 2009	Additions	Principal Repayments & Reductions	Balance June 30, 2010	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 340,403,603	\$ 173,041,815	\$ (78,061,086)	\$ 435,384,332	\$ 25,605,747
Unamortized Premium on Bonds	10,823,733	10,503,504	(4,026,704)	17,300,533	3,193,634
Deferred Loss on Bond Refunding	(7,199,558)	(3,416,527)	792,247	(9,823,838)	(1,057,399)
Installment Purchase Agreements	42,046,106	6,509,802	-	48,555,908	-
Notes Payable	3,699,879	-	(777,761)	2,922,118	829,738
Capital Lease Obligations	7,775,416	-	(1,925,181)	5,850,235	1,778,730
Compensated Absences	9,879,125	10,265,675	(9,887,423)	10,257,377	301,824
Net OPEB Obligation	5,045,278	8,656,175	-	13,701,453	-
Termination Benefits	211,992	41,149	(23,087)	230,054	-
Total Governmental Activity- Long Term Liabilities	<u>\$ 412,685,574</u>	<u>\$ 205,601,593</u>	<u>\$ (93,908,995)</u>	<u>\$ 524,378,172</u>	<u>\$ 30,652,274</u>

Payments on the non-current liabilities above (excluding compensated absences), that pertain to the County's governmental activities are made by the General, Capital Projects, Citizens Care and Rehabilitation Center Building Fund, Fire/Rescue Tax Districts, Agricultural Preservation, Impact Fee, Economic Development Loan, School Construction and Hotel Rental Tax Funds. A portion of the notes payable are repaid to the County by private users, as discussed in this section under Note 3.F.5 (Notes Payable). The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund. In the past, approximately 82 percent has been paid by the General Fund and the remainder by various other governmental and internal service funds. The additions to the unamortized premium on bonds payable for governmental activities are recorded as an Other Financing Source in the respective fund.

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. At June 30, 2010, Internal Service Funds compensated absences totaling \$158,046 are included in the above amounts.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

	Balance July 1, 2009	Additions	Principal Repayments & Reductions	Balance June 30, 2010	Due Within One Year
<b>Business-type Activities:</b>					
Bonds Payable	\$ 133,276,397	\$ 56,143,185	\$ (34,158,914)	\$ 155,260,668	\$ 9,754,253
Unamortized Premium on Bonds	3,519,289	3,827,944	(1,511,040)	5,836,193	1,051,426
Deferred Loss on Bond Refundings	(1,714,658)	(1,552,906)	216,603	(3,050,961)	(337,119)
Notes Payable	25,873,687	5,228,402	(2,869,921)	28,232,168	2,958,473
Landfill Closure Costs	13,324,192	507,637	(289,464)	13,542,365	275,325
Compensated Absences	1,662,781	1,928,247	(1,900,870)	1,690,158	75,426
Net OPEB Obligation	1,746,568	-	(1,746,568)	-	-
Termination Benefits	44,647	-	-	44,647	-
Total Business-type Activities - Long					
Term Liabilities	<u>\$ 177,732,903</u>	<u>\$ 66,082,509</u>	<u>\$ (42,260,174)</u>	<u>\$ 201,555,238</u>	<u>\$ 13,777,784</u>

The County is not subject to any general debt limitations with regard to its issuance of general obligation bonds other than water, sewer, drainage system and solid waste bonds and other specific types of bonds which are authorized to be issued under certain provisions of the Maryland Code, but any debt limitation which would be applicable to a particular issue of bonds would be contained within the enabling legislation enacted by the General Assembly of the State.

The debt limit for the primary government's water, sewer and solid waste activities at June 30, 2010 was \$1,596,671,653 and the legal debt margin was \$1,413,178,817.

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**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**Component Units:**

	Balance July 1, 2009	Net Changes	Balance June 30, 2010	Due Within One Year
<b>Board of Education</b>				
Capital lease obligations	\$ 19,087,165	\$ (1,169,065)	\$ 17,918,100	\$ 1,634,660
Compensated absences	6,588,677	152,326	6,741,003	4,734,055
Net OPEB liability	41,224,402	30,162,326	71,386,728	-
Termination benefits payable	19,872,695	1,493,720	21,366,415	1,491,927
Board of Education - Long-term Liabilities	<u>\$ 86,772,939</u>	<u>\$ 30,639,307</u>	<u>\$ 117,412,246</u>	<u>\$ 7,860,642</u>
<b>Frederick Community College</b>				
Compensated absences	\$ 1,598,961	\$ 86,562	\$ 1,685,523	\$ 43,421
Net OPEB liability	18,582	61,051	79,633	-
Frederick Community College - Long-term Liabilities	<u>\$ 1,617,543</u>	<u>\$ 147,613</u>	<u>\$ 1,765,156</u>	<u>\$ 43,421</u>
<b>Frederick County Public Libraries</b>				
Compensated absences	\$ 431,443	\$ 8,487	\$ 439,930	\$ 18,625
Net OPEB liability	507,408	376,376	883,784	-
Frederick County Public Libraries - Long-term Liabilities	<u>\$ 938,851</u>	<u>\$ 384,863</u>	<u>\$ 1,323,714</u>	<u>\$ 18,625</u>

**2. General Obligation Bonds****Primary Government**

The County may not issue general obligation bonds and installment purchase agreements unless specific enabling legislation is passed by the Maryland General Assembly. In addition to the Bonds, the County has been authorized by the General Assembly to, among other things, (i) issue temporary notes during any single year in an amount up to \$100,000 to pay debt service on bonded indebtedness and \$5,000,000 to pay any expenses or obligations of the County, (ii) incur debt for the purpose of providing funds for the construction of water, sewerage, drainage systems and solid waste systems, as long as the amount issued, less any sinking funds or reserves to pay such bonds, does not exceed 15 percent of the valuation of all legally assessable property within Frederick County subject to unlimited County taxation, and (iii) issue bonds in an amount up to \$26,925,114 which is the remaining authorization under Chapter 382 of the Laws of Maryland of 2007, as of June 30, 2010.

Any indebtedness authorized by the General Assembly may not be issued until a resolution authorizing the same has been adopted by the Board of County Commissioners.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

<b>Governmental Activities</b>	<b>Paying Fund</b>	<b>Date of Debt Issue</b>	<b>Date of Debt Maturity</b>	<b>Range of Interest Rates</b>	<b>Amount of Original Issue</b>	<b>Amount Outstanding 6/30/10</b>
Public Facilities Refunding Bonds of 1998, Series A (1)	General	10/15/98	Due serially to 07/1/2015	3.30-5.00%	\$ 19,346,419	\$ 12,063,501
Public Facilities Bonds of 1999 (3)	General	08/15/99	Due serially to 07/1/2009	5.22-5.31%	59,116,000	-
Public Facilities Bonds of 1999 (3)	Impact Fee	08/15/99	Due serially to 07/1/2009	5.22-5.31%	30,515,000	-
Public Facilities Bonds of 2000 (3)	General	11/15/00	Due serially to 12/1/2010	5.00%	36,161,520	1,682,515
Public Facilities Bonds of 2000 (3)	Impact Fee	11/15/00	Due serially to 12/1/2010	5.00%	16,653,480	774,849
Public Facilities Refunding Bonds of 2002, Series A (6)	General	04/01/02	Due serially to 07/1/2016	5.0000%	13,999,267	3,736,856
Public Facilities Bonds of 2002	General	11/01/02	Due serially to 11/1/2022	2.00-4.68%	38,200,000	15,255,234
Public Facilities and Refunding Bonds of 2003	General	09/01/03	Due serially to 08/1/2018	2.00-4.25%	33,013,847	18,368,988
Public Facilities and Refunding Bonds of 2003	Fire-Urban	09/01/03	Due serially to 08/1/2018	2.00-4.25%	2,505,905	1,645,663
Public Facilities and Refunding Bonds of 2003	Impact Fee	09/01/03	Due serially to 08/1/2018	2.00-4.25%	6,269,108	4,117,010
Public Facilities Refunding Bonds of 2005	General	05/19/05	Due serially to 08/1/2020	3.50-5.00%	62,517,782	61,597,782
Public Facilities Refunding Bonds of 2005	Impact Fee	05/19/05	Due serially to 08/1/2020	3.50-5.00%	29,264,191	29,264,191
Public Facilities Bonds of 2005	General	11/15/05	Due serially to 12/01/2020	3.50-5.00%	47,817,130	-
Public Facilities Bonds of 2005	CCRC	11/15/05	Due serially to 12/01/2020	3.50-5.00%	810,000	-
Public Facilities Bonds of 2005	Fire-Urban	11/15/05	Due serially to 12/01/2020	3.50-5.00%	270,000	-
Public Facilities Bonds of 2005	Impact Fee	11/15/05	Due serially to 12/01/2020	3.50-5.00%	21,452,870	-
Public Facilities Refunding Bonds of 2006	General	02/01/06	Due serially to 11/01/2022	4.00-5.25%	12,608,476	12,608,476
Public Facilities Bonds of 2007	General	05/15/07	Due serially to 06/01/2027	4.00-5.00%	37,886,000	33,902,775
Public Facilities Bonds of 2007	Hotel Rental	05/15/07	Due serially to 06/01/2027	4.00-5.00%	1,285,000	1,149,899
Public Facilities Bonds of 2007	Impact Fee	05/15/07	Due serially to 06/01/2027	4.00-5.00%	8,172,000	7,312,819
Public Facilities Bonds of 2007	Fire-Urban	05/15/07	Due serially to 06/01/2027	4.00-5.00%	2,402,780	2,159,304
Public Facilities Bonds of 2007	Fire-Sub	05/15/07	Due serially to 06/01/2027	4.00-5.00%	110,220	89,486
Public Facilities Bonds of 2008	General	06/15/08	Due serially to 06/01/2028	3.50-5.00%	36,402,805	33,754,453
Public Facilities Bonds of 2008	CCRC	06/15/08	Due serially to 06/01/2028	3.50-5.00%	6,700,000	6,212,566
Public Facilities Bonds of 2008	Impact Fee	06/15/08	Due serially to 06/01/2028	3.50-5.00%	11,094,300	10,287,175
Public Facilities Bonds of 2008	Fire-Urban	06/15/08	Due serially to 06/01/2028	3.50-5.00%	2,122,252	1,967,855
Public Facilities Bonds of 2008	School Const	06/15/08	Due serially to 06/01/2028	3.50-5.00%	3,094,748	2,869,601
Public Facilities Bonds of 2008	Fire-Sub	06/15/08	Due serially to 06/01/2028	3.50-5.00%	1,640,895	1,521,518
Public Facilities Bonds of 2010A	CCRC	01/26/10	Due serially to 06/01/2020	2.00-5.00%	2,550,474	2,550,474
Public Facilities Bonds of 2010A	Fire-Sub	01/26/10	Due serially to 06/01/2020	2.00-5.00%	147,902	147,902
Public Facilities Bonds of 2010A	Fire-Urban	01/26/10	Due serially to 06/01/2020	2.00-5.00%	1,477,863	1,477,863
Public Facilities Bonds of 2010A	General	01/26/10	Due serially to 06/01/2020	2.00-5.00%	25,073,567	25,073,567
Public Facilities Bonds of 2010A	Impact Fee	01/26/10	Due serially to 06/01/2020	2.00-5.00%	148,431	148,431
Public Facilities Bonds of 2010A	School Const	01/26/10	Due serially to 06/01/2020	2.00-5.00%	17,815,220	17,815,220
Public Facilities Bonds of 2010B (BAB)	CCRC	01/26/10	Due serially to 06/01/2030	4.90-5.90%	3,849,526	3,849,526
Public Facilities Bonds of 2010B (BAB)	Fire-Sub	01/26/10	Due serially to 06/01/2030	4.90-5.90%	223,234	223,234
Public Facilities Bonds of 2010B (BAB)	Fire-Urban	01/26/10	Due serially to 06/01/2030	4.90-5.90%	2,230,595	2,230,595
Public Facilities Bonds of 2010B (BAB)	General	01/26/10	Due serially to 06/01/2030	4.90-5.90%	37,844,476	37,844,476
Public Facilities Bonds of 2010B (BAB)	Impact Fee	01/26/10	Due serially to 06/01/2030	4.90-5.90%	224,032	224,032
Public Facilities Bonds of 2010B (BAB)	School Const	01/26/10	Due serially to 06/01/2030	4.90-5.90%	26,889,180	26,889,180

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

<b>Governmental Activities</b>	<b>Paying Fund</b>	<b>Date of Debt Issue</b>	<b>Date of Debt Maturity</b>	<b>Range of Interest Rates</b>	<b>Amount of Original Issue</b>	<b>Amount Outstanding 6/30/10</b>
Public Facilities Bonds of 2010C Refunding	CCRC	04/27/10	Due serially to 12/01/2020	2.00-5.00%	\$ 628,280	\$ 628,280
Public Facilities Bonds of 2010C Refunding	Fire-Urban	04/27/10	Due serially to 12/01/2020	2.00-5.00%	209,427	209,427
Public Facilities Bonds of 2010C Refunding	General	04/27/10	Due serially to 12/01/2020	2.00-5.00%	37,089,587	37,089,587
Public Facilities Bonds of 2010C Refunding	Impact Fee	04/27/10	Due serially to 12/01/2020	2.00-5.00%	16,640,022	16,640,022
					<u>\$ 714,473,811</u>	<u>\$ 435,384,332</u>

The annual requirements to amortize governmental activities bond debt as of June 30, 2010 are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Public Facilities Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2011	\$ 25,605,747	\$ 19,945,764
2012	28,417,445	18,658,578
2013	28,033,086	17,598,067
2014	28,336,906	16,504,759
2015	29,564,219	15,209,360
2016-2020	154,080,888	55,086,595
2021-2025	83,204,895	26,257,332
2026-2030	58,141,146	8,518,989
	<u>\$ 435,384,332</u>	<u>\$ 177,779,444</u>

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**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

<b>Business Type Activities</b>	<b>Paying Fund</b>	<b>Date of Debt Issue</b>	<b>Date of Debt Maturity</b>	<b>Range of Interest Rates</b>	<b>Amount of Original Issue</b>	<b>Amount Outstanding 6/30/10</b>
Public Facilities Refunding Bonds of 1998, Series A (1)	W&S	10/15/98	07/01/15	3.30-5.00%	\$ 2,849,000	\$ 1,776,500
Public Facilities Refunding Bonds of 1998, Series A (1)	SW	10/15/98	07/01/15	3.30-5.00%	6,294,581	3,924,999
Public Facilities Bonds of 1999	W&S	08/15/99	07/01/09	5.22-5.31%	5,159,000	-
Public Facilities Bonds of 2000	W&S	11/15/00	12/01/10	5.00%	14,185,000	659,997
Public Facilities Bonds of 2000	SW	11/15/00	12/01/10	5.00%	5,000,000	232,639
Public Facilities Refunding Bonds of 2002, Series A (6)	W&S	04/01/02	07/01/16	5.00%	8,590,733	2,293,144
Public Facilities Bonds of 2002	W&S	11/01/02	11/01/16	2.00-4.68%	16,680,000	6,661,186
Public Facilities Bonds of 2002	SW	11/01/02	11/01/16	2.00-4.68%	6,820,000	2,723,579
Public Facilities and Refunding Bonds of 2003	W&S	09/01/03	08/01/18	2.00-4.25%	7,216,140	3,258,340
Public Facilities Refunding Bonds of 2005	W&S	05/19/05	08/01/20	3.50-5.00%	12,091,361	12,091,361
Public Facilities Refunding Bonds of 2005	SW	05/19/05	08/01/20	3.50-5.00%	3,141,667	3,141,667
Public Facilities Bonds of 2005	DPDR	11/15/06	12/01/20	3.50-5.00%	4,150,000	-
Public Facilities Bonds of 2005	W&S	11/15/06	12/01/20	3.50-5.00%	22,320,000	-
Public Facilities Bonds of 2005	SW	11/15/06	12/01/20	3.50-5.00%	5,500,000	-
Public Facilities Refunding Bonds of 2006	W&S	02/01/06	11/01/22	4.00-5.25%	5,505,482	5,505,482
Public Facilities Refunding Bonds of 2006	SW	02/01/06	11/01/22	4.00-5.25%	2,251,042	2,251,042
Public Facilities Bonds of 2007	DPDR	05/15/07	06/01/27	4.00-5.00%	3,034,000	2,715,014
Public Facilities Bonds of 2007	SW	05/15/07	06/01/27	4.00-5.00%	7,200,000	6,443,013
Public Facilities Bonds of 2007	W&S	05/15/07	06/01/27	4.00-5.00%	31,790,000	28,447,690
Public Facilities Bonds of 2008	SW	06/15/08	06/01/28	3.50-5.00%	815,000	755,708
Public Facilities Bonds of 2008	W&S	06/15/08	06/01/28	3.50-5.00%	17,510,000	16,236,124
Public Facilities Bonds of 2010A	SW	01/26/10	02/01/20	2.00-5.00%	318,809	318,809
Public Facilities Bonds of 2010A	W&S	01/26/10	02/01/20	2.00-5.00%	12,172,734	12,172,734
Public Facilities Bonds of 2010B (BAB)	SW	01/26/10	02/01/30	4.90-5.90%	481,191	481,191
Public Facilities Bonds of 2010B (BAB)	W&S	01/26/10	02/01/30	4.90-5.90%	18,372,766	18,372,766
Public Facilities Bonds of 2010C Refunding	DPDR	04/27/10	12/01/20	2.00-5.00%	3,218,967	3,218,967
Public Facilities Bonds of 2010C Refunding	SW	04/27/10	12/01/20	2.00-5.00%	4,266,101	4,266,101
Public Facilities Bonds of 2010C Refunding	W&S	04/27/10	12/01/20	2.00-5.00%	17,312,615	17,312,615
					<u>\$ 244,246,189</u>	<u>\$ 155,260,668</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The annual requirements to amortize business-type bond debt as of June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Public Facilities Bonds	
	Principal	Interest
2011	\$ 9,754,253	\$ 6,971,103
2012	10,452,554	6,481,494
2013	9,401,913	6,119,869
2014	9,563,094	5,761,817
2015	9,960,781	5,328,343
2016-2020	50,604,113	19,771,949
2021-2025	35,695,105	9,397,063
2026-2030	19,828,855	2,551,077
	<u>\$ 155,260,668</u>	<u>\$ 62,382,715</u>

*3. 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 source for the investment purchases.

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**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

<u>Installment Purchase Agreements</u>	<u>Paying Fund</u>	<u>Date of Debt Issue</u>	<u>Date of Debt Maturity</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding 6/30/10</u>
Installment Purchase Agreement #02-04	Ag Pres	05/15/03	05/15/23	4.95%	\$ 484,567	\$ 484,567
Installment Purchase Agreement #02-08	Ag Pres	05/15/03	05/15/13	3.82%	171,052	171,052
Installment Purchase Agreement #02-07 (a)	Ag Pres	05/15/03	05/15/15	4.16%	224,695	224,695
Installment Purchase Agreement #02-07 (b)	Ag Pres	05/15/03	05/15/15	4.16%	266,914	266,914
Installment Purchase Agreement #02-19	Ag Pres	07/14/03	05/15/13	3.84%	656,048	656,048
Installment Purchase Agreement #02-03	Ag Pres	07/14/03	05/15/23	5.03%	1,273,527	1,273,527
Installment Purchase Agreement #02-10	Ag Pres	10/08/03	05/15/23	5.52%	696,992	696,992
Installment Purchase Agreement #02-24	Ag Pres	12/11/03	05/15/23	5.46%	753,565	753,565
Installment Purchase Agreement #02-28	Ag Pres	12/11/03	05/15/15	4.76%	385,748	385,748
Installment Purchase Agreement #02-22	Ag Pres	12/11/03	05/15/23	5.46%	1,320,273	1,320,273
Installment Purchase Agreement #02-01	Ag Pres	02/25/04	05/15/24	5.20%	174,701	174,701
Installment Purchase Agreement #02-11	Ag Pres	02/25/04	05/15/24	5.20%	695,412	695,412
Installment Purchase Agreement #02-21	Ag Pres	05/04/04	05/15/14	4.76%	221,896	221,896
Installment Purchase Agreement #02-18	Ag Pres	06/15/04	05/15/24	5.73%	99,717	99,717
Installment Purchase Agreement #04-10	Ag Pres	06/15/04	05/15/24	5.73%	388,192	388,192
Installment Purchase Agreement #04-15	Ag Pres	06/18/04	05/15/14	4.87%	447,207	447,207
Installment Purchase Agreement #04-06	Ag Pres	06/29/04	05/15/24	5.61%	252,395	252,395
Installment Purchase Agreement #02-13	Ag Pres	06/29/04	05/15/24	5.61%	261,769	261,769
Installment Purchase Agreement #02-15	Ag Pres	08/03/04	05/15/14	4.53%	303,656	303,656
Installment Purchase Agreement #04-16	Ag Pres	08/03/04	05/15/24	5.43%	592,631	592,631
Installment Purchase Agreement #04-11	Ag Pres	08/03/04	05/15/24	5.43%	225,942	225,942
Installment Purchase Agreement #04-12	Ag Pres	08/03/04	05/15/24	5.43%	208,592	208,592
Installment Purchase Agreement #04-03	Ag Pres	08/03/04	05/15/24	5.43%	194,975	194,975
Installment Purchase Agreement #04-01	Ag Pres	08/03/04	05/15/24	5.43%	262,012	262,012
Installment Purchase Agreement #04-08	Ag Pres	08/31/04	05/15/24	5.25%	234,717	234,717
Installment Purchase Agreement #04-05	Ag Pres	08/31/04	05/15/24	5.25%	300,000	300,000
Installment Purchase Agreement #04-09	Ag Pres	08/31/04	05/15/24	5.25%	87,850	87,850
Installment Purchase Agreement #05-29	Ag Pres	03/29/05	05/15/25	4.98%	670,000	670,000
Installment Purchase Agreement #05-30	Ag Pres	03/29/05	05/15/25	4.98%	388,538	388,538
Installment Purchase Agreement #05-31	Ag Pres	03/29/05	05/15/25	4.64%	389,471	389,471
Installment Purchase Agreement #05-32	Ag Pres	04/19/05	05/15/15	4.28%	366,975	366,975
Installment Purchase Agreement #05-33	Ag Pres	04/19/05	05/15/15	4.28%	157,757	157,757
Installment Purchase Agreement #05-34	Ag Pres	04/19/05	05/15/25	4.74%	686,271	686,271
Installment Purchase Agreement #05-35	Ag Pres	04/19/05	05/15/15	4.28%	632,168	632,168
Installment Purchase Agreement #05-36	Ag Pres	05/19/05	05/15/20	4.44%	544,114	544,114
Installment Purchase Agreement #05 37	Ag Pres	05/19/05	05/15/20	4.44%	92,894	92,894
Installment Purchase Agreement #05-38	Ag Pres	05/19/05	05/15/15	4.12%	282,021	282,021
Installment Purchase Agreement #05-40	Ag Pres	05/19/05	05/15/15	4.12%	372,079	372,079
Installment Purchase Agreement #05-41	Ag Pres	07/20/05	05/15/25	4.52%	541,512	541,512

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

<b>Installment Purchase Agreements</b>	<b>Paying Fund</b>	<b>Date of Debt Issue</b>	<b>Date of Debt Maturity</b>	<b>Interest Rate</b>	<b>Amount of Original Issue</b>	<b>Amount Outstanding 6/30/10</b>
Installment Purchase Agreement #05-42	Ag Pres	07/20/05	05/15/15	4.20%	\$ 76,572	\$ 76,572
Installment Purchase Agreement #05-43	Ag Pres	07/20/05	05/15/25	4.52%	367,493	367,493
Installment Purchase Agreement #05-44	Ag Pres	07/20/05	05/15/25	4.52%	250,000	250,000
Installment Purchase Agreement #05-45	Ag Pres	10/11/05	05/15/20	4.58%	281,600	281,600
Installment Purchase Agreement #05-46	Ag Pres	10/11/05	05/15/25	4.63%	229,033	229,033
Installment Purchase Agreement #05-47	Ag Pres	10/11/05	05/15/25	4.63%	363,222	363,222
Installment Purchase Agreement #05-49	Ag Pres	12/13/05	05/15/25	4.78%	316,811	316,811
Installment Purchase Agreement #06-50	Ag Pres	02/28/06	05/15/21	4.66%	315,016	315,016
Installment Purchase Agreement #06-51	Ag Pres	02/28/06	05/15/26	4.61%	436,923	436,923
Installment Purchase Agreement #06-52	Ag Pres	05/18/06	05/15/21	5.28%	144,632	144,632
Installment Purchase Agreement #06-54	Ag Pres	05/18/06	05/15/26	5.27%	221,872	221,872
Installment Purchase Agreement #06-55	Ag Pres	06/15/06	05/15/16	5.03%	628,359	628,359
Installment Purchase Agreement #06-56	Ag Pres	06/15/06	05/15/21	5.20%	236,027	236,027
Installment Purchase Agreement #06-57	Ag Pres	06/15/06	05/15/16	5.03%	500,000	500,000
Installment Purchase Agreement #06-58	Ag Pres	06/15/06	05/15/21	5.20%	75,000	75,000
Installment Purchase Agreement #06-59	Ag Pres	07/13/06	05/15/16	5.03%	465,871	465,871
Installment Purchase Agreement #06-60	Ag Pres	07/13/06	05/15/16	5.03%	181,217	181,217
Installment Purchase Agreement #06-53	Ag Pres	08/24/06	05/15/16	4.72%	188,835	188,835
Installment Purchase Agreement #06-61	Ag Pres	08/24/06	05/15/26	4.93%	605,646	605,646
Installment Purchase Agreement #06-62	Ag Pres	08/24/06	05/15/16	4.72%	666,067	666,067
Installment Purchase Agreement #06-63	Ag Pres	10/26/06	05/15/26	4.87%	246,181	246,181
Installment Purchase Agreement #07-64	Ag Pres	01/25/07	05/15/17	4.77%	658,701	658,701
Installment Purchase Agreement #07-65	Ag Pres	02/01/07	05/15/17	4.75%	643,951	643,951
Installment Purchase Agreement #07-66	Ag Pres	03/15/07	05/15/27	4.71%	744,325	744,325
Installment Purchase Agreement #07-67	Ag Pres	03/15/07	05/15/17	4.51%	400,000	400,000
Installment Purchase Agreement #07-69	Ag Pres	03/15/07	05/15/17	4.51%	500,000	500,000
Installment Purchase Agreement #07-70	Ag Pres	04/12/07	05/15/17	4.69%	841,876	841,876
Installment Purchase Agreement #07-71	Ag Pres	04/12/07	05/15/22	4.93%	1,039,204	1,039,204
Installment Purchase Agreement #07-68	Ag Pres	05/10/07	05/15/22	4.86%	322,000	322,000
Installment Purchase Agreement #07-72	Ag Pres	05/10/07	05/15/17	4.62%	109,486	109,486
Installment Purchase Agreement #07-73	Ag Pres	05/10/07	05/15/17	4.62%	200,000	200,000
Installment Purchase Agreement #07-74	Ag Pres	06/07/07	05/15/19	5.08%	625,310	625,310
Installment Purchase Agreement #07-75	Ag Pres	06/07/07	05/15/27	5.14%	430,542	430,542
Installment Purchase Agreement #07-77	Ag Pres	06/07/07	05/15/17	4.98%	42,452	42,452
Installment Purchase Agreement #07-76	Ag Pres	06/21/07	05/15/27	5.25%	391,452	391,452
Installment Purchase Agreement #07-78	Ag Pres	06/21/07	05/15/17	5.10%	750,000	750,000
Installment Purchase Agreement #07-79	Ag Pres	06/21/07	05/15/27	5.25%	855,458	855,458
Installment Purchase Agreement #07-82	Ag Pres	12/13/07	05/15/17	4.22%	1,151,068	1,151,068
Installment Purchase Agreement #07-80	Ag Pres	12/13/07	05/15/27	4.67%	499,494	499,494
Installment Purchase Agreement #07-81	Ag Pres	12/13/07	05/15/27	4.67%	184,299	184,299
Installment Purchase Agreement #08-83	Ag Pres	02/07/08	05/15/20	4.20%	1,284,116	1,284,116

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

<b>Installment Purchase Agreements</b>	<b>Paying Fund</b>	<b>Date of Debt Issue</b>	<b>Date of Debt Maturity</b>	<b>Interest Rate</b>	<b>Amount of Original Issue</b>	<b>Amount Outstanding 6/30/10</b>
Installment Purchase Agreement #08-84	Ag Pres	02/07/08	05/15/28	4.55%	\$ 558,718	\$ 558,718
Installment Purchase Agreement #08-85	Ag Pres	04/17/08	05/15/23	4.56%	1,030,451	1,030,451
Installment Purchase Agreement #08-86	Ag Pres	04/17/08	05/15/23	4.56%	400,114	400,114
Installment Purchase Agreement #08-88	Ag Pres	05/20/08	05/15/28	4.59%	940,777	940,777
Installment Purchase Agreement #08-87	Ag Pres	05/20/08	05/15/28	4.59%	1,899,662	1,899,662
Installment Purchase Agreement #08-90	Ag Pres	10/28/08	05/15/28	4.29%	870,918	870,918
Installment Purchase Agreement #08-89	Ag Pres	02/27/09	05/15/28	4.40%	1,566,510	1,566,510
Installment Purchase Agreement #09-94A	Ag Pres	10/01/09	05/15/19	3.49%	433,274	433,274
Installment Purchase Agreement #09-94B	Ag Pres	10/01/09	05/15/19	3.49%	433,274	433,274
Installment Purchase Agreement #09-97A	Ag Pres	10/01/09	05/15/29	4.15%	323,870	323,870
Installment Purchase Agreement #09-97B	Ag Pres	10/01/09	05/15/29	4.15%	323,870	323,870
Installment Purchase Agreement #09-97C	Ag Pres	10/01/09	05/15/29	4.15%	323,870	323,870
Installment Purchase Agreement #09-98A	Ag Pres	10/01/09	05/15/29	4.15%	364,533	364,533
Installment Purchase Agreement #09-98B	Ag Pres	10/01/09	05/15/29	4.15%	364,533	364,533
Installment Purchase Agreement #09-92	Ag Pres	07/16/09	05/15/29	4.60%	961,422	961,422
Installment Purchase Agreement #09-93	Ag Pres	07/16/09	05/15/29	4.60%	234,792	234,792
Installment Purchase Agreement #09-91	Ag Pres	10/28/09	05/15/29	4.46%	1,297,071	1,297,071
Installment Purchase Agreement #09-95A	Ag Pres	02/18/10	05/15/20	4.02%	139,895	139,895
Installment Purchase Agreement #09-95B	Ag Pres	02/18/10	05/15/20	4.02%	139,895	139,895
Installment Purchase Agreement #09-96A	Ag Pres	02/18/10	05/15/22	4.36%	195,199	195,199
Installment Purchase Agreement #09-96B	Ag Pres	02/18/10	05/15/22	4.36%	100,389	100,389
Installment Purchase Agreement #09-96C	Ag Pres	02/18/10	05/15/22	4.36%	100,389	100,389
Installment Purchase Agreement #09-96D	Ag Pres	02/18/10	05/15/22	4.36%	61,377	61,377
Installment Purchase Agreement #10-99	Ag Pres	06/17/10	05/15/20	3.43%	712,151	712,151
<b>Total Installment Purchase Agreements</b>					<b>\$ 48,555,908</b>	<b>\$ 48,555,908</b>

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**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

The annual requirements to amortize installment purchase agreement debt as of June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Installment Purchase Agreements	
	Principal	Interest
2011	\$ -	\$ 2,250,359
2012	-	2,283,933
2013	827,100	2,303,661
2014	972,759	2,280,898
2015	3,154,400	2,291,150
2016-2020	13,485,323	9,332,968
2021-2025	16,340,507	6,596,296
2026-2030	13,775,819	2,151,943
	<u>\$ 48,555,908</u>	<u>\$ 29,491,208</u>

*4. Capital Lease Obligations*

**Primary Government**

The County has entered into various lease agreements as lessee for financing the acquisition of numerous pieces of telecommunications, highway, and fire and rescue 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.

The assets acquired through capital leases are as follows:

Asset:	
Equipment	\$ 15,035,330
Less: Accumulated depreciation	(6,375,662)
Total:	<u>\$ 8,659,668</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, 2010, were as follows:

Fiscal Year Ending June 30,	Total Payment
2011	\$ 1,978,389
2012	1,624,140
2013	1,131,995
2014	634,632
2015	402,013
2016-2018	603,018
	<u>6,374,187</u>
Less: amount representing interest	(523,952)
Present value-net minimum lease payments	<u>\$ 5,850,235</u>

**Component Unit**

The BOE has various capital lease agreements for the purchase of a wide area network technology upgrade, a new central office building, and food service equipment. Payments, including interest, during Fiscal Year 2010 were \$87,193 for the food service equipment, \$771,540 for a central office building, and \$1,182,000 for technology upgrades.

The BOE entered into a lease agreement, as lessee, to design and construct a central office building in the amount of \$16,700,000. Financing was completed in December, 2007. The lease agreement is for a period of twenty-five years.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Construction in Progress	\$ 793,003
Machinery and equipment	9,454,561
Less: Accumulated depreciation	(9,623,932)
Total	<u>\$ 623,632</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

As of June 30, 2010, the minimum obligation under capital leases were as follows:

Fiscal Year Ending June 30,	Governmental Activities
2011	\$ 2,447,670
2012	1,178,482
2013	1,178,492
2014	1,178,504
2015	1,178,522
2016-2020	5,893,040
2021-2025	5,894,266
2026-2030	5,896,329
2031-2033	3,539,116
Total Obligations	28,384,421
Less: Portion representing interest	(10,466,321)
Present value of lease obligation	<u>\$ 17,918,100</u>

5. Notes Payable

**Primary Government**

**Governmental Activity:**

Maryland Industrial Land Act Loans

The County has an outstanding loan from the Department of Business and Economic Development of the State (DBED) in the original amount of \$630,000 under the Maryland Industrial Land Act, Article 83A, Section 5-401 et. seq. of the Maryland Code. The outstanding balance of this loan at June 30, 2010 was \$370,773. The proceeds of this loan have been reloaned by the County to Dan Jay LLC to assist in the financing of the acquisition of certain industrial land and shell buildings in Frederick County. It is anticipated that the repayment of this loan by the private user will generate sufficient moneys for the County to repay DBED, however, the loan is a full faith and credit obligation of the County. A loan in the amount of \$181,059 has also been received under the program and granted to State Farm Insurance to assist in the financing of certain street and site improvements in the County. The loan is a full faith and credit obligation of the County. The outstanding balance of this loan at June 30, 2010 was \$112,016.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

United States Environmental Protection Agency

On April 17, 1992, the County entered into a loan agreement with the United States Environmental Protection Agency. These funds were provided in accordance with the provisions of the Asbestos School Hazard Abatement Reauthorization Act of 1990, 20 U.S.C. 4011 et. seq, for the purpose of removing asbestos from Frederick County Public Schools. The original amount of this loan was \$1,370,471, and the balance due as of June 30, 2010, is \$114,206. This is a non-interest bearing note. Semi-annual principal payments of \$38,069 are required, with a final payment due on November 30, 2011.

Maryland State Retirement System

Effective June 30, 1993, the County withdrew from the Maryland State Retirement System for all hires after June 30, 1993. The State calculated a net unfunded amount due from the County, which is further explained in Note 4.D. The original amount of this liability was \$7,036,995. Under the Reformed Plan, established in 1999, this liability was increased to \$7,388,271. The balance due at June 30, 2010 is \$2,325,123.

	Paying Fund	Amount of Original Issue	Date of Debt Issue	Date of Debt Maturity	Annual Rate/ Payment Frequency	Amount Outstanding 06/30/10
<b>Governmental Activity:</b>						
MD Industrial Land Act Loan - Dan Jay LLC	Econ Dev	\$ 630,000	02/11/94	02/11/21	5.23%/Quarterly	\$ 370,773
MD Industrial Land Act Loan - State Farm	General	181,059	05/12/94	05/12/21	5.93%/Quarterly	112,016
EPA Asbestos School Hazard Abatement	General	1,370,471	04/17/92	11/30/11	0.00%/Semi-annually	114,206
Maryland State Retirement System	General	7,388,271	06/30/93	12/31/12	7.5%/Annually	2,325,123
Total Notes Payable		<u>\$ 9,569,801</u>				<u>\$ 2,922,118</u>

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

	Principal	Interest
2011	\$ 829,738	\$ 167,988
2012	847,510	112,148
2013	869,432	52,157
2014	39,786	19,459
2015	41,973	17,272
2016-2020	247,133	49,092
2021	46,546	1,371
	<u>\$ 2,922,118</u>	<u>\$ 419,487</u>

## NOTES TO FINANCIAL STATEMENTS (Continued)

### ***Business Type Activities:***

#### **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's loan program since Fiscal Year 1992. As of June 30, 2010, the County has authorized and approved borrowings in an aggregate principal amount of \$91,083,097 for ten water and sewer loans. The County has also authorized and approved borrowings in an aggregate principal amount of \$23,083,532 for three solid waste loans. As of June 30, 2010, \$33,482,506 of the water and sewer loan proceeds and \$23,083,532 of the solid waste loan proceeds have been drawn. The outstanding principal balance on these loans as of June 30, 2010 is \$28,232,168. These loans have interest rates of 1.00 – 4.56 percent.

#### ***6. 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 percentage 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 100 percent to capacity. Total capacity of Site A is 3,228,000 tons. In Fiscal Year 2010, \$289,464 of operating activities such as leachate treatment and well testing related to Site A were incurred. The liability for Site A closure was increased \$293,465 to reflect the variance between estimated and actual costs. The total remaining estimated costs for closure and post closure care of Site A are \$4,020,325 as of June 30, 2010. This entire amount is reported as a liability for Site A.

As of June 30, 2010, the Site B landfill had capacity used of 1,803,501 tons, which is 45.54 percent of the revised capacity of 3,959,910 tons which includes the vertical expansion and an aerial adjustment. The total estimated costs for closure and post closure care of Site B are \$20,907,347. The resulting liability is \$9,522,040, with \$11,385,307 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 \$13,542,365 as of June 30, 2010. 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.

#### ***7. Current Year Defeasance of Debt***

On April 27, 2010, the County issued the General Obligation Refunding Bonds of 2010, Series C, in the amount of \$79,365,000. These bonds carry an average interest rate of 4.3271 percent. The gross proceeds of \$87.4 million (including premium) were used to advance refund certain maturities in the amount of \$79.92 million of the 2005 General Obligation Public Facilities Bonds. As a result certain maturities of the 2005 bonds have been removed from the government-wide statement of net assets.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

This refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4.97 million. This difference is reported in the accompanying financial statements as a deduction from bonds payable and is being charged to operations through fiscal year 2021. The County uses the straight line method to amortize this loss. The County completed the refunding to reduce its total debt service payments through fiscal year 2021 by \$1,702,441, and to obtain an economic gain of \$1,665,867. As of June 30, 2010, there remains \$144,260,000 of outstanding defeased debt.

**G. Fund Balances/Net Assets**

*1. Governmental Activities with Reservation of Fund Balance*

Reservations of fund balance segregate a portion of the balance to indicate that these resources are for a specific purpose and are not available for appropriation for other purposes.

As of June 30, 2010, fund balances were reserved as follows:

	General Fund	Agricultural Preservation	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Reserved</b>					
For encumbrances	\$ 1,392,495	\$ -	\$ 54,663,444	\$ 294,993	\$ 56,350,932
For inventories	1,135,858	-	-	-	1,135,858
For long-term receivables	183,756	-	-	5,287,129	5,470,885
For drug investigations	-	-	-	281,377	281,377
For Agricultural Preservation					
Compliance monitoring	-	199,067	-	-	199,067
Total reserved fund balances	<u>\$ 2,712,109</u>	<u>\$ 199,067</u>	<u>\$ 54,663,444</u>	<u>\$ 5,863,499</u>	<u>\$ 63,438,119</u>

The MILA and MICRF loans receivable are not offset by a reservation of fund balance on the statement of net assets. These loans receivable are offset by deferred revenue. Deferred revenue represents amounts due from private users to repay the State. Therefore, the loans receivable do not represent fund balance to the County.

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**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*2. Governmental Activities with Unreserved Fund Balances Designated for Other Purposes*

As of June 30, 2010, Unreserved Fund Balance designations are as follows:

	General Fund	Agricultural Preservation	Nonmajor Governmental Funds	Total Governmental Funds
<b>Unreserved - Fund Balances</b>				
<b>Designated for:</b>				
Bond rating enhancement	\$ 100,000	\$ -	\$ -	\$ 100,000
Capital Projects	-	-	39,010,340	39,010,340
Debt service	-	31,038,649	1,809,975	32,848,624
Inmates purchases	-	-	333,982	333,982
Loans	-	-	1,918,319	1,918,319
Rural Legacy	-	2,118,934	-	2,118,934
Subsequent years' expenditures	33,983,914	-	923,228	34,907,142
Total designated fund balances	<u>\$ 34,083,914</u>	<u>\$ 33,157,583</u>	<u>\$ 43,995,844</u>	<u>\$ 111,237,341</u>

The General Fund fund balance - unreserved-designated for subsequent years' expenditures includes the following designations:

Designated for use in FY11 budget	\$ 10,857,905
Designated for use in FY12 budget	20,120,097
Designated for LOSAP (Length of Service Award Program)	265,564
Designated for debt service	2,730,808
Designated for lobbying monitoring	9,540
Total General Fund Fund Balance - Unreserved-designated for subsequent years' expenditures	<u>\$ 33,983,914</u>

*3. Governmental Activities with Unreserved, Undesignated Fund Balances*

The General Fund has unreserved, undesignated fund balance at June 30, 2010 totaling \$20,360,666. Section 2-7-1(a) (2) of the Frederick County, Maryland Code of Ordinances 2004 and 2005 S-Z Supplement provides for the County to maintain an unappropriated undesignated General Fund balance equal to 5 percent of General Fund expenditures and transfers to the Board of Education and Frederick Community College on a budgetary basis for the prior fiscal year. At June 30, 2010 the required balance is \$20,360,666.

The ordinance stipulates that the 5 percent set-aside, noted above, be included in the unreserved, undesignated General Fund balance in the governmental fund statements. Also due to the restricting nature of the set-aside, the 5 percent is reported as restricted net assets in the governmental activities column of the government-wide Statement of Net Assets.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*4. Business-type Activities with Unrestricted Net Assets*

On February 19, 2002 the 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, 2010, the calculation of these reserves is \$96,800,910 (detailed below). These reserves are a part of the \$381,879,830 net asset balance.

Reserved for:	
Operating Reserves	\$ 4,483,231
3 R Reserves	12,269,819
Tap Credits	2,981,035
Cash Funding of Capital Projects	9,915,179
System Development	67,151,646
Total Water and Sewer Reserves	96,800,910
Unfunded reserves	(34,390,678)
Unrestricted net assets	<u>\$ 62,410,232</u>

*5. Investment in Capital Assets Net of Related Debt*

As of June 30, 2010, Investment in capital assets, net of related debt in the Government-Wide Statement of Net Assets were calculated as follows:

	Governmental Activities	Business-type Activities
Capital Assets (Exhibit II-A-1)	\$ 433,943,326	\$ 482,519,681
Debt related to Capital Assets	(201,987,817)	(179,334,550)
Unspent bond proceeds included in debt related to capital assets	<u>41,537,719</u>	<u>9,273,946</u>
Investment in Capital Assets net of related debt (Exhibit II-A-1)	<u>\$ 273,493,228</u>	<u>\$ 312,459,077</u>



**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

6. *Net Assets Restricted by Enabling Legislation*

Net assets restricted by enabling legislation represent accumulated net assets 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 assets in the government wide Statement of Net Assets, are as follows at year end:

Governmental activities	\$ 142,468,287
Business-type activities	-
Total Net Assets Restricted by Enabling Legislation	<u>\$ 142,468,287</u>

**NOTE 4. OTHER INFORMATION**

**A. Commitments and Contingencies**

1. *Construction Commitments*

As of June 30, 2010, the County had the following commitments with respect to unfinished capital projects:

	Total Project Budget	Total Expenditures	Amount Funded	Required Future Funding
General government	\$ 98,378,503	\$ 50,388,849	\$ 60,190,992	\$ 38,187,511
Roads and Bridges	34,105,600	23,283,248	27,720,275	6,385,325
Board of Education	179,383,466	155,879,853	139,700,995	39,682,471
Frederick Community College	22,549,152	12,434,679	22,087,502	461,650
Parks and Recreation	29,149,041	12,852,152	22,645,481	6,503,560
Watershed Restoration	1,185,194	522,060	1,185,194	-
Municipal	103,964	21,365	21,879	82,085
	<u>\$ 364,854,920</u>	<u>\$ 255,382,206</u>	<u>\$ 273,552,318</u>	<u>\$ 91,302,602</u>

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 2. Federal Financial Assistance

The County participates in a number of Federally assisted programs, principal of which are the Child Support Enforcement, Mass Transit Programs, Section 8 Housing, Head Start, Bridge Projects and Neighborhood Conservation Initiative. Audits of these programs are conducted according to the Federal Office of Management and Budget Circular A-133. The Single Audit Report for the year ended June 30, 2010 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 at June 30, 2010.

### 4. Economic Dependency

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

Citizens Care and Rehabilitation Center, a non-major enterprise fund, has two payor types that individually exceed 10 percent of total operating revenues for this fund. They are Medicaid (52.74 percent), and Medicare (21.57 percent).

The Solid Waste Enterprise Fund has three customers which account for 25.84 percent of total operating revenues. Two commercial haulers accounted for \$4,538,667, or 19.47 percent, of the fiscal year 2010 operating revenues. A single municipality accounted for \$1,484,393 or 6.37 percent of the fiscal year 2010 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.

### 5. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which it carries commercial insurance. The County retains no risk for claims up to the maximum amount of the policy except for deductible amounts.

There were no instances of claims exceeding insurance coverage in the past three years.

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 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.

### 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 at June 30, 2010.

### C. **Conduit Debt**

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 payments received on the underlying mortgage loans. 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, the bonds are not reported as liabilities in the accompanying financial statements.

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**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Frederick County has issued taxable Tax Increment Financing Bonds to finance a portion of the infrastructure needed in the Dudrow Industrial Park and Center Park Development Districts. The County surrenders its tax revenues on the incremental increase in property taxes within the districts to pay the debt service on these bonds. Cash and the related liability to bondholders are accounted for in an Agency Fund. The Emergent Biosolutions bond was issued in 2005 and paid in full on December 1, 2009. The original amount of this bond was \$300,000. Below is information on the current outstanding bond issue:

<u>Payee</u>	<u>Amount of Original Issue</u>	<u>Date of Debt Issue</u>	<u>Date of Debt Maturity</u>	<u>Interest Rate</u>	<u>Payment Frequency</u>	<u>Amount Outstanding 6/30/2010</u>
Toys'R-Us	\$ 1,890,094	09/26/96	09/15/18	8.16%	Annually	\$ 1,157,090

Frederick County has issued special obligation bonds on November 6, 1998 and April 1, 2004 for the Urbana Community Development Authority in the amount of \$30,000,000 and \$32,974,000, respectively; and January 18, 2001 and September 20, 2007 for the Villages of Lake Linganore Community Development Authority in the amount of \$6,730,000 and \$6,346,142, respectively. The bonds were for infrastructure costs within the boundaries of the respective Authorities. Neither the full faith and credit nor the general taxing power of the County is pledged to the payment of these special obligation bonds. The bonds are secured by special taxes levied on the property within the respective Authority. On October 4, 2006, authorization was granted for an additional \$100,000,000 of bonds to refinance existing Urbana CDA issues and issue new debt. To date no bonds have been issued for this authorization. The County has authorized a Community Development Authority district for the Aspen North area of the County. While taxes have been levied on the Aspen North properties, debt has not yet been issued.

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**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**D. Retirement Plans**

Frederick County employees participate in a single-employer pension plan that is administered by the County in a separate trust fund and in two cost-sharing multiple-employer pension plans administered by the State. These plans are as follows:

*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 of the County Code. Benefit provisions of the plan were adopted by resolution after a public hearing.

Employees of the County hired on or after July 1, 1993, and current employees electing transfer into the plan on that date are members of the plan. Effective July 1, 2000, to be eligible for benefits, an employee must work 700 hours per year. Participation classification is based on the employee's status as either "uniformed" or "non-uniformed".

The type and number of employees covered as of June 30, 2010, 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	86	353	-	-
Terminated employees entitled to benefits	-	-	168	139
Active employees	597	1503	-	-

Effective July 1, 2000, a uniformed employee may retire at the earlier of age 50 or 20 years of eligibility service. Vesting begins after 5 years of service. Retirement benefits are calculated by formula and provide approximately 50 percent of average pay after 20 years or 66 percent after 28 years of service. Early retirement benefits are not available. A non-uniformed employee may retire at the earlier of age 60 or 25 years of eligibility service. Vesting begins after 5 years of service. Retirement benefits are calculated by formula and provide approximately 50 percent of average pay after 25 years or 60 percent after 30 years of service. An employee may also take early retirement with reduced benefits at age 55 with 15 years of service.

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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### *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 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*

Obligations to contribute to the plan were established by local resolution after a public hearing.

Funding for the plan provides for periodic contributions based upon actuarial valuations. The recommended contribution is based on a policy of maintaining the County's contribution rate at 18.6% of pay as long as that amortizes cumulative gains/losses and assumption changes over a period that satisfies Governmental Accounting Standards Board Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers". 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, 2000, uniformed employees contribute 8 percent of their base pay under the plan, and non-uniformed employees contribute 4 percent. The County's required payroll contribution in FY2010 was 18.6 percent.

### *Annual Pension Cost*

During the fiscal year ending June 30, 2010 contributions to the plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at July 1, 2009.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.50 percent per year compounded annually, gross of investment expenses, (b) projected salary increases from 5.00 percent to 10.00 percent per year compounded annually, including 2.5 percent per year attributable to inflation, and the remainder of merit/seniority, and (c) 1.00 percent cost of living benefit increase.

The projected unit credit cost method is the actuarial cost method used to determine the plan's normal cost and the actuarial accrued liability. The actuarial value of assets is determined by adjusting the market value of assets as of the actuarial valuation date for any actuarial gains and losses. There was a actuarial loss during FY2009, caused primarily by investment returns that were lower than expected and turnover that was lower than expected. These losses were partially offset by salary increases that were less than assumption.

The Plan's unfunded liability is attributable to two sources; plan changes and cumulative gains/losses and assumption changes. Plan changes are amortized over a closed 30-year period and the cumulative gains/losses and assumption changes are amortized over an open 15-year period. As of July 1, 2009 there are three plan change bases which are currently outstanding – the COLA plan change (18 years remaining), July 1, 2000 plan improvements for all employees (20 years remaining) and the July 1, 2009 disability plan changes (29 years remaining). All amortization payments are calculated as a level percent of payroll, which is assumed to increase 3.5 percent each year.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The annual pension cost, the percentage of that amount contributed, and the net pension obligation for the past three years are as follows:

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 20,438,562	100%	\$ -
2009	20,360,404	100	-
2008	18,588,620	100	-

At June 30, 2010, the plan's net assets are \$231,873,832.

*2. Funded Status and Funding Progress*

The funded status of the plan as of July 1, 2009, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)- Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a) / c )</u>
\$ 236,064,896	\$ 299,810,414	\$ 63,745,518	78.7%	\$ 111,777,209	57.0%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

*3. Cost-Sharing Multiple-Employer Pension Plan*

*Plan Description*

The Employees' Retirement System of the State of Maryland (Retirement System) covers most employees hired prior to January 1, 1980, who did not elect to transfer into the County Plan. The Pension System for Employees of the State of Maryland (Pension System) covers employees hired between December 31, 1979, and June 30, 1993, plus Retirement System participants who have voluntarily joined the Pension System, less employees who elected to transfer into the County Plan. New provisions of the Pension System were adopted by State legislation effective July 1, 2006, and by local resolution effective May 21, 2007.

Under the terms of the Retirement System, a member may retire after 30 years of service regardless of age, or at age 60 or over, with at least 5 years of service. A member is eligible for vesting after 5 years of service; however, the contribution must be left in the Retirement System in order to qualify for benefits at age 60. Under the terms of the Pension System, a member may retire after 30 years of service regardless of age, at age 65 with two years of service, at age 64 with three years of service, at age 63 with four years of service, or at age 62 with at least five years of service.

## NOTES TO FINANCIAL STATEMENTS

*(Continued)*

An employee may also take early retirement with reduced benefits at age 55 with 15 years of service. A member is eligible for vesting after 5 years of service; however, the contribution must be left in the Pension System in order to qualify for benefits at age 62.

Benefits under the Retirement System and the Pension System are established under Titles 22 and 23, respectively, of the State Personnel and Pensions Article of the Annotated Code of Maryland.

The Maryland State Retirement and Pension System issues a comprehensive annual financial report. The report can be obtained from the agency's offices.

Maryland State Retirement and Pension Systems  
301 West Preston Street  
Baltimore, Maryland 21201

### *Funding Policy*

Obligations to contribute to the plans were established under Titles 22 and 23 of the State Personnel and Pensions Article of the Maryland Code.

Members of the Retirement System and the Pension System contribute 7 percent and 5 percent of their gross employee compensation, respectively.

Required contributions under the plans, which are not funded by employee contributions, are funded entirely by the County. Due to the withdrawal of the County from the State Systems for all hires after June 30, 1993, the State calculated a net unfunded amount due from the County. The principal balance outstanding as of June 30, 2010 was \$2,325,123. Interest and principal payments due to maturity as of June 30, 2010, are \$2,587,032. The County has chosen to make 3 remaining payments of \$862,344 to amortize and pay interest on the liability. The required contributions and the percentage of that amount contributed for the past three years is as follows:

<b><u>Fiscal Year</u></b>	<b><u>Required Contribution</u></b>	<b><u>Actual Contribution</u></b>	<b><u>Percentage Contribution</u></b>
2010	\$862,344	\$862,344	100.00%
2009	862,344	862,344	100.00
2008	862,344	862,344	100.00

Required contributions to the Retirement System and the Pension System are not separately available.



## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 4. Component Units

Substantially all employees of the FCPL are covered under the Maryland State Teacher's 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 5 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 7 percent and 5 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, 2010, the State paid \$642,402 in retirement costs on its behalf. This amount has been shown as grant revenue and current expenditures for the FCPL.

The employees of the BOE (other than part-time employees not eligible for participation in the plans) are covered under one of four defined benefit retirement plans that are administered by the Maryland State Retirement and Pension Systems. The BOE's share of contributions for teachers and administrative employees is primarily the responsibility of the State. Total contributions were \$33,017,195 in Fiscal Year 2010. This contribution was recognized as both revenue and expenditures for the BOE.

On April 2, 2004, the Board adopted 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 Employer contributions during their periods of active employment while this Plan remains in effect. The Plan has received a favorable determination letter from the Internal Revenue Service 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, 2010 no contributions were made to the plan by Frederick County Public Schools.

Substantially all permanent employees of the FCC are covered under one of three pension/retirement plans. Two of these plans are provided directly by the State, and the employer funding for eligible FCC employees is provided directly by the State. The FCC received State contributions toward retirement for the fiscal year of \$1,701,543. This amount has been recorded as a revenue and expenditure in the financial statements. The other retirement plan, provided through TIAA/CREF, is an option for permanent employees of the College who are not eligible for the state plans. The State does provide employer share funding for professional employees of the College who choose certain other retirement plans in lieu of participating in the State's retirement systems. These other plans include TIAA/CREF and Fidelity. The other plans are defined contribution plans requiring an employer contribution of 7.25 percent of employees base salary. Total employer contributions in FY2010 were \$874,586. Employee contributions to a selected plan are not mandatory.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**E. Post-Employment Benefits Plans**

1. *Length of Service Awards Program*

In 1985, the County created the Length of Service Awards Program (LOSAP). In Fiscal Year 2010, LOSAP provided 168 annuities to former volunteer members of the County's fire companies or rescue squads who met certain age and service criteria. Benefits and life insurance premiums totaling \$510,292 in fiscal year 2010 also include survivor annuities, lump-sum death benefits and tuition reimbursement and are reported in the Primary Government's General Fund on a "pay-as-you-go" basis.

2. *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 Board of County Commissioners at their discretion can establish, alter, amend, modify or terminate its practice of providing 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 Board of County Commissioners. The Plan does not issue stand-alone financial report and is not included in the report of a public employee retirement system or another entity.

Membership of the Plan consisted of the following at April, 1, 2008, the date of the July 1, 2009 actuarial valuation:

Retirees and beneficiaries receiving benefits	432
Terminated plan members entitled to but not yet receiving benefits	N/A
Active plan members	<u>2,068</u>
Total	<u><u>2,500</u></u>

*Summary of Significant Accounting Policies*

**Basis of Accounting:** 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.

**Method Used to Value Investments:** Investments are reported at fair value, which for the Plan is determined by market price.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*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, also must have worked for the County for a minimum of ten years; these employees pay 50 percent of the cost of premiums. 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 2010, the County contributed \$11,351,017 to the Plan, including \$4,533,848 for current premiums (approximately 86 percent of total premiums including the implicit subsidy) and an additional \$6,817,169 to prefund benefits. Plan members receiving benefits contributed \$740,497 approximately 14 percent of the total premium. Administrative costs are financed through investment earnings.

*Annual OPEB Cost and Net OPEB Obligation*

The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the Plan:

Annual required contribution	\$ 18,552,000
Interest on net OPEB obligation	474,000
Adjustment to annual required contribution	<u>(389,000)</u>
Annual OPEB cost	18,637,000
Contribution made	<u>(11,351,017)</u>
Increase in net OPEB obligation	7,285,983
Net OPEB - beginning of year	<u>7,299,253</u>
Net OPEB obligation - end of year	<u><u>\$ 14,585,236</u></u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for 2010, 2009 and 2008 were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
2010	\$ 18,637,000	60.91 %	\$ 14,585,236
2009	17,159,000	42.07	7,299,253
2008	13,858,000	119.06	(2,641,487)

*Funded Status and Funding Progress*

As of July 1, 2010, the most recent actuarial valuation date, the Plan was 8.2 percent funded. The actuarial accrued liability for benefits was \$189,613,000, and the actuarial value of Plan assets was \$15,499,400, resulting in an unfunded actuarial accrued liability (UAAL) of \$174,113,600. The covered payroll is not yet available for this period. The covered payroll for the July 1, 2009 actuarial valuation date, was \$111,777,209 and the ratio of UAAL to the covered payroll was 155.8 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 6.5 percent investment rate (net of administrative expense), and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 5.2 percent in the year 2080. The actuarial value of assets was determined using fair market value. The unfunded actuarial accrued liability is being amortized over a closed 30-year period.

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 3. Component Units

Eligible retirees of FCPL are included in the County Retiree Health Benefit Plan as described in E.2 above.

The BOE Retiree Health Benefit Plan (the "Plan") is a single-employer defined benefit plan administered by the Board. 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, 2010 there were 1,218 retirees, 295 retiree dependents, and 4,946 active benefited employees in the Plan. The Board has the authority to establish and amend post-employment benefits.

The BOE negotiates the contribution percentage between the Board 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 2010, the Board contributed \$9,205,970 to the Plan. Plan members receiving benefits contributed \$5,146,233 or approximately 48.1 percent of the total premiums. The rates for fiscal year 2010 were based on the date of retirement (prior to July 1, 2005), the length of service of the retiree (two tiers), the age of the retiree, and the type of insurance.

The FCC does not sponsor or fund any postemployment benefits, however, they allow retirees to remain in the healthcare plan at COBRA rates. The healthcare premiums charged have not been age adjusted and, as a result, the plan is deemed to provide an implicit subsidy to retirees. The required contribution is based on projected "pay-as-you-go" financing requirements. For fiscal year 2010, retirees paid \$11,000 in premiums. Coverage for retirees is governed by contracts in effect with the insurance carriers. The FCC has fifteen eligible retirees of which seven retirees participate in the healthcare plan.

### F. 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 employee or temporary employee, 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 2010 approximately 20.8 percent 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 IRC 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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### G. 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)*

NMWDA is a body politic and corporate and a public instrumentality of the State of Maryland. 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. NMWDA has the following eight member jurisdictions from the State of Maryland: Montgomery County, Baltimore County, Anne Arundel County, Frederick County, Harford County, Howard County, Carroll County, and City of Baltimore. The Maryland Environmental Service is an ex-officio member. As a participating government in NMWDA, the County paid Fiscal Year 2010 membership dues and fees for services amounting to \$40,000.

### H. Subsequent Events

The County issued Special Obligation Bonds (Urbana Community Development Authority) Series 2010A in the amount of \$77,675,000 and Subordinate Special Obligation Bonds (Urbana Community Development Authority) Series 2010B in the amount of \$20,020,000. Both series were issued on September 23, 2010. The bonds were issued to a) refund all of the outstanding 1998 bonds and all of the outstanding 2004 bonds; b) finance the remaining improvements of the 1998 and 2004 bonds; c) finance a portion of the 2010 improvements; d) fund capitalized interest on the 2010B bonds; e) fund the debt service reserve funds for the 2010 bonds; and f) pay the costs of issuance on the 2010 bonds. The 2010 bonds are not general obligations of the County but are special obligations of the County payable solely from certain amounts deposited under the indentures in the special tax fund and respective bond funds and the reserve accounts. The Series 2010A bonds mature 2011 – 2040. The Series 2010B bonds mature 2040.

The Fort Detrick Water Supply Agreement between the Board of County Commissioners of Frederick County, Maryland, the City of Frederick and the United States Army Garrison at Fort Detrick, Maryland was executed on September 28, 2010. The Agreement provides long-term water supply from the County's Potomac River Water Supply System, using the City of Frederick's water distribution system, to Fort Detrick. The Fort shall, beginning no later than January 1, 2011, purchase a minimum of 30.42 million gallons of water per month from the County. Charges for Water Supply Capacity Development, in the amount of \$19,689,192, were received from Fort Detrick on November 9, 2010. Of this, \$17,189,192 was due to Frederick County and \$2,500,000.00 was a pass-through collected on behalf of the City of Frederick.

On November 30, 2010 the Board of County Commissioners approved several changes to the Frederick County Employees Retirement Plan. All changes are effective for employees hired after July 1, 2011. The most significant of the changes is that for Uniformed Participants, eligibility for normal retirement begins after the employee has completed 25 Years of Eligibility Service or attained at least age 55 and completed at least five Years of Eligibility Service versus beginning after the employee has completed 20 Years of Eligibility Service or attained at least age 50 and completed at least five Years of Eligibility Service for employees hired before July 1, 2011. For Non-Uniformed Participants, eligibility for normal retirement begins after the employee has completed 30 Years of Eligibility Service or attained at least age 65 and completed at least five Years of Eligibility Service versus beginning after the employee has completed 25 Years of Eligibility Service or attained at least age 60-65 and completed at least two to five Years of Eligibility Service for employees hired before July 1, 2011. While the expectations and intentions of the changes are to reduce the long-term costs of the Pension Plan, the specific outcomes cannot be measured at this time.

**NOTES TO FINANCIAL STATEMENTS**  
*(Continued)*

**I. New Governmental Accounting Standards Board (GASB) Standard**

The County adopted the provisions of three Governmental Accounting Standards Board Statements: Statement No. 51, "Accounting and Financial Reporting for Intangible Assets"; Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments"; and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies." Neither Statement No. 53 nor Statement No. 58 has an impact on the County's financial statements for the current fiscal year.

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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 FUNDING PROGRESS  
LAST SIX FISCAL YEARS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Plan Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Actuarial Value of Plan Assets as a Percentage of the Actuarial Accrued Liability</b>	<b>Unfunded Actuarial Liability</b>	<b>Annual Covered Payroll</b>	<b>Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll</b>
07/01/04	\$ 118,979,144	\$ 151,610,060	78.5 %	\$ 32,630,916	\$ 67,993,467	48.0 %
07/01/05	134,532,516	173,960,143	77.3	39,427,627	75,072,119	52.5
07/01/06	154,083,195	208,734,631	73.8	54,657,437	85,367,369	64.0
07/01/07	182,523,585	240,863,996	75.8	58,340,411	95,573,594	61.0
07/01/08	213,314,439	273,383,310	78.0	60,068,871	110,497,740	54.4
07/01/09	236,064,896	299,810,414	78.7	63,745,518	111,777,209	57.0

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

**FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER  
LAST SIX FISCAL YEARS**

<b>Fiscal Year</b>	<b>Annual Required Contribution (ARC)</b>	<b>ARC Recognized in Plan Financial Statements</b>	<b>Percentage Recognized</b>
2005	\$ 9,785,642	\$ 9,785,642	100 %
2006	11,736,171	11,736,171	100
2007	14,019,851	14,019,851	100
2008	18,588,620	18,588,620	100
2009	20,360,404	20,360,404	100
2010	20,438,562	20,438,562	100

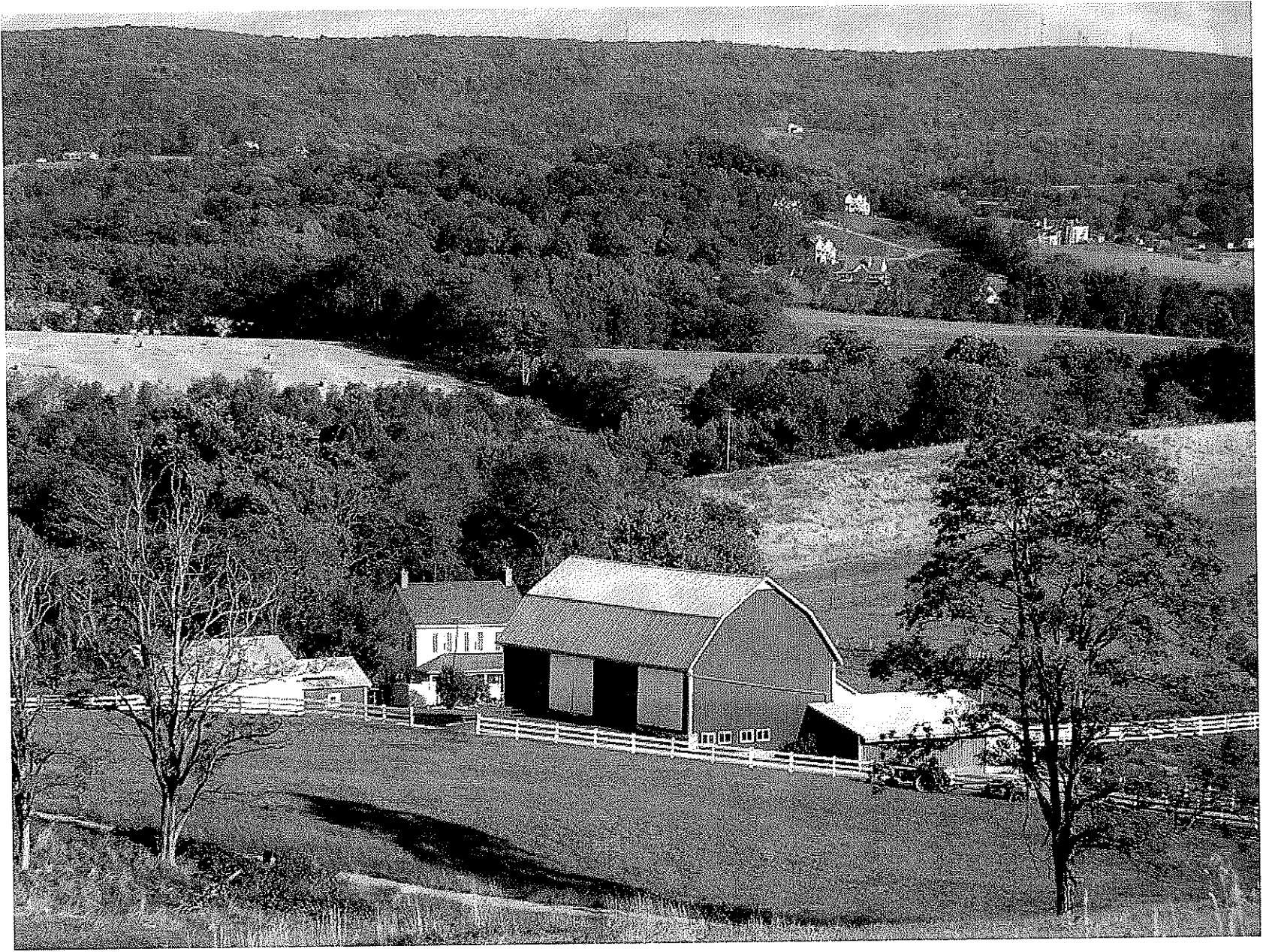
**FREDERICK COUNTY RETIREE HEALTH BENEFIT PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Actuarial Value of Plan Assets as a Percentage of the Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Liability</u>	<u>Annual Covered Payroll</u>	<u>Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll</u>
07/01/07	\$ -	\$ 148,969,000	0 %	\$ 148,969,000	\$ 95,573,594	155.9 %
07/01/08	13,327,892	173,968,000	7.7	160,640,108	110,497,740	145.4
07/01/09	15,499,400	189,613,000	8.2	174,113,600	111,777,209	155.8

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

**FREDERICK COUNTY RETIREE HEALTH BENEFIT PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Fiscal Year</b>	<b>Annual Required Contribution (ARC)</b>	<b>Contribution Recognized in Plan Financial Statements</b>	<b>Percentage Contributed</b>
2008	\$ 13,858,000	\$ 16,449,487	119 %
2009	17,193,000	7,218,260	42
2010	18,552,000	11,351,017	61



## **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, agency 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, 2010

	Special Revenue Funds						
	Grants	Fire/Rescue Tax Districts	School Construction	Impact Fees	Development Road Improvement	Electric Lighting Tax Districts	Parks Acquisition & Development
Assets							
Cash	\$ 3,831	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in pooled invested cash	-	13,468,127	12,121,329	9,710,694	2,573,079	14,968	6,330,226
Total cash and cash equivalents	3,831	13,468,127	12,121,329	9,710,694	2,573,079	14,968	6,330,226
Investments	-	-	-	1,992,226	-	-	-
Receivables, net of allowance for uncollectibles:							
Property taxes	-	88,341	-	-	-	20	-
Accounts	177,073	1,630,312	614	3	-	-	-
Intergovernmental	4,620,601	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-
Due from component units	13,676	-	-	-	-	-	-
Long term receivables, net of allowance for uncollectibles:							
MILA loans	-	-	-	-	-	-	-
Fire/ Rescue loans	-	-	-	-	-	-	-
Non-Profit Organization loans	-	-	-	-	-	-	-
Small business loans	-	-	-	-	-	-	-
Housing loans	1,505,000	-	-	-	-	-	-
Cash and cash equivalents - restricted	-	154,623	1,322,379	13,925	-	-	-
Total assets	\$ 6,320,181	\$ 15,341,403	\$ 13,444,322	\$ 11,716,848	\$ 2,573,079	\$ 14,988	\$ 6,330,226
Liabilities and fund balance							
Liabilities							
Accounts payable	\$ 98,654	\$ 85,312	\$ 27,062	\$ 26,693	\$ -	\$ 161	\$ -
Accrued liabilities	386,448	2,136,458	125	-	-	755	-
Payroll and benefit deductions	1,048,440	-	-	-	-	-	-
Due to other funds	309,363	-	-	-	-	-	-
Due to third parties	-	624,647	-	-	-	-	-
Due to other governmental units	547,107	-	-	-	-	-	-
Other liabilities	513,630	-	-	-	-	-	-
Deferred revenue	949,792	1,356,091	-	138,744	189,490	-	-
Total liabilities	3,853,434	4,202,508	27,187	165,437	189,490	916	-
Fund balances							
Reserved for:							
Encumbrances	42,045	252,948	-	-	-	-	-
Long-term receivables	1,505,000	-	-	-	-	-	-
Drug investigations	-	-	-	-	-	-	-
Ag Pres Compliance Monitoring	-	-	-	-	-	-	-
Unreserved, designated for:							
Subsequent year's expenditures	919,702	-	-	-	-	3,526	-
Capital projects	-	-	12,094,142	11,537,484	2,383,589	-	6,330,226
Inmates purchases	-	-	-	-	-	-	-
Debt service	-	155,003	1,322,993	13,927	-	-	-
Loans	-	-	-	-	-	-	-
Unreserved, undesignated	-	10,730,944	-	-	-	10,546	-
Total fund balance	2,466,747	11,138,895	13,417,135	11,551,411	2,383,589	14,072	6,330,226
Total liabilities and fund balance	\$ 6,320,181	\$ 15,341,403	\$ 13,444,322	\$ 11,716,848	\$ 2,573,079	\$ 14,988	\$ 6,330,226

(continued)

FREDERICK COUNTY, MARYLAND  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

	Special Revenue Funds				Total Non Major Governmental Funds (See Exhibit II-A-3)
	Hotel Rental Tax	Nursing Home Construction	Sheriff's Activities	Loan Activities	
<b>Assets</b>					
Cash	\$ -	\$ -	\$ 128,361	\$ -	\$ 132,192
Equity in pooled invested cash	157,549	6,669,257	586,743	1,911,187	53,543,159
Total cash and cash equivalents	157,549	6,669,257	715,104	1,911,187	53,675,351
Investments	-	-	-	-	1,992,226
Receivables, net of allowance for uncollectibles:					
Property taxes	-	-	-	-	88,361
Accounts	112,319	1,741	14,554	5,882	1,942,498
Intergovernmental	-	-	-	-	4,620,601
Prepays	-	-	-	1,250	1,250
Due from component units	-	-	-	-	13,676
Long term receivables, net of allowance for uncollectibles:					
MILA loans	-	-	-	375,649	375,649
Fire/ Rescue loans	-	-	-	156,841	156,841
Non-Profit Organization loans	1,617,080	-	-	20,000	1,637,080
Small business loans	-	-	-	75,177	75,177
Housing loans	-	-	-	3,530,111	5,035,111
Cash and cash equivalents - restricted	-	243,109	-	-	1,734,036
Total assets	\$ 1,886,948	\$ 6,914,107	\$ 729,658	\$ 6,076,097	\$ 71,347,857
<b>Liabilities and fund balance</b>					
<b>Liabilities</b>					
Accounts payable	\$ 93,743	\$ 4,874	\$ 42,928	\$ -	\$ 379,427
Accrued liabilities	102,389	18	-	-	2,626,193
Payroll and benefit deductions	-	-	-	-	1,048,440
Due to other funds	-	-	-	-	309,363
Due to third parties	-	-	71,371	-	696,018
Due to other governmental units	-	-	-	-	547,107
Other liabilities	-	-	-	375,649	889,279
Deferred revenue	1,617,080	-	-	-	4,251,197
Total liabilities	1,813,212	4,892	114,299	375,649	10,747,024
<b>Fund balances</b>					
Reserved for:					
Encumbrances	-	-	-	-	294,993
Long-term receivables	-	-	-	3,782,129	5,287,129
Drug investigations	-	-	281,377	-	281,377
Unreserved, designated for:					
Subsequent year's expenditures	-	-	-	-	923,228
Capital projects	-	6,664,899	-	-	39,010,340
Inmates purchases	-	-	333,982	-	333,982
Debt service	73,736	244,316	-	-	1,809,975
Loans	-	-	-	1,918,319	1,918,319
Unreserved, undesignated	-	-	-	-	10,741,490
Total fund balance	73,736	6,909,215	615,359	5,700,448	60,600,833
Total liabilities and fund balance	\$ 1,886,948	\$ 6,914,107	\$ 729,658	\$ 6,076,097	\$ 71,347,857



FREDERICK COUNTY, MARYLAND  
 COMBINING BALANCE SHEET  
 SHERIFF'S ACTIVITIES - SPECIAL REVENUE FUNDS  
 JUNE 30, 2010

	<u>Sheriff's Drug Enforcement</u>	<u>Sheriff's Office Fund</u>	<u>Narcotics Task Force</u>	<u>Inmates' Canteen</u>	<u>Total Sheriff's Activities (See Exhibit II-B-1)</u>
<b>Assets</b>					
Cash	\$ 31,657	\$ 4,122	\$ -	\$ 92,582	\$ 128,361
Equity in pooled invested cash	33,006	-	216,990	336,747	586,743
Total cash and cash equivalents	64,663	4,122	216,990	429,329	715,104
Receivables, net of allowance for uncollectibles:					
Accounts	-	-	-	14,554	14,554
Total assets	<u>\$ 64,663</u>	<u>\$ 4,122</u>	<u>\$ 216,990</u>	<u>\$ 443,883</u>	<u>\$ 729,658</u>
<b>Liabilities and fund balance</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 276	\$ 42,652	\$ 42,928
Due to third parties	-	4,122	-	67,249	71,371
Total liabilities	<u>-</u>	<u>4,122</u>	<u>276</u>	<u>109,901</u>	<u>114,299</u>
<b>Fund balances</b>					
Reserved for drug investigations					
Federal	32,860	-	46	-	32,906
Non-federal	31,803	-	216,668	-	248,471
Unreserved, designated for inmate purchases	-	-	-	333,982	333,982
Total fund balance	<u>64,663</u>	<u>-</u>	<u>216,714</u>	<u>333,982</u>	<u>615,359</u>
Total liabilities and fund balance	<u>\$ 64,663</u>	<u>\$ 4,122</u>	<u>\$ 216,990</u>	<u>\$ 443,883</u>	<u>\$ 729,658</u>

FREDERICK COUNTY, MARYLAND  
COMBINING BALANCE SHEET  
LOAN ACTIVITIES - SPECIAL REVENUE FUNDS  
JUNE 30, 2010

	<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>
<b>Assets</b>					
Equity in pooled invested cash	\$ 1,412,066	\$ 80,000	\$ 11,046	\$ 408,075	\$ 1,911,187
Total cash and cash equivalents	1,412,066	80,000	11,046	408,075	1,911,187
Receivables, net of allowance for uncollectibles:					
Accounts	-	-	5,882	-	5,882
Prepays	1,250	-	-	-	1,250
Long term receivables, net of allowance for uncollectibles:					
MILA loans	-	-	-	375,649	375,649
Fire/ Rescue loans	-	-	156,841	-	156,841
Non-Profit Organization loans	-	20,000	-	-	20,000
Small business loans	-	-	-	75,177	75,177
Housing loans	3,530,111	-	-	-	3,530,111
Total assets	<u>\$ 4,943,427</u>	<u>\$ 100,000</u>	<u>\$ 173,769</u>	<u>\$ 858,901</u>	<u>\$ 6,076,097</u>
<b>Liabilities and fund balance</b>					
Liabilities					
Other liabilities	\$ -	\$ -	\$ -	\$ 375,649	\$ 375,649
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,649</u>	<u>375,649</u>
Fund balances					
Reserved for: Long-term receivables	3,530,111	20,000	156,841	75,177	3,782,129
Unreserved, designated for:					
Loans	1,413,316	80,000	16,928	408,075	1,918,319
Total fund balance	<u>4,943,427</u>	<u>100,000</u>	<u>173,769</u>	<u>483,252</u>	<u>5,700,448</u>
Total liabilities and fund balance	<u>\$ 4,943,427</u>	<u>\$ 100,000</u>	<u>\$ 173,769</u>	<u>\$ 858,901</u>	<u>\$ 6,076,097</u>

FREDERICK COUNTY, MARYLAND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds						
	Grants	Fire/Rescue Tax Districts	School Construction	Impact Fees	Development Road Improvement	Electric Lighting Tax Districts	Parks Acquisition & Development
<b>Revenues</b>							
Fire tax levy	\$ -	\$ 37,143,008	\$ -	\$ -	\$ -	\$ -	\$ -
Lighting tax levy	-	-	-	-	-	10,117	-
Other local taxes	-	-	3,288,147	-	1,136,164	-	2,466,061
Grants from federal government	18,888,262	-	-	-	-	-	-
Grants from state government	5,436,523	-	-	-	-	-	-
Charges for services	836,194	3,442,770	-	8,943,974	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Interest from loans	-	-	-	-	-	-	-
Investment earnings	96	145,150	61,293	228,084	50,068	114	130,928
Miscellaneous revenue	438,774	4,180	-	-	-	-	-
Total revenues	<u>25,599,849</u>	<u>40,735,108</u>	<u>3,349,440</u>	<u>9,172,058</u>	<u>1,186,232</u>	<u>10,231</u>	<u>2,596,989</u>
<b>Expenditures</b>							
General government	2,188,745	-	-	-	-	-	-
Public safety	2,848,088	40,472,810	-	-	-	-	-
Public works	7,565,995	-	-	-	-	14,696	-
Health	1,150,158	-	-	-	-	-	-
Social services	1,856,527	-	-	-	-	-	-
Conservation of natural resources	319,193	-	-	-	-	-	-
Community development and public housing	5,738,529	-	-	-	-	-	-
Economic development and opportunity	9,878,222	-	-	-	-	-	-
Debt service	-	2,568,040	491,940	7,919,794	-	-	-
Total expenditures	<u>31,545,457</u>	<u>43,040,850</u>	<u>491,940</u>	<u>7,919,794</u>	<u>-</u>	<u>14,696</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(5,945,608)</u>	<u>(2,305,742)</u>	<u>2,857,500</u>	<u>1,252,264</u>	<u>1,186,232</u>	<u>(4,465)</u>	<u>2,596,989</u>
<b>Other financing sources (uses)</b>							
Transfers in from General Fund	7,067,934	-	-	-	-	-	-
Transfers in from Special Taxing Districts-Fire	26,941	-	-	-	-	-	-
Transfer in from Capital Projects Fund	-	-	-	1,465,300	-	-	23,011
Transfers out to General Fund	-	-	-	-	-	-	-
Transfers out to Grants Fund	-	(26,941)	-	-	-	-	-
Transfers out to Capital Projects Fund	-	(421,526)	-	-	-	-	-
Proceeds from refunding bonds	-	209,427	-	16,640,022	-	-	-
Payment to refunded bond escrow agent	-	(229,468)	-	(18,232,370)	-	-	-
Premium on public facilities bonds	-	192,643	1,878,641	1,700,404	-	-	-
Sale of capital assets	-	45,918	-	-	-	-	-
Total other financing sources (uses)	<u>7,094,875</u>	<u>(229,947)</u>	<u>1,878,641</u>	<u>1,573,356</u>	<u>-</u>	<u>-</u>	<u>23,011</u>
Net change in fund balances	1,149,267	(2,535,689)	4,736,141	2,825,620	1,186,232	(4,465)	2,620,000
Fund balance - beginning of year	<u>1,317,480</u>	<u>13,674,584</u>	<u>8,680,994</u>	<u>8,725,791</u>	<u>1,197,357</u>	<u>18,537</u>	<u>3,710,226</u>
Fund balance - end of year	<u>\$ 2,466,747</u>	<u>\$ 11,138,895</u>	<u>\$ 13,417,135</u>	<u>\$ 11,551,411</u>	<u>\$ 2,383,589</u>	<u>\$ 14,072</u>	<u>\$ 6,330,226</u>

(continued)

FREDERICK COUNTY, MARYLAND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds				Total Nonmajor Governmental Funds (See Exhibit II-A-5)
	Hotel Rental Tax	Nursing Home Construction	Sheriff's Activities	Loan Activities	
<b>Revenues</b>					
Fire tax levy	\$ -	\$ -	\$ -	\$ -	\$ 37,143,008
Lighting tax levy	-	-	-	-	10,117
Other local taxes	1,068,106	822,083	-	-	8,780,561
Grants from federal government	-	-	-	-	18,888,262
Grants from state government	-	-	-	38,790	5,475,313
Charges for services	-	-	397,275	1,410	13,621,623
Fines and forfeitures	-	-	49,315	-	49,315
Interest from loans	-	-	-	36,243	36,243
Investment earnings	2,621	65,975	4,206	14,893	703,428
Miscellaneous revenue	99,073	-	78,020	1,364	621,411
Total revenues	<u>1,169,800</u>	<u>888,058</u>	<u>528,816</u>	<u>92,700</u>	<u>85,329,281</u>
<b>Expenditures</b>					
General government	-	-	-	-	2,188,745
Public safety	-	-	510,306	-	43,831,204
Public works	-	-	-	-	7,580,691
Health	-	-	-	-	1,150,158
Social services	-	-	-	-	1,856,527
Conservation of natural resources	-	-	-	-	319,193
Community development and public housing	-	-	-	-	5,738,529
Economic development and opportunity	1,069,141	-	-	141,394	11,088,757
Debt service	99,098	669,363	-	-	11,748,235
Total expenditures	<u>1,168,239</u>	<u>669,363</u>	<u>510,306</u>	<u>141,394</u>	<u>85,502,039</u>
Excess (deficiency) of revenues over expenditures	<u>1,561</u>	<u>218,695</u>	<u>18,510</u>	<u>(48,694)</u>	<u>(172,758)</u>
<b>Other financing sources (uses)</b>					
Transfers in from General Fund	-	-	-	-	7,067,934
Transfers in from Special Taxing Districts-Fire	-	-	-	-	26,941
Transfer in from Capital Projects Fund	-	-	-	-	1,488,311
Transfers out to General Fund	-	-	-	(1,284,000)	(1,284,000)
Transfers out to Grants Fund	-	-	-	-	(26,941)
Transfers out to Capital Projects Fund	(20,227)	(1,300,000)	-	-	(1,741,753)
Proceeds from refunding bonds	-	628,280	-	-	17,477,729
Payment to refunded bond escrow agent	-	(688,403)	-	-	(19,150,241)
Premium on public facilities bonds	-	332,563	-	-	4,104,251
Sale of capital assets	-	-	-	-	45,918
Total other financing sources (uses)	<u>(20,227)</u>	<u>(1,027,560)</u>	<u>-</u>	<u>(1,284,000)</u>	<u>8,008,149</u>
Net change in fund balances	(18,666)	(808,865)	18,510	(1,332,694)	7,835,391
Fund balance - beginning of year	<u>92,402</u>	<u>7,718,080</u>	<u>596,849</u>	<u>7,033,142</u>	<u>52,765,442</u>
Fund balance - end of year	<u>\$ 73,736</u>	<u>\$ 6,909,215</u>	<u>\$ 615,359</u>	<u>\$ 5,700,448</u>	<u>\$ 60,600,833</u>

**FREDERICK COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SHERIFF'S ACTIVITIES - SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Sheriff's Drug Enforcement</u>	<u>Sheriff's Office Fund</u>	<u>Narcotics Task Force</u>	<u>Inmates' Canteen</u>	<u>Total Sheriff's Activities (See Exhibit II-B-4)</u>
<b>Revenues</b>					
Charges for services	\$ -	\$ -	\$ -	\$ 397,275	\$ 397,275
Fines and forfeitures	18,462	-	30,853	-	49,315
Investment earnings	427	-	1,487	2,292	4,206
Miscellaneous revenue	-	-	78,020	-	78,020
Total revenues	<u>18,889</u>	<u>-</u>	<u>110,360</u>	<u>399,567</u>	<u>528,816</u>
<b>Expenditures</b>					
Public safety	29,262	-	187,769	293,275	510,306
Total expenditures	<u>29,262</u>	<u>-</u>	<u>187,769</u>	<u>293,275</u>	<u>510,306</u>
Excess (deficiency) of revenues over expenditures	<u>(10,373)</u>	<u>-</u>	<u>(77,409)</u>	<u>106,292</u>	<u>18,510</u>
Net change in fund balances	(10,373)	-	(77,409)	106,292	18,510
Fund balance - beginning of year	<u>75,036</u>	<u>-</u>	<u>294,123</u>	<u>227,690</u>	<u>596,849</u>
Fund balance - end of year	<u>\$ 64,663</u>	<u>\$ -</u>	<u>\$ 216,714</u>	<u>\$ 333,982</u>	<u>\$ 615,359</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, 2010

	<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>
<b>Revenues</b>					
Grants from state government	\$ -	\$ -	\$ -	\$ 38,790	\$ 38,790
Charges for services	-	-	-	1,410	1,410
Interest from loans	-	-	8,984	27,259	36,243
Investment earnings	11,558	-	473	2,862	14,893
Miscellaneous revenue	-	-	-	1,364	1,364
Total revenues	<u>11,558</u>	<u>-</u>	<u>9,457</u>	<u>71,685</u>	<u>92,700</u>
<b>Expenditures</b>					
Economic development and opportunity	-	-	-	141,394	141,394
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,394</u>	<u>141,394</u>
Excess (deficiency) of revenues over expenditures	<u>11,558</u>	<u>-</u>	<u>9,457</u>	<u>(69,709)</u>	<u>(48,694)</u>
<b>Other financing sources (uses)</b>					
Transfer out to General Fund	<u>(750,000)</u>	<u>(210,000)</u>	<u>(180,000)</u>	<u>(144,000)</u>	<u>(1,284,000)</u>
Total other financing sources (uses)	<u>(750,000)</u>	<u>(210,000)</u>	<u>(180,000)</u>	<u>(144,000)</u>	<u>(1,284,000)</u>
Net change in fund balances	(738,442)	(210,000)	(170,543)	(213,709)	(1,332,694)
Fund balance - beginning of year	<u>5,681,869</u>	<u>310,000</u>	<u>344,312</u>	<u>696,961</u>	<u>7,033,142</u>
Fund balance - end of year	<u>\$ 4,943,427</u>	<u>\$ 100,000</u>	<u>\$ 173,769</u>	<u>\$ 483,252</u>	<u>\$ 5,700,448</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, 2010

	Grants			Fire/Rescue Tax Districts			School Construction		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>									
Fire tax levy	\$ -	\$ -	\$ -	\$ 37,039,525	\$ 37,143,008	\$ 103,483	\$ -	\$ -	\$ -
Lighting tax levy	-	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	3,012,000	3,288,147	276,147
Grants from federal government	25,035,016	18,888,262	(6,146,754)	-	-	-	-	-	-
Grants from state government	6,198,440	5,436,523	(761,917)	-	-	-	-	-	-
Charges for services	885,549	836,193	(49,356)	2,910,000	3,442,770	532,770	-	-	-
Interest from loans	-	-	-	-	-	-	-	-	-
Investment earnings	(136)	96	232	600,000	145,150	(454,850)	50,000	61,293	11,293
Miscellaneous revenue	587,109	438,774	(148,335)	35,878	4,180	(31,698)	-	-	-
Total revenues	<u>32,705,978</u>	<u>25,599,848</u>	<u>(7,106,130)</u>	<u>40,585,403</u>	<u>40,735,108</u>	<u>149,705</u>	<u>3,062,000</u>	<u>3,349,440</u>	<u>287,440</u>
<b>Expenditures</b>									
General government	2,777,500	2,188,745	588,755	-	-	-	-	-	-
Public safety	4,243,406	2,862,487	1,380,919	44,348,273	40,326,923	4,021,350	-	-	-
Public works	9,979,353	7,565,995	2,413,358	-	-	-	-	-	-
Health	2,017,027	1,150,158	866,869	-	-	-	-	-	-
Social services	2,376,812	1,856,527	520,285	-	-	-	-	-	-
Conservation of natural resources	1,201,730	319,194	882,536	-	-	-	-	-	-
Community development and public housing	7,832,257	7,243,529	588,728	-	-	-	-	-	-
Economic development and opportunity	11,564,386	9,904,678	1,659,708	-	-	-	-	-	-
Debt service	-	-	-	2,601,368	2,568,040	33,328	1,456,310	491,940	964,370
Total expenditures	<u>41,992,471</u>	<u>33,091,313</u>	<u>8,901,158</u>	<u>46,949,641</u>	<u>42,894,963</u>	<u>4,054,678</u>	<u>1,456,310</u>	<u>491,940</u>	<u>964,370</u>
Excess (deficiency) of revenues over expenditures	<u>(9,286,493)</u>	<u>(7,491,465)</u>	<u>1,795,028</u>	<u>(6,364,238)</u>	<u>(2,159,855)</u>	<u>4,204,383</u>	<u>1,605,690</u>	<u>2,857,500</u>	<u>1,251,810</u>
<b>Other financing sources (uses)</b>									
Appropriated fund balance	1,243,178	1,129,035	(114,143)	6,364,238	681,013	(5,683,225)	(1,605,690)	-	1,605,690
Transfers in from general fund	8,016,373	7,067,934	(948,439)	-	-	-	-	-	-
Transfers in from capital projects fund	-	-	-	-	-	-	-	-	-
Transfers in from special taxing districts-fire	26,942	26,941	(1)	-	-	-	-	-	-
Transfers out to capital projects fund	-	-	-	-	-	-	-	-	-
Transfers out to general fund	-	-	-	-	-	-	-	-	-
Transfers out to grants fund	-	-	-	-	(26,941)	(26,941)	-	-	-
Proceeds from refunding bonds	-	-	-	-	209,427	209,427	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	(229,468)	(229,468)	-	-	-
Premium on public facilities bonds	-	-	-	-	192,643	192,643	-	1,878,641	1,878,641
Sale of capital assets	-	-	-	-	45,918	45,918	-	-	-
Total other financing sources (uses)	<u>9,286,493</u>	<u>8,223,910</u>	<u>(1,062,583)</u>	<u>6,364,238</u>	<u>872,592</u>	<u>(5,491,646)</u>	<u>(1,605,690)</u>	<u>1,878,641</u>	<u>3,484,331</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 732,445</u>	<u>\$ 732,445</u>	<u>\$ -</u>	<u>\$ (1,287,263)</u>	<u>\$ (1,287,263)</u>	<u>\$ -</u>	<u>\$ 4,736,141</u>	<u>\$ 4,736,141</u>
 Fund balance - beginning of year		1,317,480			13,674,584			8,680,994	
Net change in reserves and adjustments to GAAP basis		416,822			(1,248,426)			-	
Fund balance - end of year		<u>\$ 2,466,747</u>			<u>\$ 11,138,895</u>			<u>\$ 13,417,135</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, 2010

	Impact Fees			Development Road Improvement			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)
<b>Revenues</b>									
Fire tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lighting tax levy	-	-	-	-	-	-	9,415	10,117	702
Other local taxes	-	-	-	750,000	1,136,164	386,164	-	-	-
Grants from federal government	-	-	-	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-	-	-	-
Charges for services	5,286,784	8,943,974	3,657,190	-	-	-	-	-	-
Interest from loans	-	-	-	-	-	-	-	-	-
Investment earnings	217,299	228,084	10,785	75,000	50,068	(24,932)	-	114	114
Miscellaneous revenue	-	-	-	-	-	-	-	-	-
Total revenues	<u>5,504,083</u>	<u>9,172,058</u>	<u>3,667,975</u>	<u>825,000</u>	<u>1,186,232</u>	<u>361,232</u>	<u>9,415</u>	<u>10,231</u>	<u>816</u>
<b>Expenditures</b>									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	12,941	14,696	(1,755)
Health	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-	-	-	-
Community development and public housing	-	-	-	-	-	-	-	-	-
Economic development and opportunity	-	-	-	-	-	-	-	-	-
Debt service	7,825,108	7,919,794	(94,686)	-	-	-	-	-	-
Total expenditures	<u>7,825,108</u>	<u>7,919,794</u>	<u>(94,686)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,941</u>	<u>14,696</u>	<u>(1,755)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,321,025)</u>	<u>1,252,264</u>	<u>3,573,289</u>	<u>825,000</u>	<u>1,186,232</u>	<u>361,232</u>	<u>(3,526)</u>	<u>(4,465)</u>	<u>(939)</u>
<b>Other financing sources (uses)</b>									
Appropriated fund balance	855,725	-	(855,725)	(825,000)	-	825,000	3,526	-	(3,526)
Transfers in from general fund	-	-	-	-	-	-	-	-	-
Transfers in from capital projects fund	1,465,300	1,465,300	-	-	-	-	-	-	-
Transfers in from housing initiative fund	-	-	-	-	-	-	-	-	-
Transfers out to capital projects fund	-	-	-	-	-	-	-	-	-
Transfers out to general fund	-	-	-	-	-	-	-	-	-
Transfers out to grants fund	-	-	-	-	-	-	-	-	-
Proceeds from refunding bonds	-	16,640,022	16,640,022	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	(18,232,370)	(18,232,370)	-	-	-	-	-	-
Premium on public facilities bonds	-	1,700,404	1,700,404	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>2,321,025</u>	<u>1,573,356</u>	<u>(747,669)</u>	<u>(825,000)</u>	<u>-</u>	<u>825,000</u>	<u>3,526</u>	<u>-</u>	<u>(3,526)</u>
Net change in fund balances	<u>\$ -</u>	<u>2,825,620</u>	<u>\$ 2,825,620</u>	<u>\$ -</u>	<u>1,186,232</u>	<u>\$ 1,186,232</u>	<u>\$ -</u>	<u>(4,465)</u>	<u>\$ (4,465)</u>
 Fund balance - beginning of year		8,725,791			1,197,357			18,537	
Net change in reserves and adjustments to GAAP basis		-			-			-	
Fund balance - end of year		<u>\$ 11,551,411</u>			<u>\$ 2,383,589</u>			<u>\$ 14,072</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, 2010

	Parks Acquisition & Development			Hotel Rental Tax			Nursing Home Construction		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>									
Fire tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lighting tax levy	-	-	-	-	-	-	-	-	-
Other local taxes	2,258,470	2,466,061	207,591	1,056,000	1,068,106	12,106	753,000	822,083	69,083
Grants from federal government	-	-	-	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Interest from loans	-	-	-	-	-	-	-	-	-
Investment earnings	150,000	130,929	(19,071)	20,000	2,621	(17,379)	75,000	65,975	(9,025)
Miscellaneous revenue	-	-	-	99,073	99,073	-	-	-	-
Total revenues	<u>2,408,470</u>	<u>2,596,990</u>	<u>188,520</u>	<u>1,175,073</u>	<u>1,169,800</u>	<u>(5,273)</u>	<u>828,000</u>	<u>888,058</u>	<u>60,058</u>
<b>Expenditures</b>									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-	-	-	-
Community development and public housing	-	-	-	-	-	-	-	-	-
Economic development and opportunity	-	-	-	1,076,000	1,089,368	(13,368)	-	-	-
Debt service	37,500	-	37,500	99,073	99,098	(25)	872,101	669,363	202,738
Total expenditures	<u>37,500</u>	<u>-</u>	<u>37,500</u>	<u>1,175,073</u>	<u>1,188,466</u>	<u>(13,393)</u>	<u>872,101</u>	<u>669,363</u>	<u>202,738</u>
Excess (deficiency) of revenues over expenditures	<u>2,370,970</u>	<u>2,596,990</u>	<u>226,020</u>	<u>-</u>	<u>(18,666)</u>	<u>(18,666)</u>	<u>(44,101)</u>	<u>218,695</u>	<u>262,796</u>
<b>Other financing sources (uses)</b>									
Appropriated fund balance	(2,393,980)	-	2,393,980	-	-	-	1,344,101	-	(1,344,101)
Transfers in from general fund	-	-	-	-	-	-	-	-	-
Transfers in from capital projects fund	23,010	23,010	-	-	-	-	-	-	-
Transfers in from housing initiative fund	-	-	-	-	-	-	-	-	-
Transfers out to capital projects fund	-	-	-	-	-	-	(1,300,000)	(1,300,000)	-
Transfers out to general fund	-	-	-	-	-	-	-	-	-
Transfers out to grants fund	-	-	-	-	-	-	-	-	-
Proceeds from refunding bonds	-	-	-	-	-	-	-	628,280	628,280
Payment on refunded bond escrow agent	-	-	-	-	-	-	-	(688,403)	(688,403)
Premium on public facilities bonds	-	-	-	-	-	-	-	332,563	332,563
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(2,370,970)</u>	<u>23,010</u>	<u>2,393,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,101</u>	<u>(1,027,560)</u>	<u>(1,071,661)</u>
Net change in fund balances	<u>\$ -</u>	<u>2,620,000</u>	<u>\$ 2,620,000</u>	<u>\$ -</u>	<u>(18,666)</u>	<u>\$ (18,666)</u>	<u>\$ -</u>	<u>(808,865)</u>	<u>\$ (808,865)</u>
 Fund balance - beginning of year		3,710,226			92,402			7,718,080	
Net change in reserves and adjustments to GAAP basis		-			-			-	
Fund balance - end of year		<u>\$ 6,330,226</u>			<u>\$ 73,736</u>			<u>\$ 6,909,215</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, 2010

	Housing Initiative			Economic Development Loans		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>						
Fire tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lighting tax levy	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-
Grants from federal government	-	-	-	-	-	-
Grants from state government	-	-	-	38,790	38,790	-
Charges for services	-	-	-	700	1,410	710
Interest from loans	-	-	-	20,217	27,259	7,042
Investment earnings	37,500	11,558	(25,942)	12,000	2,862	(9,138)
Miscellaneous revenue	-	36,261	36,261	-	1,364	1,364
<b>Total revenues</b>	<b>37,500</b>	<b>47,819</b>	<b>10,319</b>	<b>71,707</b>	<b>71,685</b>	<b>(22)</b>
<b>Expenditures</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-
Community development and public housing	803,050	581,941	221,109	-	-	-
Economic development and opportunity	-	-	-	135,659	208,696	(73,037)
Debt service	-	-	-	-	-	-
<b>Total expenditures</b>	<b>803,050</b>	<b>581,941</b>	<b>221,109</b>	<b>135,659</b>	<b>208,696</b>	<b>(73,037)</b>
Excess (deficiency) of revenues over expenditures	(765,550)	(534,122)	231,428	(63,952)	(137,011)	(73,059)
<b>Other financing sources (uses)</b>						
Appropriated fund balance	1,515,550	-	(1,515,550)	207,952	67,302	(140,650)
Transfers in from general fund	-	-	-	-	-	-
Transfers in from capital projects fund	-	-	-	-	-	-
Transfers in from housing initiative fund	-	-	-	-	-	-
Transfers out to capital projects fund	-	-	-	-	-	-
Transfers out to grants fund	-	-	-	-	-	-
Transfers out to general fund	(750,000)	(750,000)	-	(144,000)	(144,000)	-
Premium on public facilities bonds	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>765,550</b>	<b>(750,000)</b>	<b>(1,515,550)</b>	<b>63,952</b>	<b>(76,698)</b>	<b>(140,650)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>(1,284,122)</b>	<b>\$ (1,284,122)</b>	<b>\$ -</b>	<b>(213,709)</b>	<b>\$ (213,709)</b>
 Fund balance - beginning of year		5,681,869			696,961	
Net change in reserves and adjustments to GAAP basis		545,680			-	
<b>Fund balance - end of year</b>		<b>\$ 4,943,427</b>			<b>\$ 483,252</b>	

**Explanation of Budget to GAAP Differences:**

Encumbrances for equipment, services and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment, services and supplies are received for GAAP purposes. Loan funds report loan repayments as revenue and new loans as expenditures. Loan transactions are eliminated for GAAP purposes.

**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, 2010**

	<u>Project Budget</u>	<u>Current Year Actual</u>	<u>Total To Date</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues</b>				
Grants from federal government				
ARRA - Highways	\$ 4,824,251	\$ 1,099,935	\$ 1,100,922	\$ (3,723,329)
Highways	530,748	773,024	-	(530,748)
Miscellaneous grants	2,017,302	14,840	37,044	(1,980,258)
Grants from state government:				
Highways	609,000	1,855	4,630	(604,370)
Program open space	3,506,647	197,644	361,169	(3,145,478)
Detention center	1,065,000	147,584	148,111	(916,889)
Education	1,175,405	361,542	505,542	(669,863)
Miscellaneous	1,106,027	186,710	936,221	(169,806)
Total revenues	<u>14,834,380</u>	<u>2,783,134</u>	<u>3,093,639</u>	<u>(11,740,741)</u>
<b>Expenditures</b>				
General government	98,378,503	46,254,628	50,388,849	47,989,654
Roads and bridges	34,105,600	11,999,846	23,283,248	10,822,352
Board of Education	179,383,466	51,437,190	155,879,853	23,503,613
Frederick Community College	22,549,152	1,816,966	12,434,679	10,114,473
Parks and recreation	29,149,041	10,503,896	12,852,152	16,296,889
Watershed restoration	1,185,194	277,431	522,060	663,134
Municipal	103,964	18,103	21,365	82,599
Total expenditures	<u>364,854,920</u>	<u>122,308,060</u>	<u>255,382,206</u>	<u>109,472,714</u>
Excess (deficiency) of revenues over expenditures	<u>(350,020,540)</u>	<u>(119,524,926)</u>	<u>(252,288,567)</u>	<u>97,731,973</u>
<b>Other financing sources (uses)</b>				
Transfers (to) from general fund	43,001,635	(1,203,106)	43,001,635	-
Transfers (to) from impact fees fund	18,052,507	(1,465,300)	18,052,507	-
Transfers (to) from parks acquisition & development fund	18,725,969	(23,011)	18,725,969	-
Transfers in from special tax district	332,244	421,526	332,244	-
Transfers in from development road improvement fund	9,411,172	-	9,411,172	-
Transfers in from nursing home construction fund	1,869,600	1,300,000	1,869,600	-
Transfers in from hotel rental tax refund	20,227	20,227	20,227	-
Transfers in from water and sewer fund	3,840	3,840	3,840	-
Transfers in from DPDR	34,520	34,520	34,520	-
Proceeds from public facilities and refunding bonds	258,568,826	118,474,499	179,006,965	(79,561,861)
Total other financing sources (uses)	<u>350,020,540</u>	<u>117,563,195</u>	<u>270,458,679</u>	<u>(79,561,861)</u>
Net change in fund balances	<u>\$ -</u>	<u>(1,961,731)</u>	<u>\$ 18,170,112</u>	<u>\$ 18,170,112</u>
Net change in reserves and adjustment to GAAP basis		24,465,491		
Fund balance - beginning of year		43,602,544		
Fund balance - end of year		<u>\$ 66,106,304</u>		

**FREDERICK COUNTY, MARYLAND**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2010**

	Business-type Activities-Enterprise Funds				
	Nursing Homes		Public Housing		Total
	Citizens Care & Rehabilitation Center	Montevue Home	Bell Court Apartments	Permitting & Development Review	Nonmajor Enterprise Funds (See Exhibit II-A-9)
<b>Assets</b>					
Current assets:					
Cash	\$ 49,773	\$ 26,221	\$ 2,403	\$ -	\$ 78,397
Equity in pooled invested cash	177,269	529,270	-	6,451,018	7,157,557
Restricted cash and cash equivalents	-	-	410,196	-	410,196
Total cash and cash equivalents	227,042	555,491	412,599	6,451,018	7,646,150
Receivables, net of allowance for uncollectible accounts	2,360,955	9,918	2,199	-	2,373,072
Inventories	37,784	-	-	-	37,784
Total current assets	2,625,781	565,409	414,798	6,451,018	10,057,006
Noncurrent assets:					
Capital assets:					
Land	-	-	132,200	513,942	646,142
Buildings and improvements	3,319,323	2,254,017	1,877,880	6,264,082	13,715,302
Equipment	1,225,398	102,138	175,000	996,279	2,498,815
Accumulated depreciation	(4,081,313)	(1,966,220)	(786,826)	(1,572,871)	(8,407,230)
Deferred bond issue expense	-	-	-	30,033	30,033
Total noncurrent assets	463,408	389,935	1,398,254	6,231,465	8,483,062
Total assets	3,089,189	955,344	1,813,052	12,682,483	18,540,068
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	15,498	3,803	87	7,426	26,814
Payroll and benefit deductions	756,972	123,430	1,492	250,853	1,132,747
Accrued expenses	327,320	10,732	4,661	35,430	378,143
Deferred revenues	-	4,351	-	3,646,235	3,650,586
Security deposits	-	-	9,358	-	9,358
Other liabilities	47,153	19,410	-	-	66,563
Current portion general obligation bonds and notes	-	-	-	347,399	347,399
Current portion of compensated absences	32,180	3,777	-	16,160	52,117
Total current liabilities	1,179,123	165,503	15,598	4,303,503	5,663,727
Noncurrent liabilities:					
Long term portion general obligation bonds and notes	-	-	-	5,735,300	5,735,300
Liability for compensated absences	482,716	83,759	-	244,543	811,018
Accrued termination benefits	-	-	-	20,285	20,285
Total noncurrent liabilities	482,716	83,759	-	6,000,128	6,566,603
Total liabilities	1,661,839	249,262	15,598	10,303,631	12,230,330
<b>Net Assets</b>					
Invested in capital assets, net of related debt	463,408	389,935	1,398,254	118,733	2,370,330
Restricted	-	-	410,196	-	410,196
Unrestricted	963,942	316,147	(10,996)	2,260,119	3,529,212
Total net assets	\$ 1,427,350	\$ 706,082	\$ 1,797,454	\$ 2,378,852	\$ 6,309,738

FREDERICK COUNTY, MARYLAND  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities-Enterprise Funds				Total Nonmajor Enterprise Funds (See Exhibit II-A-10)
	Nursing Homes		Public Housing	Permitting & Development Review	
	Citizens Care & Rehabilitation Center	Montevue Home	Bell Court Apartments		
<b>Operating revenues</b>					
Charges for health care services, net of contractual adjustments	\$ 12,975,241	\$ 828,545	\$ -	\$ -	\$ 13,803,786
License and permit revenue	-	-	-	3,317,764	3,317,764
Fee revenue	-	-	-	1,849,948	1,849,948
Rental charges	-	-	94,164	44,175	138,339
Total net charges for services	12,975,241	828,545	94,164	5,211,887	19,109,837
Other revenues	65,985	210	-	4,200	70,395
Total operating revenues	13,041,226	828,755	94,164	5,216,087	19,180,232
<b>Operating expenses</b>					
Personnel services	12,305,433	2,004,063	20,816	4,307,716	18,638,028
Other operating expenses (including administrative overhead)	2,518,056	922,222	57,513	944,564	4,442,355
Supplies	1,064,681	107,155	-	19,917	1,191,753
Repairs and maintenance	23,131	17,428	28,979	7,343	76,881
Depreciation	233,730	194,967	66,971	314,093	809,761
Total operating expenses	16,145,031	3,245,835	174,279	5,593,633	25,158,778
Operating income (loss)	(3,103,805)	(2,417,080)	(80,115)	(377,546)	(5,978,546)
<b>Nonoperating revenues (expenses)</b>					
Donations	17,382	2,418	-	-	19,800
Investment earnings	-	2,227	4,556	23,951	30,734
Gain (loss) on sale/disposal of capital assets	(4,317)	-	-	-	(4,317)
Interest expense	-	-	-	(257,272)	(257,272)
Total nonoperating revenues (expenses)	13,065	4,645	4,556	(233,321)	(211,055)
Net income (loss) before transfers	(3,090,740)	(2,412,435)	(75,559)	(610,867)	(6,189,601)
Capital grants and contributions	-	-	175,000	-	175,000
Operating grants and contributions	-	-	25,000	-	25,000
Transfers in	4,270,100	2,290,445	-	780,732	7,341,277
Transfers out	-	-	-	(34,520)	(34,520)
Total transfers	4,270,100	2,290,445	200,000	746,212	7,506,757
Change in net assets	1,179,360	(121,990)	124,441	135,345	1,317,156
Net assets - beginning of year	247,990	828,072	1,673,013	2,243,507	4,992,582
Net assets - end of year	\$ 1,427,350	\$ 706,082	\$ 1,797,454	\$ 2,378,852	\$ 6,309,738

FREDERICK COUNTY, MARYLAND  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities-Enterprise Funds				
	Nursing Homes		Public Housing		Total
	Citizens Care & Rehabilitation Center	Montevue Home	Bell Court Apartments	Permitting & Development Review	Nonmajor Enterprise Funds (See Exhibit II-A-11)
<b>Cash flows from operating activities</b>					
Cash received from residents and customers	\$ 12,919,123	\$ 800,838	\$ 94,164	\$ 5,274,920	\$ 19,089,045
Cash received from (paid to) interfund services	(721,250)	-	-	44,175	(677,075)
Cash paid to suppliers	(3,371,825)	(1,015,701)	(86,629)	(955,812)	(5,429,967)
Cash paid to employees	(12,966,847)	(2,118,334)	(21,623)	(4,604,060)	(19,710,864)
Other	30,655	-	-	-	30,655
Net cash provided (used) by operating activities	(4,110,144)	(2,333,197)	(14,088)	(240,777)	(6,698,206)
<b>Cash flows from noncapital financing activities</b>					
Transfers in	4,270,100	2,290,445	-	780,732	7,341,277
Cash received from operating grants	-	-	25,000	-	25,000
Cash received from donations	17,382	2,418	-	-	19,800
Cash received from (paid to) patient and resident funds	(7,131)	208	-	-	(6,923)
Cash received from (paid to) memorial and employee funds	(291)	339	-	-	48
Net cash provided by noncapital financing activities	4,280,060	2,293,410	25,000	780,732	7,379,202
<b>Cash flows from capital and related financing activities</b>					
Cash received from capital grants	-	-	175,000	-	175,000
Acquisition and construction of capital assets	-	-	(175,000)	-	(175,000)
Proceeds from debt issues	-	-	-	227	227
Payment of bond and note principal	-	-	-	(349,415)	(349,415)
Interest paid on bonds	-	-	-	(289,175)	(289,175)
Contributed capital	-	-	-	(34,520)	(34,520)
Net cash provided (used) by capital & related financing activities	-	-	-	(672,883)	(672,883)
<b>Cash flows from investing activities</b>					
Interest received on investments	-	2,227	5,174	23,951	31,352
Net cash provided by investing activities	-	2,227	5,174	23,951	31,352
Net increase (decrease) in cash and cash equivalents	169,916	(37,560)	16,086	(108,977)	39,465
Cash and cash equivalents - beginning of year (restated)	57,126	593,051	396,513	6,559,995	7,606,685
Cash and cash equivalents - end of year	\$ 227,042	\$ 555,491	\$ 412,599	\$ 6,451,018	\$ 7,646,150

(continued)

FREDERICK COUNTY, MARYLAND  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Citizens Care & Rehabilitation Center	Montevue Home	Bell Court Apartments	Permitting & Development Review	Total Nonmajor Enterprise Funds (See Exhibit II-A-11)
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (3,103,805)	\$ (2,417,080)	\$ (80,115)	\$ (377,546)	\$ (5,978,546)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	233,730	194,967	66,971	314,093	809,761
Change in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	195,734	(4,316)	-	-	191,418
Bad debt allowance	(20,229)	5,042	-	-	(15,187)
Inventory	3,012	-	-	-	3,012
Increase (decrease) in:					
Accounts payable	(24,995)	(4,638)	(131)	4,557	(25,207)
Accrued expenses	8,370	6,853	(5)	(11,414)	3,804
Deferred revenues	-	-	-	103,008	103,008
Liability for compensated leave	52,377	(5,923)	-	(10,512)	35,942
Other post employee benefits	(737,037)	(107,407)	-	(262,963)	(1,107,407)
Due to other funds	(721,250)	-	-	-	(721,250)
Other liabilities	3,949	(695)	(808)	-	2,446
Net cash provided (used) by operating activities	\$ <u>(4,110,144)</u>	\$ <u>(2,333,197)</u>	\$ <u>(14,088)</u>	\$ <u>(240,777)</u>	\$ <u>(6,698,206)</u>
Noncash investing, capital, and financing activities:					
None					

FREDERICK COUNTY, MARYLAND  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2010

	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-9)
<b>Assets</b>			
Current assets:			
Equity in pooled invested cash	\$ 993,571	\$ 7,402,155	\$ 8,395,726
Total cash and cash equivalents	993,571	7,402,155	8,395,726
Receivables, net of allowance for uncollectible accounts	65,209	95,249	160,458
Due from component units	334	-	334
Inventories	-	255,894	255,894
Prepaid items	74,508	2,500	77,008
Total current assets	<u>1,133,622</u>	<u>7,755,798</u>	<u>8,889,420</u>
Noncurrent assets:			
Capital assets:			
Buildings and improvements	-	1,833,133	1,833,133
Equipment	1,560,354	25,290,022	26,850,376
Accumulated depreciation	(1,280,198)	(14,503,434)	(15,783,632)
Total noncurrent assets	<u>280,156</u>	<u>12,619,721</u>	<u>12,899,877</u>
Total assets	<u>1,413,778</u>	<u>20,375,519</u>	<u>21,789,297</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	3,583	82,693	86,276
Payroll and benefit deductions	33,709	130,447	164,156
Accrued expenses	195	78,163	78,358
Current portion of compensated absences	-	2,239	2,239
Total current liabilities	<u>37,487</u>	<u>293,542</u>	<u>331,029</u>
Noncurrent liabilities:			
Liability for compensated absences	32,177	140,894	173,071
Total noncurrent liabilities	<u>32,177</u>	<u>140,894</u>	<u>173,071</u>
Total liabilities	<u>69,664</u>	<u>434,436</u>	<u>504,100</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	280,156	12,619,721	12,899,877
Unrestricted	1,063,958	7,321,362	8,385,320
Total net assets	<u>\$ 1,344,114</u>	<u>\$ 19,941,083</u>	<u>\$ 21,285,197</u>



FREDERICK COUNTY, MARYLAND  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Voice Services</u>	<u>Fleet Services</u>	<b>Total Internal Service Funds (See Exhibit II-A-10)</b>
<b>Operating revenues</b>			
Service charges	\$ 1,498,976	\$ 10,868,254	\$ 12,367,230
Total operating revenues	<u>1,498,976</u>	<u>10,868,254</u>	<u>12,367,230</u>
<b>Operating expenses</b>			
Personnel services	523,634	2,213,807	2,737,441
Other operating expenses (including administrative overhead)	546,141	792,768	1,338,909
Supplies	3,785	3,821,325	3,825,110
Repairs and maintenance	216,908	349,450	566,358
Depreciation	<u>145,859</u>	<u>3,233,840</u>	<u>3,379,699</u>
Total operating expenses	<u>1,436,327</u>	<u>10,411,190</u>	<u>11,847,517</u>
Operating income	<u>62,649</u>	<u>457,064</u>	<u>519,713</u>
<b>Nonoperating revenues (expenses)</b>			
Investment earnings	5,196	33,918	39,114
Miscellaneous income	-	10,109	10,109
Gain (loss) on disposition of capital assets	-	(42)	(42)
Total nonoperating revenues (expenses)	<u>5,196</u>	<u>43,985</u>	<u>49,181</u>
Net income before contributions and transfers	<u>67,845</u>	<u>501,049</u>	<u>568,894</u>
Transfers out	-	(1,000,000)	(1,000,000)
Transfers in	<u>32,989</u>	<u>279,402</u>	<u>312,391</u>
Total contributions and transfers	<u>32,989</u>	<u>(720,598)</u>	<u>(687,609)</u>
Change in net assets	100,834	(219,549)	(118,715)
Net assets - beginning of year	<u>1,243,280</u>	<u>20,160,632</u>	<u>21,403,912</u>
Net assets - end of year	<u>\$ 1,344,114</u>	<u>\$ 19,941,083</u>	<u>\$ 21,285,197</u>

FREDERICK COUNTY, MARYLAND  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-11)
<b>Cash flows from operating activities</b>			
Cash received from residents and customers	\$ 1,508,392	\$ 10,883,944	\$ 12,392,336
Cash paid to suppliers	(818,539)	(4,999,353)	(5,817,892)
Cash paid to employees	(540,460)	(2,311,440)	(2,851,900)
Net cash provided by operating activities	<u>149,393</u>	<u>3,573,151</u>	<u>3,722,544</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers in (out)	<u>32,989</u>	<u>(720,599)</u>	<u>(687,610)</u>
Net cash provided (used) by noncapital financing activities	<u>32,989</u>	<u>(720,599)</u>	<u>(687,610)</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(97,325)	(1,548,252)	(1,645,577)
Recoveries for damages	-	10,110	10,110
Proceeds from sale of capital assets	-	229,473	229,473
Net cash provided (used) by capital & related financing activities	<u>(97,325)</u>	<u>(1,308,669)</u>	<u>(1,405,994)</u>
<b>Cash flows from investing activities</b>			
Interest received on investments	<u>5,196</u>	<u>33,918</u>	<u>39,114</u>
Net cash provided by investing activities	<u>5,196</u>	<u>33,918</u>	<u>39,114</u>
Net increase in cash and cash equivalents	90,253	1,577,801	1,668,054
Cash and cash equivalents - beginning of year	<u>903,318</u>	<u>5,824,354</u>	<u>6,727,672</u>
Cash and cash equivalents - end of year	<u>\$ 993,571</u>	<u>\$ 7,402,155</u>	<u>\$ 8,395,726</u>

(continued)

FREDERICK COUNTY, MARYLAND  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-11)
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 62,649	\$ 457,064	\$ 519,713
Adjustments to reconcile net operating income to net cash provided by operating activities:			
Depreciation	145,859	3,233,840	3,379,699
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	9,416	15,690	25,106
Inventory	-	16,771	16,771
Prepaid items	(36,510)	(2,500)	(39,010)
Increase (decrease) in:			
Accounts payable	1,900	(71,435)	(69,535)
Accrued expenses	(14,833)	16,270	1,437
Liability for compensated leave	1,419	15,845	17,264
Other liabilities	(20,507)	(108,394)	(128,901)
Net cash provided by operating activities	\$ <u>149,393</u>	\$ <u>3,573,151</u>	\$ <u>3,722,544</u>
Noncash investing, capital, and financing activities:			
None			

FREDERICK COUNTY, MARYLAND  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<b>Tax Agency Fund</b>				
Assets				
Cash and cash equivalents	\$ 141,568	\$ 46,932	\$ -	\$ 188,500
Equity in pooled invested cash	397,198	3,126,436	3,157,668	365,966
Total Assets	<u>\$ 538,766</u>	<u>\$ 3,173,368</u>	<u>\$ 3,157,668</u>	<u>\$ 554,466</u>
Liabilities				
Due to third parties	<u>\$ 538,766</u>	<u>\$ 4,528,697</u>	<u>\$ 4,512,997</u>	<u>\$ 554,466</u>
 <b>Subdivision and Driveway Deposits Fund</b>				
Assets				
Equity in pooled invested cash	<u>\$ 3,713,604</u>	<u>\$ 803,849</u>	<u>\$ 1,078,017</u>	<u>\$ 3,439,436</u>
Liabilities				
Due to third parties	\$ 108,894	\$ -	\$ 108,894	\$ -
Performance deposits	3,604,710	803,849	969,123	3,439,436
Total Liabilities	<u>\$ 3,713,604</u>	<u>\$ 803,849</u>	<u>\$ 1,078,017</u>	<u>\$ 3,439,436</u>
 <b>Work Release Fund</b>				
Assets				
Cash and cash equivalents	<u>\$ 17,903</u>	<u>\$ 665,141</u>	<u>\$ 670,227</u>	<u>\$ 12,817</u>
Liabilities				
Due to third parties	<u>\$ 17,903</u>	<u>\$ 665,141</u>	<u>\$ 670,227</u>	<u>\$ 12,817</u>
 <b>Tax Incremental Financing Bond Fund</b>				
Assets				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 1,034,934</u>	<u>\$ 1,034,934</u>	<u>\$ -</u>
Liabilities				
Due to third parties	<u>\$ -</u>	<u>\$ 1,034,934</u>	<u>\$ 1,034,934</u>	<u>\$ -</u>
 <b>Totals - All Agency funds</b>				
Assets				
Cash and cash equivalents	\$ 159,471	\$ 1,747,007	\$ 1,705,161	\$ 201,317
Equity in pooled invested cash	4,110,802	3,930,285	4,235,685	3,805,402
Total assets	<u>\$ 4,270,273</u>	<u>\$ 5,677,292</u>	<u>\$ 5,940,846</u>	<u>\$ 4,006,719</u>
Liabilities				
Due to third parties	\$ 665,563	\$ 6,228,772	\$ 6,327,052	\$ 567,283
Performance deposits	3,604,710	803,849	969,123	3,439,436
Total liabilities	<u>\$ 4,270,273</u>	<u>\$ 7,032,621</u>	<u>\$ 7,296,175</u>	<u>\$ 4,006,719</u>

**FREDERICK COUNTY, MARYLAND**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY SOURCE (1)**  
**JUNE 30, 2010**

	<u>2010</u>
<b>Governmental funds capital assets</b>	
Land and improvements	\$ 95,830,381
Buildings	154,414,805
Equipment	65,532,304
Infrastructure	334,408,506
Construction in progress	31,908,432
Total governmental funds capital assets	\$ <u>682,094,428</u>
 <b>Investment in governmental funds capital assets by source</b>	
Capital projects fund (2)	\$ 565,583,978
General fund	2,777,835
Special revenue funds	85,343,301
Donations	28,389,314
Total governmental funds capital assets	\$ <u>682,094,428</u>

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$28,683,509 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Assets.

(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, 2010**

<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	\$ 1,197,231	\$ 38,804,028	\$ 13,633,451	\$ -	\$ -	\$ 53,634,710
Public safety	5,444,421	50,395,660	37,168,746	-	-	93,008,827
Public works	2,964,780	9,712,897	9,249,423	-	-	21,927,100
Public health	-	7,584,601	44,910	-	-	7,629,511
Social services	531,518	8,448,991	1,288,992	-	-	10,269,501
Recreation and culture	27,514,518	38,410,628	3,382,456	-	-	69,307,602
Conservation of natural resources	57,959,944	-	100,288	-	-	58,060,232
Economic Development and Opportunity	217,969	1,058,000	664,038	-	-	1,940,007
Infrastructure	-	-	-	334,408,506	-	334,408,506
Construction in progress	-	-	-	-	31,908,432	31,908,432
Total governmental funds capital assets	<u>\$ 95,830,381</u>	<u>\$ 154,414,805</u>	<u>\$ 65,532,304</u>	<u>\$ 334,408,506</u>	<u>\$ 31,908,432</u>	<u>\$ 682,094,428</u>

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$28,683,509 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Assets.

**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, 2010**

<u>Function</u>	<u>Governmental Funds Capital Assets July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2010</u>
General government	\$ 50,986,459	\$ 6,804,498	\$ 4,156,247	\$ 53,634,710
Public safety	91,830,604	4,819,069	3,640,846	93,008,827
Public works	7,610,856	14,669,774	353,530	21,927,100
Public health	8,542,893	1,014,178	1,927,560	7,629,511
Social services	22,258,001	3,743,848	15,732,348	10,269,501
Recreation and culture	67,639,695	2,111,431	443,524	69,307,602
Conservation of natural resources	49,519,636	8,540,596	-	58,060,232
Economic Development and Opportunity	674,579	1,338,387	72,959	1,940,007
Infrastructure	324,448,002	10,978,600	1,018,096	334,408,506
Construction in progress	17,380,446	33,926,060	19,398,074	31,908,432
Total governmental funds capital assets	\$ <u>640,891,171</u>	\$ <u>87,946,441</u>	\$ <u>46,743,184</u>	\$ <u>682,094,428</u>

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$28,683,509 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Assets.

# STATISTICAL SECTION

This part of the Frederick County, Maryland comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	153 - 158
Revenue Capacity These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	159 - 162
Debt Capacity These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	163 - 166
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	167 - 168
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	169 - 173

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**FREDERICK COUNTY, MARYLAND**  
**NET ASSETS BY COMPONENT**  
**LAST NINE FISCAL YEARS (1)**  
 (accrual basis of accounting)

	Fiscal Year								
	2010	2009	2008	2007 (4)	2006 (4)	2005	2004 (4)	2003 (4)	2002 (4)
Governmental activities									
Investment in capital assets, net of related debt	\$ 273,493,228	\$ 242,886,896	\$ 223,296,140	\$ 220,485,887	\$ 216,474,001	\$ 226,722,373	\$ 225,535,503	\$ 225,304,760	\$ 220,801,250
Restricted (2)	184,828,765	147,016,541	133,032,506	157,734,585	123,851,893	35,780,332	26,588,880	20,309,590	27,623,228
Unrestricted (Deficit) (3)	(288,083,336)	(167,092,969)	(59,630,068)	(62,896,588)	(56,507,349)	(7,182,824)	(38,026,756)	(45,363,809)	(89,884,660)
Total governmental activities net assets	<u>170,238,657</u>	<u>222,812,468</u>	<u>296,698,578</u>	<u>315,323,884</u>	<u>283,818,545</u>	<u>255,319,881</u>	<u>214,097,627</u>	<u>200,250,541</u>	<u>158,539,818</u>
Business-type activities									
Investment in capital assets, net of related debt	312,459,077	291,788,577	232,785,591	214,474,800	193,225,382	175,358,149	147,999,499	142,219,673	136,917,343
Restricted	9,714,241	679,335	15,750,610	24,851,353	3,206,982	229,896	191,252	1,971,389	64,458,990
Unrestricted (Deficit)	77,554,957	80,856,215	96,536,501	87,412,069	104,778,749	88,146,766	90,132,660	75,404,737	4,920,701
Total business-type activities net assets	<u>399,728,275</u>	<u>373,324,127</u>	<u>345,072,702</u>	<u>326,738,222</u>	<u>301,211,113</u>	<u>263,734,811</u>	<u>238,323,411</u>	<u>219,595,799</u>	<u>206,297,034</u>
Primary government									
Investment in capital assets, net of related debt	585,952,305	534,677,473	456,081,731	434,960,687	409,699,383	402,080,522	373,535,002	367,524,433	357,718,593
Restricted (2)	194,543,006	147,695,876	148,783,116	182,585,938	127,058,875	36,010,228	26,780,132	22,280,979	92,082,218
Unrestricted (Deficit) (3)	(210,528,379)	(86,236,754)	36,906,433	24,515,481	48,271,400	80,963,942	52,105,904	30,040,928	(84,963,959)
Total primary government net assets	<u>\$ 569,966,932</u>	<u>\$ 596,136,595</u>	<u>\$ 641,771,280</u>	<u>\$ 642,062,106</u>	<u>\$ 585,029,658</u>	<u>\$ 519,054,692</u>	<u>\$ 452,421,038</u>	<u>\$ 419,846,340</u>	<u>\$ 364,836,852</u>

- (1) Accrual-basis financial information for the county government as a whole is only available back to 2002, the year GASB Statement 34 was implemented.  
 (2) Due to the implementation of GASB Statement 46 in fiscal year 2006, higher restricted net assets are being reported than in previous years.  
 (3) Deficits occur in unrestricted net assets 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.  
 (4) Restated

**FREDERICK COUNTY, MARYLAND**  
**CHANGES IN NET ASSETS, LAST NINE FISCAL YEARS (1)**  
 (accrual basis of accounting)

	Fiscal Year								
	2010	2009	2008	2007 (2)	2006 (2)	2005	2004 (2)	2003 (2)	2002 (2)
<b>Expenses</b>									
Governmental activities:									
General government	\$ 47,426,759	\$ 48,336,652	\$ 47,365,230	\$ 44,608,747	\$ 41,402,131	\$ 27,425,402	\$ 24,607,455	\$ 36,887,646	\$ 35,292,562
Public safety	96,002,101	98,638,171	92,368,561	82,346,886	68,737,205	58,696,992	48,301,860	48,823,335	42,848,265
Public works	42,608,184	45,639,681	36,272,941	33,363,952	30,839,056	29,789,265	31,779,170	5,651,044	13,759,447
Health	8,666,393	8,430,003	8,350,521	12,022,712	20,318,327	15,586,778	15,002,153	20,753,454	19,353,858
Social services	8,699,974	9,079,466	9,034,819	7,433,791	7,248,599	5,519,938	5,935,055	2,406,499	3,532,518
Education	296,413,864	317,246,467	280,571,794	234,952,181	236,655,998	215,923,669	214,618,912	192,710,690	200
Parks, recreation and culture	17,106,503	17,984,081	16,540,827	13,027,882	11,619,119	9,450,582	10,937,095	8,162,835	2,980,654
Conservation of natural resources	3,203,584	5,920,062	5,284,255	2,018,025	1,278,781	4,981,389	4,981,389	2,999,473	6,350,141
Community development and public housing	6,124,692	5,313,485	5,532,210	4,692,471	3,195,154	3,713,439	3,058,614	2,950,729	2,664,445
Economic development and opportunity	14,318,099	14,367,112	13,586,428	12,368,074	11,485,801	10,928,583	10,369,467	11,047,285	9,884,959
Miscellaneous	-	-	-	-	-	3,803,446	4,397,069	2,291,509	1,465,739
Intergovernmental	-	-	-	-	-	6,006,926	4,796,634	16,383,165	3,094,971
Interest on long term debt	17,983,300	17,384,242	15,180,615	13,236,202	9,858,697	9,351,188	11,089,623	9,865,763	21,031,442
Total governmental activities expenses	<u>558,553,453</u>	<u>588,339,422</u>	<u>530,088,201</u>	<u>460,070,923</u>	<u>445,131,726</u>	<u>397,474,989</u>	<u>389,874,496</u>	<u>360,933,427</u>	<u>162,259,201</u>
Business-type activities:									
Water and sewer	28,894,767	27,858,760	25,789,356	23,082,586	21,623,009	19,977,977	19,785,831	17,681,970	18,220,967
Solid waste management	20,467,049	22,543,435	20,989,211	20,649,798	17,615,883	12,368,757	11,613,296	9,618,690	9,265,701
Nursing homes	19,389,955	18,720,204	17,961,626	15,862,296	14,691,041	13,399,901	12,815,110	12,346,634	11,710,121
Public housing	174,279	138,883	121,973	127,423	106,859	107,323	111,334	(1,715,127)	1,918,836
Permitting and development review	5,840,521	6,586,058	6,866,402	6,244,552	4,761,715	4,134,794	3,334,752	108,101	-
Total business-type activities expenses	<u>74,766,581</u>	<u>75,847,340</u>	<u>71,728,568</u>	<u>65,966,655</u>	<u>58,798,507</u>	<u>49,988,752</u>	<u>47,660,323</u>	<u>38,040,268</u>	<u>41,115,625</u>
Total primary government expenses	<u>\$ 633,320,034</u>	<u>\$ 664,186,762</u>	<u>\$ 601,816,769</u>	<u>\$ 526,037,578</u>	<u>\$ 503,930,233</u>	<u>\$ 447,463,741</u>	<u>\$ 437,534,819</u>	<u>\$ 398,973,695</u>	<u>\$ 203,374,826</u>
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
General government	\$ 9,934,491	\$ 7,107,680	\$ 6,123,458	\$ 10,002,667	\$ 13,070,811	\$ 1,086,267	\$ 1,026,083	\$ 6,789,686	\$ 7,083,797
Public safety	6,808,959	6,332,060	6,000,432	5,501,706	4,259,470	2,938,922	2,687,452	1,697,058	1,230,503
Public works	657,512	681,480	798,599	699,799	838,845	743,694	759,069	1,991,378	1,232,383
Health	1,895,940	1,770,050	1,955,859	2,571,249	3,575,509	3,348,561	3,461,277	6,806,508	6,763,320
Social services	1,309,912	1,427,143	1,359,191	1,199,006	1,143,596	1,632,919	1,737,198	383,575	279,257
Parks, recreation and culture	859,500	796,378	727,658	640,439	554,694	466,417	472,016	388,072	341,585
Conservation of natural resources	-	183,704	193,410	198,663	213,945	129,844	120,408	95,161	100,226
Community development and public housing	-	-	-	-	-	-	-	200	-
Economic development and opportunity	94,066	131,241	75,736	250,412	353,402	374,485	402,481	240,751	235,403
Operating grants and contributions:	23,530,387	35,124,152	37,093,647	35,352,838	40,427,661	36,100,015	33,919,736	35,879,493	38,364,035
Capital grants and contributions:	7,425,608	18,624,294	4,480,176	4,884,031	3,018,316	5,203,254	6,508,424	5,677,857	11,388,734
Total governmental activities program revenues	<u>52,516,475</u>	<u>72,178,182</u>	<u>58,808,166</u>	<u>61,390,810</u>	<u>67,456,249</u>	<u>52,024,378</u>	<u>51,094,144</u>	<u>59,949,739</u>	<u>67,019,343</u>

(continued)

**FREDERICK COUNTY, MARYLAND**  
**CHANGES IN NET ASSETS, LAST NINE FISCAL YEARS (1)**  
(accrual basis of accounting)

	Fiscal Year								
	2010	2009	2008	2007 (2)	2006 (2)	2005	2004 (2)	2003 (2)	2002 (2)
Business-type activities:									
Charges for services:									
Water and sewer	\$ 20,874,838	\$ 20,716,900	\$ 19,879,735	\$ 19,651,077	\$ 20,315,028	\$ 19,177,820	\$ 18,880,725	\$ 16,363,465	\$ 16,733,299
Solid waste management	23,313,156	23,140,754	19,286,726	17,255,845	15,028,960	11,306,315	11,455,502	8,941,431	9,427,143
Nursing homes	13,869,981	13,016,338	12,276,779	12,277,443	11,101,735	10,226,199	9,674,807	9,080,715	9,605,018
Public housing	94,164	94,347	95,121	88,299	84,584	82,043	81,765	81,206	80,828
Permitting and development review	5,216,087	5,184,792	5,647,636	6,106,718	4,590,651	4,380,255	3,300,643	-	-
Operating grants and contributions:	25,000	-	5,159,639	10,418,677	12,951,233	12,810,064	8,810,279	6,303,545	12,572,345
Capital grants and contributions:	27,684,963	32,266,084	12,881,554	13,869,468	21,425,241	10,234,860	5,928,940	3,312,279	5,367,499
Total business-type activities program revenues	91,078,189	94,419,215	75,227,190	79,667,527	85,497,432	68,217,556	58,132,661	44,082,641	53,786,132
Total primary government program revenues	\$ 143,594,664	\$ 165,597,397	\$ 134,035,356	\$ 140,968,337	\$ 152,953,681	\$ 120,241,934	\$ 109,226,805	\$ 104,032,380	\$ 120,805,475
<b>Net (Expense)/Revenue</b>									
Governmental activities	\$ (506,036,978)	\$ (516,161,240)	\$ (471,280,035)	\$ (398,770,113)	\$ (377,675,477)	\$ (345,450,611)	\$ (338,780,352)	\$ (300,983,688)	\$ (95,239,858)
Business-type activities	16,311,608	18,571,875	3,498,622	13,700,872	28,698,925	18,228,804	10,472,338	6,042,373	12,670,507
Total primary government net expense	\$ (489,725,370)	\$ (497,589,365)	\$ (467,781,413)	\$ (385,069,241)	\$ (350,976,552)	\$ (327,221,807)	\$ (328,308,014)	\$ (294,941,315)	\$ (82,569,351)
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental activities:									
Local property taxes	\$ 289,144,746	\$ 271,247,190	\$ 244,968,090	\$ 220,103,311	\$ 202,355,103	\$ 182,302,769	\$ 167,913,097	\$ 139,943,351	\$ 145,435,575
Local income taxes	143,208,402	137,509,451	164,716,995	153,232,580	149,588,132	142,255,367	137,782,293	163,872,631	116,189,559
Other local taxes	23,080,409	23,393,903	31,601,856	41,284,492	49,031,997	57,772,607	49,074,166	36,781,991	34,312,865
Build America Bonds Subsidy	591,969	-	-	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	60,000
Investment earnings	4,904,974	7,900,842	15,484,565	15,415,259	8,787,443	5,517,391	2,513,831	2,513,741	5,628,438
Miscellaneous	914,146	7,630,745	3,270,163	3,904,920	2,722,004	2,693,466	2,250,381	2,024,356	2,259,256
Transfers	(8,381,479)	(5,407,001)	(7,386,940)	(3,665,110)	(6,310,538)	(3,868,735)	(6,906,330)	(2,441,659)	(201,515,249)
Total governmental activities	453,463,167	442,275,130	452,654,729	430,275,452	406,174,141	386,672,865	352,627,438	342,694,411	102,370,444
Business-type activities:									
Build America Bonds Subsidy	156,620	-	-	-	-	-	-	-	-
Investment earnings	892,586	4,244,887	6,719,219	7,525,143	4,226,175	2,848,200	654,240	4,155,084	4,833,207
Miscellaneous	661,855	27,662	729,699	635,984	240,664	465,661	694,704	659,649	497,603
Transfers	8,391,479	5,407,001	7,386,940	3,665,110	6,310,538	3,868,735	6,906,330	2,441,659	1,868,768
Total business-type activities	10,092,540	9,679,550	14,835,858	11,826,237	10,777,377	7,182,596	8,255,274	7,256,392	7,199,578
Total primary government	\$ 463,555,707	\$ 451,954,680	\$ 467,490,587	\$ 442,101,689	\$ 416,951,518	\$ 393,855,461	\$ 360,882,712	\$ 349,950,803	\$ 109,570,022
<b>Change in Net Assets</b>									
Governmental activities	\$ (52,573,811)	\$ (73,886,110)	\$ (18,625,306)	\$ 31,505,339	\$ 28,498,664	\$ 41,222,254	\$ 13,847,086	\$ 41,710,723	\$ 7,130,586
Business-type activities	26,404,148	28,251,425	18,334,480	25,527,109	37,476,302	25,411,400	18,727,612	13,298,765	19,870,085
Total primary government	\$ (26,169,663)	\$ (45,634,685)	\$ (290,826)	\$ 57,032,448	\$ 65,974,966	\$ 66,633,654	\$ 32,574,698	\$ 55,009,488	\$ 27,000,671

(1) Accrual-basis financial information for the county government as a whole is only available from FY 2002, the year GASB Statement No. 34 was implemented.

(2) Restated

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

	Fiscal Year									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004 (1)</u>	<u>2003</u>	<u>2002 (1)</u>	<u>2001</u>
General Fund										
Reserved	\$ 2,712,109	\$ 2,808,056	\$ 3,105,738	\$ 3,394,405	\$ 3,825,762	\$ 3,567,549	\$ 3,390,883	\$ 3,755,322	\$ 4,214,879	\$ 4,347,602
Unreserved										
Designated	34,083,914	28,147,175	46,788,577	79,230,104	51,885,900	32,472,096	25,295,120	30,347,809	15,126,472	11,264,692
Undesignated	20,360,666	21,364,533	20,973,351	18,339,726	53,857,163	56,594,257	41,588,839	29,246,543	26,706,089	21,797,577
Total General Fund	<u>57,156,689</u>	<u>52,319,764</u>	<u>70,867,666</u>	<u>100,964,235</u>	<u>109,568,825</u>	<u>92,633,902</u>	<u>70,274,842</u>	<u>63,349,674</u>	<u>46,047,440</u>	<u>37,409,871</u>
All other Governmental Funds										
Reserved	60,726,010	30,439,539	25,902,551	34,693,529	26,349,699	25,967,238	14,993,032	14,563,201	10,399,734	23,624,205
Unreserved										
Designated										
Special revenue funds	77,153,427	64,476,579	59,773,405	52,212,007	59,411,063	40,894,139	24,870,777	17,267,415	20,055,771	16,807,011
Undesignated										
Capital project funds	11,442,860	17,869,398	97,993,054	70,046,722	12,503,245	(9,658,250)	25,306,231	20,349,294	(10,373,628)	9,880,908
Special revenue funds	23,122,490	27,235,110	24,370,105	25,313,519	25,958,899	20,424,923	20,753,183	11,146,359	9,695,453	4,819,818
Total all other governmental funds	<u>172,444,787</u>	<u>140,020,626</u>	<u>208,039,115</u>	<u>182,265,777</u>	<u>124,222,906</u>	<u>77,628,050</u>	<u>85,923,223</u>	<u>63,326,269</u>	<u>29,777,330</u>	<u>55,131,942</u>
Total Governmental Fund Balance	<u>\$ 229,601,476</u>	<u>\$ 192,340,390</u>	<u>\$ 278,906,781</u>	<u>\$ 283,230,012</u>	<u>\$ 233,791,731</u>	<u>\$ 170,261,952</u>	<u>\$ 156,198,065</u>	<u>\$ 126,675,943</u>	<u>\$ 75,824,770</u>	<u>\$ 92,541,813</u>

(1) Restated

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

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Revenues</b>										
Local property taxes	\$ 288,983,632	\$ 271,101,871	\$ 245,072,399	\$ 220,049,674	\$ 202,393,241	\$ 183,381,053	\$ 166,807,853	\$ 154,346,972	\$ 145,823,757	\$ 135,546,040
Local income taxes	146,332,338	158,356,951	161,633,784	154,536,579	144,199,778	137,124,133	132,462,327	131,949,827	111,018,868	88,736,934
Other local taxes	25,219,644	24,774,769	38,844,848	43,622,707	50,893,829	57,562,364	48,977,481	36,707,193	33,894,663	29,255,116
Licenses and permits	508,039	529,307	525,736	555,708	831,982	979,054	847,080	2,294,473	2,202,833	2,211,075
Grants from federal government	20,900,126	16,018,557	14,972,920	14,435,041	12,950,308	12,336,937	10,945,899	9,987,246	9,706,831	6,771,184
Grants from state government	9,684,799	23,509,031	26,645,876	25,809,335	30,450,610	29,567,220	28,301,914	31,570,104	32,808,334	27,466,351
Charges for services	18,437,255	15,897,927	9,084,044	18,069,358	21,341,057	9,262,332	9,314,013	16,503,345	15,026,098	13,143,985
Fines and forfeitures	225,230	399,997	428,472	304,985	308,518	330,530	424,633	210,678	261,839	130,530
Interest from loans	36,243	39,347	59,566	89,802	19,512	11,078	8,440	11,197	-	-
Investment earnings	4,829,617	7,647,654	15,251,373	15,188,001	8,700,804	5,517,391	2,513,831	2,519,684	5,627,783	8,596,832
Miscellaneous	2,621,349	7,373,952	2,643,364	3,695,581	2,635,249	2,563,737	2,762,783	1,621,683	2,139,761	1,471,272
Total revenues	<u>517,778,272</u>	<u>525,649,363</u>	<u>515,162,382</u>	<u>496,356,771</u>	<u>474,724,888</u>	<u>438,635,829</u>	<u>403,366,254</u>	<u>387,722,402</u>	<u>358,510,767</u>	<u>313,329,319</u>
<b>Expenditures</b>										
Current										
General government	31,630,270	33,547,085	33,788,704	27,818,998	24,306,561	22,204,110	21,639,704	26,191,150	23,411,460	21,858,590
Public safety	91,382,456	91,228,627	91,745,100	74,193,200	64,500,424	56,524,525	48,492,872	46,004,951	42,033,139	36,689,466
Public works	26,459,278	26,114,555	23,592,543	19,905,496	18,984,178	20,812,477	18,008,073	17,635,413	13,957,272	12,574,656
Health	7,959,216	7,581,629	8,290,898	11,767,833	20,145,681	15,447,857	14,833,362	20,733,669	19,199,353	16,902,039
Social services	7,862,659	8,120,521	8,371,921	6,665,331	6,476,583	6,540,358	6,314,660	3,808,898	3,422,847	3,168,387
Education	243,159,708	252,074,877	241,164,441	213,329,178	196,563,412	185,300,073	179,415,425	166,000,881	200	200
Parks, recreation and culture	14,161,782	14,143,791	14,549,408	11,885,934	10,528,919	8,782,863	8,035,178	7,536,930	2,807,366	2,431,233
Conservation of natural resources	11,438,864	7,976,051	14,124,430	5,194,359	2,397,091	1,741,058	4,505,561	3,358,264	6,350,666	3,809,250
Community development and public housing	6,078,956	5,273,431	5,541,941	4,687,912	3,191,585	3,723,967	3,052,368	2,950,166	2,407,231	1,914,082
Economic development and opportunity	13,469,494	13,755,107	14,655,342	12,488,625	11,583,440	10,926,166	10,377,175	10,990,348	9,856,451	7,755,543
Miscellaneous	1,451,118	1,349,087	1,471,497	6,376,131	4,229,897	4,182,513	4,563,681	2,356,025	1,960,755	3,385,981
Intergovernmental	6,651,041	7,442,704	6,630,971	6,062,188	5,454,453	4,847,291	4,463,342	3,866,509	3,094,971	2,203,029
Debt service										
Principal	25,866,128	25,866,128	22,966,196	20,179,909	15,432,931	22,652,797	15,002,880	10,844,799	13,046,143	9,162,863
Interest	18,123,755	18,484,996	16,335,094	14,295,744	11,056,416	10,864,875	10,953,670	10,355,454	10,558,830	9,973,988
Capital projects	97,440,556	99,230,793	81,621,365	63,431,403	82,714,041	51,188,595	48,975,783	54,327,298	21,549,878	22,813,716
Total expenditures	<u>603,135,281</u>	<u>612,169,382</u>	<u>584,849,851</u>	<u>498,282,241</u>	<u>477,565,612</u>	<u>425,739,545</u>	<u>398,653,734</u>	<u>386,960,755</u>	<u>173,656,562</u>	<u>154,643,023</u>
Excess of revenues over expenditures	<u>(85,357,009)</u>	<u>(86,520,019)</u>	<u>(69,687,469)</u>	<u>(1,925,470)</u>	<u>(2,840,724)</u>	<u>12,896,284</u>	<u>4,712,520</u>	<u>761,647</u>	<u>184,854,205</u>	<u>158,686,296</u>

(continued)

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

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Other Financing Sources (Uses)</b>										
Transfers in from:										
General Fund	\$ 7,373,865	\$ 22,704,374	\$ 36,198,005	\$ 46,308,521	\$ 31,721,340	\$ 23,656,581	\$ 25,587,376	\$ 29,266,440	\$ 22,966,955	\$ 21,820,792
Special Revenue Funds	3,025,753	3,486,070	11,894,630	30,331,520	10,556,300	12,954,780	6,418,131	16,210,471	7,793,112	8,090,086
Capital Projects Fund	2,691,419	-	-	-	-	-	-	-	-	-
Enterprise Funds	38,360	-	-	-	-	-	-	-	-	-
Internal Service Funds	1,000,000	997,039	-	-	-	18,212	-	-	-	-
Transfer out to:										
General Fund	(2,487,108)	-	-	-	-	-	(184,481)	-	-	-
Special Revenue Funds	(8,862,176)	(8,247,105)	(11,748,149)	(8,009,101)	(8,429,500)	(7,230,957)	(5,862,101)	(8,674,575)	(6,377,395)	(5,893,460)
Capital Projects Fund	(1,741,753)	(17,943,339)	(36,344,486)	(68,630,940)	(33,848,140)	(29,380,404)	(25,958,925)	(36,802,336)	(24,382,672)	(24,017,418)
Enterprise Funds	(8,481,582)	(5,592,335)	(7,459,195)	(3,941,258)	(6,682,958)	(3,868,735)	(6,906,330)	(2,441,659)	(1,868,768)	(2,086,579)
Internal Service Funds	(250,648)	(15,527)	(976,979)	(796,768)	(1,690,917)	(14,804)	(220,000)	-	-	-
Transfer to component units	-	-	-	-	-	-	-	-	(199,646,481)	(200,972,550)
Proceeds from public facilities and refunding bonds	173,041,815	-	61,055,000	49,856,000	82,958,476	91,781,972	41,792,400	50,157,925	20,053,810	52,837,581
Payment to refunded bond escrow agent	(59,789,074)	-	-	-	(13,710,975)	(96,489,172)	(13,032,948)	(1,178,545)	(20,578,753)	-
Bond premium on public facilities and refunding bonds	10,503,504	-	2,385,238	919,527	4,751,327	8,870,030	654,580	588,545	524,943	-
Installment purchase agreement	6,509,802	2,437,428	7,948,699	-	-	-	-	-	-	-
Repayment of bond anticipation notes	-	-	-	-	-	-	-	-	-	(1,432,000)
Proceeds of capital lease	-	2,120,000	2,394,000	5,325,000	731,000	852,100	2,515,000	2,961,260	-	-
Sale of capital assets	45,918	7,023	17,475	1,250	14,550	18,000	6,900	2,000	-	-
Total other financing sources (uses)	<u>122,618,095</u>	<u>(46,372)</u>	<u>65,364,238</u>	<u>51,363,751</u>	<u>66,370,503</u>	<u>1,167,603</u>	<u>24,809,602</u>	<u>50,089,526</u>	<u>(201,515,249)</u>	<u>(151,653,548)</u>
Net change in fund balances	<u>\$ 37,261,086</u>	<u>\$ (86,566,391)</u>	<u>\$ (4,323,231)</u>	<u>\$ 49,438,281</u>	<u>\$ 63,529,779</u>	<u>\$ 14,063,887</u>	<u>\$ 29,522,122</u>	<u>\$ 50,851,173</u>	<u>\$ (16,661,044)</u>	<u>\$ 7,032,748</u>
Total expenditures	\$ 603,135,281	\$ 612,169,382	\$ 584,849,851	\$ 498,282,241	\$ 477,565,612	\$ 425,739,545	\$ 398,653,734	\$ 386,960,755	\$ 173,656,562	
Less: Capital outlay	(16,999,763)	(3,395,622)	(9,772,187)	(12,420,057)	(5,398,071)	(11,759,104)	(10,284,676)	(9,657,295)	(21,820,477)	
Noncapital expenditures	<u>\$ 586,135,518</u>	<u>\$ 608,773,760</u>	<u>\$ 575,077,664</u>	<u>\$ 485,862,184</u>	<u>\$ 472,167,541</u>	<u>\$ 413,980,441</u>	<u>\$ 388,369,058</u>	<u>\$ 377,303,460</u>	<u>\$ 151,836,085</u>	
Debt service	<u>\$ 43,989,883</u>	<u>\$ 44,331,124</u>	<u>\$ 39,301,290</u>	<u>\$ 34,475,653</u>	<u>\$ 26,489,347</u>	<u>\$ 33,517,672</u>	<u>\$ 25,956,550</u>	<u>\$ 21,200,253</u>	<u>\$ 23,604,973</u>	
Debt service as a percentage of noncapital expenditures (1)	7.51%	7.28%	6.83%	7.10%	5.61%	8.10%	6.68%	5.62%	15.55%	(1)

(1) Capital expenditures are only available from FY 2002, the year GASB Statement 34 was implemented.

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

Fiscal Year	Real Property Taxable Assessed Value (1)					Public Utilities		Total	
	Residential Property	Commercial Property	Industrial Property	Total Real Property	Direct Tax Rate (2)	Taxable Assessed Value	Direct Tax Rate (2)(3)	Taxable Assessed Value	Direct Tax Rate (2)(4)
2010	\$ 20,475,208,672	\$ 4,559,184,750	\$ 1,278,493,699	\$ 26,312,887,121	\$ 0.936	\$ 298,307,100	\$ 2.34	\$ 26,611,194,221	\$0.952
2009	19,217,525,707	4,241,998,936	1,189,531,827	24,649,056,470	0.936	297,661,810	2.34	24,946,718,280	0.953
2008	17,735,691,123	3,760,048,362	1,067,271,382	22,563,010,867	0.936	327,415,720	2.34	22,890,426,587	0.956
2007	15,874,860,776	3,366,315,419	937,566,786	20,178,742,981	0.936	342,190,640	2.34	20,520,933,621	0.959
2006	14,300,899,383	3,093,387,029	851,597,799	18,245,884,211	1.000	340,388,820	2.50	18,586,273,031	1.027
2005	12,785,252,464	2,976,052,758	791,720,234	16,553,025,456	1.000	365,265,099	2.50	16,918,290,555	1.032
2004	n/a	n/a	n/a	14,713,127,459	1.000	341,838,850	2.50	15,054,966,309	1.034
2003	n/a	n/a	n/a	13,852,072,854	1.000	365,088,270	2.50	14,217,161,124	1.039
2002	n/a	n/a	n/a	12,972,034,400	1.000	382,963,100	2.50	13,354,997,500	1.043
2001	n/a	n/a	n/a	4,889,192,115	2.500	374,937,880	2.50	5,264,129,995	2.500

**Source:** County Treasurer's 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) Prior to FY 2002, all real property was assessed at 40% of estimated market value. After FY 2001, all real property has been assessed at 100% of estimated market value. Public Utility property is assessed at 100% of estimated value. The reduction in tax rates in FY 2002 reflect this change in value at which real property is assessed.
- (2) Per \$100 of assessed value
- (3) The direct rate for public utilities does not include the rate for railroads which are immaterial to the public utility revenues.
- (4) The Total Direct Tax Rate is the weighted average of the real property and public utilities direct rates.

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

	Year Taxes Are Payable									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001 (2)
<b>Direct Property Tax Rates</b>										
Frederick County	\$ 0.936	\$ 0.936	\$ 0.936	\$ 0.936	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 2.500
Total Direct Property Tax Rates	\$ 0.936	\$ 0.936	\$ 0.936	\$ 0.936	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 2.500
<b>Overlapping property tax rates</b>										
<u>Fire and lighting tax districts</u>										
Braddock fire tax district	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.08
Brunswick fire tax district	-	-	-	-	-	-	-	-	-	0.10
Carroll Manor fire tax district	-	-	-	-	-	-	-	-	-	0.12
Frederick fire tax district	-	-	-	-	-	-	-	-	-	0.18
Lewistown fire tax district	-	-	-	-	-	-	-	-	-	0.09
Libertytown fire tax district	-	-	-	-	-	-	-	-	-	0.07
Middletown fire tax district	-	-	-	-	-	-	-	-	-	0.17
Myersville fire tax district	-	-	-	-	-	-	-	-	-	0.11
New Market fire tax district	-	-	-	-	-	-	-	-	-	0.16
Thurmont fire tax district	-	-	-	-	-	-	-	-	-	0.11
Walkersville fire tax district	-	-	-	-	-	-	-	-	-	0.05
Wolfsville fire tax district	-	-	-	-	-	-	-	-	-	0.15
Woodsboro fire tax district	-	-	-	-	-	-	-	-	-	0.12
Suburban Fire/Rescue (1)	0.080	0.080	0.080	0.080	0.080	0.065	0.065	0.045	0.045	-
Urban Fire/Rescue (1)	0.128	0.128	0.128	0.128	0.135	0.135	0.135	0.100	0.100	-
Braddock lighting tax district	0.006	0.006	0.006	0.012	0.016	0.020	0.024	0.024	0.024	0.06
Libertytown lighting tax district	0.013	0.013	0.013	0.018	0.021	0.022	0.020	0.020	0.020	0.05
New Addition lighting tax district	0.007	0.007	0.007	0.012	0.014	0.021	0.028	0.028	0.028	0.07
State	0.112	0.112	0.112	0.112	0.132	0.132	0.132	0.084	0.084	0.21
<u>Municipalities</u>										
Brunswick	0.422	0.422	0.432	0.452	0.452	0.488	0.488	0.488	0.488	1.22
Burkittsville	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.35
Emmitsburg	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.75
Frederick	0.650	0.650	0.670	0.690	0.690	0.690	0.640	0.640	0.640	1.57
Middletown	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.58
Mt. Airy	0.165	0.165	0.174	0.183	0.188	0.193	0.202	0.206	0.206	0.56
Myersville	0.274	0.274	0.274	0.274	0.274	0.274	0.236	0.236	0.236	0.59
New Market	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.30
Rosemont	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.10
Thurmont	0.260	0.270	0.280	0.265	0.270	0.273	0.248	0.248	0.248	0.62
Walkersville	0.156	0.156	0.156	0.156	0.166	0.176	0.176	0.176	0.176	0.44
Woodsboro	0.120	0.120	0.120	0.129	0.138	0.152	0.152	0.152	0.152	0.38

Source: County Treasurer's Office

Note: (1) In 2002 fire tax districts combined from individual stations into urban and suburban tax districts.

(2) Prior to FY 2002, all county property was assessed at 40% estimated market value. After FY 2001, all property has been assessed at 100% of estimated market value. The reduction in tax rates in FY 2002 reflect this change in value at which property is taxed.



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

Name of Taxpayer	Fiscal Year 2010			Fiscal Year 2001		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Potomac Edison/Alleghany Power	\$ 120,141,270	1	0.45 %	\$ 163,328,440	1	3.10 %
Verizon Maryland/Bell Atlantic	92,766,470	2	0.35	104,545,870	2	1.99
PR Financing Limited Partnership	72,606,500	3	0.27	-	-	-
Medimmune, Inc.	50,129,033	4	0.19	-	-	-
Writ Frederick Crossing Land, LLC	45,863,500	5	0.17	-	-	-
State Farm Mutual Auto Insurance	41,615,200	6	0.16	15,221,010	8	0.29
Westview Corporate Center, Inc.	41,294,500	7	0.16	13,213,680	9	0.25
Washington Gas Light Company	40,878,040	8	0.15	32,203,688	4	0.61
River X, LLC	40,716,866	9	0.15	-	-	-
Fannie Mae	36,348,000	10	0.14	-	-	-
American Telephone & Telegraph	-	-	-	51,215,320	3	0.97
Crown American Financing Part.	-	-	-	23,543,680	5	0.45
Eastalco Aluminum Company	-	-	-	16,939,830	6	0.32
Manekin/Morecop	-	-	-	16,434,550	7	0.31
Frederick Towne Mall Associates	-	-	-	11,341,800	10	0.22
Totals	<u>\$ 582,359,379</u>		<u>2.19 %</u>	<u>\$ 447,987,868</u>		<u>8.51 %</u>

Source: County Treasurer's 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
2010	\$ 243,164,858	\$ (1,913,319)	\$ 241,251,539	\$ 240,846,665	99.83 %	\$ -	\$ 240,846,665	99.83 %
2009	227,624,313	(1,559,310)	226,065,003	225,751,007	99.86	182,268	225,933,275	99.94
2008	207,783,675	(2,264,381)	205,519,294	205,408,797	99.95	87,350	205,496,147	99.99
2007	184,843,834	(718,504)	184,125,330	183,777,116	99.81	334,424	184,111,540	99.99
2006	172,329,130	(847,822)	171,481,308	171,182,698	99.83	316,930	171,499,628	100.01
2005	160,956,202	5,986,647	166,942,849	166,492,845	99.73	448,529	166,941,374	100.00
2004	145,697,511	8,777,276	154,474,787	153,934,018	99.65	540,806	154,474,824	100.00
2003	136,136,573	10,178,330	146,314,903	145,762,664	99.62	552,258	146,314,922	100.00
2002	127,284,351	10,697,607	137,981,958	137,338,900	99.53	641,426	137,980,326	100.00
2001	120,100,222	10,370,387	130,470,609	130,193,033	99.79	276,915	130,469,948	100.00

Source: County Treasurer's 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 2001 through 2005 "adjustments" included additions, abatements and new construction bills. For fiscal years 2006 through 2010, only additions and abatements are included in this column.

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

<b>Governmental Activities</b>						
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Bond Anticipation Notes</b>	<b>Capital Leases</b>	<b>Notes Payable</b>	<b>Agricultural Preservation Installment Purchase Agreements</b>	<b>Total Governmental Activities</b>
2010	\$ 435,384,332	\$ -	\$ 5,850,235	\$ 2,922,118	\$ 48,555,908	\$ 492,712,593
2009	340,403,603	-	7,775,416	3,699,879	42,046,106	393,925,004
2008	363,376,795	-	7,842,795	4,429,258	39,608,678	415,257,526
2007	322,446,867	-	7,628,193	5,923,287	31,659,979	367,658,326
2006	290,551,046	-	4,235,122	6,640,103	20,751,405	322,177,676
2005	234,327,973	-	4,980,289	7,322,577	15,767,333	262,398,172
2004	243,799,506	8,150,000	5,538,335	7,973,065	8,774,670	274,235,576
2003	225,822,602	11,130,000	3,941,770	8,586,170	1,147,228	250,627,770
2002	198,049,009	621,075	1,428,274	2,653,604	-	202,751,962
2001	207,723,011	2,951,075	-	3,450,314	-	214,124,400

<b>Business-Type Activities</b>							
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Bond Anticipation Notes</b>	<b>Notes Payable (2)</b>	<b>Total Business-Type Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
2010	\$ 155,260,668	\$ -	\$ 31,250,960	\$ 186,511,628	\$ 679,224,221	N/A	\$ 2,871
2009	133,276,397	-	29,576,033	162,852,430	556,777,435	N/A	2,375
2008	142,783,205	-	28,293,975	171,077,180	586,334,706	6.4%	2,520
2007	133,058,132	-	29,688,011	162,746,143	530,404,469	5.4%	2,295
2006	98,068,957	-	29,602,176	127,671,133	449,848,809	4.9%	1,965
2005	71,517,028	-	28,917,294	100,434,322	362,832,494	4.2%	1,627
2004	76,585,495	-	31,062,443	107,647,938	381,883,514	4.7%	1,745
2003	81,447,398	-	33,219,749	114,667,147	365,294,917	4.9%	1,708
2002	61,560,990	6,583,925	33,269,694	101,414,609	304,166,571	4.2%	1,448
2001	64,581,987	9,413,925	32,142,229	106,138,141	320,262,541	4.6%	1,565

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

(1) See Exhibit III-A-13 for personal income and population data.

(2) Notes payable includes Interfund Solid Waste Cart Loan of \$3,018,792.

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

<b>Fiscal Year</b>	<b>General Obligation Debt</b>	<b>Installment Purchase Agreements (1)</b>	<b>Less Amounts to be Paid with Other Resources</b>	<b>Total Net General Obligation Debt Outstanding</b>	<b>Percentage of Total Estimated Actual Value of Taxable Property (2)</b>	<b>Per Capita (3)</b>
2010	\$ 590,645,000	\$ 48,555,908	\$ (346,222,700)	\$ 292,978,208	1.10%	\$ 1,238
2009	473,680,000	42,046,106	(267,621,157)	248,104,949	0.99%	1,058
2008	506,160,000	39,608,678	(279,834,495)	265,934,183	1.16%	1,143
2007	455,504,999	31,659,979	(241,586,012)	245,578,966	1.20%	1,063
2006	388,620,003	20,751,405	(187,272,256)	222,099,152	1.20%	970
2005	305,845,001	15,767,333	(135,488,237)	186,124,097	1.15%	835
2004	320,385,001	8,774,670	(135,697,951)	193,461,720	1.29%	884
2003	307,270,000	1,147,228	(125,772,002)	182,645,226	1.28%	854
2002	259,609,999	-	(106,330,430)	153,279,569	1.15%	730
2001	274,793,273	-	(113,372,771)	161,420,502	1.23%	789

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

(1) Installment Purchase Agreements are included because they require the County's bond authority to be issued.

(2) See Exhibit III-A-5 for real property tax values.

(3) See Exhibit III-A-13 for population data.

FREDERICK COUNTY, MARYLAND  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2010

<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	\$ 492,712,593	100 %	\$ 492,712,593
Overlapping Debt:			
Component Units:			
Frederick County Public Schools	17,918,100	100 %	17,918,100
Towns, Cities and Villages:			
Brunswick	533,696	100 %	533,696
Emmitsburg	390,146	100 %	390,146
Frederick City	75,031,396	100 %	75,031,396
Middletown	1,230,743	100 %	1,230,743
Myersville	3,633,076	100 %	3,633,076
Thurmont	1,799,617	100 %	1,799,617
Walkersville	780,230	100 %	780,230
Subtotal Overlapping:	<u>101,317,004</u>		<u>101,317,004</u>
Totals	\$ <u>594,029,597</u>		\$ <u>594,029,597</u>

Source: Division of Finance

(1) Debt repaid by general government activities

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Debt limitation - 6% of total assessed value (1)	\$ 1,496,803,097	\$ 1,373,425,595	\$ 1,231,244,335	\$ 1,113,792,014	\$ 974,034,339	\$ 903,297,979	\$ 853,029,667	\$ 801,299,850	\$ 789,619,499
Total debt applicable to limit (2)	<u>159,150,084</u>	<u>171,077,180</u>	<u>155,779,337</u>	<u>123,521,133</u>	<u>100,434,321</u>	<u>107,647,938</u>	<u>114,667,147</u>	<u>94,830,685</u>	<u>106,138,141</u>
Legal debt margin	<u>\$ 1,337,653,013</u>	<u>\$ 1,202,348,415</u>	<u>\$ 1,075,464,998</u>	<u>\$ 990,270,881</u>	<u>\$ 873,600,018</u>	<u>\$ 795,650,041</u>	<u>\$ 738,362,520</u>	<u>\$ 706,469,165</u>	<u>\$ 683,481,358</u>
Total net debt applicable to the limit as a percentage of debt limit	10.63%	12.46%	12.65%	11.09%	10.31%	11.92%	13.44%	11.83%	13.44%

**Legal debt margin calculation for fiscal year 2010**

Assessed valuations (3)	26,611,194,221
Debt limitation - 6% of total assessed value	1,596,671,653
Debt applicable to limitation	
Total bonds payable	155,260,668
Total notes payable	<u>28,232,168</u>
Total debt applicable to limit (2)	<u>183,492,836</u>
Legal debt margin	<u>\$ 1,413,178,817</u>
Total net debt applicable to the limit as a percentage of debt limit	11.49%

(1) Assessed values based on 100% of real estate assessment. Debt limitation based on 6% of assessed values. Fiscal years 2001 and prior based on 40% assessment and debt limitation based on 15% of assessed values.

(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. FY 2003 and prior have been restated to only include bonds and notes.

(3) Source - Maryland State Department of Assessments and Taxation

**Sources:** (1) Frederick County, Maryland Code of Ordinances 2004 and 2005 S-2 Supplement

(2) Maryland State Department of Assessments and Taxation

(3) Division of Finance

**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 (2)</u>
					<u>Credit</u>	<u>Non- Credit</u>	<u>Total</u>	
2010	236,600	N/A	N/A	40,210	4,068	319	4,387	6.4 %
2009	234,400	N/A	N/A	40,155	3,723	318	4,041	6.6
2008	232,700	\$10,205,776	\$45,054	40,566	3,322	358	3,680	3.4
2007	231,100	9,835,116	43,716	40,315	3,197	382	3,579	3.3
2006	228,900	9,294,162	41,861	39,741	3,011	432	3,443	3.1
2005	223,000	8,680,092	39,560	39,564	2,826	363	3,189	3.0
2004	218,800	8,172,925	37,765	39,004	2,744	346	3,090	2.9
2003	213,900	7,600,879	35,705	38,621	2,651	289	2,940	2.9
2002	210,100	7,225,744	34,640	38,122	2,484	276	2,760	3.1
2001	204,700	6,973,127	34,521	36,961	2,396	268	2,664	2.3

Sources: (1) Estimated by Frederick County Division of Planning  
 (2) Frederick County Office of Economic Development, US Bureau of Economic Analysis  
 (3) Frederick County Board of Education  
 (4) Frederick Community College

N/A - Not available

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

<u>Employer</u>	<u>2010</u>			<u>2001</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	9,200 *	1	10.05 %	6,290 *	1	8.14 %
Frederick County Board of Education	5,384	2	5.88	4,185	2	5.42
Frederick County Government	2,404	3	2.63	1,629	6	2.11
Frederick Memorial Healthcare System	2,295	4	2.51	2,000	4	2.59
Bechtel Corporation (formerly Bechtel Power)	2,203	5	2.41	1,700	5	2.20
SAIC - Frederick	1,965	6	2.15	-	-	-
Wells Fargo Home Mortgage	1,500	7	1.64	1,000	7	1.29
CitiMortgage	900	8	0.98	-	-	-
Frederick Community College	899	9	0.98	-	-	-
United Health Care (formerly Mamsi)	832	10	0.91	2,310	3	2.99
State Farm Insurance	-	-	-	914	8	1.18
F&M Bancorp	-	-	-	900	9	1.16
Alcoa - Eastalco Works	-	-	-	716	10	0.93
	<u>27,582</u>		<u>30.14 %</u>	<u>21,644</u>		<u>28.01 %</u>

\* Includes military personnel.

**Source:** Frederick County Office of Economic Development



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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b><u>Function/Program</u></b>										
General government	356	378	384	350	335	335	326	305	312	272
Public safety	831	864	846	762	704	646	584	561	536	491
Public works	422	443	421	395	383	359	363	357	338	322
Health	326	333	337	316	313	292	299	300	326	311
Social services	138	149	141	136	126	125	128	127	122	109
Parks, recreation and culture	46	48	50	49	50	42	42	44	43	36
Library	117	123	121	116	108	91	89	88	86	67
Conservation of natural resources	7	7	7	7	7	7	7	6	6	6
Community dev. & public housing	11	11	11	8	7	6	6	6	5	6
Economic dev. & opportunity	114	119	114	104	111	106	110	120	122	97
Total	<u>2,368</u>	<u>2,475</u>	<u>2,432</u>	<u>2,243</u>	<u>2,144</u>	<u>2,009</u>	<u>1,954</u>	<u>1,914</u>	<u>1,896</u>	<u>1,717</u>

**Source:** Division of Finance

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>General Government</b>										
Human Resources										
Employment announcements issued	110	133	272	265	182	170	180	215	201	260
Employment applications received/reviewed	4,698	5,127	7,968	6,989	6,000	7,000	6,000	6,000	3,800	3,700
Finance/Accounting										
Accounts payable checks generated	21,580	22,719	29,216	23,557	28,000	31,000	31,000	29,840	29,600	30,000
Invoices prepared	2,413	2,318	2,291	2,235	1,920	1,800	1,700	1,550	1,850	1,700
Purchasing										
Formal bids, RFP's, sole source & emergencies	203	210	204	207	225	200	*	*	*	*
Treasurer										
Property tax bills/delinquent notices mailed	101,345	103,892	101,648	106,403	87,207	93,000	87,000	87,000	86,000	84,200
Building Maintenance										
Buildings	145	145	136	121	116	114	110	106	73	61
Work orders/service requests	4,231	5,043	4,040	3,767	4,486	4,272	3,758	3,654	3,232	*
Square feet of properties managed	1,250,119	1,250,119	1,232,121	1,212,276	1,183,434	1,142,634	1,058,350	1,016,495	970,455	818,103
Facility Services										
Square footage of properties cleaned	733,624	743,876	713,033	713,919	644,419	644,419	627,493	627,493	567,898	532,898
Number of leases managed	41	39	37	35	37	37	44	38	21	21
Square feet of leased property managed	161,996	159,227	169,258	166,769	155,303	155,303	172,519	172,931	151,349	148,403
Pieces of outgoing U.S. mail	334,375	400,976	415,488	425,899	400,560	485,000	465,458	455,136	454,942	*
Elections										
Registered voters	135,264	132,866	127,227	124,000	124,000	122,000	113,000	118,000	113,832	107,632
Liquor Board										
Regular liquor licenses	284	300	299	294	298	295	290	295	295	*
Liquor inspections	4,449	3,463	3,652	3,260	3,260	3,200	3,130	3,600	3,400	*
Internal Audit										
Internal Audits performed	10	11	16	19	16	21	20	21	20	21
Circuit Court										
New cases filed	12,499	12,429	11,168	10,053	9,303	7,939	6,106	10,071	6,806	7,392
<b>Public Safety</b>										
Housing units constructed	788	665	738	1,143	2,087	1,653	1,781	1,924	1,639	2,169
Sheriff's Office										
Administration Bureau										
Civil Process papers served	28,286	30,993	24,771	21,596	25,200	24,500	29,050	*	30,784	30,741
Courthouse Security										
Prisoners handled: adult/juvenile	4,535	4,684	4,844	5,336	5,200	5,250	4,050	3,730	4,297	4,285
Operations: Law Enforcement										
Arrests: adult/juvenile	3,892	4,226	4,197	4,376	4,961	4,386	4,700	5,119	4,541	4,383
Calls for service	101,728	96,469	88,434	68,159	58,687	68,340	65,000	*	48,354	41,232
Adult Detention Center										
Average daily population	416	425	484	498	464	466	452	429	449	418
Emergency Communications										
Fire/EMS dispatches	30,457	27,674	26,642	26,378	25,591	22,827	25,368	26,470	22,816	22,510
Police dispatches	150,634	144,158	131,355	109,285	102,598	79,297	83,761	80,692	76,998	72,232
911 calls	117,346	109,111	107,353	109,601	107,127	109,210	109,795	98,871	94,380	97,394
Animal Control										
Calls for service	9,373	9,022	8,110	7,771	7,061	6,960	6,838	6,469	6,148	4,943

(continued)

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

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Public Works</b>										
Water facilities										
Customers (FY 02-10), Equiv units (FY 01)	20,263	20,062	20,131	20,081	19,692	17,578	17,039	16,628	16,276	22,304
Annual production (1,000 gals.)	1,612,900	1,733,200	1,712,670	1,952,000	1,952,328	1,860,600	1,639,941	1,639,941	1,700,000	1,736,300
Sewer facilities										
Customers (FY 02-10), Equiv units (FY 01)	27,874	27,559	25,923	25,890	24,787	24,614	23,724	23,153	22,663	31,988
Fleet Services										
Work orders	5,613	6,066	5,507	5,372	4,277	7,695	6,300	5,557	5,850	5,700
Vehicles maintained	1,045	1,016	994	959	888	820	802	788	777	679
Highway Operations										
County roads - mileage maintained	1,264	1,264	1,258	1,257	1,256	1,245	1,237	1,235	1,221	1,213
Tar and chip maintenance (miles)	12	32	41	59	95	*	53	54	46	34
Usage of salt & cinders (tons)	16,998	14,793	22,911	24,144	25,000	18,900	27,118	*	*	*
Transportation Engineering										
Bridges inspected	136	114	170	170	170	172	265	*	*	*
Road overlay (miles)	37	48	32	25	26	26	22	49	*	*
Construction Management										
CIP and developer funded subdivision projects completed	74	69	106	77	193	163	80	170	118	171
TransIT										
Passenger trips	786,711	791,961	737,974	709,701	651,306	553,344	460,738	378,094	313,238	310,721
Revenue vehicle miles	1,196,533	1,218,305	1,112,748	1,096,130	1,053,170	994,505	867,664	749,759	725,841	677,047
Revenue vehicle hours	86,305	85,770	85,829	83,467	80,541	83,038	76,641	67,913	54,924	44,778
<b>Health</b>										
Health Department										
Public health nursing contacts	22,632	25,575	25,839	35,046	31,379	29,866	*	*	*	*
Mental health visits	10,133	10,182	10,691	10,803	5,958	7,053	*	*	*	*
Substance abuse visits	28,860	29,630	30,474	32,063	10,932	13,734	*	*	*	*
Dental visits for children	4,384	4,851	5,056	4,410	4,486	4,556	*	*	*	*
Environmental health reviews/inspections	14,668	16,684	14,664	15,132	14,041	13,588	*	*	*	*
School health program										
Children served	40,210	40,155	40,566	40,315	40,524	40,400	40,000	39,800	38,028	36,757
Health room visits	307,925	270,234	271,815	248,626	160,000	147,070	150,000	201,000	156,280	132,467
Developmental Center										
Infants & Toddlers Program children served	583	548	529	533	*	*	*	*	*	*
School-based services visits	14,734	12,442	11,512	10,551	*	*	*	*	*	*
Audiology services visits	835	801	877	860	969	861	921	1,049	969	982
<b>Social Services</b>										
Social Services										
Child & Adult Care Food Program										
Home visits	825	900	900	900	1,344	1,026	981	*	*	*
Department of Aging										
Home delivered meals served to elderly	45,490	44,624	50,042	52,141	20,000	21,000	27,000	25,000	24,000	10,000
Congregate meals served	15,338	16,936	16,638	16,656	19,000	21,500	23,000	30,000	31,000	40,000

(continued)

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

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Parks, recreation and culture</b>										
Parks & Recreation										
Parks acres maintained	2,066	1,792	1,572	1,534	1,534	1,511	1,511	1,511	1,526	1,394
Recreation center attendance	99,247	90,645	77,138	76,844	54,718	45,000	46,066	42,400	*	*
<b>Conservation of natural resources</b>										
Agriculture										
Farms	1,442	1,442	1,273	1,273	1,273	1,273	1,273	1,304	1,304	1,304
Acreage	202,087	202,087	195,827	195,827	195,827	195,827	195,827	215,927	215,927	215,927
Preserved land										
Farms	376	355	298	274	244	220	195	168	144	118
Acreage	50,946	47,538	40,163	37,807	33,836	30,782	27,396	23,147	20,398	16,911
<b>Community development and public housing</b>										
Bell Court housing project (28 units)										
Occupancy rate	100%	100%	100%	99%	99%	99%	99%	98%	*	*
<b>Economic development and opportunity</b>										
Workforce Services										
One - stop services - customers served	5,122	2,744	2,365	2,507	2,310	2,310	2,310	2,000	2,000	*
One - stop services - youth customers served	214	200	330	*	*	*	*	*	*	*
Job orders received	2,761	1,765	2,116	*	*	*	*	*	*	*
Customized training provided (trainees)	998	2,319	1,663	*	*	*	*	*	*	*
Maryland Business works projects (trainees)	187	190	310	*	*	*	*	*	*	*
Recruitment for business	90	81	*	*	*	*	*	*	*	*
Customized & onsite recruitment events	18	28	31	*	*	*	*	*	*	*
Website unique visitors	79,697	55,605	21,774	*	*	*	*	*	*	*
Office of Economic Development										
Average web hits per month	390,112	370,934	365,115	328,761	280,396	251,629	169,475	98,791	63,305	43,000
Inquiries	3,847	3,943	3,343	3,273	2,507	*	*	*	*	*
Prospects	164	311	440	405	482	*	*	*	*	*
Projects	541	513	422	396	137	184	187	125	*	*
Companies visited	348	429	424	455	486	321	349	356	342	186
Companies assisted	272	335	418	360	244	544	593	650	*	*

\* = Information not available

**Sources:** Frederick County, Maryland Adopted Budgets Performance Indicators and individual county departments. Estimates generated by the agencies were used when actual figures were unavailable.  
U. S. Department of Agriculture Census (2007)

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

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2002</u></b>	<b><u>2001</u></b>
<b>General Government</b>										
Building maintenance										
Buildings managed	145	145	136	121	116	114	110	106	73	61
<b>Public Safety</b>										
Fire/rescue stations	30	30	30	30	30	30	30	30	30	30
Adult Detention Center average daily population	416	425	484	498	464	466	452	429	449	418
<b>Public Works</b>										
County roads - mileage	1,264	1,264	1,258	1,257	1,256	1,245	1,237	1,235	1,221	1,213
Water facilities										
Plants/Distribution Systems	12	12	14	14	14	14	14	15	15	15
Daily capacity (1,000 gals.)	12,432	12,432	12,432	10,193	10,193	9,485	9,485	9,645	9,645	9,645
Miles of water mains	290	289	284	271	253	243	231	228	211	204
Hydrants	2,453	2,428	2,357	2,259	2,085	1,924	1,778	1,778	1,583	1,506
Sewer facilities										
Plants/Collection Systems	15	16	16	16	17	17	17	16	16	16
Daily capacity (1,000 gals.)	8,677	7,727	7,677	7,677	7,707	7,707	7,701	7,701	7,766	7,766
Miles of sewer mains	353	352	344	339	327	313	303	293	283	277
Bridges										
Bridges (over 20' spans)	219	219	215	215	214	214	213	213	213	213
Fleet services										
Vehicles	1,045	1,016	994	959	888	820	802	788	777	679
<b>Parks, Recreation and Culture</b>										
County park acreage	2,066	1,792	1,572	1,534	1,534	1,511	1,511	1,511	1,526	1,394
County facilities	36	31	30	30	29	29	29	29	*	*

\* Information not available

**Sources:** Management Services, Fire/Rescue, Sheriff, Public Works, Fleet Services, Parks and Recreation

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