

Frederick County Maryland



Hazy October

Bruce Saunders

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021**

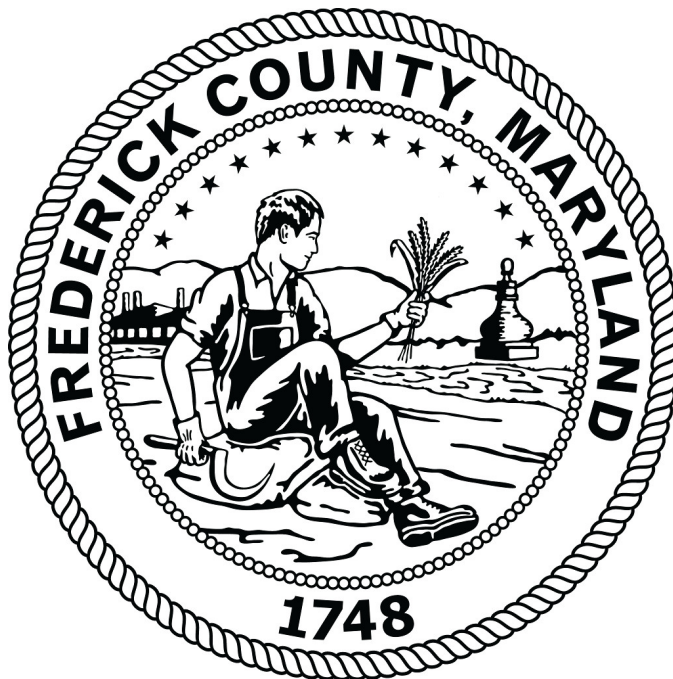
Front Cover:

"Hazy October" was photographed by Bruce Saunders. The picture was taken on the Monocacy River near Buckeystown, Maryland.

Bruce describes his style as painterly photography and his work can be seen at www.brucesaundersphotography.com

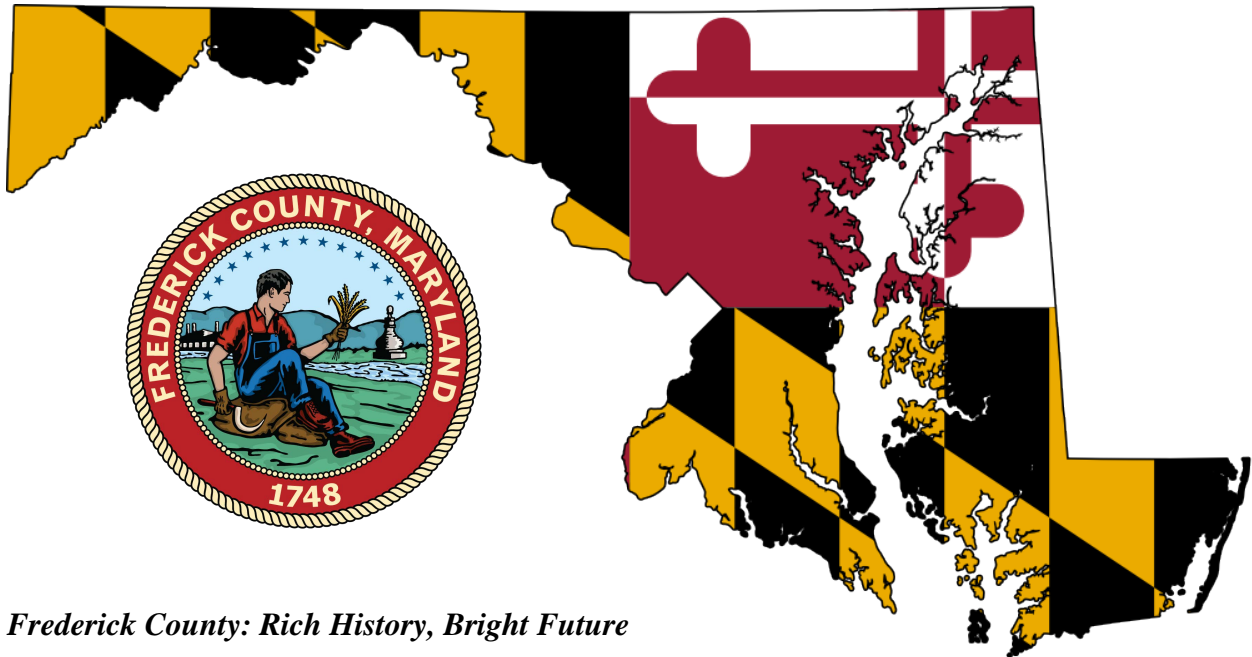
Permission was granted by the photographer to use these photos.

Frederick County, Maryland
Annual Comprehensive Financial Report
Fiscal Year 2021
July 1, 2020 – June 30, 2021



Prepared by the Finance Division

Frederick County, Maryland



Frederick County: Rich History, Bright Future

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

**FREDERICK COUNTY, MARYLAND
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
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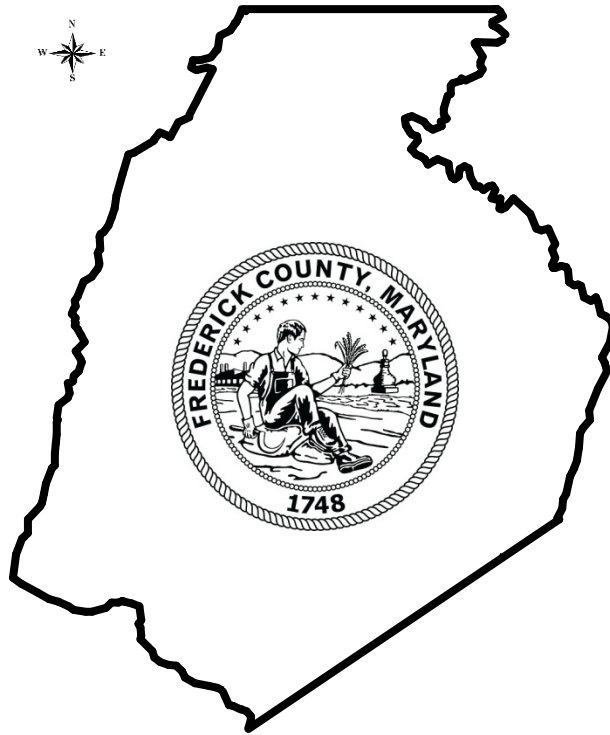
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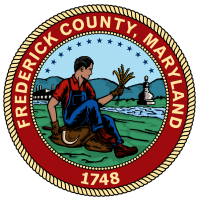
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WINCHESTER HALL



INTRODUCTORY SECTION





FREDERICK COUNTY GOVERNMENT

DIVISION OF FINANCE
Accounting Department

Jan H. Gardner
County Executive

Erin White, CPA, Division Director
Melanie Thom, CPA, Director

November 30, 2021

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

We are pleased to present this Annual Comprehensive Financial Report (ACFR) of Frederick County, Maryland (the "County") for the fiscal year ended June 30, 2021.

Formal Transmittal of the ACFR

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

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

The financial statements of Frederick County, Maryland have been audited by SB & Company, LLC, a firm of licensed certified public accountants. SB & Company, LLC, has issued an unmodified opinion on the County's financial statements as of and for the fiscal year ended June 30, 2021. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and estimates made by management, and evaluating the overall financial statement presentation. The report of the independent public accountants is located at the beginning of the financial section of this report.

The County is also required to undergo an annual Single Audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this Single Audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and

regulations, and a schedule of findings and questioned costs will be included in a separately issued single audit report.

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

Profile of the Government

Frederick County, Maryland, founded in 1748, originally included the present Maryland counties of Garrett, Allegany, Washington, Carroll and Montgomery. It is located in the north central part of Maryland, is 664 square miles in area, and serves an estimated population of 271,717. Frederick County is bordered on the north by the Commonwealth of Pennsylvania, on the west by Washington County, Maryland, on the east by Howard and Carroll Counties, both in Maryland, and on the south by Montgomery County, Maryland and the Commonwealth of Virginia.

There are twelve incorporated municipalities within Frederick County. The County seat and largest city is the City of Frederick, which has an estimated population of 70,887. The City of Frederick is located approximately 45 miles northwest of Washington, D.C. and 45 miles west of Baltimore, Maryland.

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

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

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

The Reporting Entity

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

Incorporated municipalities within Frederick County provide some or all of the following services within their boundaries which relieves the County from providing these services in those areas: highway and street maintenance, parks and recreation, planning services, and police protection. The County is also financially accountable for legally separate entities which are reported

separately within the County's financial statements. The entities, known as component units, that meet these criteria are the Frederick County Board of Education, the Frederick Community College, and the Frederick County Public Libraries. The County has no blended component units. Additional information on the component units can be found in Note 1 in Exhibit II-A-15.

Budgetary Overview

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

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

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

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

Statement of Revenues, Expenditures, and Changes in Fund Balance- Budgetary Basis - Budget and Actual are presented for the four major governmental funds which adopted an annual budget, the general, grants, agricultural preservation and debt service funds. These statements are presented in Exhibits II-A-7, II-A-8, II-A-9 and II-B-8 of this report. Budget-to-actual comparison schedules for other special revenue funds with legally adopted budgets are presented in the Supplementary Data portion of the Financial Section. These budget-to-actual comparison schedules include funds which do not exist in a GAAP basis as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 54. Those funds are included in the Capital Projects Fund for GAAP reporting. The reconciliation of budgetary basis presentation to the GAAP presentation is presented in Footnote 2.B.

Factors Affecting Financial Condition

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

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

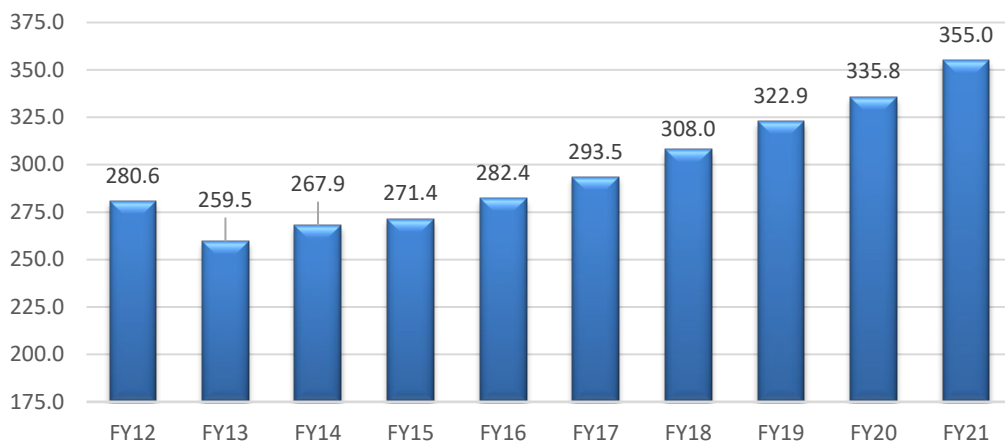
The COVID-19 public health crisis has had a major impact on us all. Frederick County's strong diverse economy continue to be apparent, with revenues growing even during the pandemic, far exceeding expectations. Conservative budgeting and policies have allowed Frederick County to build our reserves to record numbers. This forward thinking has given Frederick County the financial means to maintain our full range of services, boost our local economy and help our constituents.

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

Because of its location in a region with a diverse business community, the local unemployment rate is 4.8% as of August 2021, and is well below the State rate of 5.9% and the U.S. rate of 5.3% for the same period. Average employment in Frederick County is 131,920 as of August 2021.

The County's largest revenue source remains real property taxes. Real property assessed values increased by 5.0% in FY21 and this trend continues into FY22 as values have grown to \$35.4 billion from \$33.8 billion. General Fund property taxes are projected to increase in FY22 by \$17.3 million over FY21, representing a 4.9% increase. The real estate market has experienced an increase in property assessments, which have increased over the past eight years.

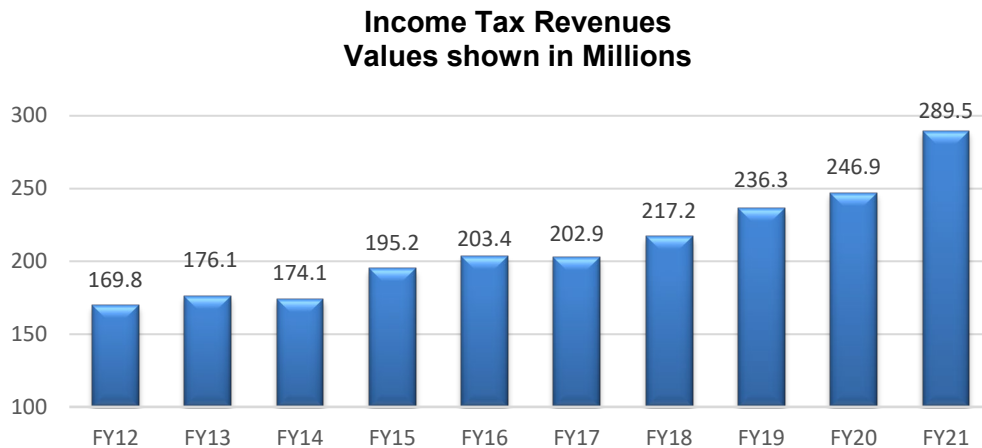
Property Tax Revenues
Values shown in Millions



Frederick County provides four tax abatement programs to encourage economic development, the Rehabilitated Vacant Commercial Structures Tax Credit, the New Jobs Tax Credit, the

Commercial and Industrial Tax Credit and the Enterprise Tax Credit. The County enacted these programs to encourage businesses to make investments in the local business community that will increase County tax revenue at the end of the abatement term.

Income tax revenue, the second largest revenue source in the County, is directly affected by population growth, employment levels and personal income. Income tax revenue has a volatile history. With the implementation of the Tax Cuts and Jobs Act of 2017, the County is encouraged that the data has shown an increase in this revenue source. In the current fiscal year, the County received \$289.5 million. This reflects the highest level of income tax revenues for the County in its history. The adopted budget has conservatively estimated income tax revenues at \$264.6 million for FY22.



Long-term Financial Planning - The major credit rating agencies have recognized that Frederick County's growing economic base, solid operating performance, strong management, financial position, policies and practices combine to rank Frederick as a top tier county government. The County's AAA ratings from Fitch Ratings, Moody's Investors Service, and S&P Global Ratings were affirmed in September 2021 for the fifth time since June of 2016. The ratings reflect ongoing and consistent growth, primarily in the commercial sector; increased employment; tax base growth; strong, well-embedded and sustainable management practices coupled with established fiscal policies; and a low debt burden.

The County has been resilient despite the pandemic because of years of conservative and sound financial management. The County continues to monitor the fiscal impact of the health crisis. The FY22 budget is fiscally responsible with no increase in property tax or income tax rates and adheres to long standing conservative fiscal policies. Total Operating Revenue is budgeted at \$687.5 million for FY22, representing a 7.5% increase over FY21.

The FY22 budget reflects the County Executive's goals by providing increased funding for education, public safety, restoring health, advancing equity and support to the County's valued employees. This budget makes smart investments to rise, renew and recover to secure a bright and thriving future for Frederick County while we continue our long history of fiscal responsibility with the goal to protect county taxpayers.

Below are some highlights from Executive Gardner's FY22 budget:

- Continued increase in funding for Frederick County Public Schools at \$21.5 million over the mandated maintenance-of-effort to maintain the County's funding commitment to education and to provide an equivalent amount of funding for staff compensation.

- Funding the contracts for our public safety employees, including the second year of contracts for law enforcement (Sheriff's deputies), corrections and fire and rescue.
- Supports a permanent satellite Health Department location to provide services to vulnerable and hard to reach communities. This location will be staffed by an Equity Officer and two community health outreach workers, who will continue the effort to strategically address health disparities and do so through community empowerment.
- Includes funding for a study to review the County's hiring practices and our workplace culture, as well as funding for training elected officials and our management team on implicit bias.
- Commitment to staff by funding the first-year implementation of a new pay scale for County employees.

Financial Policies and Practices

Debt Policy:

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

Investment Policy:

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

Frederick County Employees Retirement Trust Funding Policy:

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

General Fund Revenue Surplus Appropriation Policy:

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

Debt Affordability Policy:

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

Fixed Cost Policy:

The objective of this policy is to further strengthen the County's financial health by establishing a fixed cost metric standard that aligns with credit rating agency standards.

All financial policies are reviewed periodically.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to Frederick County, Maryland, for its annual comprehensive financial report for the fiscal year ended June 30, 2020. 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 annual comprehensive 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 County's Finance Division staff. Each member of the division has my sincere appreciation for the contributions made in preparation of this report. Special recognition is given to the Deputy Director of Finance, Daniel Lewis, Director of Accounting, Melanie Thom and her Accounting Supervisors, Robin Inskeep, Ronni Putman and Kathi Tritsch, along with their staff; Financial Services Manager, Susan Keller and her staff who administer the County's debt portfolio and the County's Trust Funds; and Director of Treasury, Diane Fox, and her staff who administer the County's property taxes and revenue collection system. A special thank you is given to our Budget Office staff who administer the budget process without which accounting and financial reporting could not exist. A sincere note of appreciation goes to Lori Rhodes who assumed the production process of this document.

Lastly, I express my appreciation to our County Executive, Jan H. Gardner, Chief Administrative Officer, Rick Harcum, Chief Financial Officer, Lori Depies, as well as the County Council members and their staff for their continued interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Use of this Report

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

Respectfully submitted,



Erin White, CPA
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Frederick
Maryland**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

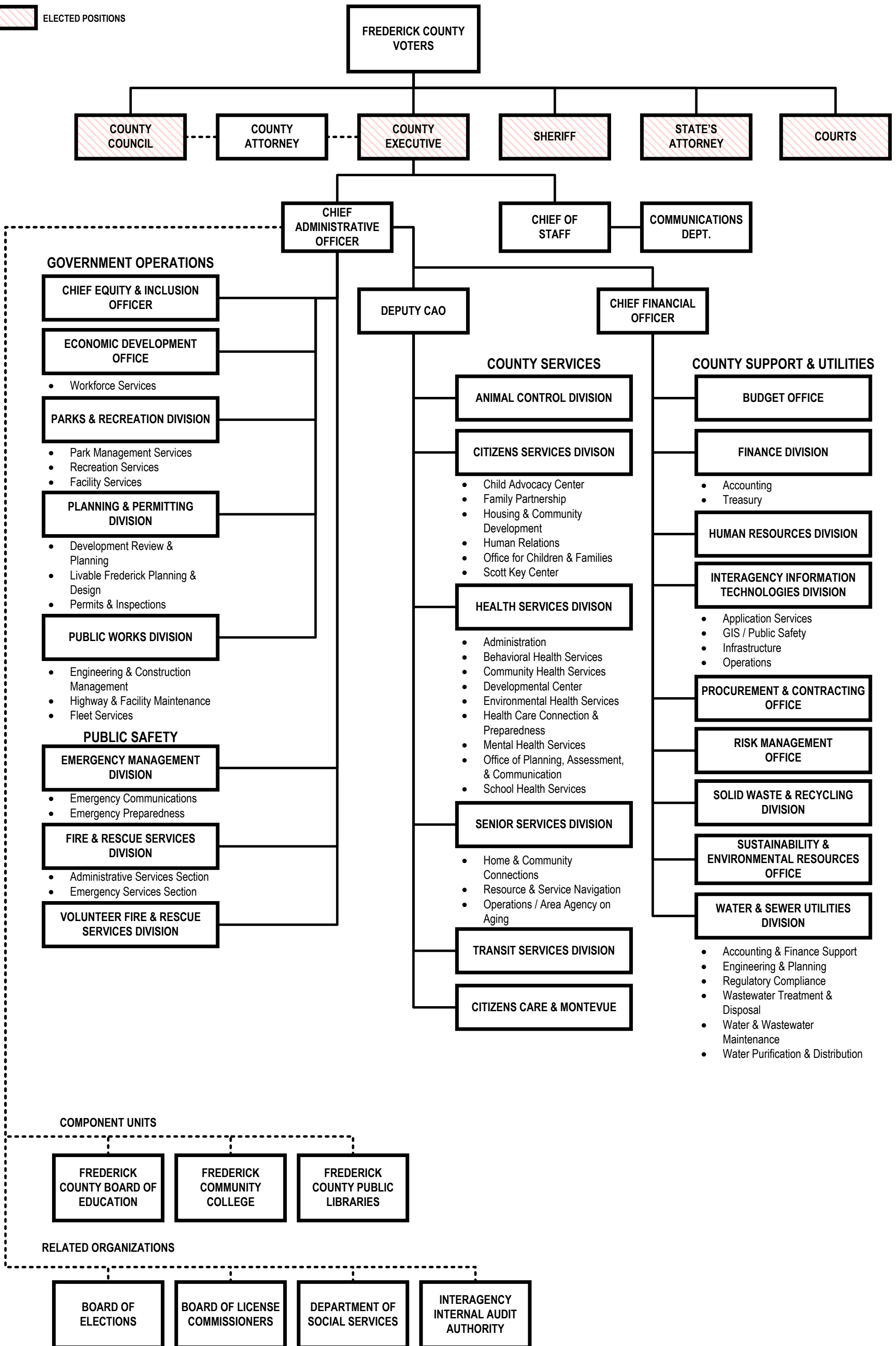
June 30, 2020

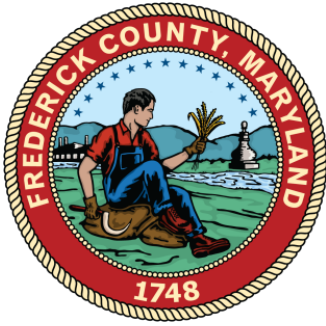
Christopher P. Morill

Executive Director/CEO

FREDERICK COUNTY GOVERNMENT ORGANIZATIONAL CHART

 ELECTED POSITIONS





Frederick County Elected Officials



Jan H. Gardner
County Executive

Frederick County Council



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

**Frederick County, Maryland
Summary of Elected and Appointed Officials**

County Executive

Jan H. Gardner

County Council

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

Michael Blue, Vice President, District 5

Jerry Donald, District 1

Steve McKay, District 2

Jessica Fitzwater, District 4

Phil Dacey, At Large

Kai Hagen, At Large

Sheriff

Charles A. "Chuck" Jenkins

State's Attorney

J. Charles Smith III, Esquire

Administrative Judge of the Circuit Court

Honorable Julie R. Stevenson Solt

Clerk of the Circuit Court

Sandra K. Dalton, Clerk

Appointed Officials

County Executive's Cabinet

Chief of Staff

Communications Director

Education and Special Initiatives Director

Government Affairs Director

Margaret Nusbaum

Vivian Laxton

Janice Spiegel

Joy Schaefer

Chief Administrative Officer

Deputy Chief Administrative Officer

Chief Financial Officer

County Attorney

Richard Harcum

Monica Bearden

Lori Depies, CPA

Bryon Black, Esquire

Animal Control Director

Budget Director

Chief Equity & Inclusion Officer

Citizens Services Director

Economic Development Director

Emergency Management Director

Finance Director

Fire & Rescue Services Director / Chief

Health Services Director / Health Officer

Human Resources Director

Interagency Information Technologies Director

Parks & Recreation Director

Planning & Permitting Director

Procurement & Contracting Director

Public Works Director

Risk Management Director

Senior Services Director

Solid Waste & Recycling Director

Sustainability & Environmental Resources Director

Transit Services Director

Utilities & Solid Waste Management Director

Volunteer Fire & Rescue Services Director

Linda Shea

Kelly Weaver, CPA

Michael Hughes

Christine Cambareri Kay

Helen Propheter

John Markey

Erin White, CPA

Thomas Coe

Barbara Brookmyer, MD, MPH

Wayne Howard

David Maginnis

Jeremy Kortright

Steven Horn

Diane Fouché

Charles Nipe

Lauren Vandergrift

Kathy Schey

Phil Harris

Shannon Moore

Roman Steichen

Mark Schweitzer

M. Shane Darwick

Component Units

Board of Education

President	Jay Mason
Vice President	Karen Yoho
Member	Elizabeth Barrett
Member	David Bass
Member	Jason Johnson
Member	Sue Johnson
Member	Brad Young
Student Member	Mia Martinez
Superintendent	Theresa Alban, Ph.D.

Frederick Community College Board of Trustees

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

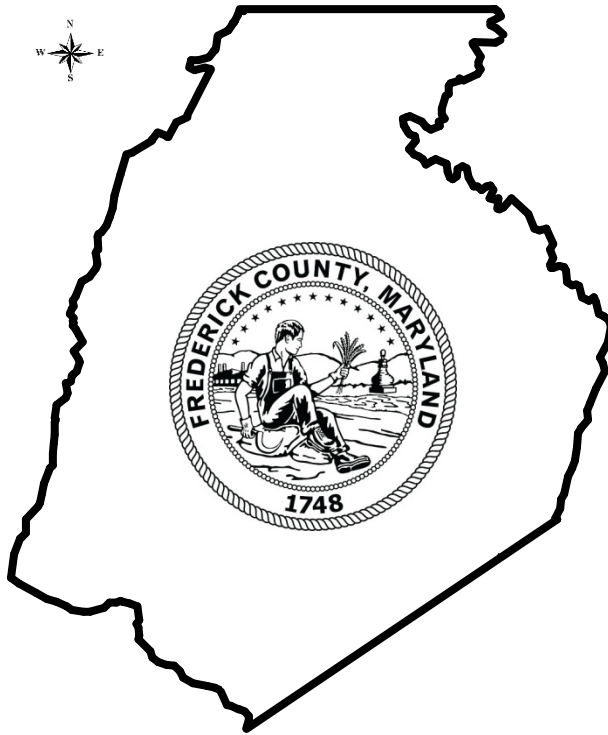
Frederick County Public Library Board

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

Interagency Internal Audit Authority

Internal Audit Director	Tricia Reaver, CPA
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FINANCIAL SECTION





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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the combining and individual Pension/OPEB Trust funds, and the aggregate remaining fund information of Frederick County, Maryland (the County) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the combining and individual Pension/OPEB Trust funds, and the aggregate remaining fund information of Frederick County, Maryland, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, grants fund and agricultural preservation fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Owings Mills, Maryland
November 18, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Annual Comprehensive Financial Report of Frederick County, Maryland (the "County") presents a narrative overview and analysis of the financial activities of the County, for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

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

FINANCIAL HIGHLIGHTS

Government-Wide:

- The assets and deferred outflows of resources of Frederick County Government exceeded its liabilities and deferred inflows of resources at the close of this fiscal year by \$1,265.3 million (net position), approximately 58.3% of which is attributable to the County's business-type activities. Of total net position, \$806.1 million is the net investment in capital assets and \$140.6 million is restricted for specific purposes. The County's unrestricted portion of net position is \$318.7 million. Unrestricted net position is composed of \$106.3 million in the governmental activities and a balance of \$212.4 million unrestricted in the business-type activities.
- The total government-wide net position increased by \$247.8 million or 24.4% in FY21. The governmental activities net position increased by \$203.5 million, compared to an increase of \$60.1 million in FY20. The business-type activities net position increased by \$44.4 million, reflecting a larger increase than the \$34.6 million increase in FY20.

Fund Level:

- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$413.7 million, an increase of \$54.5 million from the prior year. The County's proprietary funds reported a combined net position of \$735.3 million, representing a \$44.3 million increase over the prior year.
- At the end of FY21, the total committed, assigned and unassigned fund balances for the County's General Fund was \$184.5 million or approximately 32.2% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The basic financial statements are comprised of three components:

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

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

Government-Wide Financial Statements

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

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

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

The Government-Wide Financial Statements include not only Frederick County (known as the primary government), but also a legally separate board of education, a legally separate community college, and a legally separate library board for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Component units, which are other governmental units over which the County can exercise influence and/or may be obligated to provide financial subsidies, are presented as separate columns in the Government-Wide Financial Statements. The focus of the statements is clearly on the primary government and the presentation allows the user to address the relative relationship with the

component units. Additional detailed financial information for the Frederick County Board of Education and Frederick Community College may be obtained from their respective separately issued financial statements. The Library Board does not issue separate financial statements. Consolidated financial information is available in the Government-Wide Financial Statements. The Government-Wide Financial Statements can be found on pages 31-33 of this report.

Fund Financial Statements

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

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

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

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

Frederick County adopts an annual appropriated budget for its General Fund and each of the Special Revenue Funds (except for the Watershed Protection and Restoration Fund, the Sheriff's Drug Enforcement Fund, the Narcotics Investigative Section Fund, the State Attorney Law Enforcement Aid Fund, the Inmates' Canteen Fund, the Non-Profit Organizations Loans Fund and the Fire/Rescue Loans Fund). A budgetary comparison statement is prepared for the General Fund, Grants Fund and Agricultural Preservation Fund to demonstrate compliance with budget. These statements can be found on Exhibit II-A-7, II-A-8 and II-A-9 of this report. Budgetary schedules for the non-major special revenue funds and the Debt Service Fund can be found in Exhibit II-B-7 and Exhibit II-B-8, respectively in the Supplementary Data section. The Capital Projects Fund has a budget from inception until completion of the project. The budgetary display of this activity can be found in Exhibit II-B-9.

Proprietary Funds: Frederick County maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions as business-type activities in the Government-Wide Financial Statements. Frederick County has four individual

enterprise funds: Water & Sewer Fund, Solid Waste Management Fund, Comprehensive Care Facility Fund and Bell Court Apartments Fund.

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

While the total column on the Proprietary Fund Financial Statements (see Exhibits II-A-10 and II-A-11) may be the same as the Business-type Activities column on the Government-Wide Financial Statements (after consideration of the "Internal Balances" account), the Governmental Activities total columns require reconciliations because of the different measurement focus (current financial resources versus total economic resources) which are reflected on Exhibits II-A-4 and II-A-6. The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources as well as capital expenditures and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets, deferred inflows and outflows of resources, and long-term obligations into the Governmental Activities column in the Government-Wide Financial Statements.

Fiduciary Funds: The Fund Financial Statements also allow the County to address its fiduciary funds. Summary statements for the fiduciary funds are displayed in Exhibits II-A-13 and II-A-14, while the detail for each fund is presented in Exhibits II-B-13, II-B-14, II-B-15 and II-B-16. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County's fiduciary funds include the Pension Trust Fund, the Other Post-Employment Benefits (OPEB) Trust Fund, the Length of Service Award Program (LOSAP) Trust, and various custodial funds. While the fiduciary funds represent trust responsibilities of the County, these assets are restricted in purpose and do not represent discretionary assets of the County. Therefore, these assets are not presented as part of the Government-Wide Financial Statements. The basis of accounting used for the fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements are part of the basic financial statements and are presented in Exhibit II-A-15.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Frederick County's fiduciary trust liabilities and schedule of employer contributions. The required supplementary information is presented in Exhibit II-A-16 through Exhibit II-A-21.

Infrastructure Assets

Infrastructure assets is the County's largest group of assets (roads, bridges, and underground pipes [unless associated with a utility], etc.) in the governmental activities financial statements. These assets have been valued and reported within the Governmental Activities column of the Government-

Wide Statements. Additionally, the County had the option to elect to either (a) depreciate these assets over their estimated useful lives or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The County has elected to depreciate the assets over their estimated useful lives.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

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

Changes in net position may serve over time as a useful indicator of a government's overall financial condition and position. In the case of Frederick County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,265.3 million at the close of the fiscal year.

Statement of Net Position

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

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 794,007	\$ 567,463	\$ 246,838	\$ 221,527	\$ 1,040,845	\$ 788,990
Capital assets	540,429	511,399	673,115	672,412	1,213,544	1,183,811
Total assets	<u>1,334,436</u>	<u>1,078,862</u>	<u>919,953</u>	<u>893,939</u>	<u>2,254,389</u>	<u>1,972,801</u>
Deferred outflows of resources	13,512	18,910	1,583	2,155	15,095	21,065
Current and other liabilities	125,989	153,036	26,116	31,207	152,105	184,243
Long-term debt outstanding	489,320	548,609	158,362	172,209	647,682	720,818
Total Liabilities	<u>615,309</u>	<u>701,645</u>	<u>184,478</u>	<u>203,416</u>	<u>799,787</u>	<u>905,061</u>
Deferred inflows of resources	204,349	71,297	-	-	204,349	71,297
Net Position:						
Net investment in capital assets	283,144	278,494	522,956	507,410	806,100	785,904
Restricted	138,862	166,000	1,740	3,489	140,602	169,489
Unrestricted (deficit)	106,284	(119,664)	212,362	181,779	318,646	62,115
Total net position	<u>\$ 528,290</u>	<u>\$ 324,830</u>	<u>\$ 737,058</u>	<u>\$ 692,678</u>	<u>\$ 1,265,348</u>	<u>\$ 1,017,508</u>

Frederick County's net position is divided into three categories, net investment in capital assets, restricted net position and unrestricted net position. The largest portion of the County's net position, \$806.1 million or 63.7%, reflects its investment in capital assets net of depreciation (e.g., land, buildings, equipment, infrastructure, construction in progress and improvements), less any outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Restricted net position of \$140.6 million includes resources that are subject to external restrictions on how they may be used. Unrestricted net position of the government has a balance of \$318.7 million. Unrestricted net position is composed of \$106.3 million in the governmental activities and \$212.4 million in the business-type activities.

The result of these basic current year calculations is that the County's overall financial position has increased from FY20 to FY21. There was an improvement in the unrestricted net position of the Governmental Activities of \$226.0 million while the Business Activities unrestricted net position increased \$30.6 million.

The net position of the governmental activities increased \$203.5 million during FY21, while program revenues increased \$103.0 million and general revenues increased \$62.7 million over FY20. Governmental activities general revenues for FY21 showed an increase in property taxes of \$17.1 million, an increase in income taxes of \$35.3 million, an increase in recordation tax of \$22.1 million, and an increase of \$2.4 million in miscellaneous revenues. This offset by a decrease of \$13.8 million of investment earnings. The majority of the increase in program revenues came from impact fee revenue and grants related to the COVID-19 pandemic. Expenses for the governmental activities increased \$23.0 million, 3.2% from the prior year.

The net position of the business-type activities increased \$44.4 million during FY21. Business type activities revenue for FY21 showed an increase in charges for services revenue of \$8.7 million, an increase in grants and contributions of \$5.7 million, and offset by a decrease of \$2.8 million of investments earnings. Expenses for the business-type activities increased \$1.3 million, 1.2% from the prior fiscal year.

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

Statement of Activities

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program revenues						
Charges for services	\$ 69,780	\$ 50,781	\$ 108,282	\$ 99,629	\$ 178,062	\$ 150,410
Operating grants and contributions	119,062	36,059	485	1,078	119,547	37,137
Capital grants and contributions	6,794	5,842	41,895	35,639	48,689	41,481
General revenues						
Local property taxes	353,986	336,866	-	-	353,986	336,866
Local income taxes	310,436	275,114	-	-	310,436	275,114
Other local taxes	67,925	45,641	-	-	67,925	45,641
Build America Bond subsidy	-	679	-	5	-	684
Investment earnings	(1,333)	12,420	258	3,060	(1,075)	15,480
Miscellaneous	17,789	15,369	-	-	17,789	15,369
Gain/Loss on Disposal of Assets	-	-	81	(242)	81	(242)
Total revenues	944,439	778,771	151,001	139,169	1,095,440	917,940
EXPENSES						
Program activities						
Governmental activities:						
General government	67,653	66,971	-	-	67,653	66,971
Public safety	117,620	131,910	-	-	117,620	131,910
Public works	47,608	58,560	-	-	47,608	58,560
Health	15,512	7,909	-	-	15,512	7,909
Social services	9,395	9,387	-	-	9,395	9,387
Education	404,170	360,993	-	-	404,170	360,993
Parks, recreation, and culture	23,675	24,511	-	-	23,675	24,511
Conservation of natural resources	6,711	16,158	-	-	6,711	16,158
Community development and public housing	14,414	8,326	-	-	14,414	8,326
Economic development and opportunity	19,874	14,462	-	-	19,874	14,462
Interest on long term debt	14,704	19,117	-	-	14,704	19,117
Business-type activities:						
Water and sewer	-	-	49,554	50,846	49,554	50,846
Solid waste management	-	-	28,418	25,343	28,418	25,343
Comprehensive Care Facility	-	-	27,962	28,605	27,962	28,605
Public Housing	-	-	330	179	330	179
Total expenses	741,336	718,304	106,264	104,973	847,600	823,277
Change in net position before transfers	203,103	60,467	44,737	34,196	247,840	94,663
Transfers	357	(381)	(357)	381	-	-
Change in net position	203,460	60,086	44,380	34,577	247,840	94,663
Net position - beginning of year	324,830	264,744	692,678	658,101	1,017,508	922,845
Net position - ending of year	\$ 528,290	\$ 324,830	\$ 737,058	\$ 692,678	\$ 1,265,348	\$ 1,017,508

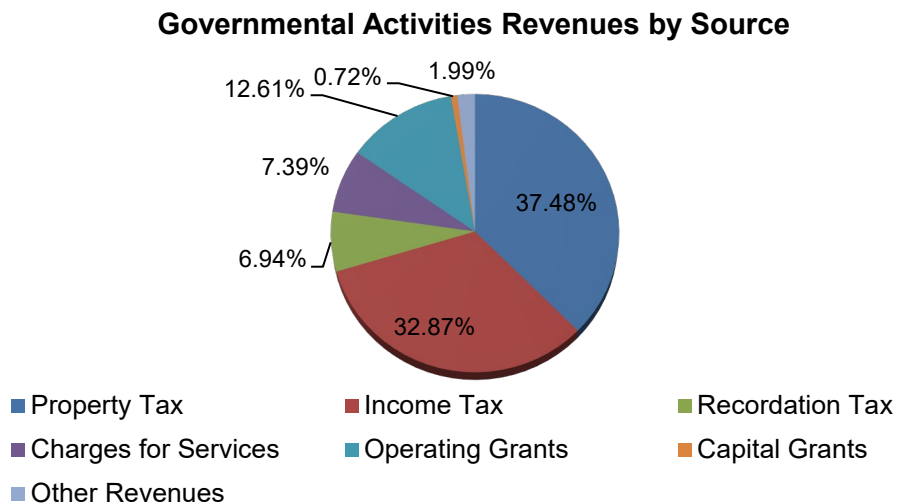
Governmental Activities: As noted earlier, the government's net position increased by \$247.8 million during the fiscal year. The net position of governmental activities increased \$203.5 million. Governmental activity revenues increased by \$165.7 million during FY21 with an increase in expenses of \$23.0 million. The County realized its largest increase in revenues from property tax, income tax, and operating grants and contributions revenues. The increase in governmental activities expenses were primarily in the areas of education, health, community development and public housing and economic development and opportunity.

Key elements impacting the governmental activities revenues include:

- The County recorded \$354.0 million in local property tax revenues in FY21, compared to \$336.9 million in the prior year, representing a 5.1% increase.
- Increases in income tax revenues of \$35.3 million, reflecting a 12.8% increase over FY20.

- Operating Grants and Contributions revenue increased by \$83.0 million in FY21. The two main components of this increase are from \$36.7 million in federal Coronavirus Relief Funds (CRF) and \$40.0 million in American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds. The County received \$45.3 million CRF in May 2020, of this amount, \$8.6 million was spent during FY20 with the remaining \$36.7 million spent for eligible expenses in FY21. The total amount of State and Local Fiscal Recovery Funds allocated to the County is \$50.4 million with the first half of \$25.2 million received in May 2021. The County recorded \$40.0 million of revenue replacement in FY21 related to the State and Local Fiscal Recovery Funds.
- Charges for services increased \$19.0 million in FY21 from \$50.8 million in FY20 to \$69.8 million in FY21. Impact fees for general government capital projects accounted for \$17.5 million of this increase. Impact fees are only collected on new residential homes. This positive variance is a result of increased permits issued for all housing types with the largest percentage increase in townhouse/duplex homes. Impact fees also have a tendency to be very volatile from year to year.

The following chart illustrates the governmental activities revenues received by source for FY21:



Governmental activities expenses increased by \$23.0 million in FY21. The largest contributors to this increase were in the areas of:

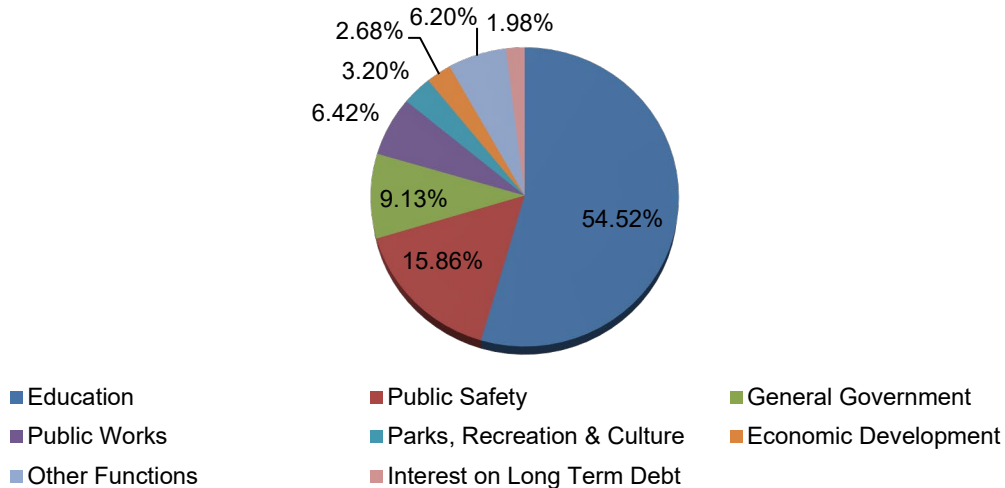
- Overall Education expenses increased in FY21 by \$43.2 million when compared to FY20. Operating funding for our local education system continues to grow including an additional \$14.6 million in funding for FY21, which includes \$7 million over the Maintenance of Effort level, the minimum level required by state law. This supports the County Executive’s focus on our education system. Capital project expenses increased by \$30.9 million in FY21 due to the completion of a new elementary school and a school dedicated to special education. Operating support to the local community college increased \$1.4 million offset by a decrease in capital project expenses of \$3.7 million.
- Public Safety expenses decreased \$14.3 million when compared to the prior year. Overall, day-to-day public safety expenses did increase in FY21 by \$6.3 million due to increase in personnel expenses. This increase in expenses were offset by a decrease of \$15.5 million in pension expense and a decrease of \$3.2 million in other post-employment benefit expenses for public safety employees that were the result of significant increases in net

investment income to both plans. Compensated absences expense also decreased in the current year by \$1.1 million in this category.

- Public Works spending decreased by \$10.9 million. The majority of this decrease was due to a greater number of public works projects being capitalized in FY21 than expensed (\$12.2 million), partially offset by additional grant funding for the purchase of three new electric Transit buses (\$1.7 million).
- An increase in Health expense of \$7.6 million was due to an increase in programs to support our citizens during the COVID-19 pandemic.
- Conservation of Natural Resources expenses decreased by \$9.5 million in FY21. This reduction in costs is related to more conservation projects being capitalized instead of expensed in the current fiscal year.
- Community development and public housing expenses increased by \$6.1 million was due to an increase in emergency rental assistance program expenses to support eligible citizens during the COVID-19 pandemic.
- Economic development and opportunity costs increased by \$5.4 million when compared to FY20. This increase is attributable to grant programs administered by the County throughout the year to provide economic support to small businesses adversely impacted by the COVID-19 pandemic.

The following chart illustrates the governmental activities expenses by function for FY21:

Governmental Activities Expenses by Function



Business-type Activities: Business-type activities increased Frederick County’s net position by \$44.4 million in FY21, compared to an increase of \$34.6 million in FY20.

Total Revenues for Business-type activities increased by \$11.8 million in FY21.

Key factors include:

- Capital grants and contributions continue to provide a major revenue source for the Water and Sewer Fund during the current fiscal year, producing \$41.9 million in revenue, representing an increase of \$6.3 million from FY20. Contributions for capacity charges continue to exceed 50% of total contributions, with the majority of the remaining contributions coming from developers and a smaller portion from municipalities.
- Charges for services increased by \$8.7 million. The Water and Sewer Fund reported an increase of \$7.8 million attributable to an increase in sewer rates. The Solid Waste Fund had an increase of \$1.8 million related to tipping fees. These increases were offset by a decrease of \$1.1 million in charges for services in the Comprehensive Care Facility Fund due to restrictions placed on congregate living facilities during the COVID-19 pandemic.
- Investment income decreased by \$2.8 million that is a result of a decline in interest rates.

Total Expenses for Business-type activities increased by \$1.3 million in FY21.

- The Water & Sewer Fund reported a decrease in expenses of \$1.3 million in FY21.
- Expenses for the Solid Waste Fund increased by \$3.1 million in FY21 primarily in transfer and recycling expenses.
- The Comprehensive Care Facilities Fund expenses decrease by \$0.6 million primarily due to decline in patients served during the COVID-19 pandemic in FY21.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, Frederick County's governmental funds reported combined ending fund balances of \$413.7 million. Approximately 98.3% of this total amount (\$406.7 million) constitutes restricted, committed, assigned and unassigned fund balance, which is generally available for spending. The remainder of fund balance (\$7.1 million) is classified as nonspendable to indicate that it is not available for spending because it is in the form of inventories, prepaid expenditures, long-term receivables or other like conditions. Included in the committed fund balance of \$320.4 million is \$43.6 million that is the result of enabling legislation. Section 2-7-1, subsection (a)(2) of the Frederick County, Maryland Code of Ordinances requires being set-aside in an amount equal to 7.0% percent of the General Fund expenditures and transfers to the Frederick County Board of Education and Frederick Community College.

The General Fund is the chief operating fund of Frederick County. At the end of the current fiscal year, restricted, committed, assigned and unassigned fund balance of the General Fund was \$185.5 million. Reducing the committed fund balance for the legislative mandate noted earlier still provides a fund balance of \$116.8 million spendable for current operations. The remainder of the fund balance (\$2.0 million) is non spendable and is not available for spending because it is in the form of inventory, prepaid expenditures, long term receivables and salary advances. Total fund balance for the General Fund is \$187.5 million. As a measure of the General Fund's liquidity, it may be useful to compare

restricted, committed, assigned, and unassigned fund balance and total fund balance to total expenditures. Restricted, committed, assigned and unassigned fund balance represents 32.4% of total general fund expenditures, while total fund balance represents 32.7% of that same amount.

The County's General Fund total fund balance increase by \$58.6 million during the current fiscal year. The increase is mostly due to an increase in local income tax revenue of \$42.6 million due to a strong economy.

The Grants Fund total fund balance increased \$30.0 million during the current fiscal year. During FY21, the County received an unprecedented amount of grant funding to combat the COVID-19 pandemic. Grants from federal government increased by \$64.8 million and grants from the state government increased by \$3.7 million over the prior year. The increase in grant revenues were partially offset by an increase in expenditures of \$39.4 million for emergency operational costs and economic development assistance to businesses impacted by the COVID-19 pandemic.

The Capital Projects Fund has a total fund balance of \$105.0 million. The decrease in fund balance for the current fiscal year was \$46.0 million. This represents a \$92.4 million decrease over the increase in fund balance in FY20 of \$46.4 million. This decrease is primarily due to the timing of bond issuance. Bonds were issued in FY21 bond issue in the amount of \$7.8 million, compared to the FY20 bonds with proceeds including premium for project funding in the amount of \$109.1 million. The proceeds from the FY21 issue were used to purchase a warehouse building to store personally protective equipment that was necessitated by COVID-19 pandemic. Other variances include an increase in capital project spending of \$16.5 million, offset by increased revenues of \$23.5 million, largely due to increases in impact fee revenues, as previously mentioned. Transfers to the Debt Service Fund include special revenues used for debt service payments related to capital projects of \$10.3 million, representing a decrease of \$1.3 million from FY20.

The Agricultural Land Preservation Fund has total committed fund balance of \$60.4 million. There is \$58.2 million committed for Installment Purchase Agreements and the remainder is committed for other agricultural preservation initiatives. The fiscal year fund balance increased by \$9.2 million is due mostly to increase in recordation tax from the prior fiscal year of \$9.6 million. Effective October 1, 2020 legislation was enacted that increased the recordation tax rate by \$1 from \$6 to \$7 per \$500 of consideration. This rate increase coupled with the increase in residential real estate transactions and mortgage refinancing's contributed to this surge in recordation tax.

The Debt Service Fund has a total fund balance of \$479,208 with 99.2% included in the category of assigned fund balance. The fiscal year fund balance decreased by \$638,366.

Proprietary Funds: Frederick County's proprietary fund statements provide the same type of information found in the Government-Wide Financial Statements, but in more detail. At the end of FY21, the enterprise funds reported a combined total net position of \$735.3 million. Of that total, the unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$169.3 million and the unrestricted net position in the Solid Waste Management Fund totaled \$35.9 million. The Comprehensive Care Facility Fund ended the year with an unrestricted net position of \$5.4 million. The Bell Court Apartment Fund had an unrestricted net position of negative \$11,403.

The County's internal service funds ended FY21 with a total net position of \$33.8 million. Net Position included \$20.4 million of net investment in capital assets and the remaining \$13.4 million of unrestricted net position for all internal service funds. Overall there was an increase in net position of \$2.4 million in the current year for all internal service funds.

General Fund Budgetary Highlights

The final expenditure and transfer budgets for the General Fund increased \$10.2 million over the original budget. As part of the FY21 budget process, the County now has the authority to re-appropriate encumbrances outstanding at the end of the fiscal year for the General Fund. This accounted for \$3.4 million of the increase from the adopted budget. Other notable increases to the adopted budget included a \$2.9 million supplemental appropriation for several one-time expenditures, a \$2.0 million supplemental appropriation to re-appropriate the budgeted but unencumbered appropriation from a FY20 COVID-19 contingency, and a mid-year \$1.1 million supplemental appropriations to several County Divisions for budget priorities that were deferred when the FY21 essential budget was adopted. Several items were deferred when the budget was adopted due to the uncertainty of how the COVID-19 pandemic would impact the County's revenues.

During the year, revenues were greater than budgetary estimates by \$64.5 million and expenditures were less than budgetary estimates by \$24.9 million. Cautious spending, in light of COVID-19, partially contributed to the \$24.9 million or 4.3% decrease in actual General Fund expenditures compared to the final General Fund budget. The favorable variances totaled \$89.3 million, thereby eliminating the need to draw upon any of the appropriated fund balance of \$35.4 million.

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

- Local property tax revenue was greater than the budget amount by \$2.3 million. This is primarily due to taxes levied in excess of original estimates for real property.
- Local income tax distributions were greater than the budgeted amount by \$53.3 million. This significant budget variance has to do with the beginning of the COVID-19 pandemic starting last year when our FY21 budget was adopted. In light of the uncertainty of how our economy would be affected during the COVID-19 pandemic, the County had no choice but to be conservative when developing this budget. The positive result shows the strength of our economy.
- Recordation taxes exceeded budgeted amounts by \$10.6 million. These taxes are based on property transfers and loan refinancing's, which have increased primarily due to a decrease in interest rates for housing loans.
- Permits in the construction area have also reported better than budget performance for FY21 by \$2.1 million, particularly in the residential applications.
- Charges for services were less than the budgeted amount by \$2.2 million. Scott Key Center and recreation revenues were negatively affected by the COVID-19 pandemic as facilities and programs were closed.
- Investment income was less than the budget estimates in FY21 by \$1.8 million. This is the result of a decline in interest rates during the fiscal year.

A cautious spending policy, in light of the COVID-19 pandemic, led to the \$24.9 million in various departmental under spending. The largest contributors to this savings at \$11.9 million was in the non-departmental area. The rollover COVID-19 funding was the largest single contributor with \$7.8 million followed by Revenue Stabilization, Fuel Costs, and Severe Weather which made up \$2.1 million of the \$2.7 million in Other Contingencies. The general government area was the next biggest contributor with \$3.0 million in savings. The two largest areas in savings were the department of Planning and Zoning with \$944,941 and Custodial Services with \$636,132. Planning and Zoning's savings were a direct result of vacant positions. Custodial's savings were largely due to the Scott

Key Center's cleaning contract not being executed due to the COVID-19 pandemic. Education had a \$2.6 million variance due to in-kind costs being less than projected. The highway department saw a \$1.1 million positive variance which was mostly due to vacant positions representing 20% of their workforce at any one time. Parks and Recreation had a \$2.1 million in savings as a result of the lingering effects of the COVID-19 pandemic. Most of their recreational services were minimized as facilities remained closed. Program opportunities were diminished which caused savings in part time employees and instructional services. In addition, they had several vacant positions. The Social Services area had savings of \$1.2 million. This savings in part was from the Scott Key Center being closed to clients due to the COVID-19 pandemic. They had savings of \$865,545.

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, 2020 and 2021, amount to \$1,183.8 million and \$1,213.5 million, respectively. This investment in capital assets includes land, easements, buildings, improvements, equipment, vehicles, roads, water and sewer lines, highways, bridges and construction in progress. The total increase in Frederick County's investment in capital assets for the current fiscal year was 2.5%.

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

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 128,857	\$ 117,000	\$ 9,328	\$ 9,328	\$ 138,185	\$ 126,328
Buildings & improv.	279,478	263,662	357,789	364,835	637,267	628,497
Equipment	148,947	149,436	58,977	57,167	207,924	206,603
Infrastructure	433,018	425,259	472,458	440,826	905,476	866,085
Construction in progress	39,722	25,051	20,571	41,903	60,293	66,954
Accum. depreciation	(489,593)	(469,009)	(246,008)	(241,647)	(735,601)	(710,656)
Total	<u>\$ 540,429</u>	<u>\$ 511,399</u>	<u>\$ 673,115</u>	<u>\$ 672,412</u>	<u>\$ 1,213,544</u>	<u>\$ 1,183,811</u>

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

Governmental Activities:

- Costs were incurred for the following major projects and capital purchases:
 - Pavement Management \$10.3 million
 - Warehouse Acquisition and Fitout 6.7 million
 - Portable Radio Replacement 3.9 million
 - Systemic Projects 3.4 million
 - Transit Facility Expansion 3.1 million
- The following transfers were made to the Frederick County Board of Education for school construction:
 - Blue Heron Elementary School \$25.2 million
 - Rock Creek School 23.2 million
 - Waverly Elementary School Addition 14.8 million
 - Oakdale Middle School Addition 5.1 million

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

Long-Term Debt

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

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 394,443	\$ 431,426	\$ 96,102	\$ 108,374	\$ 490,545	\$ 539,800
Ag Easement Notes (IPA)	48,520	48,086	-	-	48,520	48,086
Notes from Direct Borrowings and Direct Placements	27,618	20,067	51,468	55,638	79,086	75,705
Capital Leases	6,639	8,109	249	365	6,888	8,474
Total	\$ 477,220	\$ 507,688	\$ 147,819	\$ 164,377	\$ 625,039	\$ 672,065

As of year-end, the County had \$490.5 million in general obligation bonds outstanding compared to a total of \$539.8 million last year, a 9.1% net decrease. This decrease (\$49.3 million) is attributed to principle payments.

The County maintains a debt affordability index to determine its self-imposed limits for issuing long-term general governmental debt. This debt affordability index is a blend of ratios to determine the maximum debt that can be issued each year and in total for its six-year capital program. The County's financial advisor reviews this index periodically.

Pursuant to the Charter of Frederick County Maryland, future authorizations for general obligation borrowings will be granted by the County Council. Section 508 of the Charter sets limitations for general obligation borrowings. This section was amended by the County voters on November 3, 2020. This debt limit is calculated at an amount not to exceed a total of three percent of the assessable basis of real property of the County and nine percent of the County's assessable basis of personal property and operating real property described in Section 8-109(c) of the Tax-Property Article of the Annotated Code of Maryland. Exhibit III-A-12 presents the calculation of legal debt margin at \$444.0 million. In FY20 the County Council granted an additional \$200 million of authority for long-term borrowings.

Principal payments and reductions of all the County's long-term liabilities in the amounts of \$39.5 million and \$16.6 million were made in the governmental and business-type activities, respectively. Additional information on the County's long-term debt can be found in Note 3.F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The COVID-19 public health crisis has had a major impact to us all. The fundamentals of the County's strong, diverse economy continue to be apparent with revenues growing even during the COVID-19 pandemic, far exceeding expectations.
- The General Fund budget for FY22 is based on existing tax rates for both County property taxes (\$1.06) and income taxes (2.96%) and reflects 7.5% increase in revenues compared to FY21. Property tax and income tax revenues increased by 4.9% and 12.0% respectively, reflecting the increase in real property assessments, as well as recognizing the significant positive budget variance in income tax revenues that were experienced in FY21. The City of Frederick and the Town of Myersville use County property tax differential rates. The City of Frederick rate for FY22

will be 0.9505, which is an increase from the FY21 rate of 0.9432. The Town of Myersville increased their rate for FY22 to 0.9407 from the FY21 rate of 0.9373.

- The FY22 budget makes the largest single year investment in public education. The budget provides \$21.5 million above the Maintenance of Effort (MOE) level, the minimum level required by state law. This investment will ensure student success and support our educators in their efforts to address the educational challenges of the COVID-19 pandemic. Overall funding increased to the school system in the amount of \$20.6 million. The total appropriation for FY22 is \$330.3 million.
- Funding for Frederick Community College will also experience an increase of \$1.5 million in FY22 to keep tuition low and college accessible. This investment will help young adults and people of all ages to re-tool their skills and advance their education for new job opportunities in a post-COVID-19 pandemic world. The total appropriation for FY22 is \$21.8 million.
- The appropriation for Frederick County Libraries increased \$917,126 to support the purchase of new materials, provide staffing for Bookmobiles, and allow the Brunswick and Walkersville branches to open on Sunday. The total appropriation for FY22 is \$12.9 million.
- As a result of operations in FY21, there remains \$75.4 million of fund balance in the General Fund that is committed for use in the FY23 budget. This represents an increase from the \$33.3 million programmed as a budgeted use of fund balance in the FY22 budget.
- As of June 2021, the average unemployment rate for the County was 5.8 percent, while the average unemployment rate for the State of Maryland was 6.7 percent. Unemployment rates spiked nationwide due to the coronavirus COVID-19 pandemic in the second quarter of calendar year 2020. The County has experienced a recovery in its unemployment rate since June 2021 as the rate as of August 2021, was down to 4.8 percent compared to the State of Maryland rate of 5.9 percent.

Below are the property tax rates for Frederick County and the State of Maryland. Only the City of Frederick's and the Town of Myersville's differential tax rates increased in FY22.

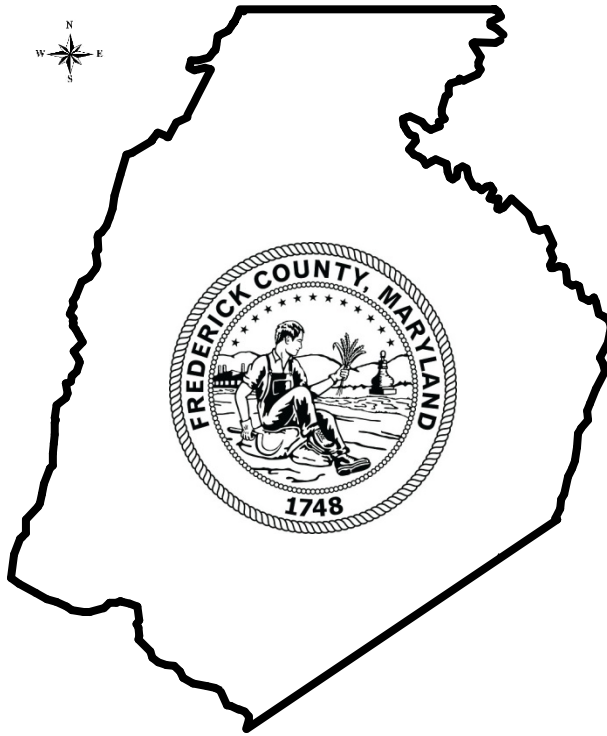
<u>Jurisdiction</u>	<u>FY 2022</u>	<u>FY 2021</u>
State of Maryland	0.1120	0.1120
Frederick County	1.0600	1.0600
City of Frederick Differential	0.9505	0.9432
Town of Myersville Differential	0.9407	0.9373
Total Real Property Assessed Values	35.4B	33.8B

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS



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

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries
Assets						
Cash	\$ 556,882	\$ 3,430	\$ 560,312	\$ 21,567,453	\$ 17,885,823	\$ 21,396
Equity in pooled invested cash	356,334,230	206,701,094	563,035,324	-	-	-
Cash and cash equivalents - restricted	35,785,363	3,634,823	39,420,186	-	-	20,000
Total cash and cash equivalents	392,676,475	210,339,347	603,015,822	21,567,453	17,885,823	41,396
Investments - restricted	-	-	-	-	-	613,794
Investments	52,985,436	9,991,200	62,976,636	44,858,552	19,885,122	-
Receivables, net of allowance for uncollectibles:						
Property taxes	1,714,863	-	1,714,863	-	-	-
Accounts	5,959,950	18,545,032	24,504,982	5,827,162	627,690	3,975
Intergovernmental	149,374,417	-	149,374,417	14,017,341	6,155,995	-
Internal balances	(1,754,929)	1,754,929	-	-	-	-
Net pension asset	165,727,585	-	165,727,585	-	-	-
Net OPEB asset	6,783,618	-	6,783,618	-	-	-
Due from primary government	-	-	-	12,155,988	-	4,657,595
Due from component units	87,030	24,662	111,692	-	-	-
Inventories	6,158,219	216,087	6,374,306	1,771,779	562,434	-
Prepaid items	1,486,234	4,425,786	5,912,020	1,187,800	341,612	62,647
Long-term receivables, net of allowance for uncollectibles	12,807,103	1,540,334	14,347,437	-	34,483	-
Capital assets:						
Land	128,856,648	9,327,737	138,184,385	52,312,535	271,620	-
Buildings and improvements	279,478,061	357,788,734	637,266,795	1,175,616,760	138,019,906	-
Equipment	148,947,174	58,977,541	207,924,715	60,546,049	6,653,631	327,722
Library collection	-	-	-	-	2,071,517	6,324,231
Infrastructure	433,018,258	472,457,654	905,475,912	-	-	-
Construction in progress	39,721,682	20,570,980	60,292,662	59,455,295	1,700,461	-
Accumulated depreciation	(489,592,543)	(246,007,501)	(735,600,044)	(482,625,953)	(62,471,605)	(3,588,605)
Total assets	1,334,435,281	919,952,522	2,254,387,803	966,690,761	131,738,689	8,442,755
Deferred Outflows of Resources						
Deferred outflow related to Pension	5,353,246	-	5,353,246	8,769,421	-	-
Deferred outflow related to LOSAP	164,817	-	164,817	-	-	-
Deferred outflow related to OPEB	4,212,182	-	4,212,182	157,430,387	-	-
Deferred charge on refunding	3,781,964	1,583,438	5,365,402	-	-	-
Total deferred outflows of resources	13,512,209	1,583,438	15,095,647	166,199,808	-	-

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries
Liabilities						
Accounts payable	\$ 170,739	\$ 2,624	\$ 173,363	\$ 30,704,633	\$ 1,270,516	\$ -
Accrued liabilities	16,646,087	7,142,009	23,788,096	160,077	1,305,901	-
Payroll and benefit deductions	14,062,633	1,072,300	15,134,933	18,167,430	814,802	654,923
Property taxes payable	96,598	-	96,598	-	-	-
Due to third parties	12,261,377	-	12,261,377	-	-	-
Due to other governmental units	640,712	-	640,712	-	-	-
Due to component units	17,026,933	-	17,026,933	-	-	-
Unearned revenues	14,382,261	215,355	14,597,616	-	3,873,495	549,424
Performance and security deposits	-	1,826,920	1,826,920	-	-	-
Other liabilities	3,263,359	961,667	4,225,026	-	-	-
Noncurrent liabilities:						
Due within one year	47,469,155	14,894,531	62,363,686	8,527,753	2,116,990	45,278
Due in more than one year	489,288,867	158,362,283	647,651,150	833,587,629	4,836,241	682,741
Total liabilities	<u>615,308,721</u>	<u>184,477,689</u>	<u>799,786,410</u>	<u>891,147,522</u>	<u>14,217,945</u>	<u>1,932,366</u>
Deferred Inflows of Resources						
Deferred inflow related to pensions	126,168,103	-	126,168,103	2,731,135	-	-
Deferred inflow related to LOSAP	894,752	-	894,752	-	-	-
Deferred inflow related to OPEB	77,285,787	-	77,285,787	215,967,751	-	-
Total deferred inflows of resources	<u>204,348,642</u>	<u>-</u>	<u>204,348,642</u>	<u>218,698,886</u>	<u>-</u>	<u>-</u>
Net Position						
Net investment in capital assets	283,144,078	522,956,366	806,100,444	843,331,592	81,143,338	3,063,348
Restricted for:						
School and library construction	70,250,484	-	70,250,484	-	-	-
Additional or expanded road facilities	11,602,831	-	11,602,831	-	-	-
Parks acquisition	9,878,089	-	9,878,089	-	-	-
Capital projects	-	1,740,387	1,740,387	-	-	-
Agricultural preservation	3,302,503	-	3,302,503	-	-	-
County code required set-aside	43,574,733	-	43,574,733	-	-	-
Debt service	375	-	375	-	-	-
Other purposes	253,153	-	253,153	-	17,041,174	633,794
Unrestricted (Deficit)	106,283,881	212,361,518	318,645,399	(820,287,431)	19,336,232	2,813,247
Total net position	<u>\$ 528,290,127</u>	<u>\$ 737,058,271</u>	<u>\$ 1,265,348,398</u>	<u>\$ 23,044,161</u>	<u>\$ 117,520,744</u>	<u>\$ 6,510,389</u>

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position							
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units				
					Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries		
Primary government:												
Governmental activities:												
General government	\$ 67,652,494	\$ 57,713,374	\$ 47,786,031	\$ 2,537,755	\$ 40,384,666	\$ -	\$ 40,384,666	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	117,620,237	9,231,074	18,982,014	-	(89,407,149)	-	(89,407,149)	-	-	-	-	-
Public works	47,607,716	197,736	8,021,887	2,837,023	(36,551,070)	-	(36,551,070)	-	-	-	-	-
Health	15,511,095	122,548	11,355,352	-	(4,033,195)	-	(4,033,195)	-	-	-	-	-
Social services	9,394,624	620,983	2,697,888	-	(6,075,753)	-	(6,075,753)	-	-	-	-	-
Education	404,170,596	-	2,585,522	126,476	(401,458,598)	-	(401,458,598)	-	-	-	-	-
Parks, recreation and culture	23,674,856	739,088	1,832,648	1,163,393	(19,939,727)	-	(19,939,727)	-	-	-	-	-
Conservation of natural resources	6,710,967	272,291	336,242	129,694	(5,972,740)	-	(5,972,740)	-	-	-	-	-
Community development and public housing	14,414,529	882,524	13,528,896	-	(3,109)	-	(3,109)	-	-	-	-	-
Economic development and opportunity	19,874,243	-	11,935,196	-	(7,939,047)	-	(7,939,047)	-	-	-	-	-
Interest on long term debt	14,704,000	-	-	-	(14,704,000)	-	(14,704,000)	-	-	-	-	-
Total governmental activities	<u>741,335,357</u>	<u>69,779,618</u>	<u>119,061,676</u>	<u>6,794,341</u>	<u>(545,699,722)</u>	<u>-</u>	<u>(545,699,722)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:												
Water and sewer	49,554,673	52,195,206	-	41,894,490	-	44,535,023	44,535,023	-	-	-	-	-
Solid waste management	28,417,710	29,633,475	-	-	-	1,215,765	1,215,765	-	-	-	-	-
Comprehensive care facility	27,961,688	26,203,317	485,063	-	-	(1,273,308)	(1,273,308)	-	-	-	-	-
Public housing	329,752	249,704	-	-	-	(80,048)	(80,048)	-	-	-	-	-
Total business-type activities	<u>106,263,823</u>	<u>108,281,702</u>	<u>485,063</u>	<u>41,894,490</u>	<u>-</u>	<u>44,397,432</u>	<u>44,397,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 847,599,180</u>	<u>\$ 178,061,320</u>	<u>\$ 119,546,739</u>	<u>\$ 48,688,831</u>	<u>(545,699,722)</u>	<u>44,397,432</u>	<u>(501,302,290)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units:												
Board of Education	\$ 759,657,411	\$ 830,719	\$ 194,780,584	\$ 116,903,051	-	-	-	(447,143,057)	-	-	-	-
Community College	65,348,182	16,791,866	47,851,514	3,094,617	-	-	-	-	2,389,815	-	-	-
Public Libraries	13,767,420	53,004	15,376,255	-	-	-	-	-	-	-	1,661,839	-
Total Component Units	<u>\$ 838,773,013</u>	<u>\$ 17,675,589</u>	<u>\$ 258,008,353</u>	<u>\$ 119,997,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(447,143,057)</u>	<u>2,389,815</u>	<u>-</u>	<u>1,661,839</u>	<u>-</u>
General Revenues:												
Local property taxes					353,985,406	-	353,985,406	-	-	-	-	-
Local income taxes					310,436,264	-	310,436,264	-	-	-	-	-
Recordation taxes					65,477,168	-	65,477,168	-	-	-	-	-
Hotel rental tax					1,721,036	-	1,721,036	-	-	-	-	-
Agriculture transfer tax					727,251	-	727,251	-	-	-	-	-
Grants and contributions not restricted to specific programs					-	-	-	473,570,688	-	-	-	-
Investment earnings					(1,333,396)	258,327	(1,075,069)	299,632	4,209,642	-	4,814	-
Miscellaneous					17,788,884	-	17,788,884	1,530,771	-	-	-	-
Gain/(Loss) on disposal of assets					-	81,279	81,279	-	-	-	-	-
Transfers					357,035	(357,035)	-	-	-	-	-	-
Total general revenues and transfers					<u>749,159,648</u>	<u>(17,429)</u>	<u>749,142,219</u>	<u>475,401,091</u>	<u>4,209,642</u>	<u>4,209,642</u>	<u>4,814</u>	<u>-</u>
Change in net position					<u>203,459,926</u>	<u>44,380,003</u>	<u>247,839,929</u>	<u>28,258,034</u>	<u>6,599,457</u>	<u>1,666,653</u>	<u>1,666,653</u>	<u>-</u>
Net position - beginning of year					<u>324,830,201</u>	<u>692,678,268</u>	<u>1,017,508,469</u>	<u>(5,213,873)</u>	<u>110,921,287</u>	<u>4,843,736</u>	<u>4,843,736</u>	<u>-</u>
Total net position - end of year					<u>\$ 528,290,127</u>	<u>\$ 737,058,271</u>	<u>\$ 1,265,348,398</u>	<u>\$ 23,044,161</u>	<u>\$ 117,520,744</u>	<u>\$ 6,510,389</u>	<u>\$ 6,510,389</u>	<u>-</u>

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

**FREDERICK COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General</u>	<u>Grants Fund</u>	<u>Capital Projects</u>	<u>Agricultural Preservation</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Cash	\$ 284,730	\$ 30	\$ -	\$ -	\$ -	\$ 272,122	\$ 556,882
Equity in pooled invested cash	189,401,051	8,431,555	104,043,647	22,865,476	501,161	12,454,277	337,697,167
Total cash and cash equivalents	189,685,781	8,431,585	104,043,647	22,865,476	501,161	12,726,399	338,254,049
Investments	10,001,361	-	-	42,984,075	-	-	52,985,436
Receivables, net of allowance for uncollectibles:							
Property taxes	1,714,863	-	-	-	-	-	1,714,863
Accounts	4,557,747	335,858	-	7,840	31,517	566,157	5,499,119
Intergovernmental	124,343,077	21,085,362	3,945,978	-	-	-	149,374,417
Prepaid items	138,467	-	-	1,210,088	3,687	-	1,352,242
Due from other funds	5,189,323	-	-	-	-	-	5,189,323
Due from component units	37,655	49,375	-	-	-	-	87,030
Inventories	1,759,976	3,856,789	-	-	-	-	5,616,765
Long-term receivables, net of allowance for uncollectibles:							
Employee salary advances	15,373	-	-	-	-	-	15,373
Non-profit organization loans	78,381	-	-	-	-	1,495,997	1,574,378
Housing loans	-	1,367,521	-	-	-	8,899,831	10,267,352
Other long term receivables	-	950,000	-	-	-	-	950,000
Cash and cash equivalents - restricted	32,137	25,207,244	10,545,982	-	-	-	35,785,363
Total assets	<u>\$ 337,554,141</u>	<u>\$ 61,283,734</u>	<u>\$ 118,535,607</u>	<u>\$ 67,067,479</u>	<u>\$ 536,365</u>	<u>\$ 23,688,384</u>	<u>\$ 608,665,710</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 46,527	\$ -	\$ -	\$ -	\$ -	\$ 124,212	\$ 170,739
Accrued liabilities	1,353,930	260,147	5,912,414	-	57,157	442,059	8,025,707
Payroll and benefit deductions	12,602,969	1,292,991	147,576	19,097	-	-	14,062,633
Property taxes payable	96,598	-	-	-	-	-	96,598
Due to third parties	12,103,505	-	-	-	-	157,872	12,261,377
Due to general fund	-	-	5,104,822	-	-	48,884	5,153,706
Due to other governmental units	124,647	414,471	-	101,594	-	-	640,712
Due to component units	16,713,822	-	-	-	-	-	16,713,822
Other liabilities	15,353	1,697,120	1,534,009	-	-	16,877	3,263,359
Unearned revenues	1,658,236	8,371,637	821,849	2,034,542	-	1,495,997	14,382,261
Total liabilities	<u>44,715,587</u>	<u>12,036,366</u>	<u>13,520,670</u>	<u>2,155,233</u>	<u>57,157</u>	<u>2,285,901</u>	<u>74,770,914</u>
Deferred Inflows of Resources							
Unavailable revenue	105,320,738	14,832,649	-	-	-	-	120,153,387
Total deferred inflows of resources	<u>105,320,738</u>	<u>14,832,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,153,387</u>
Fund balances:							
Nonspendable	1,992,197	3,856,789	-	1,210,088	3,687	-	7,062,761
Restricted	1,022,443	2,317,521	54,872,475	3,302,503	375	238,373	61,753,690
Committed	160,411,112	28,240,409	50,142,462	60,399,655	-	21,164,110	320,357,748
Assigned	23,792,064	-	-	-	475,146	-	24,267,210
Unassigned	300,000	-	-	-	-	-	300,000
Total fund balances	<u>187,517,816</u>	<u>34,414,719</u>	<u>105,014,937</u>	<u>64,912,246</u>	<u>479,208</u>	<u>21,402,483</u>	<u>413,741,409</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 337,554,141</u>	<u>\$ 61,283,734</u>	<u>\$ 118,535,607</u>	<u>\$ 67,067,479</u>	<u>\$ 536,365</u>	<u>\$ 23,688,384</u>	<u>\$ 608,665,710</u>

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

FREDERICK COUNTY, MARYLAND
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2021

Total fund balance - governmental funds (See Exhibit II-A-3) \$ 413,741,409

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

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

Land	\$ 128,856,648	
Buildings and Improvements	279,478,061	
Equipment	148,947,174	
Infrastructure	433,018,258	
Construction in Progress	39,721,682	
Less Accumulated Depreciation	<u>(489,592,543)</u>	540,429,280

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

Deferred Outflows on Refundings	\$ 3,781,964	
Deferred Outflows related to pensions and OPEB	<u>9,730,245</u>	13,512,209

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	\$ (394,442,607)	
Notes from direct Borrowings and Direct Placements	(27,617,926)	
Unamortized Premium on Bonds Payable	(28,350,897)	
Installment Purchase Agreements	(48,519,652)	
Capital Lease Obligations	(6,639,313)	
Compensated Absences	(15,664,054)	
Prefunded Loss Claims	(5,610,768)	
Net LOSAP Pension Liability	(9,489,477)	
Termination Benefits	(423,328)	
Net Pension Asset	165,727,585	
Net OPEB Asset	6,783,618	
Accrued Bond Interest	(8,009,403)	
Forward Current Refunding Bond Issue Costs	(31,143)	
Recognition of Deferred Inflows - unearned revenues in governmental funds	120,153,387	(252,133,978)

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

Deferred Inflows Related to pensions and OPEB	<u>(204,348,642)</u>	(204,348,642)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of an internal service fund are included in governmental activities in the statement of net position. This balance is net of capital assets and long-term liabilities included above.

17,089,849

Net position of governmental activities (See Exhibit II-A-1) \$ 528,290,127

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Grants</u>	<u>Capital Projects</u>	<u>Agricultural Preservation</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues							
Local property taxes	\$ 354,958,289	\$ -	\$ -	\$ -	\$ -	\$ 11,650	\$ 354,969,939
Local income taxes	289,489,750	-	-	-	-	-	289,489,750
Other local taxes	36,165,429	-	17,115,813	15,740,766	-	2,603,560	71,625,568
Licenses and permits	7,690,951	-	-	-	-	-	7,690,951
Grants from federal government	233,321	89,567,712	3,468,146	-	-	16,467	93,285,646
Grants from state government	4,685,951	9,419,617	1,860,135	1,710,510	-	-	17,676,213
Charges for services	8,633,900	133,964	48,136,437	-	-	789,025	57,693,326
Fines and forfeitures	32,699	-	-	-	-	102,652	135,351
Interest from loans	-	-	-	-	-	21,676	21,676
Investment income	197,024	37,458	113,760	(1,731,105)	22,656	12,700	(1,347,507)
Miscellaneous	3,018,433	793,922	470,819	1,184,355	-	3,579,287	9,046,816
Total revenues	<u>705,105,747</u>	<u>99,952,673</u>	<u>71,165,110</u>	<u>16,904,526</u>	<u>22,656</u>	<u>7,137,017</u>	<u>900,287,729</u>
Expenditures							
General government	47,419,759	8,584,427	-	-	-	39,681	56,043,867
Public safety	125,444,946	14,515,847	-	-	-	930,943	140,891,736
Public works	19,872,315	9,220,880	-	-	-	14,206	29,107,401
Health	7,939,591	10,706,696	-	-	-	-	18,646,287
Social services	7,026,890	3,459,937	-	-	-	-	10,486,827
Education	329,423,654	2,585,522	-	-	-	-	332,009,176
Parks, recreation and culture	19,272,161	122,138	-	-	-	-	19,394,299
Conservation of natural resources	2,472,897	308,384	-	6,632,347	-	-	9,413,628
Community development and public housing	674,758	13,364,171	-	-	-	562,967	14,601,896
Economic development and opportunity	4,726,673	14,595,179	-	-	-	1,721,054	21,042,906
Miscellaneous	2,755,562	171,096	-	-	-	-	2,926,658
Intergovernmental	5,798,804	-	-	-	-	-	5,798,804
Debt service	-	-	-	-	59,167,198	-	59,167,198
Capital projects	-	-	133,768,530	-	-	-	133,768,530
Total expenditures	<u>572,828,010</u>	<u>77,634,277</u>	<u>133,768,530</u>	<u>6,632,347</u>	<u>59,167,198</u>	<u>3,268,851</u>	<u>853,299,213</u>
Excess (deficiency) of revenues over expenditures	<u>132,277,737</u>	<u>22,318,396</u>	<u>(62,603,420)</u>	<u>10,272,179</u>	<u>(59,144,542)</u>	<u>3,868,166</u>	<u>46,988,516</u>
Other financing sources (uses)							
Transfers in from:							
General fund	-	7,979,868	18,259,536	549,484	45,071,160	-	71,860,048
Capital projects fund	-	-	-	-	10,322,499	-	10,322,499
Special revenue funds	18,871	544,675	-	-	3,042,517	161,200	3,767,263
Internal service funds	-	-	-	-	-	-	-
Enterprise funds	-	-	1,080,000	-	-	-	1,080,000
Transfers out to:							
General fund	-	(18,871)	-	-	-	-	(18,871)
Capital projects fund	(18,259,536)	-	-	-	-	-	(18,259,536)
Special revenue funds	(8,529,352)	(161,200)	-	-	-	(544,675)	(9,235,227)
Internal service funds	(1,576,561)	(49,580)	(144,336)	-	-	-	(1,770,477)
Enterprise funds	(239,520)	(577,145)	-	-	-	-	(816,665)
Debt service fund	(45,071,160)	-	(10,322,500)	(2,873,740)	-	(168,777)	(58,436,177)
Refunding bonds issued	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Payment to refunded lease escrow agent	-	-	-	-	-	-	-
General obligation bonds issued	-	-	7,760,000	-	70,000	-	7,830,000
Premium on debt	-	-	-	-	-	-	-
Installment purchase agreement	-	-	-	1,204,042	-	-	1,204,042
Total other financing sources and (uses)	<u>(73,657,258)</u>	<u>7,717,747</u>	<u>16,632,700</u>	<u>(1,120,214)</u>	<u>58,506,176</u>	<u>(552,252)</u>	<u>7,526,899</u>
Net change in fund balances	58,620,479	30,036,143	(45,970,720)	9,151,965	(638,366)	3,315,914	54,515,415
Fund balances - beginning of year	128,897,337	4,378,576	150,985,657	55,760,281	1,117,574	18,086,569	359,225,994
Fund balances - end of year	<u>\$ 187,517,816</u>	<u>\$ 34,414,719</u>	<u>\$ 105,014,937</u>	<u>\$ 64,912,246</u>	<u>\$ 479,208</u>	<u>\$ 21,402,483</u>	<u>\$ 413,741,409</u>

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

FREDERICK COUNTY, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds (See Exhibit II-A-5) \$ 54,515,415

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.

Table with 3 columns: Description, Amount, and Total. Rows include Capital Outlay (55,568,126), Depreciation Expense ((30,218,312)), and Adjusted for Internal Service Fund Depreciation (3,680,799), totaling 29,030,613.

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

Table with 3 columns: Description, Amount, and Total. Rows include Income Taxes - Deferred in the Fund Statements (102,587,821), Income Taxes - Recognized as Income in the Prior Year ((81,641,307)), Other Revenues - Deferred in the Fund Statements (17,565,566), and Other Revenues - Recognized as Income in the Prior Year ((3,095,634)), totaling 35,416,446.

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

Table with 3 columns: Description, Amount, and Total. Rows include Issuance of Installment Purchase Agreements ((1,204,042)), Issuance of General Obligations Bond ((7,830,000)), Principal Payments on General Obligation Debt (36,983,111), Principal Payments on Direct Borrowings and Direct Placements (279,084), Principal Payments on Capital Leases (1,469,808), Principal Payments on IPA's (770,675), Amortization of Bond Premiums (6,587,171), and Amortization of Deferred Loss on Bonds ((2,180,402)), totaling 34,875,405.

(continued)

FREDERICK COUNTY, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

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

Net Pension	\$	33,902,744	
Net Other Post Employment Benefit Obligations		13,511,108	
Net LOSAP		494,502	
Accrued Interest - Prior Year		8,563,154	
Accrued Interest - Current Year		(8,009,403)	
Compensated Absences Accrual		(1,005,363)	
Termination Benefits Accrual		(51,328)	
		47,405,414	

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

2,216,633

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

\$ 203,459,926

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, 2021

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Local property taxes				
Real property (inc. additions & abatements)	\$ 352,988,614	\$ 352,988,614	\$ 344,871,888	\$ (8,116,726)
Personal property	-	-	81,023	81,023
Public utilities	11,608,356	11,608,356	11,628,434	20,078
Payments in lieu of taxes	665,000	665,000	516,261	(148,739)
Total levy	<u>365,261,970</u>	<u>365,261,970</u>	<u>357,097,606</u>	<u>(8,164,364)</u>
Tax credit - state reimbursement	1,000,000	1,000,000	-	(1,000,000)
Homestead credit	(1,016,558)	(1,016,558)	(949,760)	66,798
Other tax credits and refunds	(3,257,138)	(3,257,138)	(2,274,419)	982,719
Municipal tax differential	(10,026,980)	(10,026,980)	-	10,026,980
Interest - delinquent taxes	2,900,000	2,900,000	3,338,825	438,825
Discounts allowed on taxes	(2,150,000)	(2,150,000)	(2,253,963)	(103,963)
Total adjustments	<u>(12,550,676)</u>	<u>(12,550,676)</u>	<u>(2,139,317)</u>	<u>10,411,359</u>
Total local property taxes	<u>352,711,294</u>	<u>352,711,294</u>	<u>354,958,289</u>	<u>2,246,995</u>
Local income taxes	<u>236,230,870</u>	<u>236,230,870</u>	<u>289,489,750</u>	<u>53,258,880</u>
Other local taxes				
Recordation	22,733,200	22,733,200	33,347,840	10,614,640
911 fees - local	1,900,000	2,150,000	2,817,159	667,159
Security interest filing fees	200	200	430	230
Total other local taxes	<u>24,633,400</u>	<u>24,883,400</u>	<u>36,165,429</u>	<u>11,282,029</u>
Licenses and permits				
Alcoholic beverage licenses	458,700	458,700	623,026	164,326
Traders' licenses	210,000	210,000	234,041	24,041
Animal licenses	55,000	55,000	38,760	(16,240)
Marriage fees	20,000	20,000	16,980	(3,020)
Building permits	1,810,000	1,810,000	2,673,128	863,128
Electrical permits	930,000	930,000	1,208,533	278,533
Plumbing permits	1,000,000	1,000,000	1,492,934	492,934
Grading permits	620,000	620,000	803,054	183,054
Miscellaneous licenses and permits	516,000	516,000	600,496	84,496
Total licenses and permits	<u>5,619,700</u>	<u>5,619,700</u>	<u>7,690,952</u>	<u>2,071,252</u>
Grants from federal government	<u>211,093</u>	<u>225,700</u>	<u>233,321</u>	<u>7,621</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, 2021

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Grants from state government				
Police protection	\$ 1,086,363	\$ 1,086,363	\$ 1,137,787	\$ 51,424
Aid for fire, rescue and ambulance services	580,000	599,922	599,922	-
Highway user revenues	3,004,792	3,004,792	2,862,742	(142,050)
County inmate housing	200,000	200,000	85,500	(114,500)
Total grants from state government	<u>4,871,155</u>	<u>4,891,077</u>	<u>4,685,951</u>	<u>(205,126)</u>
Charges for services				
Planning and zoning fees	749,000	749,000	1,243,103	494,103
Court costs, fees and charges	172,000	172,000	80,086	(91,914)
Scott Key Center	1,670,817	1,713,619	618,683	(1,094,936)
Other general government	220,874	220,874	355,038	134,164
Public safety	5,673,500	5,673,500	4,962,474	(711,026)
Public improvement inspections	200,000	200,000	184,469	(15,531)
Frederick County Developmental Center	10,000	10,000	4,151	(5,849)
Weed control	264,921	264,921	271,747	6,826
Municipal recoveries	78,000	78,000	175,061	97,061
Recreation	1,701,577	1,701,577	739,088	(962,489)
Total charges for services	<u>10,740,689</u>	<u>10,783,491</u>	<u>8,633,900</u>	<u>(2,149,591)</u>
Fines and forfeitures				
Court	25,000	25,000	11,083	(13,917)
Alcoholic beverages	20,000	20,000	3,000	(17,000)
Other fines and forfeitures	500	500	18,616	18,116
Total fines and forfeitures	<u>45,500</u>	<u>45,500</u>	<u>32,699</u>	<u>(12,801)</u>
Investment income				
	<u>2,000,011</u>	<u>2,000,011</u>	<u>197,024</u>	<u>(1,802,987)</u>
Miscellaneous revenues				
Rents and concessions	1,643,516	1,643,516	1,788,590	145,074
Contributions and donations	46,265	102,190	114,142	11,952
Sale of property	-	425,000	450,778	25,778
Other miscellaneous revenues	1,025,000	1,025,000	664,922	(360,078)
Total miscellaneous revenues	<u>2,714,781</u>	<u>3,195,706</u>	<u>3,018,432</u>	<u>(177,274)</u>
Total revenues	<u>639,778,493</u>	<u>640,586,749</u>	<u>705,105,747</u>	<u>64,518,998</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, 2021

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
General government				
Legislative and executive				
County executive	\$ 880,681	\$ 880,681	\$ 827,112	\$ 53,569
County executive administration	967,721	1,118,196	989,307	128,889
County council	827,618	827,618	753,756	73,862
Ethics commission	10,419	10,419	-	10,419
Total legislative and executive	<u>2,686,439</u>	<u>2,836,914</u>	<u>2,570,175</u>	<u>266,739</u>
Judicial				
Circuit court	1,629,323	1,752,062	1,732,899	19,163
Orphans court	39,706	39,706	38,145	1,561
State's attorney	6,402,169	6,764,859	6,769,149	(4,290)
Grand jury	97,395	50,986	17,567	33,419
Total judicial	<u>8,168,593</u>	<u>8,607,613</u>	<u>8,557,760</u>	<u>49,853</u>
Elections				
Board of supervisors of elections	<u>2,123,776</u>	<u>2,203,776</u>	<u>2,200,020</u>	<u>3,756</u>
Financial administration				
Finance administration	677,569	677,569	685,262	(7,693)
Accounting	1,969,118	1,969,118	1,916,438	52,680
Independent auditing	77,500	77,500	77,000	500
Budgeting	782,486	766,886	700,424	66,462
Procurement & contracting	1,155,458	1,200,518	1,124,881	75,637
Risk management	542,563	542,563	507,948	34,615
Treasury	1,255,988	1,268,133	1,178,799	89,334
Total financial administration	<u>6,460,682</u>	<u>6,502,287</u>	<u>6,190,752</u>	<u>311,535</u>
Legal				
County attorney	<u>1,496,829</u>	<u>1,496,829</u>	<u>1,149,600</u>	<u>347,229</u>
Personnel administration				
Human resources	<u>1,244,409</u>	<u>1,291,187</u>	<u>1,328,458</u>	<u>(37,271)</u>
Planning & Zoning				
Permits & inspection	4,094,612	4,094,612	3,396,598	698,014
Planning & development review	2,863,900	2,930,597	2,683,670	246,927
Total planning and zoning	<u>6,958,512</u>	<u>7,025,209</u>	<u>6,080,268</u>	<u>944,941</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, 2021

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Management services				
Custodial/security	\$ 2,417,017	\$ 2,661,360	\$ 2,025,228	\$ 636,132
Maintenance	8,582,594	8,612,661	8,392,523	220,138
Total management services	<u>10,999,611</u>	<u>11,274,021</u>	<u>10,417,751</u>	<u>856,270</u>
Other general government				
Interagency information technologies	10,958,724	11,403,642	11,426,088	(22,446)
Communications	834,974	834,974	686,303	148,671
Internal audit	391,063	391,063	372,772	18,291
Board of liquor license commissioners	477,122	477,122	400,074	77,048
Total other general government	<u>12,661,883</u>	<u>13,106,801</u>	<u>12,885,237</u>	<u>221,564</u>
 Total general government	 <u>52,800,734</u>	 <u>54,344,637</u>	 <u>51,380,021</u>	 <u>2,964,616</u>
Public safety				
Sheriff	29,889,330	29,903,054	29,960,069	(57,015)
Detention center	16,604,418	16,554,069	16,638,458	(84,389)
Work release center	4,434,036	4,434,748	4,038,280	396,468
Ambulance billing	556,075	560,750	515,438	45,312
Fire and rescue operations	58,988,989	50,652,797	51,904,157	(1,251,360)
Fire/rescue technical services	1,310,892	1,503,023	1,376,518	126,505
Emergency communications	9,736,057	9,987,663	9,143,137	844,526
Volunteer fire and rescue	7,045,844	7,349,495	6,903,324	446,171
Training and emergency medical	644,089	652,519	573,084	79,435
Fire and rescue services	1,135,198	1,252,110	1,144,193	107,917
Emergency preparedness	650,039	657,817	581,115	76,702
Fire inspection	658,692	658,692	694,426	(35,734)
Fire/rescue state grant allocation	580,000	599,922	599,922	-
Director of division of fire rescue services	702,804	702,804	662,607	40,197
Emergency management	502,150	591,857	526,070	65,787
Animal control	2,232,764	2,232,764	2,072,360	160,404
Total public safety	<u>135,671,377</u>	<u>128,294,084</u>	<u>127,333,158</u>	<u>960,926</u>
Public works				
Highways	16,734,044	17,489,436	16,430,953	1,058,483
Public works administration	1,204,064	1,340,559	1,219,161	121,398
Facilities and project services	1,061,497	1,061,497	808,904	252,593
Transportation engineering	1,952,539	2,187,461	1,665,755	521,706
Total public works	<u>20,952,144</u>	<u>22,078,953</u>	<u>20,124,773</u>	<u>1,954,180</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, 2021

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Health				
County administrator	\$ 131,461	\$ 131,461	\$ 136,275	\$ (4,814)
Core services	2,027,497	2,114,031	2,104,031	10,000
Detention center substance abuse	132,572	132,572	132,572	-
Mental health	421,533	826,958	421,533	405,425
School health	10,000	10,000	68,668	(58,668)
Frederick County Developmental Center	3,877,652	3,902,085	3,516,328	385,757
Total health	<u>6,600,715</u>	<u>7,117,107</u>	<u>6,379,407</u>	<u>737,700</u>
Social services				
Contribution to department of social services	500,684	500,684	498,273	2,411
Scott Key Center	3,504,177	3,056,663	2,191,118	865,545
Senior services	1,957,843	2,294,349	1,981,663	312,686
Office of children and families	232,793	253,414	286,312	(32,898)
Family partnership	429,177	428,125	360,758	67,367
Child advocacy center	375,426	390,961	385,450	5,511
Deinstitutionalization day care	11,514	11,514	11,514	-
Other non-county agencies	6,000	476,000	470,000	6,000
Other social services	2,400	2,400	1,315	1,085
Total social services	<u>7,020,014</u>	<u>7,414,110</u>	<u>6,186,403</u>	<u>1,227,707</u>
Education				
Maryland School for the Blind	2,000	2,000	-	2,000
Frederick County Board of Education	309,699,428	311,711,993	309,170,970	2,541,023
Frederick Community College	20,288,119	20,288,119	20,252,684	35,435
Total education	<u>329,989,547</u>	<u>332,002,112</u>	<u>329,423,654</u>	<u>2,578,458</u>
Parks, recreation and culture				
Frederick County Public Libraries	11,962,068	11,962,068	11,894,986	67,082
Parks	9,317,741	9,442,967	7,386,844	2,056,123
Frederick Arts Council	50,000	50,000	50,000	-
Maryland Ensemble Theater	20,000	20,000	20,000	-
Historical Society of Frederick County	12,500	12,500	12,500	-
Total parks, recreation and culture	<u>21,362,309</u>	<u>21,487,535</u>	<u>19,364,330</u>	<u>2,123,205</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, 2021

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Conservation of natural resources				
Extension service	\$ 415,619	\$ 415,619	\$ 405,775	\$ 9,844
Weed control	264,921	264,921	285,165	(20,244)
Environmental sustainability	212,629	512,629	506,822	5,807
Watershed management section	1,933,573	2,286,215	2,123,480	162,735
Soil conservation	<u>109,335</u>	<u>109,335</u>	<u>109,335</u>	<u>-</u>
Total conservation of natural resources	2,936,077	3,588,719	3,430,577	158,142
Community development and public housing				
Housing administration	<u>664,730</u>	<u>665,782</u>	<u>662,132</u>	<u>3,650</u>
Total community development and public housing	664,730	665,782	662,132	3,650
Economic development and opportunity				
Office of economic development	1,658,614	1,764,275	1,791,098	(26,823)
Citizens services administration	693,578	693,578	653,673	39,905
Workforce services	598,309	598,309	494,193	104,116
Frederick Community Action Agency	175,000	175,000	175,000	-
Human relations	194,061	194,061	191,790	2,271
Commission for women	11,696	11,696	3,548	8,148
Community partnership grants	<u>950,000</u>	<u>1,395,000</u>	<u>1,374,225</u>	<u>20,775</u>
Total economic development and opportunity	4,281,258	4,831,919	4,683,527	148,392
Non-departmental				
Property and liability insurance	2,034,656	2,034,656	1,553,228	481,428
Employee benefits	742,700	1,221,069	566,168	654,901
County contingency	300,000	16,025	-	16,025
Other various contingencies	3,369,420	2,908,024	176,088	2,731,936
Indirect cost recovery	(2,999,702)	(2,999,702)	(3,013,079)	13,377
Dues & subscriptions	232,231	232,231	231,260	971
Other miscellaneous	327,350	330,112	208,408	121,704
Rollover COVID-19	<u>-</u>	<u>10,767,784</u>	<u>2,936,174</u>	<u>7,831,610</u>
Total non-departmental	4,006,655	14,510,199	2,658,247	11,851,952
Intergovernmental				
Financial corporations grant to municipalities	50,000	50,000	49,272	728
State Department of Assessments and Taxation	900,618	900,618	725,780	174,838
Towns	20,000	20,000	20,000	-
Tax rebate to municipalities	<u>5,003,754</u>	<u>5,003,754</u>	<u>5,003,752</u>	<u>2</u>
Total intergovernmental	5,974,372	5,974,372	5,798,804	175,568

(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, 2021

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Total expenditures	\$ 592,259,932	\$ 602,309,529	\$ 577,425,033	\$ 24,884,496
Other financing sources (uses)				
Transfers in from:				
Grants special revenue fund	-	18,871	18,871	-
Transfers out to:				
Grants special revenue fund	(7,861,295)	(7,998,739)	(7,979,868)	18,871
Agriculture preservation special revenue fund	(348,041)	(549,484)	(549,484)	-
Capital projects fund	(18,891,590)	(18,228,900)	(18,228,900)	-
Fleet services	(902,988)	(1,046,944)	(1,148,034)	(101,090)
Worker's compensation fund	(529,617)	(529,617)	(529,617)	-
Nursing facilities	-	(239,520)	(239,519)	1
Impact fee fund	-	(30,636)	(30,636)	-
Debt service fund	(44,990,400)	(45,071,160)	(45,071,160)	-
Total other financing sources (uses)	<u>(73,523,931)</u>	<u>(73,676,129)</u>	<u>(73,758,347)</u>	<u>(82,218)</u>
Budgeted use of fund balance	\$ <u>(26,005,370)</u>	\$ <u>(35,398,909)</u>	\$ 53,922,367	\$ <u>89,321,276</u>
Net change in reserves and adjustments to GAAP basis			4,698,112	
Fund balance - beginning of year			<u>128,897,337</u>	
Fund balance - end of year			<u>\$ 187,517,816</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
GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Amended Budget	Actuals	Variance - Positive (Negative)
Revenues				
Grants from federal government	\$ 65,692,637	\$ 99,853,879	\$ 89,567,712	\$ (10,286,167)
Grants from state government	5,417,668	18,565,937	9,419,617	(9,146,320)
Charges for services	1,009,890	318,669	133,964	(184,705)
Interest earnings	-	37,434	37,458	24
Miscellaneous	915,606	1,418,980	793,922	(625,058)
Total revenues	<u>73,035,801</u>	<u>120,194,899</u>	<u>99,952,673</u>	<u>(20,242,226)</u>
Expenditures				
General government	40,396,264	16,836,994	7,433,127	9,403,867
Public safety	6,865,178	33,206,170	22,465,445	10,740,725
Public works	14,926,345	19,401,056	9,220,880	10,180,176
Health	1,864,920	12,724,022	10,706,696	2,017,326
Education	-	2,585,522	2,585,522	-
Social services	3,059,516	4,747,512	3,577,722	1,169,790
Parks and recreation	-	123,000	122,138	862
Miscellaneous	-	172,000	171,096	904
Conservation of natural resources	457,169	857,169	253,403	603,766
Community development and public housing	8,510,900	24,738,005	13,340,378	11,397,627
Economic development and opportunity	6,656,650	14,532,249	14,512,301	19,948
Total expenditures	<u>82,736,942</u>	<u>129,923,699</u>	<u>84,388,708</u>	<u>45,534,991</u>
Excess (deficiency) of revenues over expenditures	<u>(9,701,141)</u>	<u>(9,728,800)</u>	<u>15,563,965</u>	<u>25,292,765</u>
Other financing sources (uses)				
Transfers in from:	1,839,846	2,016,473	1,606,603	(409,870)
General fund	7,861,295	7,979,868	7,979,868	-
Special revenue funds	-	544,675	544,675	-
Transfers out to:				
General fund	-	(18,871)	(18,871)	-
Special revenue funds	-	(161,200)	(161,200)	-
Internal service fund	-	(55,000)	(49,580)	5,420
Enterprise funds	-	(577,145)	(577,145)	-
Total other financing sources (uses)	<u>9,701,141</u>	<u>9,728,800</u>	<u>9,324,350</u>	<u>(404,450)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>24,888,315</u>	<u>\$ 24,888,315</u>
Net change in reserves and adjustment to GAAP basis			5,147,828	
Fund balance - beginning			4,378,576	
Fund balance - ending			<u>\$ 34,414,719</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, 2021

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actuals</u>	<u>Variance - Positive (Negative)</u>
Revenues				
Other local taxes	\$ 10,900,000	\$ 10,900,000	\$ 15,740,766	\$ 4,840,766
Grants from state government	4,489,358	6,189,358	1,710,510	(4,478,848)
Investment income	398,808	398,808	(1,731,105)	(2,129,913)
Miscellaneous	2,491	1,182,253	1,184,355	2,102
Total revenues	<u>15,790,657</u>	<u>18,670,419</u>	<u>16,904,526</u>	<u>(1,765,893)</u>
Expenditures				
Conservation of natural resources	15,913,332	17,814,775	6,633,426	11,181,349
Total expenditures	<u>15,913,332</u>	<u>17,814,775</u>	<u>6,633,426</u>	<u>11,181,349</u>
Excess (deficiency) of revenues over expenditures	<u>(122,675)</u>	<u>855,644</u>	<u>10,271,100</u>	<u>9,415,456</u>
Other financing sources (uses)				
Appropriated fund balance	2,093,634	913,872	-	(913,872)
Transfer from general fund	348,041	549,484	549,484	-
Transfer to debt service fund	(3,089,675)	(3,089,675)	(2,873,740)	215,935
Installment purchase agreement	770,675	770,675	1,204,042	433,367
Total other financing sources (uses)	<u>122,675</u>	<u>(855,644)</u>	<u>(1,120,214)</u>	<u>(264,570)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>9,150,886</u>	<u>\$ 9,150,886</u>
Net change in reserves and adjustment to GAAP basis			1,079	
Fund balance - beginning			55,760,281	
Fund balance - ending			<u>\$ 64,912,246</u>	

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

FREDERICK COUNTY, MARYLAND
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2021

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Enterprise Funds			Nonmajor Enterprise Fund	Total Enterprise Funds	
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments		
Assets						
Current assets:						
Cash	\$ 300	\$ 3,130	\$ -	\$ -	\$ 3,430	\$ -
Equity in pooled invested cash	151,715,981	51,136,865	3,825,206	23,042	206,701,094	18,637,063
Restricted cash and cash equivalents	2,806,039	-	199,908	628,876	3,634,823	-
Total cash and cash equivalents	154,522,320	51,139,995	4,025,114	651,918	210,339,347	18,637,063
Receivables, net of allowance for uncollectibles accounts	11,828,273	2,493,502	4,207,688	15,569	18,545,032	491,974
Due from component units	24,662	-	-	-	24,662	-
Inventories	216,087	-	-	-	216,087	541,454
Prepaid items	4,207,595	-	218,191	-	4,425,786	133,992
Total current assets	170,798,937	53,633,497	8,450,993	667,487	233,550,914	19,804,483
Noncurrent assets:						
Notes receivable	1,540,334	-	-	-	1,540,334	-
Long-term investments	4,995,600	4,995,600	-	-	9,991,200	-
Capital assets:						
Land	5,558,373	2,837,164	800,000	132,200	9,327,737	-
Buildings and improvements	267,982,532	53,636,065	34,292,257	1,877,880	357,788,734	1,833,133
Equipment	49,952,120	7,586,749	1,239,510	199,162	58,977,541	39,354,973
Other improvements	468,079,099	4,378,555	-	-	472,457,654	-
Accumulated depreciation	(194,080,358)	(42,791,212)	(7,563,695)	(1,572,236)	(246,007,501)	(20,756,257)
Construction in progress	20,569,780	1,200	-	-	20,570,980	-
Total noncurrent assets	624,597,480	30,644,121	28,768,072	637,006	684,646,679	20,431,849
Total assets	795,396,417	84,277,618	37,219,065	1,304,493	918,197,593	40,236,332
Deferred Outflows of Resources						
Deferred charge on refunding	1,394,182	189,256	-	-	1,583,438	-
Total deferred outflows of resources	1,394,182	189,256	-	-	1,583,438	-

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Enterprise Funds			Nonmajor Enterprise Fund	Total Enterprise Funds	
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments		
Liabilities						
Current liabilities:						
Accounts payable	\$ -	\$ 2,624	\$ -	\$ -	\$ 2,624	\$ -
Payroll and benefit deductions	822,294	247,194	-	2,812	1,072,300	185,547
Accrued expenses	2,960,375	1,835,768	2,313,423	32,443	7,142,009	425,430
Due to other funds	-	-	35,617	-	35,617	-
Unearned revenues	203,345	12,010	-	-	215,355	-
Security deposits	1,694,530	117,630	-	14,760	1,826,920	-
Other liabilities	627,970	2,656	331,041	-	961,667	-
Current portion landfill closure and postclosure liability	-	276,320	-	-	276,320	-
Current portion general obligation bonds, notes and leases	11,469,832	1,425,083	1,585,666	-	14,480,581	-
Current portion of prefunded loss claims	-	-	-	-	-	2,328,232
Current portion of compensated absences	57,801	11,571	68,258	-	137,630	15,440
Total current liabilities	<u>17,836,147</u>	<u>3,930,856</u>	<u>4,334,005</u>	<u>50,015</u>	<u>26,151,023</u>	<u>2,954,649</u>
Noncurrent liabilities:						
Long term portion landfill closure and postclosure liability	-	19,404,229	-	-	19,404,229	-
Long term portion general obligation bonds, notes and leases	104,551,033	5,265,732	27,774,562	-	137,591,327	-
Liability for prefunded loss claims	-	-	-	-	-	3,282,536
Liability for compensated absences	873,529	211,344	273,034	-	1,357,907	196,814
Accrued termination benefits	4,857	3,963	-	-	8,820	-
Total noncurrent liabilities	<u>105,429,419</u>	<u>24,885,268</u>	<u>28,047,596</u>	<u>-</u>	<u>158,362,283</u>	<u>3,479,350</u>
Total liabilities	<u>123,265,566</u>	<u>28,816,124</u>	<u>32,381,601</u>	<u>50,015</u>	<u>184,513,306</u>	<u>6,433,999</u>
Net Position						
Net investment in capital assets	503,143,929	19,767,587	(592,156)	637,006	522,956,366	20,431,849
Restricted for:						
Capital projects	1,111,512	-	-	628,875	1,740,387	-
Unrestricted	169,269,592	35,883,163	5,429,620	(11,403)	210,570,972	13,370,484
Total net position	<u>\$ 673,525,033</u>	<u>\$ 55,650,750</u>	<u>\$ 4,837,464</u>	<u>\$ 1,254,478</u>	<u>735,267,725</u>	<u>\$ 33,802,333</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					1,790,546	
Net position of business-type activities					<u>\$ 737,058,271</u>	

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Business-type Activities Enterprise Funds</u>					Governmental Activities- Internal Service Funds
	<u>Major Enterprise Funds</u>			<u>Nonmajor Enterprise Fund</u>	<u>Total Enterprise Funds</u>	
	<u>Water and Sewer</u>	<u>Solid Waste Management</u>	<u>Comprehensive Care Facility</u>	<u>Bell Court Apartments</u>		
Operating revenues						
Service charges	\$ 46,325,821	\$ 28,059,589	\$ 26,165,204	\$ -	\$ 100,550,614	\$ 19,339,676
Rental charges	-	-	-	144,020	144,020	-
Total net charges for services	<u>46,325,821</u>	<u>28,059,589</u>	<u>26,165,204</u>	<u>144,020</u>	<u>100,694,634</u>	<u>19,339,676</u>
Delinquent fees collected	6,973	54,930	-	-	61,903	-
Federal grant revenues	-	-	485,063	100,885	585,948	-
Other revenues	<u>5,862,412</u>	<u>1,518,956</u>	<u>38,113</u>	<u>4,799</u>	<u>7,424,280</u>	<u>-</u>
Total operating revenues	<u>52,195,206</u>	<u>29,633,475</u>	<u>26,688,380</u>	<u>249,704</u>	<u>108,766,765</u>	<u>19,339,676</u>
Operating expenses						
Personnel services	9,482,537	2,781,954	-	38,315	12,302,806	3,014,091
Operating expenses (including administrative overhead)	8,443,268	23,456,774	26,286,023	215,939	58,402,004	1,870,867
Prefunded loss & estimated claims	-	-	-	-	-	3,625,232
Insurance	520,280	54,807	75,467	2,993	653,547	1,546,857
Supplies	2,827,815	38,622	-	89	2,866,526	4,093,185
Repairs and maintenance	4,782,391	562,719	-	501	5,345,611	926,427
Depreciation expense	<u>15,734,657</u>	<u>1,292,252</u>	<u>885,982</u>	<u>71,950</u>	<u>17,984,841</u>	<u>3,680,799</u>
Total operating expenses	<u>41,790,948</u>	<u>28,187,128</u>	<u>27,247,472</u>	<u>329,787</u>	<u>97,555,335</u>	<u>18,757,458</u>
Operating income (loss)	<u>10,404,258</u>	<u>1,446,347</u>	<u>(559,092)</u>	<u>(80,083)</u>	<u>11,211,430</u>	<u>582,218</u>
Nonoperating revenues (expenses)						
Investment earnings	202,400	50,582	5,216	129	258,327	14,111
Miscellaneous income (expense)	(4,888,337)	-	-	-	(4,888,337)	-
Insurance recovery	-	-	-	-	-	14,243
Interest expense	(2,927,296)	(249,352)	(714,216)	-	(3,890,864)	-
Gain (loss) on disposition of capital assets	<u>2,503</u>	<u>78,776</u>	<u>-</u>	<u>-</u>	<u>81,279</u>	<u>(30,612)</u>
Total nonoperating revenues (expenses)	<u>(7,610,730)</u>	<u>(119,994)</u>	<u>(709,000)</u>	<u>129</u>	<u>(8,439,595)</u>	<u>(2,258)</u>
Net income (loss) before contributions and transfers	<u>2,793,528</u>	<u>1,326,353</u>	<u>(1,268,092)</u>	<u>(79,954)</u>	<u>2,771,835</u>	<u>579,960</u>
Capital contributions	41,894,490	-	-	-	41,894,490	-
Transfers in	-	-	816,665	-	816,665	1,864,176
Transfers (out)	<u>(1,003,700)</u>	<u>(170,000)</u>	<u>-</u>	<u>-</u>	<u>(1,173,700)</u>	<u>-</u>
Total contributions and transfers	<u>40,890,790</u>	<u>(170,000)</u>	<u>816,665</u>	<u>-</u>	<u>41,537,455</u>	<u>1,864,176</u>
Change in net position	43,684,318	1,156,353	(451,427)	(79,954)	44,309,290	2,444,136
Net position - beginning of year	<u>629,840,715</u>	<u>54,494,397</u>	<u>5,288,891</u>	<u>1,334,432</u>	<u>-</u>	<u>31,358,197</u>
Net position - end of year	<u>\$ 673,525,033</u>	<u>\$ 55,650,750</u>	<u>\$ 4,837,464</u>	<u>\$ 1,254,478</u>	<u>\$ -</u>	<u>\$ 33,802,333</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					<u>70,713</u>	
Change in net position of business-type activities (Exhibit II-A-2)					<u>\$ 44,380,003</u>	

Included in service charges in the Water and Sewer Fund is a discount of \$824,529. Included in service charges in the Solid Waste Fund is a discount of \$1,354,989.

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, 2021

	Business-type Activities - Enterprise Funds					
	Major Enterprise Funds			Nonmajor Enterprise Fund	Governmental Activities- Internal Service Funds	
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments	Total Enterprise Funds	
Cash flows from operating activities						
Cash received from residents and customers	\$ 48,546,715	\$ 29,551,576	\$ 26,199,740	\$ 229,536	\$ 104,527,567	\$ 589,926
Cash paid to suppliers	(19,450,114)	(23,495,340)	(26,164,598)	(191,090)	(69,301,142)	(4,487,104)
Cash paid to employees	(9,319,166)	(2,734,814)	-	(35,503)	(12,089,483)	(5,166,520)
Internal activity - receipts from other funds	-	-	-	-	-	18,638,369
Net cash provided (used) by operating activities	<u>19,777,435</u>	<u>3,321,422</u>	<u>35,142</u>	<u>2,943</u>	<u>23,136,942</u>	<u>9,574,671</u>
Cash flows from noncapital financing activities						
Transfers in (out)	(1,003,700)	(170,000)	816,665	-	(357,035)	1,864,176
Net cash provided (used) by noncapital financing activities	<u>(1,003,700)</u>	<u>(170,000)</u>	<u>816,665</u>	<u>-</u>	<u>(357,035)</u>	<u>1,864,176</u>
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(21,495,614)	(1,032,462)	(183,861)	(24,162)	(22,736,099)	(4,186,901)
Recoveries for damages	-	-	-	-	-	14,243
Proceeds from sale of capital assets	2,503	-	-	-	2,503	328,530
Payment of bond and note principal	(13,067,687)	(1,993,663)	(1,497,364)	-	(16,558,714)	-
Interest paid on bonds	(5,050,919)	(228,104)	(817,404)	-	(6,096,427)	-
Contributed capital	41,894,490	-	-	-	41,894,490	-
Net cash provided (used) by capital & related financing activities	<u>2,282,773</u>	<u>(3,254,229)</u>	<u>(2,498,629)</u>	<u>(24,162)</u>	<u>(3,494,247)</u>	<u>(3,844,128)</u>
Cash flows from investing activities						
Purchase of investments	(5,000,000)	(5,000,000)	-	-	(10,000,000)	-
Proceeds from the sale of investments	5,000,000	5,000,000	-	-	10,000,000	-
Interest received on investments	241,834	82,872	4,250	149	329,105	14,111
Net cash provided (used) by investing activities	<u>241,834</u>	<u>82,872</u>	<u>4,250</u>	<u>149</u>	<u>329,105</u>	<u>14,111</u>
Net increase (decrease) in cash and cash equivalents	21,298,342	(19,935)	(1,642,572)	(21,070)	19,614,765	7,608,830
Cash and cash equivalents - beginning of year	<u>133,223,978</u>	<u>51,159,930</u>	<u>5,667,686</u>	<u>672,988</u>	<u>190,724,582</u>	<u>11,028,233</u>
Cash and cash equivalents - end of year	<u>\$ 154,522,320</u>	<u>\$ 51,139,995</u>	<u>\$ 4,025,114</u>	<u>\$ 651,918</u>	<u>\$ 210,339,347</u>	<u>\$ 18,637,063</u>

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds					
	Major Enterprise Funds			Nonmajor Enterprise Fund	Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 10,404,258	\$ 1,446,347	\$ (559,092)	\$ (80,083)	\$ 11,211,430	\$ 582,218
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	15,734,657	1,292,252	885,982	71,950	17,984,841	3,680,799
Landfill closing costs	-	852,455	-	-	852,455	-
Accrued termination benefits	4,857	3,962	-	-	8,819	-
Change in assets and liabilities:						
(Increase) decrease:						
Accounts receivable	(3,580,433)	(78,514)	(574,431)	(15,569)	(4,248,947)	(111,381)
Inventory	(107,343)	-	-	-	(107,343)	(19,173)
Prepaid items	(1,375,865)	-	224	-	(1,375,641)	(79,787)
Increase (decrease):						
Accounts payable	1,373,760	2,624	-	-	1,376,384	-
Accrued expenses	(2,042,546)	(103,946)	234,740	26,645	(1,885,107)	(80,451)
Deferred revenues	31,941	4,541	-	-	36,482	-
Liability for compensated leave	45,391	15,797	(38,073)	-	23,115	(7,735)
Closure liability	-	(221,484)	-	-	(221,484)	-
Other liabilities	(711,242)	107,388	85,792	-	(518,062)	5,610,180
Net cash provided (used) by operating activities	\$ <u>19,777,435</u>	\$ <u>3,321,422</u>	\$ <u>35,142</u>	\$ <u>2,943</u>	\$ <u>23,136,942</u>	\$ <u>9,574,670</u>

Non-cash investing, capital, and financing activities:

Included in interest income in the Water and Sewer Fund is an unrealized gain of \$5,750. Included in interest income in the Solid Waste Fund is an unrealized loss of \$5,750.

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Pension/OPEB Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 349,622
Equity in pooled invested cash (internal)	3,631,092	5,787,758
Investments:		
Money markets	11,814,670	-
Fixed income securities	351,409,246	-
Equity securities	795,086,317	-
Receivables (net of allowance for uncollectibles):		
Interest receivable	563,834	-
Accounts receivable	855,082	-
Total assets	1,163,360,241	6,137,380
LIABILITIES		
Accounts payable	546,470	-
Accrued payroll	2,504,041	-
Due to third parties	-	2,204,187
Bond forfeitures	-	61,475
Performance deposits	-	3,871,718
Total liabilities	3,050,511	6,137,380
NET POSITION		
Restricted for:		
Pensions	930,014,842	-
Other post employment benefits	230,294,888	-
Total net position	\$ 1,160,309,730	\$ -

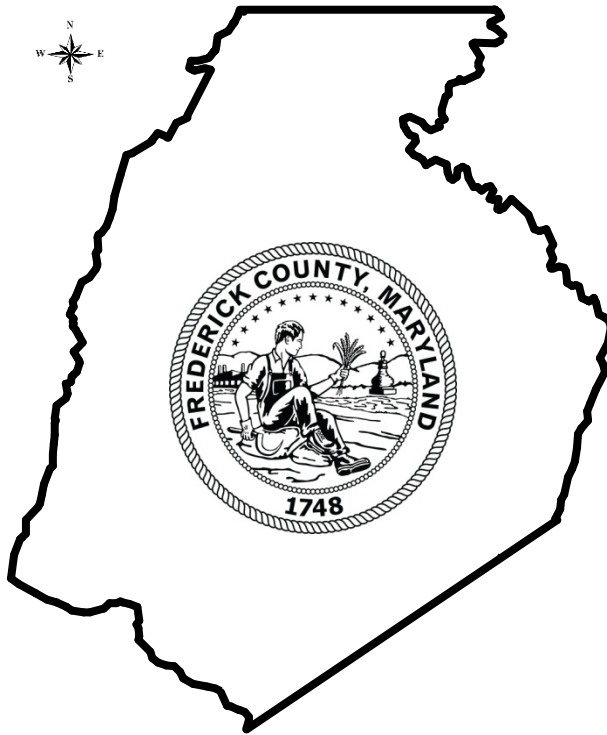
The notes to the financial statements are an integral part of this statement.

**FREDERICK COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Pension/OPEB Trust Funds	Custodial Funds
Additions		
Contributions		
Employer contributions	\$ 25,859,846	\$ -
Member contributions	12,088,087	-
County contributions	1,201,982	-
Other	372,923	25,928,498
Total contributions	39,522,838	25,928,498
Investment income		
Net appreciation in fair value of plan investments	230,352,588	-
Interest and dividends	20,278,200	-
Investment expense	(2,132,478)	-
Net investment income	248,498,310	-
Total additions	288,021,148	25,928,498
Deductions		
Benefits and refunds	39,307,615	-
Administrative expenses	881,621	-
Third party payments	-	25,928,498
Total deductions	40,189,236	25,928,498
Change in net position	247,831,912	-
Net position - beginning of year	912,477,818	-
Net position - end of year	\$ 1,160,309,730	\$ -

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

NOTES TO FINANCIAL SECTION



FREDERICK COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

Component Units

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

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

The Board of Trustees of Frederick Community College oversees the day-to-day management of Frederick Community College (FCC). FCC is also legally separate under State Law. The Governor appoints FCC board members. FCC's budget is subject to approval by the County. FCC requests a single amount to fund its operations. The County can reject FCC's request and appropriate a lesser amount, but it does not have the ability to modify

NOTES TO FINANCIAL STATEMENTS
(Continued)

the individual line item amounts in FCC's requested budget. Financial data related to FCC also includes its component unit, Frederick Community College Foundation, Inc. (the Foundation).

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

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

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

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

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

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

Joint Venture

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Custodial funds also use the accrual basis of accounting to recognize assets and liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

The County reports the following major governmental funds:

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

Nonmajor governmental funds include the following special revenue funds:

- Electric Lighting Tax Districts Fund – This fund accounts for property taxes that are legally restricted to paying for street lighting.
- Hotel Rental Tax Fund – This fund accounts for the hotel tax received from the local hotels as defined by the Hotel Tax Ordinance.
- Loan Activities Funds – These funds account for the loan activities associated with four loan funds – Housing Initiative Loans, Non-Profit Organization Loans, Fire/Rescue Loans and Economic Development Loans.
- Sheriff's/Judicial Activities Funds – These four funds account for activities such as the Sheriff's Drug Enforcement, Narcotics Investigative Section, Inmates' Canteen and the State's Attorney Law Enforcement Aid.
- Watershed Protection and Restoration Fund – This fund was established to account for stormwater remediation fees assessed against each property in the County. All funds collected will be dedicated to pay for stormwater remediation projects and related expenses.

The County reports the following major proprietary funds:

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

Nonmajor proprietary funds include the following enterprise funds:

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

Additionally, the County reports the following fund types:

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

1. Pooled Cash and Investments

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Frederick County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; Level 2 inputs are valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and Level 3 inputs are valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

2. Property Taxes Receivable

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

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

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

Total assessed value on which levies were made for the year ended June 30, 2021, was \$34,231,227,095. The Countywide property tax rate was \$1.060 per \$100 of assessed value on real property taxes, except in the municipalities of the City of Frederick and the Town of Myersville. The County's property tax differential rates within the City of Frederick and the Town of Myersville are \$0.9432 and \$0.9373, respectively. In addition, taxes were levied in three lighting tax districts. The County collected 99.55% of taxes levied in the current year. The receivable portion of the current year property tax levy, including the lighting tax districts and public utility tax, is \$1,510,125 and is included in total property taxes receivable of \$1,714,863 on the Statement of Net Position. This compares to the current portion of the prior year levy of \$159,099 included in the total property taxes of \$612,400 as of June 30, 2020.

3. Inventories and Prepaids

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

4. Capital Assets

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

5. *Deferred Outflows/Inflows*

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

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

6. *Compensated Absences*

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

7. *Long-Term Obligations*

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

8. Net Position/Fund Balances

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

9. *Estimates*

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

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

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

B. Reconciliation of Budgetary Basis to GAAP Basis

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

	General Fund			
	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Net change in Fund Balance</u>
Budgetary Basis	\$ 705,105,747	\$ 577,425,033	\$ (73,758,347)	\$ 53,922,367
Basis Adjustments:				
Encumbrance adjustment	-	(4,898,507)	101,089	4,999,596
Inventory adjustment	-	301,484	-	(301,484)
Net affect of basis adjustments	-	(4,597,023)	101,089	4,698,112
GAAP Basis	<u>\$ 705,105,747</u>	<u>\$ 572,828,010</u>	<u>\$ (73,657,258)</u>	<u>\$ 58,620,479</u>

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Cash, Investments and Equity in Pooled Invested Cash

1. Deposits

Primary Government

As of June 30, 2021, Frederick County’s carrying amount of deposits was \$12,677,474 and the bank balance was \$13,060,110. 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)	\$ 501,688
Held by the government’s agent in the government’s name	12,558,422
Total Bank Balance	<u>\$ 13,060,110</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

The County's cash and investments as of June 30, 2021, totaled \$665,992,458 as presented in the Statement of Net Position. Restricted cash and cash equivalents represent unspent bond proceeds and various funds restricted by law or third party agreements. The following table reconciles the County's deposits and investments to the Statement of Net Position:

Total Primary Government - Exhibit II-A-1	
Cash	\$ 560,312
Equity in Pooled Invested Cash	563,035,324
Investments	62,976,636
Restricted Cash and Investments	39,420,186
Total	\$ 665,992,458
Deposit & Investment Summary:	
Investments	\$ 663,092,268
Cash on Hand	32,584
Deposits	12,677,474
Less: Component Units and Agency Fund Cash Equivalents	
Pension Trust and OPEB Benefit Trusts	(3,631,092)
Frederick County Public Libraries	(41,396)
Custodial Funds	(6,137,380)
Total	\$ 665,992,458

Component Units

Deposits and investments of the BOE, FCC and FCPL are governed by the same law governing the County's investments. As of June 30, 2021, BOE's cash on hand for petty cash was \$100. The carrying amount of the Board's deposits was \$21,567,353 and investments, including \$167,693,873 of fiduciary funds, were \$212,552,425. Cash and cash equivalents restricted for debt service was \$9,272,085. The bank balance was \$27,924,964. The deposits of the Board were not exposed to custodial risk as of June 30, 2021.

As of June 30, 2021, FCC's cash on hand for petty cash was \$8,300. The carrying amount of the college's deposits was \$8,809,754 and cash equivalents were \$8,951,645. Cash and cash equivalents, as shown on the Statement of Net Position, include Frederick Community College Foundation, Inc. in the amount of \$116,123. The bank balance was \$9,199,510. The deposits of the college were not exposed to custodial risk as of June 30, 2021.

As of June 30, 2021, FCPL's cash on hand for petty cash was \$3,560. The carrying amount of FCPL's deposits was \$41,396 including \$20,000 of restricted cash. The bank balance was \$21,396. The deposits of the library were not exposed to custodial risk as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

Primary Government

As of June 30, 2021, Frederick County held the following investments and maturities. The government's investment balances were as follows:

<u>Investment Type (All funds)</u>	<u>Fair Value</u>	<u>0-18 Month Maturities</u>	<u>18-24 Month Maturities</u>	<u>> 24 Month Maturities</u>
U. S. Treasuries	\$ 42,984,075	\$ 1,830,425	\$ 5,936,245	\$ 35,217,405
MD Local Government Investment Pool	600,115,632	600,115,632	-	-
Money Market Funds	10,161	10,161	-	-
Federal Farm Credit Bank	19,982,400	19,982,400	-	-
Total Fair Value	<u>\$ 663,092,268</u>	<u>\$ 621,938,618</u>	<u>\$ 5,936,245</u>	<u>\$ 35,217,405</u>

<u>Investments by fair value level</u>	<u>June 30, 2021</u>	<u>Fair Value Measurement Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
U. S. Treasuries	\$ 42,984,075	\$ 42,984,075	\$ -	\$ -
Federal Farm Credit Bank	19,982,400	-	19,982,400	-
Total investments by fair value levels	<u>62,966,475</u>	<u>\$ 42,984,075</u>	<u>\$ 19,982,400</u>	<u>\$ -</u>
Investments carried at amortized cost				
MD Local Government Investment Pool	600,115,632			
Money Market Funds	10,161			
Total investments carried at amortized cost	<u>600,125,793</u>			
Total investments at fair value	<u>\$ 663,092,268</u>			

Frederick County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 investments are valued at the closing price reported in the active market in which the individual security is traded.
- Level 2 investments are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.
- Level 3 investments are valued using techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

The County’s investments have received the followings ratings:

<u>Investment</u>	<u>Fair Value</u>	<u>Moody's</u>	<u>Standard & Poor's</u>	<u>Fitch Ratings</u>
MD Local Government Investment Pool	\$ 600,115,632	not rated	AAAm	not rated
Federal Agricultural Mortgage Corporation	19,982,400	not rated	not rated	not rated

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

Concentration of Credit Risk – To reduce this risk, the County seeks to maintain a balanced portfolio by issuer or financial institution and class of security or money market instrument. More than five percent of the County’s portfolio is invested in the Maryland Local Government Investment Pool

NOTES TO FINANCIAL STATEMENTS
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(MLGIP) and federal agency securities. The MLGIP may invest in instruments rated only Tier 1 by at least one Nationally Recognized Securities Rating Organization (NRSRO). They have maximum exposure limits per issuer to maintain a diversified portfolio.

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
MD Local Government Investment Pool (MLGIP)	\$ 600,115,632	90.503 %
U. S. Treasuries	42,984,075	6.482
Federal Farm Credit Bank	19,982,400	3.013
Money Market Funds	10,161	0.002
Total Fair Value	<u>\$ 663,092,268</u>	<u>100.000 %</u>

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

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

Pension Trust Fund

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

As of June 30, 2021, the Plan held the following investments and maturities:

<u>Investment Type (All funds)</u>	<u>Fair Value</u>	<u>0 - 18 Month Maturities</u>	<u>18 - 24 Month Maturities</u>	<u>> 24 Month Maturities</u>
Money Market Funds	\$ 11,762,619	\$ 11,762,619	\$ -	\$ -
Equity Mutual Funds	393,706,636	393,706,636	-	-
Fixed Income Mutual Funds	185,208,482	185,208,482	-	-
Common Stock	245,594,774	245,594,774	-	-
Corporate Bonds & Notes	45,128,520	3,224,075	2,549,031	39,355,414
US Government Securities	41,492,449	711,839	1,484,490	39,296,120
Other Government Agencies	5,213,365	93,568	-	5,119,797
Total Fair Value	<u>\$ 928,106,845</u>	<u>\$ 840,301,993</u>	<u>\$ 4,033,521</u>	<u>\$ 83,771,331</u>

Frederick County has the following recurring fair value measurements as of June 30, 2021:

Investments by fair value level	June 30, 2021	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Equity Mutual Funds	\$ 393,706,636	\$ 295,920,714	\$ -	\$ 97,785,922
Fixed Income Mutual Funds	185,208,482	185,208,482	-	-
Common Stock	245,594,774	245,594,774	-	-
Corporate Bonds & Notes	45,128,520	-	45,128,520	-
US Government Securities	41,492,449	-	41,492,449	-
Other Government Agencies	5,213,365	-	5,213,365	-
Total investments by fair value levels	<u>916,344,226</u>	<u>\$ 726,723,970</u>	<u>\$ 91,834,334</u>	<u>\$ 97,785,922</u>
Investments carried at amortized cost				
Money Market Funds	<u>11,762,619</u>			
Total investments carried at amortized cost	<u>11,762,619</u>			
Total investments at fair value	<u>\$ 928,106,845</u>			

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

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

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

1. No-load mutual funds;

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(Continued)

2. Commingled pooled funds; and
3. Separate accounts.

Equities - Permissible

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

Equities – Not Permissible

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

Fixed Income - Permissible

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

Fixed Income – Not Permissible

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

1. Tax-exempt municipal bonds;

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(Continued)

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

The money market funds are unrated, as are the mutual funds and common stocks used by the Plan. As of June 30, 2021, the Plan's fixed income investments had the following characteristics:

<u>Credit Rating or Comparable</u>	<u>Standard & Poor's Fair Value</u>	<u>Moody's Fair Value</u>
AAA to A1	\$ 33,693,181	\$ 33,453,546
BAA3 to BA1	15,286,804	15,323,273
Not rated	879,126,860	879,330,026
Total Fair Value	<u>\$ 928,106,845</u>	<u>\$ 928,106,845</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 publicly traded and have sufficient marketability to permit prompt, orderly liquidation under normal circumstances.

Foreign Currency Risk – The Plan's exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The Plan recognizes the value of global diversification and retains two investment managers for global and international equity investments. The Plan's investment policy does not establish any limitation related to foreign currency risk. The country of origin for the two investments is the United States; therefore, the Plan did not have foreign currency risk as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Length of Service Awards Program

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

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

As of June 30, 2021, the Plan held the following investments and maturities:

Investment Type (All funds)	<u>Fair Value</u>	<u>0 - 18 Month Maturities</u>	<u>18 - 24 Month Maturities</u>	<u>> 24 Month Maturities</u>
Money Market Funds	\$ 603	\$ 603	\$ -	\$ -
Mutual Funds (Equity)	2,004,835	2,004,835	-	-
Collective Investment Trust (Fixed Income)	900,358	900,358	-	-
Total Fair Value	<u>\$ 2,905,796</u>	<u>\$ 2,905,796</u>	<u>\$ -</u>	<u>\$ -</u>

Frederick County has the following recurring fair value measurements as of June 30, 2021:

Investments by fair value level	<u>June 30, 2021</u>	<u>Fair Value Measurement Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Mutual Funds (Equity)	\$ 2,004,835	\$ 2,004,835	\$ -	\$ -
Collective Investment Trust (Fixed Income)	900,358	900,358	-	-
Total investments by fair value levels	<u>2,905,193</u>	<u>\$ 2,905,193</u>	<u>\$ -</u>	<u>\$ -</u>
Investments carried at amortized cost				
Money Market Funds	<u>603</u>			
Total investments carried at amortized cost	<u>603</u>			
Total investments at fair value	<u>\$ 2,905,796</u>			

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

Foreign Currency Risk – The Plan’s exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The Plan’s investment policy does not establish any limitation related to foreign currency risk. The country of origin for the investments is the United States; therefore, the Plan did not have foreign currency risk as of June 30, 2021.

Other Post Employment Benefit (OPEB) Trust Fund

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

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

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

As of June 30, 2021, the Plan held the following investments and maturities:

Investment Type (All funds)	<u>Fair Value</u>	<u>0 - 18 Month Maturities</u>	<u>18 - 24 Month Maturities</u>	<u>> 24 Month Maturities</u>
Money Market Funds	\$ 51,448	\$ 51,448	\$ -	\$ -
Equity Mutual Funds	153,780,072	153,780,072	-	-
Collective Investment Trust (Fixed Income)	73,466,072	73,466,072	-	-
Total Fair Value	<u>\$ 227,297,592</u>	<u>\$ 227,297,592</u>	<u>\$ -</u>	<u>\$ -</u>

Frederick County has the following recurring fair value measurements as of June 30, 2021:

Investments by fair value level	<u>June 30, 2021</u>	<u>Fair Value Measurement Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Equity Mutual Funds	\$ 153,780,072	\$ 153,780,072	\$ -	\$ -
Collective Investment Trust (Fixed Income)	73,466,072	-	-	73,466,072
Total investments by fair value levels	<u>227,246,144</u>	<u>\$ 153,780,072</u>	<u>\$ -</u>	<u>\$ 73,466,072</u>
Investments carried at amortized cost				
Money Market Funds	51,448			
Total investments carried at amortized cost	<u>51,448</u>			
Total investments at fair value	<u>\$ 227,297,592</u>			

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

Foreign Currency Risk – The Plan’s exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The Plan recognizes the value of global diversification and retains 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 country of origin for the two investments is the United States; therefore, the Plan did not have foreign currency risk as of June 30, 2021.

Component Units

The Board of Education’s investments as of June 30, 2021 are categorized in the following table:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
MLGIP	\$ 44,853,966	\$ 44,853,966	\$ -	\$ -
Money Market	65,872	65,872	-	-
Certificates of Deposit	4,586	4,586	-	-
Fixed Income Securities	49,609,226	49,609,226	-	-
Equity Securities	118,018,775	118,018,775	-	-
Totals	<u>\$ 212,552,425</u>	<u>\$ 212,552,425</u>	<u>\$ -</u>	<u>\$ -</u>

Frederick County Public Schools (FCPS) categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets.

FCPS has recurring fair value investments as of June 30, 2021, of \$167,628,001 that include Fixed Income Securities and Equity Securities. These investments were valued using quoted market prices (Level 1 inputs).

MLGIP of \$44,853,966, Money Market of \$65,872 and Certificates of Deposit of \$4,586 are valued using amortized cost method, which estimates market value.

The above investment balances include fiduciary funds in the amount of \$167,693,873. Total net investment income per the statement of activities as of June 30, 2021 was \$299,632.

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(Continued)

FCC's investments as of June 30, 2021 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
MLGIP	\$ 8,951,645	\$ 8,951,645	\$ -	\$ -

Total net investment income for FCC (excluding the FCC Foundation) as of June 30, 2021 was \$25,404. The Frederick Community College Foundation investments as of June 30, 2021 were:

<u>Investment Type</u>	<u>June 30, 2021</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
USMF Fund	\$ 16,515,626	\$ 19,648,708	\$ 3,133,082
Certificate of Deposit	236,414	236,414	-
Charitable Remainder Trust	21,604	34,483	12,879
Total Investments	\$ 16,773,644	\$ 19,919,605	\$ 3,145,961

As of June 30, 2021, the Foundation had 380,023.9019 units of the University System of Maryland Foundation, Inc. Unitized Investment Fund valued at \$51.70390 per unit with a value of \$19,648,708.

FCPL's investments as of June 30, 2021 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			<u>Interest Rate At June 30</u>
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	
MLGIP	\$417,051	\$417,051	\$ -	\$ -	0.11%
Certificates of Deposit	216,743	-	216,743	-	2.25%
Total Investments	\$633,794	\$417,051	\$216,743	\$ -	

Total net investment income per the statement of activities for the year ended June 30, 2021 was \$4,814.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the BOE, FCC and FCPL will not be able to recover all or portion of the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2021, all of the component unit investments were insured or registered, or securities were held by the unit or its agent in the unit's name or were invested in the MLGIP.

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

B. Receivables and Payables

1. Accounts and Other Receivables

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

2. Due To/From Primary Government and Component Units

The receivable and payable balances between the primary government and its component units as of June 30, 2021, are reconciled as follows:

	<u>BOE</u>	<u>FCC</u>	<u>FCPL</u>	<u>TOTAL</u>
Due from component units per Primary Government	\$ 87,030	\$ -	\$ -	\$ 87,030
Less: Not recorded as payable by component unit in FY21	<u>(87,030)</u>	<u>-</u>	<u>-</u>	<u>(87,030)</u>
Due to primary government per Component Units (included in accounts payable)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Due to component units per Primary Government	\$ 12,468,080	\$ 12	\$ 4,558,841	\$ 17,026,933
Add: Receivables recorded by component unit in FY21	-	-	98,754	98,754
Less: Receivable recorded by component unit in FY21	<u>(312,092)</u>	<u>(12)</u>	<u>-</u>	<u>(312,104)</u>
Due from primary government per Component Units	<u>\$ 12,155,988</u>	<u>\$ -</u>	<u>\$ 4,657,595</u>	<u>\$ 16,813,583</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Capital Assets

Capital Asset activity for the year ended June 30, 2021 is as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 116,999,511	\$ 13,038,933	\$ (1,181,796)	\$ 128,856,648
Construction in progress	25,050,856	30,442,518	(15,771,692)	39,721,682
Total capital assets at historical cost not being depreciated	<u>142,050,367</u>	<u>43,481,451</u>	<u>(16,953,488)</u>	<u>168,578,330</u>
Capital assets being depreciated:				
Buildings and improvements	263,662,023	15,816,038	-	279,478,061
Equipment	149,436,000	9,256,722	(9,745,548)	148,947,174
Infrastructure	425,258,792	7,759,466	-	433,018,258
Total capital assets at historical cost being depreciated	<u>838,356,815</u>	<u>32,832,226</u>	<u>(9,745,548)</u>	<u>861,443,493</u>
Less accumulated depreciation for:				
Buildings and improvements	119,002,865	7,794,140	-	126,797,005
Equipment	88,620,549	12,947,544	(9,634,284)	91,933,809
Infrastructure	261,385,101	9,476,628	-	270,861,729
Total accumulated depreciation	<u>469,008,515</u>	<u>30,218,312</u>	<u>(9,634,284)</u>	<u>489,592,543</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>369,348,300</u>	<u>2,613,914</u>	<u>(111,264)</u>	<u>371,850,950</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 511,398,667</u>	<u>\$ 46,095,365</u>	<u>\$ (17,064,752)</u>	<u>\$ 540,429,280</u>
Depreciation expense was charged to governmental functions as follows:				
General government				\$ 4,949,056
Public safety				7,552,387
Public works				12,429,063
Health				235,992
Social services				552,590
Parks, recreation and culture				4,457,549
Conservation of natural resources				7,867
Economic development and opportunity				33,808
Total depreciation expense				<u>\$ 30,218,312</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Primary Government				Ending Balance
	Beginning Balance	Increases	Adjustments/ Transfers	Decreases	
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 9,327,737	\$ -	\$ -	\$ -	\$ 9,327,737
Construction in progress	41,902,984	16,938,323	-	(38,270,327)	20,570,980
Total capital assets at historical cost not being depreciated	<u>51,230,721</u>	<u>16,938,323</u>	<u>-</u>	<u>(38,270,327)</u>	<u>29,898,717</u>
Capital assets being depreciated:					
Buildings and improvements	364,835,103	6,759,033	(833,299)	(12,972,103)	357,788,734
Equipment	57,167,526	2,468,597	-	(658,582)	58,977,541
Infrastructure	440,825,951	30,798,404	833,299	-	472,457,654
Total capital assets at historical cost being depreciated	<u>862,828,580</u>	<u>40,026,034</u>	<u>-</u>	<u>(13,630,685)</u>	<u>889,223,929</u>
Less accumulated depreciation for:					
Buildings and improvements	107,236,495	8,959,889	(9,259)	(12,972,103)	103,215,022
Equipment	42,307,791	2,819,969	-	(652,359)	44,475,401
Infrastructure	92,102,836	6,204,983	9,259	-	98,317,078
Total accumulated depreciation	<u>241,647,122</u>	<u>17,984,841</u>	<u>-</u>	<u>(13,624,462)</u>	<u>246,007,501</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>621,181,458</u>	<u>22,041,193</u>	<u>-</u>	<u>(6,223)</u>	<u>643,216,428</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 672,412,179</u>	<u>\$ 38,979,516</u>	<u>\$ -</u>	<u>\$ (38,276,550)</u>	<u>\$ 673,115,145</u>
Depreciation expense was charged to business-type functions as follows:					
Bell Court					\$ 71,950
Comprehensive Care Facility					885,982
Solid Waste					1,292,252
Water & Sewer					15,734,657
Total depreciation expense					<u>\$ 17,984,841</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

Component units' capital asset activity for the year ended June 30, 2021 was as follows:

BOE	<u>Balance</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 51,951,021	\$ 635,765	\$ (274,251)	\$ 52,312,535
Construction in progress	63,065,843	95,100,787	(98,711,335)	59,455,295
	<u>115,016,864</u>	<u>95,736,552</u>	<u>(98,985,586)</u>	<u>111,767,830</u>
Total capital assets at historical cost not being depreciated				
Capital assets being depreciated:				
Building and improvements	1,085,493,993	96,435,087	(6,312,320)	1,175,616,760
Furniture and equipment	57,894,253	5,828,442	(3,176,646)	60,546,049
Total capital assets at historical cost being depreciated	<u>1,143,388,246</u>	<u>102,263,529</u>	<u>(9,488,966)</u>	<u>1,236,162,809</u>
Less accumulated depreciation for:				
Building and improvements	417,150,270	33,305,699	(5,337,937)	445,118,032
Furniture and equipment	36,949,260	3,671,507	(3,112,846)	37,507,921
Total accumulated depreciation	<u>454,099,530</u>	<u>36,977,206</u>	<u>(8,450,783)</u>	<u>482,625,953</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>689,288,716</u>	<u>65,286,323</u>	<u>(1,038,183)</u>	<u>753,536,856</u>
BOE's capital assets, net of accumulated depreciation	<u>\$ 804,305,580</u>	<u>\$ 161,022,875</u>	<u>\$ (100,023,769)</u>	<u>\$ 865,304,686</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

FCC	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 271,620	\$ -	\$ -	\$ 271,620
Construction in progress	4,139,089	1,158,536	(3,597,164)	1,700,461
Total capital assets at historical cost not being depreciated	<u>4,410,709</u>	<u>1,158,536</u>	<u>(3,597,164)</u>	<u>1,972,081</u>
Capital assets being depreciated:				
Library collection	2,065,438	6,079	-	2,071,517
Building and improvements	124,988,893	5,032,547	-	130,021,440
Furniture and equipment	6,797,170	321,396	(464,935)	6,653,631
Site improvement	7,998,466	-	-	7,998,466
Total capital assets at historical cost being depreciated	<u>141,849,967</u>	<u>5,360,022</u>	<u>(464,935)</u>	<u>146,745,054</u>
Less accumulated depreciation for:				
Library collection	2,016,593	17,108	-	2,033,701
Building and improvements	45,406,540	3,261,826	-	48,668,366
Furniture and equipment	5,233,447	505,236	(464,835)	5,273,848
Site improvement	6,325,429	170,261	-	6,495,690
Total accumulated depreciation	<u>58,982,009</u>	<u>3,954,431</u>	<u>(464,835)</u>	<u>62,471,605</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>82,867,958</u>	<u>1,405,591</u>	<u>(100)</u>	<u>84,273,449</u>
FCC's capital assets, net of accumulated depreciation	<u>\$ 87,278,667</u>	<u>\$ 2,564,127</u>	<u>\$ (3,597,264)</u>	<u>\$ 86,245,530</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

FCPL	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Library collection	\$ 7,006,867	\$ 729,003	\$ (1,411,639)	\$ 6,324,231
Furniture and equipment	380,899	-	(53,177)	327,722
depreciated	<u>7,387,766</u>	<u>729,003</u>	<u>(1,464,816)</u>	<u>6,651,953</u>
Less accumulated depreciation for:				
Library collection	5,305,187	1,017,892	(2,891,596)	3,431,483
Furniture and equipment	173,157	22,164	(38,199)	157,122
Total accumulated depreciation	<u>5,478,344</u>	<u>1,040,056</u>	<u>(2,929,795)</u>	<u>3,588,605</u>
FCPL's capital assets, net of accumulated depreciation	<u>\$ 1,909,422</u>	<u>\$ (311,053)</u>	<u>\$ 1,464,979</u>	<u>\$ 3,063,348</u>

D. Interfund Receivables, Payables and Transfers

1. Primary Government Interfund Receivables and Payable Balances

For year ended June 30, 2021, there were no interfund receivables or payables.

2. Interfund Transfers – Primary Government

Interfund transfers for the year ended June 30, 2021 consists of the following:

	<u>Transfers In</u>								
	<u>General Fund</u>	<u>Grants Fund</u>	<u>Capital Projects</u>	<u>Agricultural Preservation</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>	<u>Enterprise Funds</u>	<u>Total Transfers To Other Funds</u>
Transfers Out									
General Fund	\$ -	\$ 7,979,868	\$ 18,259,536	\$ 549,484	\$ 45,071,160	\$ -	\$ 1,576,561	\$ 239,520	\$ 73,676,129
Grants Fund	18,871	-	-	-	-	161,200	49,580	577,145	806,796
Agricultural Preservation	-	-	-	-	2,873,740	-	-	-	2,873,740
Nonmajor Governmental	-	544,675	-	-	168,777	-	-	-	713,452
Capital Projects	-	-	-	-	10,322,499	-	144,336	-	10,466,835
Enterprise Fund	-	-	1,080,000	-	-	-	-	-	1,080,000
Total Transfers in from Other Funds	<u>\$ 18,871</u>	<u>\$ 8,524,543</u>	<u>\$ 19,339,536</u>	<u>\$ 549,484</u>	<u>\$ 58,436,176</u>	<u>\$ 161,200</u>	<u>\$ 1,770,477</u>	<u>\$ 816,665</u>	<u>\$ 89,616,952</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 Agricultural Preservation Fund.
- Transfers from various funds to the Debt Service Fund for the payment of interest and principal on long term obligations of governmental funds.

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 2021 were \$1,265,473.

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

<u>Years Ending June 30,</u>	<u>Total Payment</u>
2022	\$ 574,638
2023	465,613
2024	346,366
2025	342,858
2026	342,858
2027-2031	889,933
2032-2036	668,995
2037-2041	13,065
	<u>\$ 3,644,326</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 2021 totaled \$79,282.

The future minimum lease revenues for the subleases are \$94,334 for fiscal year 2021.

The County is committed under various rental lease agreements as lessor. All leases are considered for accounting purposes to be non-cancelable leases. Lease revenues for fiscal year 2021 totaled \$1,664,008.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Future minimum lease revenues for these rentals are as follows:

Years Ending June 30,	Total Payment
2022	\$ 1,616,712
2023	1,247,758
2024	1,132,257
2025	1,110,747
2026	1,095,286
2027- 2031	4,025,922
	\$ 10,228,682

F. Non-Current Liabilities

1. Changes in Non-Current Liabilities

Primary Government:

	Balance July 1, 2020	Additions	Principal Repayments & Reductions	Balance June 30, 2021	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 431,425,718	\$ -	\$ (36,983,111)	\$ 394,442,607	\$ 27,132,423
Notes from direct borrowings and direct placements	20,067,010	7,830,000	(279,084)	27,617,926	8,099,369
Unamortized Premium on Bonds	34,938,068	-	(6,587,171)	28,350,897	5,782,575
Installment Purchase Agreements	48,086,285	1,204,042	(770,675)	48,519,652	1,818,558
Capital Lease Obligations	8,109,121	-	(1,469,808)	6,639,313	1,508,940
Prefunded Loss Claims	-	7,849,544	(2,238,776)	5,610,768	2,328,232
Compensated Absences	14,650,985	12,648,781	(11,635,712)	15,664,054	747,426
Net LOSAP Pension Liability	10,210,493	1,086,265	(1,807,281)	9,489,477	-
Termination Benefits	387,441	35,887	-	423,328	51,632
Total Governmental Activity- Long Term Liabilities	\$ 567,875,121	\$ 30,654,519	\$ (61,771,618)	\$ 536,758,022	\$ 47,469,155

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

are recorded as an Other Financing Source. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

Payments on the non-current liabilities related to the LOSAP Pension Trust are supported by revenue transfers from the general fund.

The Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities related to the Internal Service Funds are included as part of the above totals for governmental activities. As of June 30, 2021, Internal Service Funds compensated absences totaling \$212,254 are included in the above amounts.

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Principal</u> <u>Repayments</u> <u>& Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
Business-type Activities:					
Bonds Payable	\$ 108,374,282	\$ -	\$ (12,271,889)	\$ 96,102,393	\$ 9,402,577
Notes from direct borrowing and direct placements	55,638,415	-	(4,170,623)	51,467,792	4,004,579
Unamortized Premium on Bonds	5,489,833	-	(1,236,770)	4,253,063	1,014,960
Capital Lease Obligations	364,862	-	(116,202)	248,660	58,465
Landfill Closure Costs	19,049,578	852,455	(221,484)	19,680,549	276,320
Compensated Absences	1,472,423	927,807	(904,693)	1,495,537	137,630
Termination Benefits	-	8,820	-	8,820	-
Total Business-type Activities - Long Term Liabilities	<u>\$ 190,389,393</u>	<u>\$ 1,789,082</u>	<u>\$ (18,921,661)</u>	<u>\$ 173,256,814</u>	<u>\$ 14,894,531</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

Component Units:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Net Changes</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
Board of Education				
Capital lease obligations	\$ 31,945,115	\$ (9,972,021)	\$ 21,973,094	\$ 740,311
Compensated absences	9,102,639	838,744	9,941,383	5,121,849
Net OPEB liability	812,253,229	(76,256,032)	735,997,197	-
Termination benefits payable	25,300,385	2,213,083	27,513,468	2,665,593
Net pension liability	41,209,266	5,480,974	46,690,240	-
Board of Education - Long-term Liabilities	<u>\$ 919,810,634</u>	<u>\$ (77,695,252)</u>	<u>\$ 842,115,382</u>	<u>\$ 8,527,753</u>
Frederick Community College				
Certificates of Participation	\$ 5,381,991	\$ (279,799)	\$ 5,102,192	\$ 295,000
Compensated absences	1,731,105	119,934	1,851,039	1,821,990
Frederick Community College - Long-term Liabilities	<u>\$ 7,113,096</u>	<u>\$ (159,865)</u>	<u>\$ 6,953,231</u>	<u>\$ 2,116,990</u>
Frederick County Public Libraries				
Compensated absences	\$ 599,273	\$ 111,422	\$ 710,695	\$ 45,278
Termination Benefits	12,550	4,774	17,324	-
Frederick County Public Libraries - Long-term Liabilities	<u>\$ 611,823</u>	<u>\$ 116,196</u>	<u>\$ 728,019</u>	<u>\$ 45,278</u>

2. General Obligation Bonds**Primary Government**

The County cannot issue general obligation bonds and installment purchase agreements unless specific enabling legislation is passed by the County Council. As of June 30, 2021, the Council authorization remains in the amount of \$31,130,366 under Bill #17-03 and \$192,170,000 under Bill #19-19. On June 9, 2020, the County also adopted expedited legislation to authorize up to \$100,000,000 to fund short-term working capital needs. The County established a revolving credit agreement on July 16, 2020. No funds were ever drawn from this credit facility. The agreement was terminated on May 17, 2021.

Pursuant to the Charter of Frederick County Maryland, future authorizations for general obligation borrowings will be granted by the County Council. Section 508 of the Charter sets limitations for general obligation borrowings. Effective December 12, 2014, this debt limit was calculated at an amount not to exceed a total of five percent of the assessable base of real property of the County and fifteen percent of the County's assessable base of personal property and operating real property described in Section 8-109(c) of the Tax-Property Article of the Annotated Code of Maryland.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Section 508 of the Charter amended in 2020 changing the calculation to three percent of the assessable real property and nine percent of the assessable personal property is reflected in the FY2021 calculation.

The debt limit for the primary government's general obligation borrowings as of June 30, 2021 was \$1,053,158,568 and the legal debt margin was \$444,009,958.

The County's most recent credit ratings were reaffirmed as of August 2021 are Moody's – Aaa, S&P – AAA, Fitch – AAA. These bonds are a general obligation of the County and as such, are supported by the full faith and credit of the County.

Government Activities	Date of Debt Issue	Date of Debt Maturity Due Serially to	Range of Interest Rates	Amount of Original Issue	Amount Outstanding 6/30/21
Pub Facility Refunding Bonds of 2006	2/1/2006	11/1/2022	4.00%-5.25%	\$ 12,608,476	\$ 5,473,063
Public Facilities Bonds of 2011A	8/4/2011	8/1/2031	2.50%-5.00%	55,810,000	1,605,000
Pub Fac Bonds of 2012 Refunding	2/9/2012	8/1/2024	2.00%-4.00%	59,842,669	26,360,557
Public Facilities Bonds of 2013	5/2/2013	5/1/2033	2.00%-5.00%	26,800,000	7,447,758
Public Facilities Bonds of 2014, Series A	7/24/2014	8/1/2034	2.00%-5.00%	32,117,727	1,850,727
Pub Fac Bonds of 2016, Series A	6/29/2016	8/1/2036	2.00%-5.00%	77,186,341	66,752,335
Pub Fac Bonds of 2017A - Refunding (2020 Crossover)	4/11/2017	2/11/2030	5.00%	56,901,147	52,329,180
Pub Fac Bonds of 2017B - Refunding	12/20/2017	8/1/2031	2.00%-5.00%	35,860,543	34,743,646
Pub Fac Bonds of 2018, Series A	3/7/2018	8/1/2037	2.00%-5.00%	84,465,639	75,738,327
Pub Fac Bonds of 2019, Series A	9/24/2019	8/1/2039	2.25%-5.00%	98,509,493	95,394,128
Pub Fac Bonds of 2019B - Refunding	9/24/2019	8/1/2034	1.70%-2.44%	26,747,886	26,747,886
Total Bonds Outstanding				\$ 566,849,921	\$ 394,442,607

The annual requirements to amortize governmental activities bond debt outstanding as of June 30, 2021 are as follows:

Years Ending June 30,	Principal	Interest	Total Requirement
2022	\$ 27,132,423	\$ 15,838,665	\$ 42,971,088
2023	28,220,425	14,061,926	42,282,351
2024	27,055,880	12,434,174	39,490,054
2025	28,371,399	11,418,970	39,790,369
2026	22,533,220	10,357,422	32,890,642
2027-2031	123,964,770	34,228,394	158,193,164
2032-2036	94,658,234	12,627,161	107,285,395
2037-2041	42,506,256	1,830,204	44,336,460
	\$ 394,442,607	\$ 112,796,916	\$ 507,239,523

NOTES TO FINANCIAL STATEMENTS
(Continued)

For the year ended June 30, 2021, total principal and interest incurred related to general obligation bonds was \$36,983,110 and \$16,746,027.

Business-type Activities	Date of Debt Issue	Date of Debt Maturity Due Serially to	Range of Interest Rates	Amount of Original Issue	Amount Outstanding 6/30/21
Pub Facility Refunding Bonds of 2006	2/1/2006	11/1/2022	4.00%-5.25%	\$ 7,756,524	\$ 3,366,937
Pub Fac Bonds of 2012 Refunding	2/9/2012	8/1/2024	4.00%	25,232,331	14,339,443
Public Facilities Bonds of 2013	5/2/2013	5/1/2033	2.00%-5.00%	4,650,000	1,292,242
Public Facilities Bonds of 2014, Series A	7/14/2014	8/1/2034	2.00%-5.00%	2,677,273	154,273
Pub Fac Bonds of 2016, Series A	6/29/2016	8/1/2036	2.00%-5.00%	8,218,659	7,107,665
Pub Fac Bonds of 2016B - Refunding	6/29/2016	8/1/2036	2.00%-3.00%	34,820,000	29,060,000
Pub Fac Bonds of 2017A - Refunding (2020 Crossover)	4/11/2017	2/1/2030	5.00%	16,963,853	15,600,820
Pub Fac Bonds of 2017B - Refunding	12/20/2017	8/1/2031	2.00%-5.00%	824,457	731,354
Pub Fac Bonds of 2018, Series A	3/7/2018	8/1/2037	2.00%-5.00%	15,269,361	13,691,673
Pub Fac Bonds of 2019, Series A	9/24/2019	8/1/2039	2.25%-5.00%	7,735,507	7,490,872
Pub Fac Bonds of 2019, Series B	9/24/2019	8/1/2034	1.70%-2.44%	3,267,114	3,267,114
Total Bonds Outstanding				<u>\$ 127,415,079</u>	<u>\$ 96,102,393</u>

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2021 are as follows:

Years Ending June 30,	Principal	Interest	Total Requirement
2022	\$ 9,402,577	\$ 3,701,808	\$ 13,104,385
2023	9,769,575	3,004,598	12,774,173
2024	8,364,120	2,413,599	10,777,719
2025	8,688,601	2,210,504	10,899,105
2026	5,101,780	2,007,439	7,109,219
2027-2031	26,730,232	6,760,424	33,490,656
2032-2036	21,116,766	2,598,224	23,714,990
2037-2041	6,928,742	219,715	7,148,457
	<u>\$ 96,102,393</u>	<u>\$ 22,916,311</u>	<u>\$ 119,018,704</u>

For the year ended June 30, 2021, total principal and interest incurred related to business-type activities was \$12,271,890 and \$3,866,407.

NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Notes from Direct Borrowings and Direct Placements

Primary Government

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

On September 24, 2020, Frederick County issued its Tax-Exempt General Obligation Bond, Series 2020B in the amount of \$7,830,000 to finance the purchase of a warehouse. The Series 2020B bond bears interest at a fixed rate per annum of 0.450% and a true interest cost of 0.600%. The principal amount of the Series 2020B bond is payable on October 1, 2021.

Government Activities	Date of Debt Issue	Date of Debt Maturity Due Serially to	Range of Interest Rates	Amount of Original Issue	Amount Outstanding 6/30/21
Pub Fac Bonds of 2014C Refunding	11/25/2014	6/1/2028	2.49%	\$ 12,429,335	\$ 12,042,661
Pub Fac Bonds of 2020A Refunding	3/26/2020	6/1/2027	1.48%	7,952,496	7,745,265
Pub Fac Bonds of 2020B	9/24/2020	10/1/2021	0.45%	7,830,000	7,830,000
Total Notes from Direct Borrowing and Direct Placements				<u>\$ 28,211,831</u>	<u>\$ 27,617,926</u>

For the year ended June 30, 2021, total principal and interest incurred related to notes from direct borrowing and direct placement was \$265,651 and \$438,567. The annual requirements to amortize governmental activities notes from direct borrowing and direct placements outstanding as of June 30, 2021 are as follows:

Years Ending June 30,	Principal	Interest	Total Requirement
2022	\$ 8,099,369	\$ 414,492	\$ 8,513,861
2023	273,087	408,628	681,715
2024	280,523	402,671	683,194
2025	287,119	396,529	683,648
2026	7,350,076	390,252	7,740,328
2027-2028	11,327,752	340,264	11,668,016
	<u>\$ 27,617,926</u>	<u>\$ 2,352,836</u>	<u>\$ 29,970,762</u>

Maryland Industrial Land Act Loans

The County has an outstanding loan from the Maryland Department of Commerce in the original amount of \$181,059 under the Maryland Industrial Land Act, Article 83A, Section 5-401 et. seq. of the Maryland Code. There was no outstanding balance on this loan as of June 30, 2021. The

NOTES TO FINANCIAL STATEMENTS
(Continued)

proceeds of this loan have been reloaned by the County to State Farm Insurance to assist in the financing of certain street and site improvements within the County. The loan is a full faith and credit obligation of the County.

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

<u>Business-type Activities</u>	<u>Date of Debt Issue</u>	<u>Date of Debt Maturity Due Serially to</u>	<u>Range of Interest Rates</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding 6/30/21</u>
Pub Fac Bonds of 2014C Refunding	11/25/2014	6/1/2028	2.49%	\$ 4,285,665	\$ 4,152,339
Pub Fac Bonds of 2020A Refunding	3/26/2020	6/1/2027	1.48%	5,862,504	5,709,735
Total Notes from Direct Borrowing and Direct Placements				<u>\$ 10,148,169</u>	<u>\$ 9,862,074</u>

For the year ended June 30, 2021, total principal and interest incurred related to notes from direct borrowing and direct placement was \$124,349 and \$190,372. The annual requirements to amortize business-type activities notes from direct borrowings and direct placements outstanding as of June 30, 2021 are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2022	\$ 125,631	\$ 187,897	\$ 313,528
2023	126,913	185,391	312,304
2024	129,477	182,852	312,329
2025	132,881	180,249	313,130
2026	3,979,924	177,584	4,157,508
2027-2029	5,367,248	138,953	5,506,201
	<u>\$ 9,862,074</u>	<u>\$ 1,052,926</u>	<u>\$ 10,915,000</u>

Maryland Department of the Environment Loans

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

The County has been a participant in the MDE loan program since fiscal year 1992. As of June 30, 2021, the County has no authorized and approved borrowings left to draw. As of June 30, 2021 the county has one solid waste loan with a principal balance of \$1,958,124 and two water sewer loans with a combined principal balance of \$39,647,594. The total outstanding principal at June 30, 2021 is \$41,605,718. These loans have interest rates of .80% - 1.00%.

For the year ended June 30, 2021, total principal and interest incurred related to the MDE loans was \$4,046,274 and \$657,963. The annual requirements to amortize these loans as of June 30, 2021 are as follows:

Years Ending June 30,	Principal	Interest	Total Requirement
2022	\$ 3,878,946	\$ 602,551	\$ 4,481,497
2023	3,917,718	563,780	4,481,498
2024	3,956,878	524,620	4,481,498
2025	3,996,428	485,070	4,481,498
2026	4,036,374	445,124	4,481,498
2027-2031	18,737,170	1,552,871	20,290,041
2032-2036	3,082,204	200,257	3,282,461
	<u>\$ 41,605,718</u>	<u>\$ 4,374,273</u>	<u>\$ 45,979,991</u>

4. Agricultural Preservation Installment Purchase Agreements

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

On April 7, 2021 and May 19, 2021, Frederick County entered into an Installment Purchase Agreement to purchase an easement of the development rights of agricultural land in Frederick County. This borrowing was authorized under Bill No. 17-03 enacted by the Frederick County Council on February 21, 2017. This transaction is a 20-year obligation with interest paid annually at 2.2408% and final maturity on May 15, 2041, in the amount of \$1,204,042. Funds are invested in U.S. Treasury strips to finance the final maturity payments. These investments are recorded in the Agricultural Preservation Fund.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Year Ending June 30,	Principal	Interest	Total Requirement
2022	\$ 1,818,558	\$ 2,077,843	\$ 3,896,401
2023	5,959,489	2,142,795	8,102,284
2024	3,978,905	1,782,039	5,760,944
2025	3,812,880	1,544,956	5,357,836
2026	1,510,622	1,298,403	2,809,025
2027-2031	18,320,372	4,607,101	22,927,473
2032-2036	5,413,774	1,789,979	7,203,753
2037-2041	7,705,052	669,575	8,374,627
	<u>\$ 48,519,652</u>	<u>\$ 15,912,691</u>	<u>\$ 64,432,343</u>

For the year ended June 30, 2021, total principal and interest incurred related to agricultural land preservation installment agreements was \$770,675 and \$2,074,971, respectively. These agreements have interest rates that vary from 2.37% to 5.73%.

5. Capital Lease Obligations

Primary Government

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

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

Asset:	
Equipment	\$ 19,183,245
Less: Accumulated depreciation	10,924,931
Total:	<u>\$ 8,258,314</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, 2021, were as follows:

<u>Years Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total Primary Government</u>
2022	\$ 1,673,296	\$ 65,180	\$ 1,738,476
2023	1,673,287	65,179	1,738,466
2024	1,673,293	65,179	1,738,472
2025	1,247,685	52,283	1,299,968
2026	681,946	17,114	699,060
2027	116,206	-	116,206
	<u>7,065,713</u>	<u>264,935</u>	<u>7,330,648</u>
Less: amount representing interest	(426,400)	(16,275)	(442,675)
Present value-net minimum lease payments	<u>\$ 6,639,313</u>	<u>\$ 248,660</u>	<u>\$ 6,887,973</u>

Component Unit

In 2007, the BOE entered into a lease agreement, as lessee, for a new central office building in the amount of \$16,700,000. Financing was completed in December 2007. The BOE refinanced the central office lease agreement in fiscal year 2013. The terms of the refinanced lease agreement lowered the interest rate from 4.62% to 3.1%. In fiscal year 2020, BOE refinanced the lease agreement again which lowered the interest rate from 3.1% to 1.98%. Principal and interest payments were adjusted under the refinanced lease agreement but the agreement still terminates on September 1, 2032. Payments including interest during fiscal year 2021 were \$9,895,263. This includes payments for original lease payoff which occurred September 2, 2020, and the refinanced lease.

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

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Building	\$ 31,363,206
Less: Accumulated depreciation	(7,509,528)
Total	<u>\$ 23,853,678</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

As of June 30, 2021, the minimum obligations under capital leases were as follows:

	Years Ending June 30	Governmental Activities
	2022	\$ 1,181,039
	2023	1,915,944
	2024	1,946,857
	2025	1,979,154
	2026	2,012,913
	2027-2031	10,597,943
	2032-2034	5,451,511
Total obligations		25,085,361
Less: Portion representing interest		(3,112,267)
Present value of lease obligation		\$ 21,973,094

6. Certificates of Participation

Component Unit

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

The annual requirements to amortize the Certificates of Participation as of June 30, 2021 are as follows:

Years Ending June 30,	Certificates of Participation			
	Principal	Less Discount	Net	Interest
2022	\$ 295,000	\$ 5,201	\$ 289,799	364,728
2023	300,000	5,201	294,799	348,503
2024	310,000	5,201	304,799	329,303
2025	320,000	5,201	314,799	309,463
2026	330,000	5,201	324,799	288,983
2027-2031	1,855,000	26,001	1,828,999	1,080,488
2032-2035	1,765,000	20,802	1,744,198	337,874
	\$ 5,175,000	\$ 72,808	\$ 5,102,192	\$ 3,059,342

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

As of June 30, 2005, the Site A landfill was at 100% of capacity. Total capacity of Site A is 3,228,000 tons. In fiscal year 2021, \$221,484 of operating activities such as leachate treatment and well testing related to Site A were incurred. The liability for Site A closure was increased \$437,572 to reflect the variance between estimated and actual costs. The total remaining estimated cost for closure and post closure care of Site A is \$7,161,320 as of June 30, 2021. This entire amount is reported as a liability for Site A.

As of June 30, 2021, the Site B landfill had capacity used of 2,193,066 tons, which is 53.22% of the revised capacity of 4,121,115 tons which includes the vertical expansion and an aerial adjustment. The total estimated costs for closure and post closure care of Site B are \$23,525,590. The resulting liability is \$12,519,229 with \$11,006,361 remaining to be recognized. The current operating strategy includes the utilization of a transfer station that became operational in January 2009.

The Solid Waste Enterprise Fund has a total liability for closure and post closure care of \$19,680,549 as of June 30, 2021. 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.

G. Fund Balances/Net Position

1. *Governmental Funds – Nonspendable*

	<u>General Fund</u>	<u>Grants</u>	<u>Agricultural Preservation</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Inventory	\$ 1,759,976	\$ 3,856,789	\$ -	\$ -	\$ 5,616,765
Prepaid	138,467	-	1,210,088	3,687	1,352,242
Long-term receivables	78,381	-	-	-	78,381
Salary advances	15,373	-	-	-	15,373
Total nonspendable fund balances	<u>\$ 1,992,197</u>	<u>\$ 3,856,789</u>	<u>\$ 1,210,088</u>	<u>\$ 3,687</u>	<u>\$ 7,062,761</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. *Governmental Funds – Restricted*

	General Fund	Grants	Capital Projects	Agricultural Preservation	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Animal control	\$ 832,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 832,362
Forfeitures - circuit court	27,997	-	-	-	-	-	27,997.00
School and library construction	-	-	54,872,475	-	-	-	54,872,475.00
Weed control	162,084	-	-	-	-	-	162,084.00
Grants	-	2,317,521	-	-	-	-	2,317,521.00
Sheriffs/judicial activities	-	-	-	-	-	238,373	238,373.00
Agricultural preservation	-	-	-	3,302,503	-	-	3,302,503.00
Debt service	-	-	-	-	375	-	375.00
Total restricted fund balances	\$ 1,022,443	\$ 2,317,521	\$ 54,872,475	\$ 3,302,503	\$ 375	\$ 238,373	\$ 61,753,690

3. *Governmental Funds – Committed*

	General Fund	Grants	Capital Projects	Agricultural Preservation	Nonmajor Governmental Funds	Total Governmental Funds
Bond rating enhancement	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Enabling legislation	43,574,733	-	-	-	-	43,574,733
FY22 budget	33,297,977	-	-	-	-	33,297,977
Appropriation of FY21 unaudited fund balance	7,831,610	-	-	-	-	7,831,610
Permanent public improvement	199,074	-	-	-	-	199,074
FY23 budget	75,407,718	-	-	-	-	75,407,718
School and library construction	-	-	15,378,008	-	-	15,378,008
Parks construction	-	-	9,878,089	-	-	9,878,089
Roads and bridges construction	-	-	11,602,831	-	-	11,602,831
General government/other construction	-	-	5,667,455	-	-	5,667,455
Watershed restoration	-	-	7,616,079	-	4,266	7,620,345
Grant activities	-	28,240,409	-	-	-	28,240,409
Electric lighting	-	-	-	-	10,514	10,514
Sheriffs/judicial activities	-	-	-	-	1,166,695	1,166,695
Loan activities	-	-	-	-	19,982,635	19,982,635
Agricultural preservation	-	-	-	2,161,182	-	2,161,182
Installment purchase agreements	-	-	-	58,238,473	-	58,238,473
Total committed fund balances	\$ 160,411,112	\$ 28,240,409	\$ 50,142,462	\$ 60,399,655	\$ 21,164,110	\$ 320,357,748

NOTES TO FINANCIAL STATEMENTS
(Continued)

* Section 2-7-1(a) (2) of the Frederick County, Maryland Code of Ordinances provides for the County to maintain a committed General Fund balance equal to seven percent of General Fund expenditures and transfers to the Board of Education and Frederick Community College on a budgetary basis. As of June 30, 2021 the required balance is \$43,574,733. This is classified as “committed” fund balance in accordance with the promulgations of Governmental Accounting Standards Board Statement No.54, Fund Balance Reporting and Governmental Fund Type Definitions. Due to the restricting nature of the set-aside, the seven percent is reported as restricted net position in the governmental activities column of the government-wide Statement of Net Position.

4. *Governmental Funds – Assigned*

	<u>General Fund</u>	<u>Debt Service Fund</u>
Encumbrances		
General government	\$ 989,856	\$ -
Conservation of natural resources	957,681	-
Public safety	1,888,213	-
Economic development & opportunity	68,179	-
Health	176,651	-
Social services	46,615	-
Parks, recreation & culture	92,169	-
Public works	553,942	-
Miscellaneous	226,291	-
Road/street inspection	828,425	-
Automation enhancement fee	366,618	-
Revenue stabilization	14,788,924	-
Denn property	288,500	-
Downtown hotel	2,520,000	-
Debt service	-	475,146
Total assigned fund balances	<u>\$ 23,792,064</u>	<u>\$ 475,146</u>

5. *Governmental Funds - Unassigned*

Sections 2-7-1(b) and (4) of the Frederick County, Maryland Code of Ordinances stipulates that the County may not levy more than \$500,000 as use in a contingency fund and must be maintained as part of unassigned fund balance. It shall be dedicated and appropriated to meet any unexpected demand which arises after the tax levy has been made, the occurrence of which could not reasonably have been foreseen. As of June 30, 2021, Frederick County, Maryland has appropriated \$300,000 for use in a contingency fund which is maintained as part of unassigned fund balance.

NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Net Position Restricted by Enabling Legislation

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

	Governmental Activities	Business-type Activities
Restricted by Enabling Legislation	\$ 135,320,917	\$ -
Other Amounts Restricted by Third Parties	<u>3,541,251</u>	<u>1,740,387</u>
Total Restricted Net Position	<u>\$ 138,862,168</u>	<u>\$ 1,740,387</u>

7. Business-type Activities with Unrestricted Net Position

On February 19, 2002, the former Board of County Commissioners adopted a Water and Sewer rate study, which recommended the establishment of several reserves to promote the financial stability of the Water and Sewer Enterprise Fund. As of June 30, 2021, the calculation of these reserves is \$128,585,842 (detailed below). These reserves are a part of the \$673,525,033 net position balance.

Reserved for:	
Operating Reserves	\$ 6,514,073
3 R Reserves	4,587,889
Tap Credits	458,183
Cash Funding of Capital Projects	14,189,998
Rosemont MDE	128,262
System Development	<u>102,707,437</u>
Total Water and Sewer Reserves	128,585,842
Excess reserves	<u>40,683,750</u>
Unrestricted net position	<u>\$ 169,269,592</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

8. *Net Investment in Capital Assets*

As of June 30, 2021, net investment in capital assets in the Government-Wide Statement of Net Position was calculated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Capital Assets (Exhibit II-A-1)	\$ 540,429,280	\$ 673,115,146
Debt related to Capital Assets	(267,831,559)	(151,270,292)
Unspent bond proceeds included in debt related to capital assets	<u>10,546,357</u>	<u>1,111,512</u>
Net Investment in Capital Assets (Exhibit II-A-1)	<u>\$ 283,144,078</u>	<u>\$ 522,956,366</u>

NOTE 4. OTHER INFORMATION

A. Commitments and Contingencies

1. *Construction Commitments*

As of June 30, 2021, the County had the following commitments with respect to unfinished capital projects:

	<u>Total Project Budget</u>	<u>Total Expenditures</u>	<u>Amount Funded</u>	<u>Required Future Funding</u>
General government	\$ 138,633,100	\$ 38,626,833	\$ 25,187,881	\$ 113,445,219
Roads and bridges	178,941,900	32,670,907	28,270,543	150,671,357
Board of Education	371,350,244	188,461,345	158,383,819	212,966,425
Frederick Community College	51,309,945	39,731,828	38,208,598	13,101,347
Parks and recreation	57,589,881	17,393,493	14,871,620	42,718,261
Watershed restoration	39,144,490	6,009,557	11,606,207	27,538,283
Municipal	<u>12,217,817</u>	<u>609,211</u>	<u>565,732</u>	<u>11,652,085</u>
	<u>\$ 849,187,377</u>	<u>\$ 323,503,174</u>	<u>\$ 277,094,400</u>	<u>\$ 572,092,977</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, Workforce Innovation and Opportunity Act, Section 8 Housing, Capital Projects, and State Homeland Security Programs.

During fiscal year 2021, the County has seen an increase in federal awards through the Families First Coronavirus Response Act (FFCRA), the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA).

Audits of these programs are conducted according to the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Single Audit report for the year ended June 30, 2021 is issued under separate cover.

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

3. Pending Litigation

There are several pending lawsuits in which the County is involved. The County Attorney estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County as of June 30, 2021.

4. Economic Dependency

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

The Solid Waste Enterprise Fund has three customers which account for 27.05% of total operating revenues. Two commercial haulers accounted for \$6,157,919 or 20.78% of fiscal year 2021 operating revenues. A single municipality accounted for \$1,857,349 or 6.27% of fiscal year 2021 operating revenues. Should the revenues from any of these customers decrease significantly, certain variable operating expenses, such as transfer expense and closure and post closure care costs would decrease.

The Comprehensive Care Facility Fund, a non-major enterprise fund, has two payer types that individually exceed ten percent of total operating revenues for this fund. They are Medicaid (37.09%) and Medicare (34.33%).

5. Risk Management

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

6. Contingent Liability

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

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

B. Arbitrage Rebate Requirements

Arbitrage rebate requirements under Internal Revenue Code Section 1.148-3 apply to the County's investment of the proceeds of certain bond issues. The law requires the computation and payment of arbitrage profits on unspent proceeds of a bond issue if the current investment of these funds yields a higher rate of return than the original bond issue. The filing of this computation and payment to the Internal Revenue service is required at the end of the fifth year of the bond issuance date and every 5 years subsequently; however, computations and filings can be made for annual periods. There is no rebatable arbitrage to report as of June 30, 2021.

C. Tax Abatements

Facts and Assumptions

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

- The Rehabilitated Vacant Commercial Structures Tax Credit provides property tax abatements to encourage improvements in vacant commercial structures. The program is established under the auspices of a state statute (Md. Code Ann., Tax Property Article, §9-236) empowering counties to establish such programs. The program was enacted locally under Frederick County Code §1-8-303. The program requires that the property be vacant for not less than 18 of the previous 24 months prior to the commencement of the rehabilitation or application for the credit. All rehabilitation projects must have or provide pedestrian and vehicular connections to adjacent commercial properties. A qualifying structure must have been

NOTES TO FINANCIAL STATEMENTS
(Continued)

constructed no fewer than five years prior to the submission of an application. The abatement only applies to rehabilitation of existing structures, and is only granted on the non-residential portion if the structure is multi-use. The abatement equals a percentage of the additional property tax resulting from the lesser of the increase in assessed value as a result of the improvements or the cost expended for the project. Abatements are obtained through application by the property owner and require subsequent annual applications. Because taxes are not abated until after the improvements have been made, there are no provisions for recapturing abated taxes. No other commitments were made by the County as part of those agreements. The credits are administered as a reduction in the tax bill and last for seven years as shown in the scheduled below:

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

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

creation of at least 25 new permanent full time positions at the facility paying at least 150% of the federal minimum wage and which positions may not have been transferred to the facility from another location in Frederick County. The business must acquire or expand a building, land or equipment, and the facility must be used for manufacturing, fabricating or assembling purposes. The County Executive shall establish the term and amount of each tax credit. The amount would be a percentage of the additional County tax due as a result of an increase in assessment due to the new construction or expansion of a qualifying facility. If the credit would exceed 60% of total incremental tax, it must be reviewed and approved by the County Council. The credits are administered as a reduction in the tax bill. The program has a recapture provision that allows the County to recapture tax credits if the business entity does not continue to satisfy all applicable requirements to qualify for the credit. Interest will accrue on any repayable tax credit, and unrepaid tax credits are a lien against the property in the same manner as unpaid property taxes and may be collected through the tax sale process. No credits have been issued under this program, but one business entity may qualify in the future.

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

Information relevant to the disclosure of those programs for the fiscal year ended June 30, 2021 is:

Tax Abatement Program	Abated During the Fiscal Year
Economic Development:	
Enterprise Zone	\$ 7,726
Rehabilitated Vacant Commercial Structures Tax Credit	89,864
Total	\$ 97,590

NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Conduit Debt

1. Community Development Authority (Special Tax) Financing

Frederick County Code Section 2-7-175 authorizes the County to establish a community development authority, levy ad valorem or special taxes or fees and issue bonds and other obligations. Frederick County has issued special obligation bonds for Urbana, Villages of Lake Linganore, Jefferson Technology Park, and Oakdale-Lake Linganore Community Development Authorities (CDA). These bonds provide funding for infrastructure costs within the boundaries of the respective Authorities. The Bonds are secured by special taxes levied on the properties within the respective Authorities. These are limited obligation bonds and as such do not pledge the full faith and credit of the County, nor do they provide any additional or voluntary commitments to the County. All bonds issued under this authority carry a maximum term of 30 years. Extension of these terms would require approval from two-thirds of the residents within the CDA, as well as approval from the County.

Lake Linganore Community Development Authority Bonds

On January 18, 2001, Frederick County issued its Special Obligation Bonds for the Villages of Lake Linganore Community Development Authority to provide funding for infrastructure within the authority. This included a Series 2001A Tax Exempt Bonds in the amount of \$6,242,000 and a Series 2001B Taxable Bonds in the amount of \$488,000. The Series 2001A Bonds included two term series with maturities on July 1, 2020 (\$1,957,000) at a rate of 5.60% and a second term maturing July 1, 2029 (\$4,285,000) at a rate of 5.70%.

On September 20, 2007, Frederick County issued its Special Obligation Bonds for the Villages of Lake Linganore Community Development Authority. This includes a Senior Series 2007A Taxable Refunding Bonds in the amount of \$3,114,000 that were applied to refund a portion of the Series 2001A Bonds. A second series of bonds was also issued (Series 2007B) subordinate to the Series 2001A and Series 2007A Bonds in the amount of \$3,232,142. The proceeds of both of the Series 2007 Bonds were disbursed to the County in accordance with a loan agreement with the Maryland Water Quality Finance Administration. Both the Series 2007A and 2007B carry a zero percent interest rate.

Urbana Community Development Authority Bonds

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

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

2. Tax Increment Financing

Frederick County has issued Tax Increment Financing (TIF) Bonds to finance a portion of the infrastructure needed in the Jefferson Technology Park and Oakdale-Lake Linganore Development Districts. The County surrenders its tax revenues on the incremental increase in property taxes annually within the districts, as needed to support debt service on the bonds. The districts then utilize these revenues to pay the debt service on these bonds. These transactions are accounted for in a Custodial Fund. These are limited obligation bonds and as such, do not pledge the full faith and credit of the County, nor do they provide any additional or voluntary commitments to the County. The same restrictions on terms apply as those mentioned above. These bonds are supported by additional special tax assessments within the CDA, if needed.

Jefferson Technology Park Tax Increment / Community Development Authority Bonds

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

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

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

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

Oakdale-Lake Linganore Tax Increment / Community Development Authority Bonds:

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

On December 19, 2019, Frederick County issued its Tax Increment and Special Tax B Limited Obligation Bonds (Oakdale-Lake Linganore Project), Series 2019, in the amount of \$17,415,000. The proceeds of these bonds were to provide funding to complete an interchange allowing access to the development from Route I-70. The Series 2019 Bond bears an average coupon rate of 3.657% per annum and a true interest cost of 3.623%. The principal amounts of the Series 2019 Bonds are payable July 1, 2022 through 2039. The proceeds of these bonds will finance infrastructure improvements for the Oakdale-Lake Linganore Tax District.

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

<u>Conduit Borrower</u>	<u>TIF/CDA</u>	<u>Amount of Original Issue</u>	<u>Date of Debt Issue</u>	<u>Date of Debt Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2021</u>
Lake Linganore - Series 2001A	CDA-Term	4,285,000	01/18/01	07/01/29	5.700%	2,375,000
Lake Linganore - Series 2007A	CDA-Loan	3,114,000	09/20/07	07/01/29	0.000%	1,439,411
Lake Linganore - Series 2007B	CDA-Loan	3,232,142	09/20/07	03/01/28	0.000%	1,292,142
Oakdale-Lake Linganore - Series 2019	TIF/CDA-Term	1,665,000	12/01/19	12/01/24	2.625%	1,665,000
Oakdale-Lake Linganore - Series 2019	TIF/CDA-Term	3,665,000	12/01/19	12/01/29	3.250%	3,665,000
Oakdale-Lake Linganore - Series 2019	TIF/CDA-Term	12,085,000	12/01/19	12/01/39	3.750%	12,085,000
Urbana CDA - Series 2020A	CDA-Term	65,355,000	11/12/20	07/01/40	4.00-5.00%	65,355,000
Urbana CDA - Series 2020B	CDA-Term	1,410,000	11/12/20	07/01/40	4.000%	1,410,000
Urbana CDA - Series 2020C	CDA-Term	25,505,000	11/12/20	07/01/40	4.000%	25,505,000
Jefferson Technology Park - Series 2020A	TIF/CDA-Serial	7,040,000	09/17/20	07/01/43	5.000%	6,965,000
Jefferson Technology Park - Series 2020B	TIF/CDA-Serial	37,330,000	09/17/20	07/01/43	4.625%	36,925,000
						<u>\$ 158,681,553</u>

3. Other Conduit Financing

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

On October 6, 2017, Frederick County issued Economic Development Revenue Bonds, Series 2017 to benefit St. John's Catholic Prep Facility, in the amount of \$9,310,000. The proceeds of the bonds were used to finance the acquisition and improvement of their facilities. These bonds were approved by Resolution 17-11 on June 6, 2017 in an amount not to exceed \$10,500,000.

On December 21, 2017, Frederick County issued Economic Development Revenue Refunding Bonds. Series 2017A were issued in the amount of \$54,590,000 as Educational Facilities Project and Refunding Bonds and Series 2017B in the amount of \$1,920,000 as Taxable Educational Facilities

NOTES TO FINANCIAL STATEMENTS
(Continued)

Revenue Bonds. These bonds were approved by Resolution 17-29 on December 5, 2017 in an amount not to exceed \$68,000,000. The purpose of these bonds was to refund all of the outstanding maturities of the bonds listed below as well as termination of three interest rate swap transactions which were entered into with the borrower and PNC Bank.

Refunded Bonds: Series 2006 Frederick County, Maryland Educational Facilities Revenue Bonds
Series 2007 Frederick County, Maryland Educational Facilities Revenue Bonds
Series 2007 Town of Emmitsburg, Maryland Educational Facilities Revenue Bonds
Series 2008 Town of Emmitsburg, Maryland Educational Facilities Revenue Bonds

On October 1, 2008, Frederick County issued Economic Development Revenue Bonds, Series 2008 to benefit Friends Meeting School in the amount of \$2,822,138. The bonds were authorized by the former Board of County Commissioners on 7/15/2008 by Resolution 08-21 in an amount not to exceed \$3,500,000. The proceeds of the bonds were issued to finance the acquisition and improvements of their facilities. On October 1, 2018, the County entered into an amendment of the Loan and Financing Agreement between the Borrower and the Lender that resulted in a current refunding of the 2008 bonds in the amount of \$2,346,203.

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Conduit Borrower	Serial/ Term Bonds	Original Issue Amount	Date of Debt Issue	Date of Maturity	Interest Rates	Amount Outstanding 6/30/2021
Friends Meeting School	Serial	\$ 2,822,138	10/01/18	10/01/28	Variable	\$ 2,175,430
Hood College	Serial	36,100,000	07/23/19	02/01/41	3.360%	35,775,905
Mount Saint Mary's University	Serial	7,345,000	12/21/17	09/01/27	5.000%	7,345,000
Mount Saint Mary's University	Serial	9,440,000	12/21/17	09/01/32	5.000%	9,440,000
Mount Saint Mary's University	Serial	12,110,000	12/21/17	09/01/37	5.000%	12,110,000
Mount Saint Mary's University	Serial	25,695,000	12/21/17	09/01/45	5.000%	25,695,000
Mount Saint Mary's University	Term	660,000	12/21/17	09/01/21	5.000%	54,983
Mount Saint Mary's University	Term	1,260,000	12/21/17	09/01/22	5.100%	1,260,000
St. John's Catholic Prep	Serial	9,310,000	10/06/17	10/01/42	3.080%	8,889,691
YMCA	Serial	18,000,000	12/20/19	07/01/47	3.370%	17,289,331
						<u>\$ 120,035,340</u>

E. Retirement and Pension Programs

For the year ended June 30, 2021, the County recognized an aggregated negative pension expense of (\$13,498,059).

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

1. Single-Employer Pension Plan

Plan Description

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

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The type and number of employees covered as of June 30, 2021, 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	276	879	-	-
Terminated employees entitled to benefits	-	-	335	216
Active employees	797	1,373	-	-

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

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

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

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

Summary of Significant Accounting Policies

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy

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

As of July 1, 2012, uniformed employees contribute nine percent of their base pay under the plan and non-uniformed employees contribute six percent. The County's required payroll contribution in fiscal year 2021 was 14.4%.

Net Pension Liability (Asset)

The components of the net pension liability of the County at June 30, 2021, were as follows:

Total pension liability	\$ 761,283,376
Plan fiduciary net position	(927,010,961)
County's net pension liability (asset)	<u>\$ (165,727,585)</u>
Plan fiduciary net position as a percentage of the total pension asset	121.77%

Annual Pension Costs

During the fiscal year ending June 30, 2021 contributions to the plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2020.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2020 rolled forward to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

Mortality rates

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

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

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

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the July 1, 2020 actuarial valuation report.

Long-term expected rate of return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Large Cap Domestic Equity	35.00%	6.80%
Mid Cap Domestic Equity	10.00%	7.26%
Small Cap Domestic Equity	10.00%	7.90%
International Equity	10.00%	7.27%
Fixed Income	35.00%	2.21%
Inflation	0.00%	2.50%
Total	<u>100.00%</u>	

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of expense, was 27.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the County, calculated using the discount rate of 7.0%, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current rate:

	1% Decrease - 6%	Current Discount Rate - 7%	1% Increase - 8%
County's net pension liability (asset)	\$ (63,854,562)	\$ (165,727,585)	\$ (249,774,388)

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances as of June 30, 2020	\$ 710,333,972	\$ 726,213,354	\$ (15,879,382)
Changes for the year:			
Service cost	26,467,906	-	26,467,906
Interest	48,721,748	-	48,721,748
Change of benefit terms	10,509,204	-	10,509,204
Differences between expected and actual experience	(6,131,461)	-	(6,131,461)
Contributions - employer	-	19,697,205	(19,697,205)
Contributions - member	-	10,005,264	(10,005,264)
Net investment income	-	200,542,603	(200,542,603)
Benefit payments, including refunds of member contributions	(28,617,993)	(28,617,993)	-
Administrative expense	-	(835,844)	835,844
Other	-	6,372	(6,372)
Net Changes	<u>50,949,404</u>	<u>200,797,607</u>	<u>(149,848,203)</u>
Balances as of June 30, 2021	<u>\$ 761,283,376</u>	<u>\$ 927,010,961</u>	<u>\$ (165,727,585)</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

For the year ended June 30, 2021, the County recognized negative pension expense of (\$14,205,539). As of June 30, 2021, the County reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,866,785	\$ 11,008,121
Changes of assumptions	3,486,461	-
Net difference between projected and actual earnings on pension plan investments	-	115,159,982
Total	<u>\$ 5,353,246</u>	<u>\$ 126,168,103</u>

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

<u>Year ending June 30</u>	<u>Total</u>
2022	\$ (31,924,217)
2023	(29,057,662)
2024	(28,547,337)
2025	(30,263,730)
2026	(1,021,911)

2. Length of Service Awards Program

Plan Description

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

As of the July 1, 2020, actuarial valuation, the type and number of participants consisted of the following:

Active volunteers	853
Terminated vested	35
Service retirements continuing employment	106
Service retirements and beneficiaries	160
Total	<u>1,154</u>

Summary of Significant Accounting Policies

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

Funding Contribution Policy

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

Net LOSAP Liability of the County

The components of the net LOSAP liability of the County at June 30, 2021, were as follows:

Total LOSAP liability	\$ 12,493,750
Plan fiduciary net position	<u>(3,004,273)</u>
County's net LOSAP liability	<u>\$ 9,489,477</u>
Plan fiduciary net position as a percentage of the total LOSAP liability	24.05%

NOTES TO FINANCIAL STATEMENTS
(Continued)

Annual LOSAP Costs

During fiscal year ending June 30, 2021 contributions were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation as of July 1, 2019. For the year ended June 30, 2021, the County recognized LOSAP expense of \$707,480.

Actuarial assumptions

The total LOSAP liability was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

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

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the July 1, 2020 actuarial valuation report.

Long-term expected rate of return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap domestic equity	45%	6.80%
Small/mid cap domestic equity	10%	7.44%
International equity	10%	7.27%
Fixed income	35%	2.21%
Inflation	0%	2.50%
Total	100%	

NOTES TO FINANCIAL STATEMENTS
(Continued)

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on LOSAP plan investments, net of LOSAP plan expense, was 26.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Actual returns may vary due to timing of contributions and redemptions.

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

The following presents the net pension liability of the County, calculated using the discount rate of 7.0%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current rate:

	1% Decrease - 6%	Current Discount Rate - 7%	1% Increase - 8%
County's net LOSAP liability	\$ 10,802,796	\$ 9,489,477	\$ 8,375,030

Changes in the Net LOSAP Liability

	Increase (Decrease)		
	Total LOSAP Liability (a)	Plan Fiduciary Net Position (b)	Net LOSAP Liability (a) - (b)
Balances as of June 30, 2020	\$ 12,288,739	\$ 2,078,246	10,210,493
Changes for the year:			
Service cost	185,474	-	185,474
Interest	829,912	-	829,912
Differences between expected and actual experience	54,948	-	54,948
Contributions - employer	-	1,201,982	(1,201,982)
Net investment income	-	604,907	(604,907)
Benefit payments, including refunds of member contributions	(865,715)	(865,715)	-
Administrative expense	-	(15,539)	15,539
Net Changes	204,619	925,635	(721,016)
Balances as of June 30, 2021	\$ 12,493,358	\$ 3,003,881	\$ 9,489,477

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

As of June 30, 2021, the County reported deferred outflows of resources and deferred inflow of resources related to LOSAP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 48,079	\$ 534,661
Changes of assumptions	116,738	-
Net difference between projected and actual earnings on LOSAP plan investments	-	360,091
Total	<u>\$ 164,817</u>	<u>\$ 894,752</u>

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

<u>Year ending June 30</u>	<u>Total</u>
2022	\$ (167,137)
2023	(169,790)
2024	(165,169)
2025	(166,963)
2026	(77,242)
Thereafter	16,366

3. Component Units

The employees at the BOE are covered under one of four defined benefit retirement plans. These plans are part of the Maryland State Retirement and Pension Systems and are cost sharing multiple-employer public employee retirement plans. Total state contributions on behalf of the BOE were \$32,855,984 in 2021. This contribution was recognized as both revenue and expenditures for BOE.

As of June 30, 2021, the BOE reported a liability of approximately \$46.7 million for its proportionate share of the Employees Retirement System of the State of Maryland (ERS) net pension liability. The ERS net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The BOE’s proportion of the ERS net pension liability was based on a projection of the Board’s long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2021, the Board’s proportion for ERS was 0.21%, which was substantially the same from its proportion measured as of June 30, 2020. For the year ended June 30, 2021, the public schools recognized pension expense for ERS of approximately \$5.2 million. Detailed retirement plan information for the BOE is available in their current year audited financial statements.

The BOE administers the Frederick County Public Schools Defined Contribution Plan (the “Plan”). The Plan is designed to afford eligible employees an opportunity to increase their security at retirement through employee and employer contributions during participants’ periods of active employment while this Plan remains in effect. The BOE has the right to amend the Plan at any time. In fiscal year 2021, the superintendent of schools

NOTES TO FINANCIAL STATEMENTS (Continued)

was the only participant in the Defined Contribution Plan. Contribution requirements are a negotiated part of the current superintendent's contract. The Plan has received a favorable determination letter from the Internal Revenue Service indicating that it qualifies as a tax-qualified "profit-sharing" plan. It is intended to be a "governmental plan" within the meaning of Internal Revenue Code Section 414. During the year ended June 30, 2021 a \$40,000 contribution was made to the Plan by the BOE. The Plan is similar to other deferred compensation plans such as 401(k), 403(b), and 457 plans, and therefore is not reported in these financial statements.

All permanent employees of the Frederick Community College are covered under one of the two cost-sharing multiple-employer pension/retirement plans. One of these plans is provided directly by the State of Maryland, and the employer funding for eligible College employees is provided directly by the State. Only teachers employed by FCC are eligible. State contributions for the fiscal year for this plan totaled \$1,867,234. The other retirement plan, provided through TIAA/CREF or Fidelity, is an option for certain professional employees and is also provided for those College employees for which the State does not provide employer share funding of retirement benefits. The employer contributions toward these non-State plans totaled \$1,092,648. These non-State plans are defined contribution plans requiring an employer contribution of 7.25% of employees' base salary. Employee contributions to the non-State plans are not mandatory.

Substantially all employees of the FCPL are covered under the Maryland State Teachers' Retirement System or the Maryland State Teachers' Pension System. Plan members on December 31, 1979, are members of the Teachers' Retirement System unless they elected to join the Pension System. No new Retirement System members were accepted after December 31, 1979. A member of the Teachers' Retirement System may retire with full benefits at age 60 or with 30 years of service. A member of the Teachers' Pension System may retire with full benefits with 30 years of service or at age 62 or older with specified years of service. For both systems, vesting starts after five years of service. Benefits under both plans are established under Titles 22 and 23 of the State Personnel and Pensions Article of the Annotated Code of Maryland. Obligations to contribute to the plans were established under the above-referenced article of the Maryland Code. Members of the Retirement System and the Pension System contribute seven percent and five percent of their gross employee compensation, respectively. The FCPL's share of contributions for its employees is primarily the responsibility of the State. During the fiscal year ended June 30, 2021, the State paid \$850,519 in retirement costs on its behalf. This amount has been shown as grant revenue and current expenditures for the FCPL.

F. Post-Employment Benefits Plans

1. *Retiree Health Benefit Plan*

Plan Description

The Frederick County Retiree Health Benefit Plan is a single-employer defined benefit healthcare plan administered by the County in a separate trust fund. The Plan provides healthcare benefits to eligible retirees of both Frederick County and Frederick County Public Library and, in certain instances, their eligible survivors and dependents. The County at its discretion can establish, alter, amend, modify or terminate its practice of providing healthcare benefits to retirees and their dependents, as well as the right to require retirees to make greater contributions to the funding of their benefits. The County may amend or terminate the Plan at any time by a duly adopted resolution of the County Council. The Plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system of another entity.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Membership of the Plan consisted of the following at July 1, 2019, the date of the March 2, 2020, actuarial valuation report:

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

Summary of Significant Accounting Policies

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

Funding Policy and Contributions

Benefits are based on the employee's hire date. For employees hired on or before July 1, 1992, the County pays approximately 84 percent of the cost of premiums for medical and hospitalization costs. Employees hired after July 1, 1992 and before August 1, 2008, also must have worked for the County for a minimum of ten years; these employees pay 50% of the cost of premiums. Employees hired after August 1, 2008, also must have worked for the County for a minimum of ten consecutive years; these employees will pay 75% of the cost of the premium with 10 to 14.9 years of service, 65% with 15 to 19.9 years, 55% with 20 to 24.9 years and 45% with over 25 years of service. If a retiree elects to discontinue coverage at the time of retirement or later, they have the option of re-enrolling in the County plan. Therefore, the number of retirees participating in the plan varies throughout the year.

For fiscal year 2021, the County contributed \$6,529,192 to the Plan. Plan members receiving benefits contributed \$2,082,823 approximately 21% of the total premium. Administrative costs are financed through investment earnings.

Net OPEB Liability (Asset)

As of June 30, 2021, the components of the net OPEB liability of the County were as follows:

NOTES TO FINANCIAL STATEMENTS
(Continued)

Total OPEB liability	\$ 223,511,270
Plan fiduciary net position	<u>(230,294,888)</u>
County's net OPEB liability	<u>\$ (6,783,618)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	103.04%

Annual OPEB Costs

During fiscal year ending June 30, 2021, contributions were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation as of July 1, 2019. The County recognized OPEB revenue of 6,981,916 for year ended June 30, 2021. This was a result of favorable market conditions in the current fiscal year.

Actuarial Assumptions

The total OPEB liability as of June 30, 2021, was determined by an actuarial valuation as of July 1, 2020, and rolled forward to June 30, 2021, using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

Long-term expected rate of return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These

NOTES TO FINANCIAL STATEMENTS
(Continued)

ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates for each major asset class are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap domestic equity	45%	6.80%
Small/mid cap domestic equity	10%	7.44%
International equity	10%	7.27%
Fixed income	35%	2.21%
Inflation	0%	2.50%
Total	<u>100%</u>	

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of expense was 27.2%. The money-weighted return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Actual returns may vary due to timing of capital contributions and redemptions.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

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

	<u>1% Decrease 6%</u>	<u>Current Discount Rate 7%</u>	<u>1% Increase 8%</u>
County's net OPEB liability (asset)	\$ 26,710,454	\$ (6,783,618)	\$ (35,143,607)

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

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

	<u>1% Decrease 3%</u>	<u>Trend Rate 4%</u>	<u>1% Increase 5%</u>
County's net OPEB liability (asset)	\$ (41,552,042)	\$ (6,783,618)	\$ 35,816,310

NOTES TO FINANCIAL STATEMENTS
(Continued)

Changes in the net OPEB liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance as of June 30, 2020	\$ 211,010,263	\$ 184,186,218	\$ 26,824,045
Changes for the year			
Service cost	5,742,311	-	5,742,311
Interest	14,499,780	-	14,499,780
Trust Contribution - Employer	-	6,529,192	(6,529,192)
Trust Contribution - Member	-	2,082,823	(2,082,823)
Net Investment Income	-	47,350,800	(47,350,800)
Benefit Payments (net of retiree contributions)	(7,741,084)	(9,823,907)	2,082,823
Administrative expenses	-	(30,238)	30,238
Net Changes	<u>12,501,007</u>	<u>46,108,670</u>	<u>(33,607,663)</u>
Balance as of June 30, 2021	<u>\$ 223,511,270</u>	<u>\$ 230,294,888</u>	<u>\$ (6,783,618)</u>

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

As of June 30, 2021 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary government		
Difference between expected and actual experience	\$ 1,230,156	\$ 36,325,196
Changes of assumptions	2,982,026	13,572,525
Net difference between projected and actual earnings on OPEB plan investments	-	27,388,066
Total primary government	<u>\$ 4,212,182</u>	<u>\$ 77,285,787</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Year ending</u>	<u>Total</u>
2022	\$ (14,404,685)
2023	(13,998,125)
2024	(13,976,804)
2025	(14,197,514)
2026	(8,350,310)
Thereafter	(8,146,167)

2. Component Units

The FCPS Retiree Health Benefit Plan (the "Plan") is a single-employer defined benefit plan administered by the Board of Education. The Plan provides medical, dental, vision, and life insurance benefits to eligible participants (covered retirees, covered survivors, and with respect to certain benefits, their eligible dependents). As of June 30, 2021 there were 2,410 retirees (of which 636 had dependent coverage) and 5,257 active benefited employees in the Plan. The Board of Education has the authority to establish and amend post-employment benefits.

The Board of Education negotiates the contribution percentage between the FCPS and the employees through union contracts and personnel policy. The required contribution is based on projected "pay-as-you-go" financing requirements. For fiscal year 2021, the Board contributed \$19,517,983 to the plan. Of this amount \$12,376,384 was for FCPS' share of retiree premiums, \$54,500 was contributed towards trust investment fees and \$7,087,099 was placed into a 115 Trust account (the Trust), which was established on May 29, 2008 for the purpose of pre-funding a portion of retiree health benefits in the future. Plan members receiving benefits contributed \$8,241,614 or approximately 30% of the total premiums. The rates for fiscal year 2021 were based on the length of service of the retiree (two tiers), the age of the retiree (non-Medicare eligible or Medicare eligible), and the type of insurance (medical Choice Advantage, medical PPO, and/or Dental).

The FCC Healthcare Plan is approved by the Board of Trustees. This policy provides for those retirees who are collecting benefits through either the Maryland State System or one of the state-approved Optional Retirement Plans to continue their healthcare coverage at their expense indefinitely. The healthcare premiums charged have not been age adjusted and, as a result, the plan is deemed to provide an implied subsidy to retirees. The required contribution is based on projected "pay-as-you-go" financing requirements. Coverage for retirees will be governed by contracts in effect with the insurance carriers.

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

G. Deferred Compensation

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

The deferred compensation plan is available to all regular employees or temporary employees to whom compensation is paid. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred

NOTES TO FINANCIAL STATEMENTS
(Continued)

compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. During the fiscal year 2021, approximately 24.7% of the County's eligible employees elected to participate in the plan.

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

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

H. Joint Venture

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

Northeast Maryland Waste Disposal Authority (NMWDA)

The NMWDA is a body politic and corporate and a public instrumentality of the State of Maryland. The NMWDA was established to assist the political subdivisions in the Northeast Maryland Region and the private sector in waste management and the development of waste disposal facilities adequate to accommodate the region's requirements for disposal of solid waste. The MWDA has the following eight member jurisdictions from the State of Maryland: Anne Arundel County, Baltimore City, Baltimore County, Carroll County, Frederick County, Harford County, Howard County and Montgomery County. The Maryland Environmental Service is an ex-officio member. As a participating government in NMWDA, the County paid fiscal year 2021 membership dues and fees for services amounting to \$159,807.

I. Subsequent Events

Retirement Plan Amendment

As of July 1, 2021, the County established the Frederick County Uniformed Employees Retirement Plan through enactment of Bill #21-05 on May 4, 2021. During FY20, the County Executive entered into a Memorandum of Understanding with the Career Firefighters Association of Frederick County, MD, Inc., Local #3666. During FY20, the Sheriff of Frederick County entered into supplemental agreements with the Fraternal Order of Police Lodges 102 and 102A. Each of the supplemental agreements and the Memorandum of Understanding provided for implementation of a "deferred retirement option program" ("DROP") for the County's uniformed employees, namely the deputy sheriffs, corrections officers and career firefighters.

The DROP provides an incentive to encourage employees to work 1-3 years after they are eligible for normal retirement. During this DROP period, the retirement benefit payments the employee would have received as of the date they elect to join DROP are accumulated in a separate self-directed investment account with investment options similar to the County's Deferred Compensation Plan (457b), while they continue to work. Then at

NOTES TO FINANCIAL STATEMENTS
(Continued)

the end of the DROP period, the employee retires and the DROP funds are made available to them. Should a DROP participant cease work during their DROP period, all funds are returned to the Uniformed Retirement Plan.

Implementation of the DROP warranted separation of the uniformed and non-uniformed employees into two retirement plans. The assets of the plans remain the responsibility of a single Retirement Plan Committee with representation from both plans, including each of the unions participating in the uniformed plan.

Other Post Employment Benefit Plan Amendment

As of July 1, 2021 The County Executive approved changes to the Other Post Employment Benefit (OPEB) plan better align with the County's pension benefit plan structure for employees with a service date on or after July 1, 1992. These plan amendments include a change of service credit calculations to be based on years of benefitted service, instead of consecutive years of service, eliminates the return to service restrictions and aligns the eligibility for retiree health to match pension eligibility for employees who have reached age 65 with five years of service.

General Obligation Bonds Issued

On September 28, 2021, Frederick County issued its Tax-Exempt General Obligation Public Facilities Project & Refunding Bonds, Series 2021A in the par amount of \$154,495,000 and premium of \$17,380,240. The Series 2021A Bond bears an average coupon rate of 2.589%, per annum and a true interest cost of 1.566%. The principal amount of the Series 2021A Serial Bonds are payable October 1, 2022 through October 1, 2041. Term bonds are included in this series with maturities on October 1, 2046, in the amount of \$965,000 and October 1, 2051, in the amount of \$1,065,000, bearing yields of 2.19% and 2.23% respectively. The Series 2021A bonds were issued to finance capital projects in the amount of \$163,445,000 as well as refund the Series 2020B Bonds. The Series 2020B Bonds were issued on September 24, 2020, and were anticipated to be refinanced with the County's next bond issue. This refunding is expected to increase total debt service due to the extended maturity for fiscal years 2022 through 2042 by \$1.26 million, and to obtain an economic loss of \$23,000.

On September 28, 2021, Frederick County issued its General Obligation Public Facilities Taxable Refunding Bonds, Series 2021B in the amount of \$30,850,000. The Series 2021B Bonds bear an average coupon rate of 1.814%, per annum and a true interest cost of 1.817%. The principal amount of the Series 2021B Bonds are payable October 1, 2022 through October 1, 2039. These bonds were issued to restructure obligations of the Water & Sewer Fund from 20-year to 30-year obligations, as well as refund other issues to achieve debt service savings. This restructuring will allow the Water & Sewer Fund to be viewed as self-supporting debt by the rating agencies, as well as provide the opportunity to reduce further debt issuance in the future. This refunding is expected to increase total debt service for fiscal years 2022 through 2040 by \$3.99 million due to the extended maturities, and to obtain an economic loss of \$148,000.

Refunded Bonds for Debt Service Savings:

<u>Refunded Bond Issues</u>	<u>Par Amount</u>	<u>Maturity Dates</u>	<u>Call Date</u>
2013 Gen Obligation Bonds	\$ 4,295,000	5/1/2032-2033	5/1/2023
2016A Gen Obligation Bonds	4,620,000	8/1/2028	8/1/2026
Total Refunded Bonds	<u>\$ 8,915,000</u>		

NOTES TO FINANCIAL STATEMENTS
(Continued)

Refunded Bonds for Water & Sewer Fund Debt Restructuring:

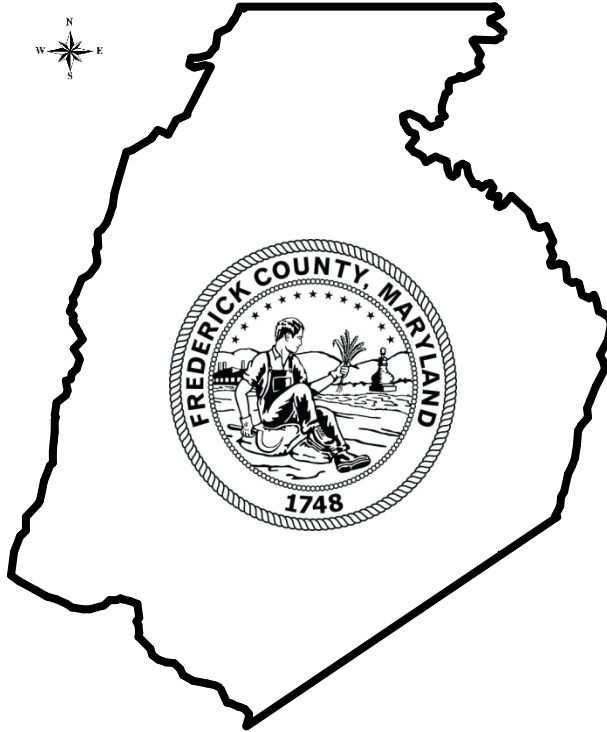
Refunded Bond Issues	Par Amount	Maturity Dates	Call Date
2012 Ref Bonds	\$ 4,655,000	8/1/2022-2024	8/1/2022
2016A Gen Obligation Bonds	1,200,000	8/1/2025-2027	8/1/2026
2017A Crossover Ref Bonds	9,380,000	2/1/2022-2027	n/a
2018A Gen Obligation Bonds	2,085,000	8/1/2025-2027	n/a
2019A Gen Obligation Bonds	985,000	8/1/2025-2027	n/a
Total Refunded Bonds	<u>\$ 18,305,000</u>		

J. New Governmental Accounting Standards Board (GASB) Standard

The County has adopted the provisions of Governmental Accounting Standard Board (GASB) issued Statement No. 84 entitled *Fiduciary Activities*, Standard No. 90 entitled *Major Equity Interests*, and Statement 91 entitled *Conduit Debt Obligations*. The adoption of these GASB statements did not have a material effect on the statements.

As of year ended June 30, 2021, GASB issued Statement No. 87 entitled *Leases*, Statement No. 92 entitled *Omnibus 2020*, Statement No. 93 entitled *Replacement of Interbank Offered Rates*, Statement No. 94 entitled *Public-Private Partnerships and Availability Payment Arrangements*, Statement No. 96 entitled *Subscription-Based Information Technology Arrangements*, and Statement 97 entitled *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The County has not yet completed the process of evaluating the impact of these pronouncements on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION



The information provided in this section is required supplementary disclosures.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total pension liability										
Service cost	\$ 26,468	\$ 24,286	\$ 22,689	\$ 22,387	\$ 21,310	\$ 20,272	\$ 20,127	\$ 21,309	Information for FY2013 and earlier is not available.	
Interest	48,722	45,446	42,252	39,564	36,760	34,936	32,636	30,170		
Changes of benefit terms	10,508	-	11,649	-	-	-	-	-		
Differences between expected and actual experience	(6,131)	2,175	(6,595)	(7,803)	2,501	(10,287)	(124)	-		
Changes of assumptions	-	2,013	-	6,434	-	-	(2,341)	-		
Benefit payments, including refunds of member contributions	(28,618)	(25,648)	(23,067)	(21,308)	(19,696)	(18,052)	(16,812)	(15,671)		
Net change in total pension liability	50,949	48,272	46,928	39,274	40,875	26,869	33,486	35,808		
Total pension liability - beginning	710,334	662,062	615,134	575,860	534,985	508,116	474,630	438,822		
Total pension liability - ending	<u>\$ 761,283</u>	<u>\$ 710,334</u>	<u>\$ 662,062</u>	<u>\$ 615,134</u>	<u>\$ 575,860</u>	<u>\$ 534,985</u>	<u>\$ 508,116</u>	<u>\$ 474,630</u>		
Plan fiduciary net position										
Contributions - employer	19,697	19,751	23,153	21,678	20,419	18,910	20,323	21,260		
Contributions - member	10,005	9,421	9,401	8,093	7,681	7,199	7,022	6,880		
Net investment income	200,543	34,269	46,159	56,674	66,342	3,253	22,501	67,022		
Benefit payments, including refunds of member contributions	(28,618)	(25,648)	(23,067)	(21,308)	(19,696)	(18,052)	(16,812)	(15,671)		
Administrative expense	(836)	(995)	(1,492)	(1,504)	(1,038)	(705)	(793)	(930)		
Other	7	-	-	-	-	-	-	-		
Net change in plan fiduciary net position	200,798	36,798	54,154	63,633	73,708	10,605	32,241	78,561		
Plan fiduciary net position - beginning	726,213	689,415	635,261	571,628	497,920	487,315	455,074	376,513		
Plan fiduciary net position - ending	<u>\$ 927,011</u>	<u>\$ 726,213</u>	<u>\$ 689,415</u>	<u>\$ 635,261</u>	<u>\$ 571,628</u>	<u>\$ 497,920</u>	<u>\$ 487,315</u>	<u>\$ 455,074</u>		
Net position liability (asset) - ending	<u>\$ (165,728)</u>	<u>\$ (15,879)</u>	<u>\$ (27,353)</u>	<u>\$ (20,127)</u>	<u>\$ 4,232</u>	<u>\$ 37,065</u>	<u>\$ 20,801</u>	<u>\$ 19,556</u>		
Plan fiduciary net position as a percentage of the total pension liability	121.77%	102.24%	104.13%	103.27%	99.27%	93.07%	95.91%	95.88%		
Covered payroll	\$ 139,796	\$ 130,636	\$ 117,956	\$ 114,631	\$ 108,689	\$ 100,998	\$ 99,555	\$ 106,397		
Net pension liability as a percentage of covered payroll	-118.55%	-12.16%	-23.19%	-17.56%	3.89%	36.70%	20.89%	18.38%		
Expected average remaining service years of all participants	6	6	6	6	6	6	6	6		
Annual money weighted rate of return, net of investment expenses	27.70%	4.98%	7.34%	10.17%	13.46%	1.07%	5.18%	18.04%		

Notes to Schedule:

Changes of assumptions: Added an assumption for 15 year amortization of DROP. Full descriptions of the actuarial assumptions are available in the July 1, 2019 actuarial valuation report.
Benefit changes: None

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 19,697	\$ 19,751	\$ 16,929	\$ 17,365	\$ 17,455	\$ 18,808	\$ 18,721	\$ 18,687	Information for FY2013 and earlier is not available.	
Contributions in relation to the actuarially determined contribution	19,697	19,751	23,153	21,678	20,419	18,910	20,323	21,260		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,224)</u>	<u>\$ (4,313)</u>	<u>\$ (2,964)</u>	<u>\$ (102)</u>	<u>\$ (1,602)</u>	<u>\$ (2,573)</u>		
Covered payroll	<u>\$ 139,796</u>	<u>\$ 130,636</u>	<u>\$ 117,956</u>	<u>\$ 114,631</u>	<u>\$ 108,689</u>	<u>\$ 100,998</u>	<u>\$ 99,555</u>	<u>\$ 100,298</u>		
Contributions as a percentage of covered payroll	14.09%	15.12%	19.63%	18.91%	18.79%	18.72%	20.41%	21.20%		

Notes to Schedule

Valuation date: July 1, 2020

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of payroll
Remaining amortization period	1 year for ad hoc COLA, 13 years for grant funded employees, 14 years for assumption change, 15 years for DROP, 30 years for surplus
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	Rates vary by participant service and status (uniformed vs. non-uniformed)
Investment rate of return	7.0% net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	Pre-retirement mortality is 70% of Pub-2010 Safety Employees Amount-Weighted Mortality table with fully generational projection using scale MP2018 for Uniformed employees; 70% of Pub-2010 General Employees Amount-Weighted Mortality table with fully generational projection using scale MP2018 for Non-Uniformed employees.

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total LOSAP liability										
Service cost	\$ 186	\$ 191	\$ 202	\$ 171	\$ 167					
Interest	830	815	840	827	810					
Differences between expected and actual experience	55	(135)	(628)	(74)	-					
Changes of assumptions	-	156	-	-	-					
Benefit payments, including refunds of member contributions	(866)	(774)	(763)	(719)	(744)					
Net change in total LOSAP liability	<u>205</u>	<u>253</u>	<u>(349)</u>	<u>205</u>	<u>233</u>					
Total LOSAP liability - beginning	12,289	12,036	12,385	12,180	11,947					
Total LOSAP liability - ending	<u>\$ 12,494</u>	<u>\$ 12,289</u>	<u>\$ 12,036</u>	<u>\$ 12,385</u>	<u>\$ 12,180</u>					
Plan fiduciary net position										
Contributions - employer	1,202	1,187	1,461	1,241	1,006					
Net investment income	605	114	102	23	-					
Benefit payments, including refunds of member contributions	(866)	(774)	(763)	(719)	(744)					
Administrative expense	(15)	(12)	(24)	(20)	-					
Net change in plan fiduciary net position	<u>926</u>	<u>515</u>	<u>776</u>	<u>525</u>	<u>262</u>					
Plan fiduciary net position - beginning	2,078	1,563	787	262	-					
Plan fiduciary net position - ending	<u>\$ 3,004</u>	<u>\$ 2,078</u>	<u>\$ 1,563</u>	<u>\$ 787</u>	<u>\$ 262</u>					
Net position liability - ending	<u>\$ 9,490</u>	<u>\$ 10,211</u>	<u>\$ 10,473</u>	<u>\$ 11,598</u>	<u>\$ 11,918</u>					
Plan fiduciary net position as a percentage of the total LOSAP liability	24.06%	16.91%	12.99%	6.36%	2.15%					
Covered payroll	n/a	n/a	n/a	n/a	n/a					
Net LOSAP liability as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a					
Expected average remaining service years of all participants	8	8	8	9	9					
Annual money weighted rate of return, net of investment expenses	26.80%	5.96%	7.75%	3.21%	0.00%					
Notes to Schedule:										
Changes of assumptions: None										
Benefit changes: None										

Information for FY2016 and earlier is not available

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 1,202	\$ 1,187	\$ 1,461	\$ 1,461	\$ 1,430	Information for FY2016 and earlier is not available				
Contributions in relation to the actuarially determined contribution	<u>1,202</u>	<u>1,187</u>	<u>1,461</u>	<u>1,241</u>	<u>1,005</u>					
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 425</u>					
Covered payroll	n/a	n/a	n/a	n/a	n/a					
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a					

Notes to Schedule

Valuation date: July 1, 2021

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level payments over a closed period of 20 years
Remaining amortization period	Ranging from 15 to 20 years
Asset valuation method	Market value
Inflation	2.5%
Salary increases	None
Investment rate of return	7.0% net of LOSAP investment expense, including inflation
Retirement age	The latter of 25 years of service and age 65
Mortality	Pub-2010 Safety Retirees Headcount-Weighted Mortality table with fully generational projection using scale MP2018

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total pension liability										
Service cost	\$ 5,742	\$ 6,622	\$ 6,380	\$ 5,623	\$ 5,257					
Interest	14,500	17,869	16,845	15,251	14,311					
Differences between expected and actual experience	-	(47,073)	(1,633)	2,460	-					
Changes of assumptions	-	(18,097)	(6,787)	5,964	-					
Benefit payments, including refunds of member contributions	(7,741)	(7,151)	-	(6,278)	(5,998)					
Net change in total pension liability	12,501	(47,830)	14,805	23,020	13,570					
Total OPEB liability - beginning	211,010	258,840	244,035	221,015	207,445					
Total OPEB - ending	<u>\$ 223,511</u>	<u>\$ 211,010</u>	<u>\$ 258,840</u>	<u>\$ 244,035</u>	<u>\$ 221,015</u>					
Plan fiduciary net position										
Contributions - employer	6,529	12,385	12,031	10,833	10,343					
Net investment income	47,351	10,848	10,928	11,693	13,807					
Benefit payments, including refunds of member contributions	(7,741)	(7,151)	(6,787)	(6,279)	(5,998)					
Administrative expense	(30)	(28)	(13)	-	(52)					
Net change in plan fiduciary net position	46,109	16,054	16,159	16,247	18,100					
Plan fiduciary net position - beginning	184,186	168,132	151,973	135,726	117,626					
Plan fiduciary net position - ending	<u>\$ 230,295</u>	<u>\$ 184,186</u>	<u>\$ 168,132</u>	<u>\$ 151,973</u>	<u>\$ 135,726</u>					
Net position liability (asset) - ending	<u>\$ (6,784)</u>	<u>\$ 26,824</u>	<u>\$ 90,708</u>	<u>\$ 92,062</u>	<u>\$ 85,289</u>					
Plan fiduciary net position as a percentage of the total pension liability	103.04%	87.29%	64.96%	62.27%	61.41%					
Covered payroll	\$ -	\$ 130,636	\$ 117,956	\$ 114,631	\$ 108,689					
Expected average remaining service years of all participants	8	8	8	8	8					
Annual money weighted rate of return, net of investment expenses	27.20%	6.22%	7.71%	8.39%	11.60%					

Information for FY2016 and earlier is not available

Notes to Schedule:

Changes of assumptions: None

Benefit changes: None

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 6,150	\$ 11,663	\$ 11,519	\$ 10,386	\$ 9,783	Information for FY2016 and earlier is not available				
Contributions in relation to the actuarially determined contribution	<u>6,529</u>	<u>12,385</u>	<u>12,031</u>	<u>10,832</u>	<u>10,343</u>					
Contribution deficiency (excess)	<u>\$ (379)</u>	<u>\$ (722)</u>	<u>\$ (512)</u>	<u>\$ (446)</u>	<u>\$ (560)</u>					
Covered payroll	\$ 139,796	\$ 130,635	\$ 117,956	\$ 114,631	\$ 108,689					
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a					

Notes to Schedule

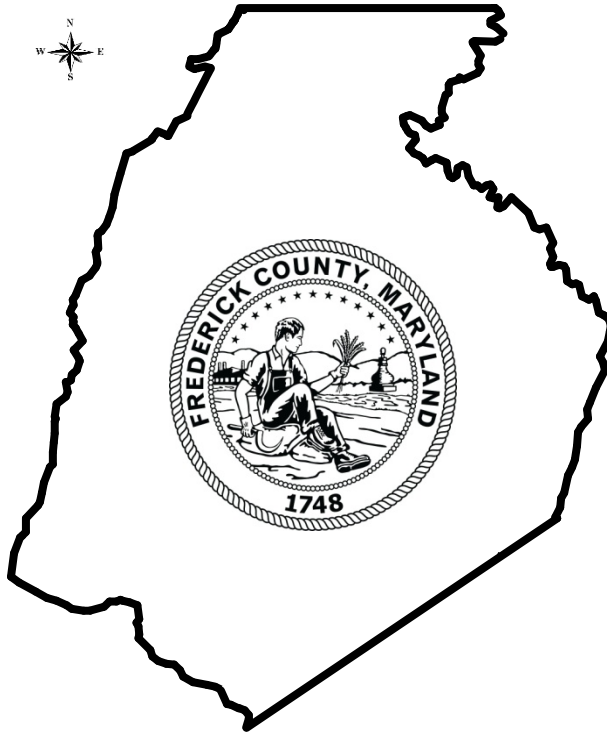
Valuation date: July 1, 2019

The FYE 2021 actuarially determined contribution (ADC) is calculated as of 6/30/2019. The liability is based on 7/1/2019 data rolled forward to 6/30/2021. The trust assets were as of 7/1/2019. Actuarial valuations are done every other year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll
Remaining amortization period	18 years
Asset valuation method	Market value
Inflation	2.5%
Healthcare cost trend	4.9% for 2021. The ultimate trend is 4.0%
Salary increases	2.5% Annually
Investment rate of return	7.0% net of OPEB investment expense, including inflation
Mortality Rate	Pre-retirement mortality is 70% of Pub-2010 Safety Employees Head Count-Weighted Mortality table with fully generational projection using scale MP2018 for Uniformed employees; 70% of Pub-2010 General Employees Head Count-Weighted Mortality table with fully generational projection using scale MP2018 for Non-Uniformed employees. Post-retirement mortality for healthy participants and beneficiaries is Pub-2010 General Retirees Head Count-Weighted Mortality table with fully generational projection using scale MP2018. Post-retirement mortality for disabled participant is Pub-2010 General Disabled Retirees Head Count-Weighted Mortality table with fully generational projection using scale MP2018.

FUND STATEMENTS AND SCHEDULES



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

FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds					Total Non Major Governmental Funds (See Exhibit II-A-3)
	Watershed Protection & Restoration	Electric Lighting Tax Districts	Hotel Rental Tax	Sheriff's/ Judicial Activities	Loan Activities	
Assets						
Cash	\$ -	\$ -	\$ -	\$ 272,122	\$ -	\$ 272,122
Equity in pooled invested cash	4,265	12,402	-	1,341,272	11,096,338	12,454,277
Total cash and cash equivalents	4,265	12,402	-	1,613,394	11,096,338	12,726,399
Receivables, net of allowance for uncollectibles:						
Accounts	1	1	489,054	73,758	3,343	566,157
Long term receivables, net of allowance for uncollectibles:						
Non-profit organization loans	-	-	1,495,997	-	-	1,495,997
Housing loans	-	-	-	-	8,899,831	8,899,831
Total assets	<u>\$ 4,266</u>	<u>\$ 12,403</u>	<u>\$ 1,985,051</u>	<u>\$ 1,687,152</u>	<u>\$ 19,999,512</u>	<u>\$ 23,688,384</u>
Liabilities and fund balance						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 124,212	\$ -	\$ 124,212
Accrued liabilities	-	1,889	440,170	-	-	442,059
Due to third parties	-	-	-	157,872	-	157,872
Due to general fund	-	-	48,884	-	-	48,884
Other liabilities	-	-	-	-	16,877	16,877
Unearned revenues	-	-	1,495,997	-	-	1,495,997
Total liabilities	<u>-</u>	<u>1,889</u>	<u>1,985,051</u>	<u>282,084</u>	<u>16,877</u>	<u>2,285,901</u>
Fund balances						
Restricted	-	-	-	238,373	-	238,373
Committed	4,266	10,514	-	1,166,695	19,982,635	21,164,110
Total fund balance	<u>4,266</u>	<u>10,514</u>	<u>-</u>	<u>1,405,068</u>	<u>19,982,635</u>	<u>21,402,483</u>
Total liabilities and fund balance	<u>\$ 4,266</u>	<u>\$ 12,403</u>	<u>\$ 1,985,051</u>	<u>\$ 1,687,152</u>	<u>\$ 19,999,512</u>	<u>\$ 23,688,384</u>

FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
SHERIFF'S/ JUDICIAL ACTIVITIES - SPECIAL REVENUE FUNDS
JUNE 30, 2021

	<u>Sheriff's Drug Enforcement</u>	<u>Narcotics Investigative Section</u>	<u>State's Attorney Law Enforcement Aid</u>	<u>Inmates' Canteen</u>	<u>Total Sheriff's/Judicial Activities (See Exhibit II-B-1)</u>
Assets					
Cash	\$ 75,586	\$ 9,450	\$ 28,099	\$ 158,987	\$ 272,122
Equity in pooled invested cash	240,191	28,628	10,153	1,062,300	1,341,272
Total cash and cash equivalents	<u>315,777</u>	<u>38,078</u>	<u>38,252</u>	<u>1,221,287</u>	<u>1,613,394</u>
Receivables, net of allowance for uncollectibles:					
Accounts	-	-	-	73,758	73,758
Total assets	<u>\$ 315,777</u>	<u>\$ 38,078</u>	<u>\$ 38,252</u>	<u>\$ 1,295,045</u>	<u>\$ 1,687,152</u>
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 124,212	\$ 124,212
Due to third parties	-	-	-	157,872	157,872
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,084</u>	<u>282,084</u>
Fund balances					
Restricted	238,373	-	-	-	238,373
Committed	77,404	38,078	38,252	1,012,961	1,166,695
Total fund balance	<u>315,777</u>	<u>38,078</u>	<u>38,252</u>	<u>1,012,961</u>	<u>1,405,068</u>
Total liabilities and fund balance	<u>\$ 315,777</u>	<u>\$ 38,078</u>	<u>\$ 38,252</u>	<u>\$ 1,295,045</u>	<u>\$ 1,687,152</u>

FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
LOAN ACTIVITIES - SPECIAL REVENUE FUNDS
JUNE 30, 2021

	<u>Housing Initiative</u>	<u>Non-Profit Organizations Loans</u>	<u>Fire/Rescue Loans</u>	<u>Total Loan Activities (See Exhibit II-B-1)</u>
Assets				
Equity in pooled invested cash	\$ 10,871,442	\$ 20,000	\$ 204,896	\$ 11,096,338
Total cash and cash equivalents	10,871,442	20,000	204,896	11,096,338
Receivables, net of allowance for uncollectibles:				
Accounts	3,343	-	-	3,343
Long term receivables, net of allowance for uncollectibles:				
Housing loans	8,899,831	-	-	8,899,831
Total assets	<u>\$ 19,774,616</u>	<u>\$ 20,000</u>	<u>\$ 204,896</u>	<u>\$ 19,999,512</u>
Liabilities and fund balance				
Liabilities				
Other liabilities	\$ 16,877	\$ -	\$ -	\$ 16,877
Total liabilities	<u>16,877</u>	<u>-</u>	<u>-</u>	<u>16,877</u>
Fund balances				
Committed	19,757,739	20,000	204,896	19,982,635
Total fund balance	<u>19,757,739</u>	<u>20,000</u>	<u>204,896</u>	<u>19,982,635</u>
Total liabilities and fund balance	<u>\$ 19,774,616</u>	<u>\$ 20,000</u>	<u>\$ 204,896</u>	<u>\$ 19,999,512</u>

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Special Revenue Funds					Total Nonmajor Governmental Funds (See Exhibit II-A-5)
	Watershed Protection & Restoration	Electric Lighting Tax Districts	Hotel Rental Tax	Sheriff's/ Judicial Activities	Loan Activities	
Revenues						
Storm Water Remediation Fee	\$ 544	\$ -	\$ -	\$ -	\$ -	\$ 544
Lighting tax levy	-	11,650	-	-	-	11,650
Other local taxes	-	-	1,721,036	-	882,524	2,603,560
Grants from federal government	-	-	-	16,467	-	16,467
Charges for services	-	-	-	788,481	-	788,481
Fines and forfeitures	-	-	-	102,652	-	102,652
Interest from loans	-	-	-	-	21,676	21,676
Investment earnings	4	18	18	1,448	11,212	12,700
Miscellaneous revenue	-	-	208,458	600	3,370,229	3,579,287
Total revenues	<u>548</u>	<u>11,668</u>	<u>1,929,512</u>	<u>909,648</u>	<u>4,285,641</u>	<u>7,137,017</u>
Expenditures						
General government	-	-	39,681	-	-	39,681
Public safety	-	-	-	930,943	-	930,943
Public works	-	14,206	-	-	-	14,206
Community development and public housing	-	-	-	-	562,967	562,967
Economic development and opportunity	-	-	1,721,054	-	-	1,721,054
Total expenditures	<u>-</u>	<u>14,206</u>	<u>1,760,735</u>	<u>930,943</u>	<u>562,967</u>	<u>3,268,851</u>
Excess (deficiency) of revenues over expenditures	<u>548</u>	<u>(2,538)</u>	<u>168,777</u>	<u>(21,295)</u>	<u>3,722,674</u>	<u>3,868,166</u>
Other financing sources (uses)						
Transfers in from Grants Fund	-	-	-	-	161,200	161,200
Transfers out to Debt Service Fund	-	-	(168,777)	-	-	(168,777)
Transfers out to Grant Fund	-	-	-	-	(544,675)	(544,675)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(168,777)</u>	<u>-</u>	<u>(383,475)</u>	<u>(552,252)</u>
Net change in fund balances	548	(2,538)	-	(21,295)	3,339,199	3,315,914
Fund balance - beginning of year	<u>3,718</u>	<u>13,052</u>	<u>-</u>	<u>1,426,363</u>	<u>16,643,436</u>	<u>18,086,569</u>
Fund balance - end of year	<u>\$ 4,266</u>	<u>\$ 10,514</u>	<u>\$ -</u>	<u>\$ 1,405,068</u>	<u>\$ 19,982,635</u>	<u>\$ 21,402,483</u>

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SHERIFF'S/JUDICIAL ACTIVITIES - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Sheriff's Drug Enforcement</u>	<u>Narcotics Investigative Section</u>	<u>State's Attorney Law Enforcement Aid</u>	<u>Inmates' Canteen</u>	<u>Total Sheriff's/Judicial Activities (See Exhibit II-B-4)</u>
Revenues					
Grants from federal government	\$ 16,467	\$ -	\$ -	\$ -	\$ 16,467
Charges for services	-	-	-	788,481	788,481
Fines and forfeitures	23,654	67,446	11,552	-	102,652
Investment earnings	240	71	9	1,128	1,448
Miscellaneous revenue	-	600	-	-	600
Total revenues	<u>40,361</u>	<u>68,117</u>	<u>11,561</u>	<u>789,609</u>	<u>909,648</u>
Expenditures					
Public safety	<u>62,799</u>	<u>145,685</u>	<u>8,818</u>	<u>713,641</u>	<u>930,943</u>
Total expenditures	<u>62,799</u>	<u>145,685</u>	<u>8,818</u>	<u>713,641</u>	<u>930,943</u>
Net change in fund balances	<u>(22,438)</u>	<u>(77,568)</u>	<u>2,743</u>	<u>75,968</u>	<u>(21,295)</u>
Fund balance - beginning of year	<u>338,215</u>	<u>115,646</u>	<u>35,509</u>	<u>936,993</u>	<u>1,426,363</u>
Fund balance - end of year	<u>\$ 315,777</u>	<u>\$ 38,078</u>	<u>\$ 38,252</u>	<u>\$ 1,012,961</u>	<u>\$ 1,405,068</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, 2021

	<u>Housing Initiative</u>	<u>Non-Profit Organizations Loans</u>	<u>Fire/Rescue Loans</u>	<u>Economic Development Loans</u>	<u>Total Loan Activities (See Exhibit II-B-4)</u>
Revenues					
Other local taxes	\$ 882,524	\$ -	\$ -	\$ -	\$ 882,524
Charges for services	-	-	-	-	-
Interest from loans	21,676	-	-	-	21,676
Investment earnings	7,846	-	189	3,177	11,212
Miscellaneous revenue	3,370,229	-	-	-	3,370,229
Total revenues	<u>4,282,275</u>	<u>-</u>	<u>189</u>	<u>3,177</u>	<u>4,285,641</u>
Expenditures					
Community development and public housing	562,967	-	-	-	562,967
Total expenditures	<u>562,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>562,967</u>
Excess (deficiency) of revenues over expenditures	<u>3,719,308</u>	<u>-</u>	<u>189</u>	<u>3,177</u>	<u>3,722,674</u>
Other financing sources (uses)					
Transfer in from grants fund	161,200	-	-	-	161,200
Transfer in from general fund	-	-	-	-	-
Transfer out to grants fund	-	-	-	(544,675)	(544,675)
Total other financing sources (uses)	<u>161,200</u>	<u>-</u>	<u>-</u>	<u>(544,675)</u>	<u>(383,475)</u>
Net change in fund balances	3,880,508	-	189	(541,498)	3,339,199
Fund balance - beginning of year	<u>15,877,231</u>	<u>20,000</u>	<u>204,707</u>	<u>541,498</u>	<u>16,643,436</u>
Fund balance - end of year	<u>\$ 19,757,739</u>	<u>\$ 20,000</u>	<u>\$ 204,896</u>	<u>\$ -</u>	<u>\$ 19,982,635</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, 2021

	Hotel Rental Tax			Housing Initiative			School Construction		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues									
Lighting tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	2,176,000	1,721,036	(454,964)	600,000	882,524	282,524	6,666,800	9,782,948	3,116,148
Grants from federal government	-	-	-	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Interest from loans	-	-	-	-	21,676	21,676	-	-	-
Investment earnings	2,500	18	(2,482)	46,000	7,846	(38,154)	222,649	14,977	(207,672)
Miscellaneous revenue	170,000	208,458	38,458	1,500,000	3,735,058	2,235,058	-	-	-
Total revenues	<u>2,348,500</u>	<u>1,929,512</u>	<u>(418,988)</u>	<u>2,146,000</u>	<u>4,647,104</u>	<u>2,501,104</u>	<u>6,889,449</u>	<u>9,797,925</u>	<u>2,908,476</u>
Expenditures									
General government	45,451	39,681	5,770	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-	-	-	-
Community development and public housing	-	-	-	5,254,132	1,218,963	4,035,169	-	-	-
Economic development and opportunity	2,133,049	1,721,054	411,995	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Total expenditures	<u>2,178,500</u>	<u>1,760,735</u>	<u>417,765</u>	<u>5,254,132</u>	<u>1,218,963</u>	<u>4,035,169</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>170,000</u>	<u>168,777</u>	<u>(1,223)</u>	<u>(3,108,132)</u>	<u>3,428,141</u>	<u>6,536,273</u>	<u>6,889,449</u>	<u>9,797,925</u>	<u>2,908,476</u>
Other financing sources (uses)									
Appropriated fund balance	-	-	-	2,946,932	1,177,413	(1,769,519)	2,348,551	-	(2,348,551)
Transfers in from general fund	-	-	-	-	-	-	-	-	-
Transfers in from grants fund	-	-	-	161,200	161,200	-	-	-	-
Transfers out to capital projects fund	-	-	-	-	-	-	(5,200,000)	(5,200,000)	-
Transfers out to general fund	-	-	-	-	-	-	-	-	-
Transfers out to fleet services	-	-	-	-	-	-	-	-	-
Transfers out to housing initiative	-	-	-	-	-	-	-	-	-
Transfers out to debt service fund	(170,000)	(168,777)	1,223	-	-	-	(4,038,000)	(4,029,828)	8,172
Installment purchase agreement	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(170,000)</u>	<u>(168,777)</u>	<u>-</u>	<u>3,108,132</u>	<u>1,338,613</u>	<u>(1,769,519)</u>	<u>(6,889,449)</u>	<u>(9,229,828)</u>	<u>(2,340,379)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,223)</u>	<u>\$ -</u>	<u>\$ 4,766,754</u>	<u>\$ 4,766,754</u>	<u>\$ -</u>	<u>\$ 568,097</u>	<u>\$ 568,097</u>
Fund balance - beginning of year		-			15,877,231			-	
Net change in reserves and adjustments to GAAP basis		-			(886,246)			(568,097)	
Fund balance - end of year		<u>\$ -</u>			<u>\$ 19,757,739</u>			<u>\$ -</u>	

(continued)

FREDERICK COUNTY, MARYLAND
SPECIAL REVENUE FUNDS
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Impact Fees			Economic Development Loans			Electric Lighting Tax Districts		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues									
Lighting tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,280	\$ 11,650	\$ 370
Other local taxes	-	-	-	-	-	-	-	-	-
Grants from federal government	-	-	-	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-	-	-	-
Charges for services	22,940,714	48,136,437	25,195,723	-	-	-	-	-	-
Interest from loans	-	-	-	-	-	-	-	-	-
Investment earnings	1,089,371	84,392	(1,004,979)	3,177	3,177	-	-	18	18
Miscellaneous revenue	-	-	-	-	-	-	-	-	-
Total revenues	<u>24,030,085</u>	<u>48,220,829</u>	<u>24,190,744</u>	<u>3,177</u>	<u>3,177</u>	<u>-</u>	<u>11,280</u>	<u>11,668</u>	<u>388</u>
Expenditures									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	13,300	14,206	(906)
Health	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-	-	-	-
Community development and public housing	-	-	-	-	-	-	-	-	-
Economic development and opportunity	-	-	-	200	-	200	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>200</u>	<u>13,300</u>	<u>14,206</u>	<u>(906)</u>
Excess (deficiency) of revenues over expenditures	<u>24,030,085</u>	<u>48,220,829</u>	<u>24,190,744</u>	<u>2,977</u>	<u>3,177</u>	<u>200</u>	<u>(2,020)</u>	<u>(2,538)</u>	<u>(518)</u>
Other financing sources (uses)									
Appropriated fund balance	11,280,453	-	(11,280,453)	541,698	-	(541,698)	2,020	-	(2,020)
Transfers in from general fund	30,636	30,636	-	-	-	-	-	-	-
Transfers out to capital projects fund	(29,987,798)	(29,987,798)	-	-	-	-	-	-	-
Transfers out to general fund	-	-	-	-	-	-	-	-	-
Transfers out to grants fund	-	-	-	(544,675)	(544,675)	-	-	-	-
Proceeds from refunding bonds	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-
Premium on public facilities bonds	-	-	-	-	-	-	-	-	-
Transfers out to fleet services fund	-	-	-	-	-	-	-	-	-
Transfers out to debt service fund	(5,353,376)	(5,346,046)	7,330	-	-	-	-	-	-
Installment purchase agreement	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(24,030,085)</u>	<u>(35,303,208)</u>	<u>(11,273,123)</u>	<u>(2,977)</u>	<u>(544,675)</u>	<u>(541,698)</u>	<u>2,020</u>	<u>-</u>	<u>(2,020)</u>
Net change in fund balances	<u>\$ -</u>	<u>12,917,621</u>	<u>\$ 12,917,621</u>	<u>\$ -</u>	<u>(541,498)</u>	<u>\$ (541,498)</u>	<u>\$ -</u>	<u>(2,538)</u>	<u>\$ (2,538)</u>
Fund balance - beginning of year		-			541,498			13,052	
Net change in reserves and adjustments to GAAP basis		(12,917,621)			-			-	
Fund balance - end of year	<u>\$ -</u>	<u>-</u>		<u>\$ -</u>	<u>-</u>		<u>\$ 10,514</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, 2021

	Parks Acquisition & Development		
	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues			
Lighting tax levy	\$ -	\$ -	\$ -
Other local taxes	5,000,000	7,332,865	2,332,865
Grants from federal government	-	-	-
Grants from state government	-	-	-
Charges for services	-	-	-
Interest from loans	-	-	-
Investment earnings	78,062	14,391	(63,671)
Miscellaneous revenue	-	-	-
Total revenues	<u>5,078,062</u>	<u>7,347,256</u>	<u>2,269,194</u>
Expenditures			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health	-	-	-
Social services	-	-	-
Conservation of natural resources	-	-	-
Community development and public housing	-	-	-
Economic development and opportunity	-	-	-
Debt service	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>5,078,062</u>	<u>7,347,256</u>	<u>2,269,194</u>
Other financing sources (uses)			
Appropriated fund balance	3,611,938	-	(3,611,938)
Transfers in from general fund	-	-	-
Transfers out to capital projects fund	(7,722,724)	(7,722,724)	-
Transfers out to debt service fund	(967,276)	(946,626)	20,650
Installment purchase agreement	-	-	-
Total other financing sources (uses)	<u>(5,078,062)</u>	<u>(8,669,350)</u>	<u>(3,591,288)</u>
Net change in fund balances	<u>\$ -</u>	<u>(1,322,094)</u>	<u>\$ (1,322,094)</u>
Fund balance - beginning of year		-	
Net change in reserves and adjustments to GAAP basis		<u>1,322,094</u>	
Fund balance - end of year	\$	<u><u>-</u></u>	

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Investment earnings	\$ -	\$ 22,656	\$ 22,656
Total revenues	<u>-</u>	<u>22,656</u>	<u>22,656</u>
Expenditures			
Debt Service:			
Principal and interest for general obligation bonds:			
General government	12,475,530	12,438,029	37,501
Parks and recreation	1,607,136	1,605,103	2,033
Watershed restoration	571,692	569,974	1,718
Transportation	7,475,849	7,453,377	22,472
Frederick Community College	2,852,818	2,844,242	8,576
Frederick County Public Schools	28,247,257	28,181,715	65,542
Municipalities	1,176,378	1,172,842	3,536
Tourism	169,240	168,075	1,165
Principal and interest for:			
Installment purchase agreements	2,945,720	2,845,646	100,074
Long term leases	1,673,294	1,673,294	-
Notes payable	13,937	13,935	2
Debt issuance costs	712,420	200,966	511,454
Total expenditures	<u>59,921,271</u>	<u>59,167,198</u>	<u>754,073</u>
Excess (deficiency) of revenues over expenditures	<u>(59,921,271)</u>	<u>(59,144,542)</u>	<u>776,729</u>
Other financing sources (uses)			
Transfers in from general fund	45,071,160	45,071,160	-
Transfers in from special revenue funds:			
Agricultural preservation fund	3,089,675	2,873,741	(215,934)
Hotel rental tax fund	169,240	168,776	(464)
Transfers in from capital project funds:			
Impact fee fund	5,353,380	5,346,046	(7,334)
Parks acquisition & development fund	968,000	946,625	(21,375)
School construction fund	4,038,000	4,029,828	(8,172)
Refunding bonds issued	-	70,000	70,000
Premium on debt	425,000	-	(425,000)
Total other financing sources (uses)	<u>59,114,455</u>	<u>58,506,176</u>	<u>(608,279)</u>
Net change in fund balances	<u>\$ (806,816)</u>	<u>(638,366)</u>	<u>\$ 168,450</u>
Net change in reserves and adjustment to GAAP basis		-	
Fund balance - beginning of year		1,117,574	
Fund balance - end of year		<u>\$ 479,208</u>	

FREDERICK COUNTY, MARYLAND
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Project Budget</u>	<u>Current Year Actual</u>	<u>Total To Date</u>	<u>Variance - Positive (Negative)</u>
Revenues				
Grants from federal government				
Highways	\$ 9,941,093	\$ 1,370,963	\$ 1,220,963	\$ (8,720,130)
Miscellaneous grants	7,251,019	2,097,183	2,831,721	(4,419,298)
Grants from state government:				
Highways	3,024,000	-	-	(3,024,000)
Program open space	3,294,311	1,163,393	(222,044)	(3,516,355)
Detention center	1,263,000	-	-	(1,263,000)
Education	126,258,611	23,834,793	53,456,420	(72,802,191)
Watershed restoration	1,639,845	129,694	(387,697)	(2,027,542)
Miscellaneous grants	3,047,697	440,572	(277,959)	(3,325,656)
Other	1,014,696	470,819	741,245	(273,451)
Total revenues	<u>156,734,272</u>	<u>29,507,417</u>	<u>57,362,649</u>	<u>(99,371,623)</u>
Expenditures				
General government	138,633,100	42,029,072	38,626,833	100,006,267
Roads and bridges	178,941,900	17,390,706	32,670,907	146,270,993
Board of Education	371,350,244	93,395,095	188,461,345	182,888,899
Frederick Community College	51,309,945	2,474,636	39,731,828	11,578,117
Parks and recreation	57,589,881	17,291,000	17,393,493	40,196,388
Watershed restoration	39,144,490	3,412,628	6,009,557	33,134,933
Municipal	12,217,817	300,053	609,211	11,608,606
Total expenditures	<u>849,187,377</u>	<u>176,293,190</u>	<u>323,503,174</u>	<u>525,684,203</u>
Excess (deficiency) of revenues over expenditures	<u>(692,453,105)</u>	<u>(146,785,773)</u>	<u>(266,140,525)</u>	<u>426,312,580</u>
Other financing sources (uses)				
Transfers in from general fund	107,634,502	18,228,900	60,069,299	(47,565,203)
Transfers in from impact fees fund	86,716,607	29,987,798	75,081,608	(11,634,999)
Transfers in from parks acquisition & development fund	26,823,374	7,722,724	15,854,446	(10,968,928)
Transfers in from development road improvement fund	3,153,070	-	515,872	(2,637,198)
Transfers in from school construction fund	17,972,021	5,200,000	12,081,699	(5,890,322)
Transfers in from water and sewer fund	1,867,357	910,000	994,902	(872,455)
Transfers in from solid waste fund	183,175	170,000	183,175	-
Transfers out to fleet service fund	(144,336)	(144,336)	-	144,336
Transfers out from water and sewer fund	-	-	(500,000)	(500,000)
General obligation bonds issued	412,307,059	7,760,000	37,233,363	(375,073,696)
Premium on debt	17,237,328	-	17,815,447	578,119
Capital leases	18,702,948	-	401,940	(18,301,008)
Total other financing sources (uses)	<u>692,453,105</u>	<u>69,835,086</u>	<u>219,731,751</u>	<u>(472,721,354)</u>
Net change in fund balances	<u>\$ -</u>	<u>(76,950,687)</u>	<u>\$ (46,408,774)</u>	<u>\$ (46,408,774)</u>
Net change in reserves and adjustment to GAAP basis		30,979,967		
Fund balance - beginning of year		<u>150,985,657</u>		
Fund balance - end of year		<u>\$ 105,014,937</u>		

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021

	Worker's Compensation	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-10)
Assets				
Current assets:				
Equity in pooled invested cash	\$ 10,925,352	\$ 609,985	\$ 7,101,726	\$ 18,637,063
Total cash and cash equivalents	10,925,352	609,985	7,101,726	18,637,063
Receivables, net of allowance for uncollectible accounts	199,300	82,148	210,526	491,974
Inventories	-	-	541,454	541,454
Prepaid items	-	133,992	-	133,992
Total current assets	<u>11,124,652</u>	<u>826,125</u>	<u>7,853,706</u>	<u>19,804,483</u>
Noncurrent assets:				
Capital assets:				
Buildings and improvements	-	-	1,833,133	1,833,133
Equipment	-	620,089	38,734,884	39,354,973
Accumulated depreciation	-	(445,919)	(20,310,338)	(20,756,257)
Total noncurrent assets	<u>-</u>	<u>174,170</u>	<u>20,257,679</u>	<u>20,431,849</u>
Total assets	<u>11,124,652</u>	<u>1,000,295</u>	<u>28,111,385</u>	<u>40,236,332</u>
Liabilities				
Current liabilities:				
Payroll and benefit deductions	5,270	28,033	152,244	185,547
Accrued expenses	12,100	15,879	397,451	425,430
Other liabilities	-	-	-	-
Current portion of prefunded loss claims	2,328,232	-	-	2,328,232
Current portion of compensated absences	-	-	15,440	15,440
Total current liabilities	<u>2,345,602</u>	<u>43,912</u>	<u>565,135</u>	<u>2,954,649</u>
Noncurrent liabilities:				
Liability for prefunded loss claims	3,282,536	-	-	3,282,536
Liability for compensated absences	2,827	42,882	151,105	196,814
Total noncurrent liabilities	<u>3,285,363</u>	<u>42,882</u>	<u>151,105</u>	<u>3,479,350</u>
Total liabilities	<u>5,630,965</u>	<u>86,794</u>	<u>716,240</u>	<u>6,433,999</u>
Net position				
Net investment in capital assets	-	174,170	20,257,679	20,431,849
Unrestricted	5,493,687	739,331	7,137,466	13,370,484
Total net position	<u>\$ 5,493,687</u>	<u>\$ 913,501</u>	<u>\$ 27,395,145</u>	<u>\$ 33,802,333</u>

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Worker's Compensation</u>	<u>Voice Services</u>	<u>Fleet Services</u>	Total Internal Service Funds (See Exhibit II-A-11)
Operating revenues				
Service charges	\$ 6,270,144	\$ 976,703	\$12,092,829	\$ 19,339,676
Total operating revenues	<u>6,270,144</u>	<u>976,703</u>	<u>12,092,829</u>	<u>19,339,676</u>
Operating expenses				
Personnel services	84,414	426,572	2,503,105	3,014,091
Other operating expenses (including administrative overhead)	203,999	422,120	1,244,748	1,870,867
Prefunded loss & estimated claims	3,625,232	-	-	3,625,232
Insurance	1,546,857	-	-	1,546,857
Supplies	-	3,263	4,089,922	4,093,185
Repairs and maintenance	-	241,745	684,682	926,427
Depreciation	-	49,763	3,631,036	3,680,799
Total operating expenses	<u>5,460,502</u>	<u>1,143,463</u>	<u>12,153,493</u>	<u>18,757,458</u>
Operating income (loss)	<u>809,642</u>	<u>(166,760)</u>	<u>(60,664)</u>	<u>582,218</u>
Nonoperating revenues (expenses)				
Investment earnings	7,249	710	6,152	14,111
Insurance recovery	-	-	14,243	14,243
Gain (loss) on disposition of capital assets	-	-	(30,612)	(30,612)
Total nonoperating revenues (expenses)	<u>7,249</u>	<u>710</u>	<u>(10,217)</u>	<u>(2,258)</u>
Net income (loss) before contributions and transfers	<u>816,891</u>	<u>(166,050)</u>	<u>(70,881)</u>	<u>579,960</u>
Transfers in (out)	<u>529,617</u>	<u>-</u>	<u>1,334,559</u>	<u>1,864,176</u>
Total contributions and transfers	<u>529,617</u>	<u>-</u>	<u>1,334,559</u>	<u>1,864,176</u>
Change in net position	1,346,508	(166,050)	1,263,678	2,444,136
Net position - beginning of year	<u>4,147,179</u>	<u>1,079,551</u>	<u>26,131,467</u>	<u>31,358,197</u>
Net position - end of year	<u>\$ 5,493,687</u>	<u>\$ 913,501</u>	<u>\$27,395,145</u>	<u>\$ 33,802,333</u>

**FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Worker's Compensation</u>	<u>Voice Services</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds (See Exhibit II-A-12)</u>
Cash flows from operating activities				
Cash received from residents and customers	\$ -	\$ 383,580	\$ 206,346	\$ 589,926
Cash paid to suppliers	2,372,853	(735,703)	(6,124,254)	(4,487,104)
Cash paid to employees	(2,218,799)	(421,382)	(2,526,339)	(5,166,520)
Internal activity - receipts from other funds	6,305,788	581,013	11,751,568	18,638,369
Net cash provided by operating activities	<u>6,459,842</u>	<u>(192,492)</u>	<u>3,307,321</u>	<u>9,574,671</u>
Cash flows from noncapital financing activities				
Transfers in (out)	529,617	-	1,334,559	1,864,176
Net cash provided (used) by noncapital financing activities	<u>529,617</u>	<u>-</u>	<u>1,334,559</u>	<u>1,864,176</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	-	-	(4,186,901)	(4,186,901)
Recoveries for damages	-	-	14,243	14,243
Proceeds from sale of capital assets	-	-	328,530	328,530
Net cash provided (used) by capital & related financing activities	<u>-</u>	<u>-</u>	<u>(3,844,128)</u>	<u>(3,844,128)</u>
Cash flows from investing activities				
Interest received on investments	7,249	710	6,152	14,111
Net cash provided by investing activities	<u>7,249</u>	<u>710</u>	<u>6,152</u>	<u>14,111</u>
Net increase (decrease) in cash and cash equivalents	6,996,708	(191,782)	803,904	7,608,830
Cash and cash equivalents - beginning of year	<u>3,928,643</u>	<u>801,767</u>	<u>\$ 6,297,823</u>	<u>11,028,233</u>
Cash and cash equivalents - end of year	<u>\$ 10,925,351</u>	<u>\$ 609,985</u>	<u>\$ 7,101,727</u>	<u>\$ 18,637,063</u>

(continued)

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Worker's Compensation</u>	<u>Voice Services</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds (See Exhibit II-A-12)</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 809,642	\$ (166,760)	\$ (60,664)	\$ 582,218
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation	-	49,763	3,631,036	3,680,799
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	35,644	(12,111)	(134,914)	(111,381)
Inventory	-	-	(19,173)	(19,173)
Prepaid items	-	(79,787)	-	(79,787)
Increase (decrease) in:				
Accrued expenses	1,619	15,349	(97,419)	(80,451)
Liability for compensated leave	2,170	1,641	(11,546)	(7,735)
Other liabilities	5,610,767	(587)	-	5,610,180
Net cash provided by operating activities	<u>\$ 6,459,842</u>	<u>\$ (192,492)</u>	<u>\$ 3,307,320</u>	<u>\$ 9,574,670</u>
Non-cash investing, capital, and financing activities:				
None				

**FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFITS TRUST FUNDS
JUNE 30, 2021**

	<u>Pension Trust</u>	<u>Other Post Employment Benefits Trust</u>	<u>Length of Service Award Program Trust</u>	<u>Total Pension Trust Funds (See Exhibit II-A-13)</u>
ASSETS				
Equity in pooled invested cash	\$ 655,424	\$ 2,873,476	\$ 102,192	\$ 3,631,092
Investments:				
Money markets	11,762,619	51,448	603	11,814,670
Fixed income securities	277,042,816	73,466,072	900,358	351,409,246
Equity securities	639,301,410	153,780,072	2,004,835	795,086,317
Accounts receivable	710,548	144,534	-	855,082
Interest receivable	563,833	1	-	563,834
Total assets	<u>930,036,650</u>	<u>230,315,603</u>	<u>3,007,988</u>	<u>1,163,360,241</u>
LIABILITIES				
Accounts payable	521,648	20,715	4,107	546,470
Accrued payroll	2,504,041	-	-	2,504,041
Total liabilities	<u>3,025,689</u>	<u>20,715</u>	<u>4,107</u>	<u>3,050,511</u>
NET POSITION				
Net position restricted for pension	927,010,961	-	3,003,881	930,014,842
Net position restricted for other post employment benefits	-	230,294,888	-	230,294,888
Total net position	<u>\$ 927,010,961</u>	<u>\$ 230,294,888</u>	<u>\$ 3,003,881</u>	<u>\$ 1,160,309,730</u>

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

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFITS TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Pension Trust</u>	<u>Other Post Employment Benefits Trust</u>	<u>Length of Service Award Program Trust</u>	<u>Total Pension Trust Funds (See Exhibit II-A-14)</u>
Additions				
Contributions				
Employer contributions	\$ 19,697,205	\$ 6,162,641	\$ -	\$ 25,859,846
Member contributions	10,005,264	2,082,823	-	12,088,087
County contributions	-	-	1,201,982	1,201,982
Other	6,372	366,551	-	372,923
Total contributions	<u>29,708,841</u>	<u>8,612,015</u>	<u>1,201,982</u>	<u>39,522,838</u>
Investment income				
Net appreciation in fair value of plan investments	185,466,616	44,336,375	549,597	230,352,588
Interest and dividends	17,136,925	3,081,564	59,711	20,278,200
Investment expense	(2,060,938)	(67,139)	(4,401)	(2,132,478)
Net investment income	<u>200,542,603</u>	<u>47,350,800</u>	<u>604,907</u>	<u>248,498,310</u>
Total additions	<u>230,251,444</u>	<u>55,962,815</u>	<u>1,806,889</u>	<u>288,021,148</u>
Deductions				
Benefits and refunds	28,617,993	9,823,907	865,715	39,307,615
Administrative expenses	835,844	30,238	15,539	881,621
Total deductions	<u>29,453,837</u>	<u>9,854,145</u>	<u>881,254</u>	<u>40,189,236</u>
Change in net position	200,797,607	46,108,670	925,635	247,831,912
Net position - beginning of year	<u>726,213,354</u>	<u>184,186,218</u>	<u>2,078,246</u>	<u>912,477,818</u>
Net position - end of year	<u>\$ 927,010,961</u>	<u>\$ 230,294,888</u>	<u>\$ 3,003,881</u>	<u>\$ 1,160,309,730</u>

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

**FREDERICK COUNTY, MARYLAND
OTHER CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	<u>Tax Agency</u>	<u>Subdivision and Driveway Deposits</u>	<u>Work Release</u>	<u>Law Library</u>	<u>Juror's Fund</u>	<u>Total Other Custodial</u>
Assets						
Cash and cash equivalents	\$ 318,973	\$ -	\$ 16,549	\$ -	\$ 14,100	\$ 349,622
Equity in pooled invested cash	1,478,020	3,871,718	-	438,020	-	5,787,758
Receivables (net of allowance for uncollectibles):						
Interest	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Total Assets	<u>1,796,993</u>	<u>3,871,718</u>	<u>16,549</u>	<u>438,020</u>	<u>14,100</u>	<u>6,137,380</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to third parties	1,796,993	-	16,549	376,545	14,100	2,204,187
Bond forfeitures	-	-	-	61,475	-	61,475
Performance deposits	-	3,871,718	-	-	-	3,871,718
Retirement benefit deductions	-	-	-	-	-	-
Total Liabilities	<u>1,796,993</u>	<u>3,871,718</u>	<u>16,549</u>	<u>438,020</u>	<u>14,100</u>	<u>6,137,380</u>
NET POSITION						
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**FREDERICK COUNTY, MARYLAND
OTHER CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Tax Agency</u>	<u>Subdivision and Driveway Deposits</u>	<u>Work Release</u>	<u>Tax Incremental Financing Bond</u>	<u>Law Library</u>	<u>Juror's Fund</u>	<u>Total Other Custodial</u>
Additions							
Other	\$ 13,396,590	\$ 3,222,325	\$ 736,356	\$ 8,423,002	\$ 110,697	\$ 39,528	\$ 25,928,498
Total Additions	<u>13,396,590</u>	<u>3,222,325</u>	<u>736,356</u>	<u>8,423,002</u>	<u>110,697</u>	<u>39,528</u>	<u>25,928,498</u>
Deductions							
Third party payments	13,396,590	3,222,325	736,356	8,423,002	110,697	39,528	25,928,498
Total Deductions	<u>13,396,590</u>	<u>3,222,325</u>	<u>736,356</u>	<u>8,423,002</u>	<u>110,697</u>	<u>39,528</u>	<u>25,928,498</u>
Change in net position	-	-	-	-	-	-	-
Net position - beginning of year	-	-	-	-	-	-	-
Net Position - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

FREDERICK COUNTY, MARYLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE (1)
JUNE 30, 2021

	2021
Governmental funds capital assets	
Land and improvements	\$ 187,619,614
Buildings	218,881,962
Equipment	109,592,201
Infrastructure	433,018,258
Construction in progress	39,721,682
Total governmental funds capital assets	\$ 988,833,717
Investment in governmental funds capital assets by source	
Capital projects fund (2)	\$ 800,498,024
General fund	1,710,015
Special revenue funds	121,503,012
Donations	65,122,666
Total governmental funds capital assets	\$ 988,833,717

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$41,188,106 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Position.

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

FREDERICK COUNTY, MARYLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION (1)
JUNE 30, 2021

<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	\$ 6,422,580	\$ 51,924,872	\$ 19,658,714	\$ -	\$ -	\$ 78,006,166
Public safety	8,088,220	79,355,841	68,035,754	-	-	155,479,815
Public works	4,781,648	10,322,182	14,641,271	-	-	29,745,101
Public health	810,799	7,771,458	158,124	-	-	8,740,381
Social services	526,263	9,769,139	461,726	-	-	10,757,128
Recreation and culture	66,084,481	58,541,352	6,473,267	3,405,121	-	134,504,221
Conservation of natural resources	99,037,910	-	128,984	-	-	99,166,894
Economic development and opportunity	217,968	1,197,118	34,361	-	-	1,449,447
Infrastructure	1,649,745	-	-	429,613,137	-	431,262,882
Construction in progress	-	-	-	-	39,721,682	39,721,682
Total governmental funds capital assets	<u>\$ 187,619,614</u>	<u>\$ 218,881,962</u>	<u>\$ 109,592,201</u>	<u>\$ 433,018,258</u>	<u>\$ 39,721,682</u>	<u>\$ 988,833,717</u>

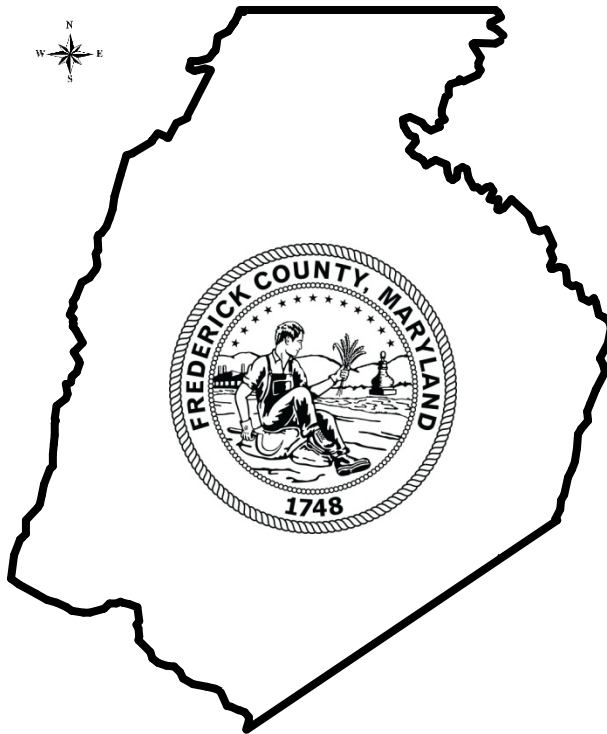
(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$41,188,106 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Position.

FREDERICK COUNTY, MARYLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION (1)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Function</u>	<u>Governmental Funds Capital Assets July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2021</u>
General government	\$ 79,546,473	\$ 4,200,849	\$ 5,741,156	\$ 78,006,166
Public safety	149,883,092	6,270,118	673,395	155,479,815
Public works	28,816,093	1,779,369	850,361	29,745,101
Public health	8,533,315	207,066	-	8,740,381
Social services	10,718,690	38,438	-	10,757,128
Recreation and culture	118,439,809	16,289,612	225,200	134,504,221
Conservation of natural resources	93,440,170	6,908,519	1,181,796	99,166,893
Economic development and opportunity	1,423,491	25,956	-	1,449,447
Infrastructure	424,997,374	6,265,509	-	431,262,883
Construction in progress	25,050,856	55,364,579	40,693,753	39,721,682
Total governmental funds capital assets	<u>\$ 940,849,363</u>	<u>\$ 97,350,015</u>	<u>\$ 49,365,661</u>	<u>\$ 988,833,717</u>

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$41,188,106 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Position.

STATISTICAL SECTION



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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018 (4)</u>	<u>2017</u>	<u>2016 (3)</u>	<u>2015</u>	<u>2014</u>	<u>2013 (2)</u>	<u>2012</u>
Governmental activities										
Net Investment in capital assets	\$ 283,144,078	\$ 278,494,160	\$ 318,947,830	\$ 324,840,212	\$ 307,568,324	\$ 297,438,174	\$ 259,453,783	\$ 254,191,895	\$ 275,015,641	\$ 261,682,219
Restricted	138,862,168	165,999,648	200,971,860	173,536,423	163,711,175	182,283,535	145,342,639	138,179,573	180,302,326	146,940,466
Unrestricted (Deficit) (1)	<u>106,283,881</u>	<u>(119,663,607)</u>	<u>(255,175,876)</u>	<u>(323,725,357)</u>	<u>(233,227,495)</u>	<u>(235,936,549)</u>	<u>(183,217,496)</u>	<u>(178,367,506)</u>	<u>(238,490,895)</u>	<u>(191,281,325)</u>
Total governmental activities net position	<u>528,290,127</u>	<u>324,830,201</u>	<u>264,743,814</u>	<u>174,651,278</u>	<u>238,052,004</u>	<u>243,785,160</u>	<u>221,578,926</u>	<u>214,003,962</u>	<u>216,827,072</u>	<u>217,341,360</u>
Business-type activities										
Net Investment in capital assets	522,956,366	507,409,906	472,364,314	449,599,222	442,194,425	438,579,430	425,865,230	401,049,591	385,175,447	354,046,472
Restricted	1,740,387	3,488,995	30,968,191	38,935,350	27,602,398	8,854,679	2,036,901	1,326,742	2,401,597	456,221
Unrestricted (Deficit)	<u>212,361,518</u>	<u>181,779,367</u>	<u>154,769,121</u>	<u>122,915,156</u>	<u>118,937,571</u>	<u>101,822,626</u>	<u>105,728,749</u>	<u>107,306,474</u>	<u>101,996,356</u>	<u>101,593,763</u>
Total business-type activities net position	<u>737,058,271</u>	<u>692,678,268</u>	<u>658,101,626</u>	<u>611,449,728</u>	<u>588,734,394</u>	<u>549,256,735</u>	<u>533,630,880</u>	<u>509,682,807</u>	<u>489,573,400</u>	<u>456,096,456</u>
Primary government										
Net Investment in capital assets	806,100,444	785,904,066	791,312,144	774,439,434	749,762,749	736,017,604	685,319,013	655,241,486	660,191,088	615,728,691
Restricted	140,602,555	169,488,643	231,940,051	212,471,773	191,313,573	191,138,214	147,379,540	139,506,315	182,703,923	147,396,687
Unrestricted (Deficit) (1)	<u>318,645,399</u>	<u>62,115,760</u>	<u>(100,406,755)</u>	<u>(200,810,201)</u>	<u>(114,289,924)</u>	<u>(134,113,923)</u>	<u>(77,488,747)</u>	<u>(71,061,032)</u>	<u>(136,494,539)</u>	<u>(89,687,562)</u>
Total primary government net position	<u>\$ 1,265,348,398</u>	<u>\$ 1,017,508,469</u>	<u>\$ 922,845,440</u>	<u>\$ 786,101,006</u>	<u>\$ 826,786,398</u>	<u>\$ 793,041,895</u>	<u>\$ 755,209,806</u>	<u>\$ 723,686,769</u>	<u>\$ 706,400,472</u>	<u>\$ 673,437,816</u>

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses										
Governmental activities:										
General government	\$ 67,652,494	\$ 66,970,477	\$ 68,549,392	\$ 63,460,776	\$ 68,013,736	\$ 57,212,165	\$ 60,751,789	\$ 52,314,050	\$ 51,175,746	\$ 46,806,905
Public safety	117,620,237	131,909,914	131,166,006	118,905,575	113,039,674	109,986,688	102,524,827	102,479,766	97,785,269	94,646,502
Public works	47,607,716	58,559,965	52,700,033	53,272,452	44,509,357	46,776,331	37,487,379	36,262,384	35,874,382	38,137,648
Health	15,511,095	7,908,820	7,321,929	7,418,055	7,312,583	7,155,032	6,087,893	6,618,902	5,722,861	6,165,458
Social services	9,394,624	9,386,860	8,739,411	8,156,301	6,990,145	8,193,173	13,667,150	8,618,986	8,505,272	7,570,218
Education	404,170,596	360,992,908	314,234,528	351,197,463	331,171,787	286,993,704	271,936,166	269,815,733	249,689,186	253,445,819
Parks, recreation and culture	23,674,856	24,511,355	22,399,034	23,678,439	20,007,099	19,898,672	19,604,270	19,424,328	18,636,699	18,460,120
Conservation of natural resources	6,710,967	16,158,540	11,642,334	9,749,130	10,624,901	5,461,861	3,782,468	2,451,626	2,654,878	4,007,350
Community development and public housing	14,414,529	8,325,583	8,369,398	8,479,237	8,256,051	7,857,125	6,906,365	7,065,314	6,979,175	6,632,923
Economic development and opportunity	19,874,243	14,462,151	11,164,606	10,572,727	9,103,679	8,130,895	7,782,637	7,128,852	7,440,036	7,558,114
Interest on long term debt	14,704,000	19,116,730	18,789,477	18,792,919	17,918,468	19,414,360	17,826,278	18,608,011	19,465,343	19,546,097
Total governmental activities expenses	<u>741,335,357</u>	<u>718,303,304</u>	<u>655,076,148</u>	<u>673,683,074</u>	<u>636,947,480</u>	<u>577,080,006</u>	<u>548,357,222</u>	<u>530,787,952</u>	<u>503,928,847</u>	<u>502,977,154</u>
Business-type activities:										
Water and sewer	49,554,673	50,846,081	48,117,760	43,576,797	40,909,521	39,275,344	34,933,323	34,528,670	32,464,763	31,926,579
Solid waste management	28,417,710	25,342,752	23,730,871	27,238,710	19,648,104	20,021,489	19,829,130	19,474,982	18,365,946	17,878,124
Comprehensive care facility	27,961,688	28,605,554	27,350,922	25,858,932	20,679,299	-	-	21,928,222	22,407,711	20,203,892
Public housing	329,752	179,034	185,840	176,422	166,198	165,457	163,740	194,866	168,096	149,510
Permitting and development review	-	-	-	-	-	-	-	-	-	4,287,265
Total business-type activities expenses	<u>106,263,823</u>	<u>104,973,421</u>	<u>99,385,393</u>	<u>96,850,861</u>	<u>81,403,122</u>	<u>59,462,290</u>	<u>54,926,193</u>	<u>76,126,740</u>	<u>73,406,516</u>	<u>74,445,370</u>
Total primary government expenses	<u>\$ 847,599,180</u>	<u>\$ 823,276,725</u>	<u>\$ 754,461,541</u>	<u>\$ 770,533,935</u>	<u>\$ 718,350,602</u>	<u>\$ 636,542,296</u>	<u>\$ 603,283,415</u>	<u>\$ 606,914,692</u>	<u>\$ 577,335,363</u>	<u>\$ 577,422,524</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 57,713,374	\$ 38,888,420	\$ 49,171,958	\$ 35,709,760	\$ 31,796,658	\$ 23,323,815	\$ 19,555,583	\$ 16,430,929	\$ 15,442,981	\$ 8,208,837
Public safety	9,231,074	7,349,152	8,574,631	10,255,623	8,555,612	7,483,879	6,895,014	5,543,192	6,143,618	7,356,176
Public works	197,736	768,577	814,575	1,005,135	1,014,323	1,014,588	937,256	1,048,985	758,458	747,519
Health	122,548	195,102	248,377	316,946	345,202	257,160	239,230	293,068	253,721	271,307
Social services	620,983	1,913,469	1,767,433	1,958,040	1,812,220	1,840,224	1,514,741	1,334,066	1,870,902	1,532,062
Parks, recreation and culture	739,088	1,270,099	1,744,240	1,626,022	1,654,271	1,401,608	1,222,224	1,249,899	1,235,612	1,161,925
Conservation of natural resources	272,291	396,570	459,396	292,960	320,147	271,956	237,143	229,566	190,724	181,256
Community development and public housing	882,524	-	-	-	-	-	-	-	104,050	174,436
Economic development and opportunity	-	-	-	-	-	-	-	287,303	18,644	30,247
Operating grants and contributions:	119,061,676	36,059,297	27,056,986	27,818,407	24,429,063	21,321,993	23,553,216	20,861,610	20,368,814	18,668,608
Capital grants and contributions:	6,794,341	5,841,541	9,553,286	8,452,087	11,454,285	14,833,955	8,130,387	3,673,967	8,845,948	10,060,341
Total governmental activities program revenues	<u>\$ 195,635,635</u>	<u>\$ 92,682,226</u>	<u>\$ 99,390,882</u>	<u>\$ 87,434,980</u>	<u>\$ 81,381,781</u>	<u>\$ 71,749,178</u>	<u>\$ 62,284,794</u>	<u>\$ 50,952,585</u>	<u>\$ 55,233,472</u>	<u>\$ 48,392,714</u>

(Continued)

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Business-type activities:										
Charges for services:										
Water and sewer	\$ 52,195,206	\$ 44,395,954	\$ 40,678,445	\$ 39,897,755	\$ 34,597,137	\$ 31,400,630	\$ 28,935,733	\$ 26,515,370	\$ 24,453,219	\$ 24,539,136
Solid waste management	29,633,475	27,793,158	28,218,241	25,920,502	25,238,901	24,952,098	24,951,765	23,837,722	25,066,503	24,502,144
Comprehensive care facility	26,203,317	27,304,063	27,475,458	25,993,069	20,193,147	-	-	16,261,305	18,594,578	14,241,647
Public housing	249,704	136,182	129,366	128,367	127,729	126,095	125,304	120,875	114,488	108,478
Permitting and development review	-	-	-	-	-	-	-	-	-	3,838,228
Operating grants and contributions:	485,063	1,077,649	-	986	-	-	-	-	-	-
Capital grants and contributions:	41,894,490	35,638,453	45,159,377	25,227,165	39,754,531	21,740,182	24,576,946	25,481,073	36,011,030	15,481,330
Total business-type activities program revenues	150,661,255	136,345,459	141,660,887	117,167,844	119,911,445	78,219,005	78,589,748	92,216,345	104,239,818	82,710,963
Total primary government program revenues	\$ 346,296,890	\$ 229,027,685	\$ 241,051,769	\$ 204,602,824	\$ 201,293,226	\$ 149,968,183	\$ 140,874,542	\$ 143,168,930	\$ 159,473,290	\$ 131,103,677
Net (Expense)/Revenue										
Governmental activities	\$ (545,699,722)	\$ (625,621,077)	\$ (555,685,266)	\$ (586,248,094)	\$ (555,565,699)	\$ (505,330,828)	\$ (486,072,428)	\$ (479,835,367)	\$ (448,695,375)	\$ (454,584,440)
Business-type activities	44,397,432	31,372,038	42,275,494	20,316,983	38,508,323	18,756,715	23,663,555	16,089,605	30,833,302	8,265,593
Total primary government net expense	\$ (501,302,290)	\$ (594,249,040)	\$ (513,409,772)	\$ (565,931,111)	\$ (517,057,376)	\$ (486,574,113)	\$ (462,408,873)	\$ (463,745,762)	\$ (417,862,073)	\$ (446,318,847)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Local property taxes	\$ 353,985,406	\$ 336,865,559	\$ 322,656,757	\$ 308,184,413	\$ 293,611,922	\$ 282,362,326	\$ 271,031,681	\$ 267,892,085	\$ 259,687,605	\$ 280,654,804
Local income taxes	310,436,264	275,113,624	252,609,768	228,887,334	203,994,345	201,920,167	204,424,356	177,325,988	163,761,716	161,879,620
Other local taxes	67,925,455	45,642,199	44,428,145	40,061,715	38,329,124	32,936,414	27,257,030	25,883,856	26,244,396	19,886,169
Intergovernmental	-	-	-	-	-	-	-	-	-	3,200,000
Build America Bonds Subsidy	-	678,783	1,246,061	1,244,234	1,247,613	1,277,965	1,274,642	1,274,184	1,325,054	1,374,895
Grants & contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	-
Investment earnings	(1,333,396)	12,419,466	12,422,655	3,048,508	338,486	4,855,222	2,213,961	1,911,117	(945,754)	8,637,707
Miscellaneous	17,788,884	15,369,133	11,804,103	9,413,511	11,600,117	12,131,643	7,006,950	6,008,732	3,525,720	4,681,823
Gain / (Loss) on disposal of assets	-	-	(133,395)	384,230	284,109	-	(5,388)	-	230,352	-
Transfers	357,035	(381,300)	743,708	166,960	426,827	4,000,000	-	(3,283,705)	(2,782,241)	(6,012,930)
Total governmental activities	749,159,648	685,707,464	645,777,802	591,390,905	549,832,543	539,483,737	513,203,232	477,012,257	451,046,848	474,302,088
Business-type activities:										
Build America Bonds Subsidy	-	5,165	374,401	364,816	388,152	336,301	337,240	337,121	341,630	363,764
Investment earnings	258,327	3,060,246	4,611,389	2,107,163	1,033,861	-	366,410	382,050	469,201	447,281
Miscellaneous	-	-	-	79,277	934	532,839	-	16,926	19,585	6,111
Gain / (Loss) on disposal of assets	81,279	(242,107)	134,322	14,055	(26,784)	-	(419,132)	-	(215,886)	-
Transfers	(357,035)	381,300	(743,708)	(166,960)	(426,827)	(4,000,000)	-	3,283,705	2,782,241	6,012,930
Total business-type activities	(17,429)	3,204,604	4,376,404	2,398,351	969,336	(3,130,860)	284,518	4,019,802	3,396,771	6,830,086
Total primary government	\$ 749,142,219	\$ 688,912,068	\$ 650,154,206	\$ 593,789,256	\$ 550,801,879	\$ 536,352,877	\$ 513,487,750	\$ 481,032,059	\$ 454,443,619	\$ 481,132,174
Change in Net Position										
Governmental activities	\$ 203,459,926	\$ 60,086,387	\$ 90,092,536	\$ 5,142,811	\$ (5,733,156)	\$ 34,152,909	\$ 27,130,804	\$ (2,823,110)	\$ 2,351,473	\$ 19,717,648
Business-type activities	44,380,003	34,576,642	46,651,898	22,715,334	39,477,659	15,625,855	23,948,073	20,109,407	34,230,073	15,095,679
Total primary government	\$ 247,839,929	\$ 94,663,029	\$ 136,744,434	\$ 27,858,145	\$ 33,744,503	\$ 49,778,764	\$ 51,078,877	\$ 17,286,297	\$ 36,581,546	\$ 34,813,327

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund										
Nondisposable	\$ 1,992,197	\$ 2,322,098	\$ 1,331,441	\$ 2,229,603	\$ 2,289,616	\$ 2,460,677	\$ 2,106,066	\$ 875,623	\$ 1,448,707	\$ 1,245,845
Restricted	1,022,443	1,007,637	923,383	948,467	1,144,725	1,811,085	2,284,366	1,789,157	3,075,002	1,481,720
Committed	160,411,112	104,888,763	95,977,890	83,364,687	85,447,354	85,472,727	70,701,317	28,937,617	25,194,232	22,808,337
Assigned	23,792,064	20,378,839	18,022,430	15,879,549	6,101,299	6,157,055	5,105,750	45,598,798	64,137,601	74,564,269
Unassigned	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	500,000	500,000
Total General Fund	<u>187,517,816</u>	<u>128,897,337</u>	<u>116,555,144</u>	<u>102,722,306</u>	<u>95,282,994</u>	<u>96,201,544</u>	<u>80,497,499</u>	<u>77,501,195</u>	<u>94,355,542</u>	<u>100,600,171</u>
All other Governmental Funds										
Nondisposable										
Special revenue funds	5,070,564	1,407,940	142,663	68,514	-	6,994,203	7,444,229	6,752,481	5,721,414	5,890,746
Restricted										
Capital project funds	54,872,475	89,703,384	61,163,223	36,790,982	31,645,560	83,037,492	29,625,910	22,756,077	40,695,165	26,378,793
Debt Service fund	375	-	65,324,590	66,579,921	68,405,176	-	-	-	-	-
Special revenue funds	5,858,397	4,722,876	4,654,874	4,788,291	4,672,649	1,872,261	1,986,081	1,729,249	1,730,552	2,216,834
Committed										
Capital project funds	50,142,462	61,282,273	43,440,533	62,057,709	56,382,750	64,277,420	61,532,982	56,746,856	51,814,834	39,012,874
Special revenue funds	109,804,174	72,094,610	64,022,464	56,678,124	53,082,809	52,533,574	50,610,317	46,106,305	45,795,195	49,323,414
Assigned										
Debt Service fund	475,146	1,117,574	2,414,441	5,444,470	4,374,736	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	5,645,840	6,279,023	11,286,926
Total all other governmental funds	<u>226,223,593</u>	<u>230,328,657</u>	<u>241,162,788</u>	<u>232,408,011</u>	<u>218,563,680</u>	<u>208,714,950</u>	<u>151,199,519</u>	<u>139,736,808</u>	<u>152,036,183</u>	<u>134,109,587</u>
Total Governmental Fund Balance	<u>\$ 413,741,409</u>	<u>\$ 359,225,994</u>	<u>\$ 357,717,932</u>	<u>\$ 335,130,317</u>	<u>\$ 313,846,674</u>	<u>\$ 304,916,494</u>	<u>\$ 231,697,018</u>	<u>\$ 217,238,003</u>	<u>\$ 246,391,725</u>	<u>\$ 234,709,758</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues										
Local property taxes	\$ 354,969,939	\$ 335,820,170	\$ 322,884,602	\$ 308,037,634	\$ 293,528,978	\$ 282,362,800	\$ 271,415,720	\$ 267,862,169	\$ 259,514,346	\$ 280,559,892
Local income taxes	289,489,750	246,930,060	236,272,579	217,210,924	202,906,047	203,361,507	195,202,656	174,145,880	176,068,392	169,760,329
Other local taxes	71,625,568	48,135,688	46,076,846	41,716,007	39,937,950	34,539,017	28,836,221	27,401,993	27,730,818	21,465,211
Licenses and permits	7,690,951	6,564,047	6,637,041	5,870,061	5,531,434	4,781,330	4,094,070	3,360,551	2,974,589	532,074
Grants from federal government	93,285,646	26,736,692	18,949,590	23,301,956	19,562,749	23,577,357	17,301,232	14,384,629	15,412,690	16,645,496
Grants from state government	17,676,213	15,663,621	18,035,651	13,343,947	16,499,117	12,685,953	14,067,186	8,004,219	11,107,191	9,017,538
Intergovernmental	-	-	-	-	-	-	-	-	-	3,200,000
Charges for services	57,693,326	42,857,164	54,085,952	41,607,173	37,851,416	29,101,150	25,074,489	22,750,120	21,688,995	15,866,215
Fines and forfeitures	135,351	245,049	255,800	310,369	288,871	295,013	402,343	266,718	502,583	212,745
Interest from loans	21,676	-	-	34	298	4,721	2,201	23,312	23,219	25,632
Investment income	(1,347,507)	12,263,761	12,170,159	2,871,799	248,415	4,820,107	2,193,040	1,862,271	(996,954)	8,575,492
Build America bond subsidy	-	1,202,253	1,253,644	1,254,053	1,247,613	1,277,965	1,275,215	1,265,591	1,374,894	1,374,895
Miscellaneous	9,046,816	8,570,615	7,020,621	7,433,392	8,317,174	8,028,474	6,920,048	8,261,245	3,851,416	4,402,651
Total revenues	<u>900,287,729</u>	<u>744,989,120</u>	<u>723,642,485</u>	<u>662,957,349</u>	<u>625,920,062</u>	<u>604,835,394</u>	<u>566,784,421</u>	<u>529,588,698</u>	<u>519,252,179</u>	<u>531,638,170</u>
Expenditures										
Current										
General government	140,891,736	50,754,795	49,505,808	44,818,908	44,901,162	42,600,221	41,515,466	38,637,465	37,810,525	32,732,501
Public safety	29,107,401	134,590,574	121,994,860	117,507,126	112,413,340	105,100,235	102,933,508	96,852,558	96,758,110	91,044,159
Public works	18,646,287	26,422,898	29,787,527	28,128,388	24,760,896	27,662,046	25,594,930	24,590,164	22,335,990	23,097,616
Health	10,486,827	8,735,091	7,371,604	7,468,654	7,403,305	6,864,090	6,407,492	6,446,902	5,936,409	5,999,958
Social services	332,009,176	9,584,714	8,473,225	7,895,895	7,163,574	7,101,453	12,959,464	7,420,761	6,861,672	6,836,930
Education	19,394,299	313,406,322	301,059,766	287,567,740	273,253,016	264,499,491	256,036,118	255,444,856	251,123,285	243,014,146
Parks, recreation and culture	9,413,628	19,407,856	19,067,361	17,589,839	17,153,413	16,418,611	16,039,160	15,791,538	15,142,891	14,645,090
Conservation of natural resources	14,601,896	11,409,486	11,353,474	11,549,402	12,272,476	10,967,872	7,135,337	5,311,395	4,249,374	5,617,846
Community development and public housing	21,042,906	8,413,162	8,408,070	8,517,484	8,275,968	7,858,215	6,925,622	7,063,243	6,997,550	6,648,743
Economic development and opportunity	2,926,658	14,856,671	11,200,665	10,697,281	9,151,557	8,089,745	7,808,805	7,137,461	7,524,458	7,589,188
Miscellaneous	5,798,804	(69,049)	4,330,921	1,864,036	4,641,857	6,393,719	3,665,209	2,967,580	5,824,185	1,104,915
Intergovernmental	59,167,198	5,869,132	5,463,438	5,392,457	5,102,156	5,057,136	4,876,200	4,812,532	5,077,122	8,768,154
Debt service										
Principal	114,304,978	75,859,824	43,251,842	40,698,573	40,521,476	38,547,782	36,280,911	33,334,242	33,334,244	30,689,502
Interest	19,463,552	-	22,361,610	17,739,886	17,739,886	17,791,749	18,215,612	20,791,313	19,402,391	21,317,629
Capital projects	853,299,213	117,293,868	65,349,543	127,082,296	103,057,067	62,117,010	45,349,937	30,550,542	16,655,781	45,867,283
Total expenditures	<u>1,650,554,559</u>	<u>796,535,344</u>	<u>708,979,714</u>	<u>734,517,965</u>	<u>687,811,149</u>	<u>627,069,375</u>	<u>591,743,771</u>	<u>557,152,552</u>	<u>535,033,987</u>	<u>544,973,660</u>
Excess of revenues over expenditures	<u>(750,266,830)</u>	<u>(51,546,224)</u>	<u>14,662,771</u>	<u>(71,560,616)</u>	<u>(61,891,087)</u>	<u>(22,233,981)</u>	<u>(24,959,350)</u>	<u>(27,563,854)</u>	<u>(15,781,808)</u>	<u>(13,335,490)</u>

(Continued)

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Other Financing Sources (Uses)										
Transfers in from:										
General Fund	\$ 10,322,499	\$ 71,571,287	\$ 65,748,719	\$ 61,722,743	\$ 60,410,203	\$ 17,980,116	\$ 15,748,182	\$ 14,146,422	\$ 23,076,713	\$ 16,548,559
Special Revenue Funds	-	5,984,309	4,232,755	3,198,428	7,956,116	-	-	-	7,222,796	400,000
Capital Projects Fund	3,042,517	11,666,585	11,971,181	11,453,087	11,340,453	-	-	-	-	-
Enterprise Funds	-	118,700	633,377	119,000	-	4,000,000	-	-	1,410,316	-
Internal Service Funds	-	-	-	-	-	-	3,235,721	300,000	51,300	-
Transfer out to:										
General Fund	(18,228,900)	(264,767)	(295,252)	-	-	-	-	-	(6,987,796)	-
Special Revenue Funds	(1,770,477)	(9,037,000)	(6,725,940)	(6,234,579)	(6,139,510)	(5,440,407)	(5,715,547)	(5,402,015)	(14,240,588)	(7,044,110)
Capital Projects Fund	(9,265,863)	(18,951,787)	(17,107,782)	(14,954,639)	(13,055,192)	(12,539,709)	(10,032,635)	(8,744,407)	(9,071,125)	(9,904,449)
Enterprise Funds	(58,436,177)	(500,000)	-	-	(2,999,332)	-	-	(2,583,705)	(4,192,557)	(6,012,930)
Internal Service Funds	(816,665)	(1,866,461)	(1,244,049)	(1,323,181)	(795,276)	(276,478)	(171,288)	-	-	-
Debt Service Fund	-	(60,968,627)	(57,823,681)	(55,185,040)	(60,512,070)	-	-	-	-	-
Gain on sale of property	-	-	-	-	-	-	350,000	-	-	-
Proceeds from public facilities and refunding bonds	-	133,241,018	-	120,326,182	56,901,147	112,006,339	87,103,930	-	78,746,393	120,557,832
Payment to refunded bond escrow agent	-	(90,150,822)	-	(43,852,615)	-	(34,523,171)	(54,546,633)	-	(51,773,701)	(81,114,121)
Payment to refunded lease escrow agent	-	-	-	-	-	-	(910,517)	-	-	-
Bond premium on public facilities and refunding bonds	-	11,585,003	-	15,198,824	12,039,897	11,508,322	2,375,660	-	3,222,024	18,317,929
Installment purchase agreement	-	626,849	1,527,513	2,376,049	1,970,599	2,738,445	1,981,492	693,837	-	1,587,605
Proceeds of capital lease	-	-	7,008,003	-	3,704,232	-	-	-	-	2,679,047
Sale of capital assets	-	-	-	-	-	-	-	-	-	53,820
Total other financing sources (uses)	<u>(75,153,066)</u>	<u>53,054,287</u>	<u>7,924,844</u>	<u>92,844,259</u>	<u>70,821,267</u>	<u>95,453,457</u>	<u>39,418,365</u>	<u>(1,589,868)</u>	<u>27,463,775</u>	<u>56,069,182</u>
Net change in fund balances	<u>\$ (825,419,896)</u>	<u>\$ 1,508,063</u>	<u>\$ 22,587,615</u>	<u>\$ 21,283,643</u>	<u>\$ 8,930,180</u>	<u>\$ 73,219,476</u>	<u>\$ 14,459,015</u>	<u>\$ (29,153,722)</u>	<u>\$ 11,681,967</u>	<u>\$ 42,733,692</u>
Total expenditures	\$ 1,650,554,559	\$ 796,535,344	\$ 708,979,714	\$ 734,517,965	\$ 687,811,149	\$ 627,069,375	\$ 591,743,771	\$ 557,152,552	\$ 535,033,987	\$ 544,973,660
Less: Capital outlay	(55,568,126)	(39,125,685)	(35,947,417)	(10,926,354)	(6,765,350)	(885,721)	(3,307,691)	(4,692,445)	(167,076)	(4,331,574)
Noncapital expenditures	<u>\$ 1,594,986,433</u>	<u>\$ 757,409,659</u>	<u>\$ 673,032,297</u>	<u>\$ 723,591,611</u>	<u>\$ 681,045,799</u>	<u>\$ 626,183,654</u>	<u>\$ 588,436,080</u>	<u>\$ 552,460,107</u>	<u>\$ 534,866,911</u>	<u>\$ 540,642,086</u>
Debt service	<u>\$ 133,768,530</u>	<u>\$ 75,859,824</u>	<u>\$ 65,613,452</u>	<u>\$ 58,438,459</u>	<u>\$ 58,261,362</u>	<u>\$ 56,339,531</u>	<u>\$ 54,496,523</u>	<u>\$ 54,125,555</u>	<u>\$ 52,736,635</u>	<u>\$ 52,007,131</u>
Debt service as a percentage of noncapital expenditures	8.39%	10.02%	9.75%	8.08%	8.55%	9.00%	9.26%	9.80%	9.86%	9.62%

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

Fiscal Year	Real Property Taxable Assessed Value					Limited Business Personal Property (4)		Total	
	Residential Property	Commercial Property	Industrial Property	Total Real Property	Direct Tax Rate (1)	Public Utilities		Taxable Assessed Value	Direct Tax Rate (1) (3)
						Taxable Assessed Value	Direct Tax Rate (1) (2)		
2021	\$ 26,513,344,391	\$ 5,800,702,651	\$ 1,484,737,023	\$ 33,798,784,065	1.060	\$ 435,500,515	2.65	\$ 34,234,284,580	1.080
2020	25,161,249,769	5,605,718,164	1,439,406,759	32,206,374,692	1.060	425,897,500	2.65	32,632,272,192	1.081
2019	23,868,391,244	5,392,964,469	1,428,302,251	30,689,657,964	1.060	416,801,030	2.65	31,106,458,994	1.081
2018	22,758,173,436	5,209,332,611	1,396,834,400	29,364,340,447	1.060	393,853,430	2.65	29,758,193,877	1.081
2017	21,635,023,165	5,027,530,566	1,310,743,601	27,973,297,332	1.060	374,887,120	2.65	28,348,184,452	1.081
2016	20,809,732,203	4,793,034,691	1,282,299,164	26,885,066,058	1.060	342,546,890	2.34	27,227,612,948	1.076
2015	20,062,491,947	4,672,981,701	1,279,373,375	26,014,847,023	1.060	302,584,420	2.34	26,317,431,443	1.075
2014	19,696,121,250	4,509,960,797	1,259,675,094	25,465,757,141	1.064	299,508,700	2.34	25,765,265,841	1.079
2013	19,711,683,572	4,482,673,576	1,279,054,781	25,473,411,929	0.936	298,056,050	2.34	25,771,467,979	0.952
2012	20,114,709,447	4,638,038,491	1,259,251,162	26,011,999,100	0.936	294,258,800	2.34	26,306,257,900	0.952

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

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

(1) Per \$100 of assessed value

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

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

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Direct Real Property Tax Rates										
Frederick County (1)	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.064	\$ 0.936	\$ 0.936
Total Direct Real Property Tax Rates	<u>\$ 1.060</u>	<u>\$ 1.060</u>	<u>\$ 1.060</u>	<u>\$ 1.060</u>	<u>\$ 1.060</u>	<u>\$ 1.060</u>	<u>\$ 1.060</u>	<u>\$ 1.064</u>	<u>\$ 0.936</u>	<u>\$ 0.936</u>
Overlapping real property tax rates										
<u>Fire and lighting tax districts</u>										
Suburban Fire/Rescue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.080	\$ 0.080
Urban Fire/Rescue	-	-	-	-	-	-	-	-	0.128	0.128
Braddock lighting tax district	0.010	0.015	0.015	0.015	0.015	0.015	0.018	0.018	0.010	0.010
Libertytown lighting tax district	0.010	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013
New Addition lighting tax district	0.012	0.017	0.017	0.017	0.017	0.017	0.013	0.013	0.090	0.010
State	0.112	0.112	0.112	0.112	0.112	0.112	0.112	0.112	0.112	0.112
<u>Municipalities</u>										
Brunswick	0.410	0.410	0.420	0.430	0.440	0.462	0.462	0.462	0.462	0.462
Burkittsville	0.190	0.190	0.190	0.190	0.190	0.190	0.140	0.140	0.140	0.140
Emmitsburg	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360
Frederick	0.731	0.731	0.731	0.731	0.731	0.731	0.731	0.731	0.732	0.650
Middletown	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.232
Mt. Airy	0.166	0.166	0.166	0.166	0.170	0.170	0.170	0.170	0.170	0.170
Myersville	0.346	0.361	0.376	0.391	0.391	0.391	0.391	0.391	0.391	0.274
New Market	0.117	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120
Rosemont	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Thurmont	0.299	0.299	0.304	0.285	0.293	0.302	0.310	0.309	0.308	0.260
Walkersville	0.140	0.160	0.160	0.160	0.160	0.150	0.150	0.150	0.170	0.170
Woodsboro	0.141	0.123	0.124	0.126	0.125	0.126	0.127	0.128	0.128	0.130

(1) In FY2021, the County offered a tax differential to any municipality that wanted to substitute the tax rate with the current tax equity program.

County's Frederick City tax differential rate: 0.9432

County's Myersville tax differential rate: 0.9373

Source: County Treasury Office

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

<u>Name of Taxpayer</u>	<u>Fiscal Year 2021</u>			<u>Fiscal Year 2012</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>
Potomac Edison Company	\$ 205,590,370	1	0.60 %	\$ 128,924,550	1	0.49 %
Astrazeneca Pharmaceuticals	123,844,800	2	0.36	-		-
RIV 402, LLC	101,681,167	3	0.30	38,204,400	10	0.15
PR Financing Limited Partnership	80,895,033	4	0.24	70,287,900	3	0.27
Costco Wholesale Corporation	71,924,400	5	0.21	38,937,133	9	0.15
Rachuba Prospect Hall, LLC	68,056,100	6	0.20	-		-
Homewood at Frederick MD Inc	65,632,500	7	0.19	-		-
Apartments at Urban Green LLC	63,830,333	8	0.19	-		-
Washington Gas Light Company	57,030,320	9	0.17	41,979,730	6	0.16
Dominion Transmission Corp.	56,738,380	10	0.17	-		-
Verizon Maryland LLC	-		-	72,663,370	2	0.28
Medimmune, Inc.	-		-	52,191,900	4	0.20
River X, LLC	-		-	45,635,733	5	0.17
State Farm Mutual Auto Insurance	-		-	41,615,200	7	0.16
WRIT Frederick Crossing Land, LLC	-		-	39,208,500	8	0.15
Totals	<u>\$ 895,223,403</u>		<u>2.63 %</u>	<u>\$ 569,648,416</u>		<u>2.18 %</u>

Source: County Treasury Office

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

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>	<u>Adjustments (1)</u>	<u>Total Adjusted Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
				<u>Amount</u>	<u>Percentage of Original Levy</u>		<u>Amount</u>	<u>Percentage of Adjusted Levy</u>
2021	\$ 338,833,698	\$ 1,541,214	\$ 340,374,912	\$ 340,176,400	99.94 %	\$ -	\$ 340,176,400	99.94 %
2020	325,721,487	(2,595,515)	323,125,972	322,731,079	99.88	322,064	323,053,143	99.98
2019	310,250,830	(1,969,739)	308,281,091	308,100,885	99.94	96,284	308,197,169	99.97
2018	295,980,742	(1,920,093)	294,060,649	293,695,909	99.88	235,774	293,931,683	99.95
2017	282,599,043	(2,049,697)	280,549,346	280,316,897	99.92	144,691	280,461,588	99.97
2016	271,195,289	(1,674,469)	269,520,820	269,144,537	99.86	(151,291)	268,993,246	99.80
2015	261,968,145	(1,625,791)	260,342,354	260,153,968	99.93	31,829	260,185,797	99.94
2014	258,299,607	(1,435,910)	256,863,697	256,652,511	99.92	97,720	256,750,231	99.96
2013	226,706,549	(1,543,014)	225,163,535	224,912,437	99.89	248,646	225,161,083	100.00
2012	240,261,872	(1,868,202)	238,393,670	238,135,801	99.89	149,031	238,284,832	99.95

Source: County Treasury Office

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

(1) Only additions and abatements are included in this column for fiscal years 2012 through 2021 .

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

Governmental Activities							
Fiscal Year	General Obligation Bonds (1)	Notes from Direct Borrowings & Direct Placements	Capital Leases	Agricultural Preservation Installment Purchase Agreements	Total Governmental Activities		
2021	\$ 422,793,504	\$ 27,617,926	\$ 6,639,313	\$ 48,519,652	\$ 505,570,395		
2020	466,363,786	20,067,010	8,109,121	48,086,285	542,626,202		
2019	465,331,349	20,289,803	9,540,862	50,654,101	545,816,115		
2018	512,600,827	20,396,848	3,239,985	50,618,445	586,856,105		
2017	461,159,303	20,474,307	3,704,232	49,113,314	534,451,156		
2016	467,042,767	20,551,121	106,708	52,440,249	540,140,845		
2015	417,177,384	20,561,131	289,042	52,332,153	490,359,710		
2014	433,189,044	335,652	1,474,560	53,505,061	488,504,317		
2013	448,464,372	375,438	2,260,619	53,783,983	504,884,412		
2012	443,447,989	1,244,870	3,516,894	54,611,083	502,820,836		
Business-Type Activities							
Fiscal Year	General Obligation Bonds (1)	Notes from Direct Borrowings & Direct Placements	Capital Leases	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
2021	\$ 100,355,456	\$ 51,467,792	\$ 248,660	\$ 152,071,908	\$ 657,642,303	N/A	\$ 2,420
2020	113,864,115	55,638,415	364,862	169,867,392	712,493,594	N/A	2,684
2019	138,399,421	59,724,637	319,416	198,443,474	744,259,589	N/A	2,863
2018	152,461,139	64,352,465	163,353	216,976,957	803,833,062	5.0%	3,149
2017	148,748,940	67,533,907	231,830	216,514,677	750,965,833	4.1%	3,013
2016	103,784,507	72,476,241	287,798	176,548,546	716,689,391	5.5%	2,902
2015	106,048,518	77,416,338	-	183,464,856	673,824,566	5.2%	2,765
2014	123,494,437	71,834,384	-	195,328,821	683,833,138	5.2%	2,839
2013	126,747,752	65,748,564	-	192,496,316	697,380,728	5.9%	2,926
2012	136,436,986	51,144,933	-	187,581,919	690,402,755	5.8%	2,919

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

(1) Presented net of unamortized premium/discount.

(2) See Exhibit III-A-13 for personal income and population data. All information updated as of June 30, 2021.

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

<u>Fiscal Year</u>	<u>General Obligation Debt (1)</u>	<u>Installment Purchase Agreements (2)</u>	<u>Less Amounts to be Paid with Other Resources (3)</u>	<u>Total Net General Obligation Debt Outstanding</u>	<u>Percentage of Total Estimated Actual Value of Taxable Property (4)</u>	<u>Per Capita (4)</u>
2021	\$ 560,628,958	\$ 48,519,652	\$ -	\$ 609,148,610	1.78%	\$ 2,242
2020	610,267,901	48,086,285	(82,095,000)	576,259,186	1.77%	2,171
2019	634,065,770	50,654,101	(82,095,000)	602,624,871	1.94%	2,318
2018	695,551,966	50,618,445	(82,095,000)	664,075,411	2.23%	2,602
2017	640,513,242	49,113,314	(82,095,000)	607,531,556	2.14%	2,437
2016	601,547,272	52,440,249	-	653,987,521	2.40%	2,648
2015	553,945,902	53,505,061	-	607,450,963	2.31%	2,493
2014	556,683,481	53,783,983	-	610,467,464	2.37%	2,534
2013	575,212,124	54,611,083	-	629,823,207	2.44%	2,642
2012	579,884,975	53,023,478	-	632,908,453	2.41%	2,676

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

- (1) Presented net of unamortized premium/discount and deferred loss on bond refundings. With the implementation of GASB 65 in fiscal year 2014, the general obligation bonds are now presented net of unamortized premium/discount. Deferred loss on bond refundings is no longer considered part of outstanding debt.
- (2) Installment Purchase Agreements are included as they are general obligation debt of the County.
- (3) Externally restricted funds for payment of principal on general bonded debt from Series 2017A Crossover Refunding Bonds that refunded the Series 2010B Bonds in FY20. Prior years adjusted in FY17 presentation.
- (4) See Exhibit III-A-5 for real property tax values and Exhibit III-A-13 for population values.

**FREDERICK COUNTY, MARYLAND
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021**

<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	\$ 505,570,396	100%	\$ 505,570,396
Overlapping Debt:			
Component Units:			
Frederick County Public Schools	21,973,094	100%	21,973,094
Frederick Community College	5,102,192	100%	5,102,192
Towns, Cities and Villages:			
Brunswick	1,891,158	100%	1,891,158
Burkittsville	147,411	100%	147,411
Frederick City	51,749,490	100%	51,749,490
Middletown	2,005,000	100%	2,005,000
Myersville	3,916,382	100%	3,916,382
Thurmont	251,848	100%	251,848
Subtotal Overlapping:	<u>87,036,575</u>		<u>87,036,575</u>
Totals	<u>\$ 592,606,971</u>		<u>\$ 592,606,971</u>

Source: Division of Finance

(1) Debt repaid by general government activities

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015 (4)</u>	<u>2014 (3)</u>	<u>2013</u>	<u>2012</u>
Debt limitation	\$ 1,673,886,522	\$ 1,597,003,053	\$ 1,692,327,206	\$ 1,613,639,986	\$ 1,551,079,602	\$ 1,495,999,620	\$ 1,545,915,950	\$ 1,546,288,079	\$ 1,578,375,474
Total debt applicable to limit (2)	<u>658,354,185</u>	<u>647,564,101</u>	<u>701,148,445</u>	<u>652,533,314</u>	<u>626,480,249</u>	<u>586,867,153</u>	<u>195,328,821</u>	<u>192,126,399</u>	<u>185,262,503</u>
Legal debt margin	<u>\$ 1,015,532,337</u>	<u>\$ 949,438,952</u>	<u>\$ 991,178,761</u>	<u>\$ 961,106,672</u>	<u>\$ 924,599,353</u>	<u>\$ 909,132,467</u>	<u>\$ 1,350,587,129</u>	<u>\$ 1,354,161,680</u>	<u>\$ 1,393,112,971</u>
Total net debt applicable to the limit as a percentage of debt limit	39.33%	40.55%	41.43%	40.44%	40.39%	39.23%	12.64%	12.43%	11.74%

Legal debt margin calculation for Fiscal Year 2021 (4)

Assessable Basis - Real Property (1)	\$ 33,798,784,065
Debt limitation - 3% of assessable basis in real property (1)	\$ 1,013,963,522
Assessable Basis - Personal Property (public utilities)	435,500,515
Debt limitation - 9% of assessable basis in personal property	<u>39,195,046</u>
Total Debt Limit	1,053,158,568
Amount of Debt Applicable to Debt Limit:	
Total Bonds and Direct Borrowings	560,628,958
Total Installment Purchase Agreements	<u>48,519,652</u>
Total debt applicable to limit	<u>609,148,610</u>
Legal debt margin	<u>\$ 444,009,958</u>
Total net debt applicable to the limit as a percentage of debt limit	57.84%

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

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

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

(4) Pursuant to Section 508 of the Charter of Frederick County, Maryland, effective 12/1/2014, the debt limit calculation was changed to include all general obligation debt of the County based on the combined percentages of real and personal property assessable basis. Debt amounts reflect the liability owed to bond holders, exclusive of unamortized premium or deferred losses. Section 508 was amended in 2020 changing the calculation to 3% for the assessable real property and 9% of the assessable personal property and is reflected in the FY21 calculation. Prior rates were 5% and 15% respectively.

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

<u>Year</u>	<u>Population(1)</u>	<u>Personal Income (thousands of dollars) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment (3)</u>	<u>Community College Academic State FTE (4)</u>			<u>Unemployment Rate (5)</u>
					<u>Credit</u>	<u>Non- Credit</u>	<u>Total</u>	
2021	271,717	N/A	N/A	43,221	3,139	395	3,534	4.9
2020	265,480	N/A	N/A	43,828	3,318	572	3,890	7.6
2019	259,942	\$ 16,649,205	\$ 64,147	42,789	3,293	639	3,932	3.6
2018	255,265	15,816,571	61,869	42,204	3,534	652	4,186	4.1
2017	249,277	14,934,448	59,259	41,378	3,424	647	4,071	3.7
2016	246,972	13,882,887	56,072	40,720	3,594	613	4,207	4.0
2015	243,692	13,447,457	54,803	40,757	3,582	560	4,142	5.0
2014	240,911	12,918,918	53,040	40,715	3,672	529	4,201	5.4
2013	238,345	12,477,615	51,736	40,527	3,798	534	4,332	6.6
2012	236,551	12,405,485	51,774	40,487	3,842	571	4,413	5.9

Sources: (1) Frederick County Planning and Permitting Division Population Estimates
(2) US Bureau of Economic Analysis (All data updated as of March 2020)
(3) Frederick County Board of Education
(4) Frederick Community College
(5) Maryland Department of Labor, Licensing & Regulation
N/A - Not available

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

Employer	2021			2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Fort Detrick	10,200 *	1	10.34 %	9,200 *	1	10.08 %
Frederick County Board of Education	6,800	2	6.89	5,538	2	6.07
Frederick Health Hospital (formerly Frederick Memorial Healthcare System)	3,300	3	3.34	2,652	3	2.91
Frederick County Government	2,342	4	2.37	2,300	4	2.52
Leidos Biomedical (formerly SAIC-Frederick)	2,334	5	2.36	1,965	5	2.15
Frederick Community College	1,286	6	1.30	899	8	0.99
Wells Fargo Home Mortgage	1,175	7	1.19	1,881	6	2.06
Frederick City Government	880	8	0.89	852	9	0.93
Thermo Fisher Scientific (formerly Life Technologies)	853	9	0.86	-	-	-
Costco Wholesale	751	10	0.76	-	-	-
United Health Care (formerly MAMSI)	128	-	0.13	832	10	0.91
Bechtel Corporation (formerly Bechtel Power)	-	-	-	1,578	7	1.73
State Farm Insurance	-	-	-	793	-	0.87
	<u>30,049</u>		<u>30.43 %</u>	<u>28,490</u>		<u>31.22 %</u>

* Includes military personnel, contractors and offsite annex

Source: Frederick County Office of Economic Development

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

<u>Function/Program</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General government	375	368	349	341	338	318	291	287	294	303
Public safety	1,035	1,043	967	915	898	837	819	808	810	820
Public works	385	402	394	402	385	374	370	343	359	376
Health	203	161	153	149	154	157	158	157	316	298
Social services	108	116	111	106	104	98	97	97	101	105
Parks, recreation and culture	58	59	46	46	46	46	45	48	46	45
Library	128	161	106	119	115	115	107	111	111	114
Conservation of natural resources	15	8	8	8	8	7	7	8	7	7
Community dev. & public housing	11	12	11	11	11	10	9	9	9	9
Economic dev. & opportunity	40	41	39	37	34	30	33	28	31	31
Total	<u>2,358</u>	<u>2,371</u>	<u>2,184</u>	<u>2,134</u>	<u>2,093</u>	<u>1,992</u>	<u>1,936</u>	<u>1,896</u>	<u>2,084</u>	<u>2,108</u>

Source: Division of Finance

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

<u>Function/Program</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Government										
Human Resources										
Employment announcements issued	345	322	333	314	323	297	228	220	219	256
Employment applications received/reviewed	11,620	13,478	15,227	13,755	14,976	13,947	12,219	12,500	9,392	8,993
Finance/Accounting										
Accounts payable checks/ACH's generated	23,224	23,694	23,359	21,639	19,315	19,223	19,160	20,163	20,766	21,056
Procurement & Contracting										
Formal bids, sole source & emergencies	750	699	614	406	287	286	265	223	185	211
Treasurer										
Invoices prepared	2,299	2,268	2,332	2,447	1,874	1,791	1,953	2,183	2,063	2,148
Property tax bills/delinquent notices mailed (1)	112,278	110,865	108,320	109,509	108,101	107,557	106,460	104,890	102,348	107,045
Building Maintenance										
Buildings	162	162	166	165	164	162	162	155	149	147
Work orders/service requests	3,111	3,226	3,542	3,703	3,800	4,004	3,700	4,064	4,331	5,888
Square feet of properties managed	1,547,683	1,502,889	1,513,635	1,524,239	1,526,544	1,527,176	1,527,176	1,462,965	1,316,994	1,313,488
Facility Services										
Number of leases managed	31	31	33	17	28	28	28	30	35	39
Square feet of leased property managed	222,071	45,817	77,257	74,286	100,238	100,238	100,238	110,238	136,860	148,257
Pieces of outgoing U.S. mail	194,277	218,756	272,739	233,430	243,253	234,145	231,078	406,924	291,304	298,733
Elections										
Registered voters	190,684	182,962	177,333	169,113	167,809	163,131	152,913	149,393	149,312	141,136
Liquor Board										
Regular liquor licenses	345	345	336	332	331	322	310	306	307	304
Liquor inspections	2,022	6,597	3,926	6,597	8,825	10,084	9,747	7,323	7,216	5,399
Internal Audit										
Internal Audits performed (2)	12	12	13	12	10	12	10	7	2	4
Circuit Court										
New cases filed	4,828	7,501	9,190	8,379	8,181	8,734	9,756	9,704	10,333	10,710
Public Safety										
Housing units permitted (3)	2,155	1,518	2,226	1,410	1,263	1,302	721	1,296	1,006	845
Sheriff's Office										
Administration Bureau										
Civil Process papers served	11,318	17,447	21,995	22,521	22,701	23,416	23,970	23,181	22,972	19,440
Courthouse Security										
Prisoners handled: adult/juvenile	1,104	3,205	3,570	3,793	4,750	5,129	4,608	4,149	3,846	4,332
Operations: Law Enforcement										
Arrests: adult/juvenile	2,173	3,214	4,046	3,902	3,924	4,162	3,770	3,372	3,189	3,520
Calls for service	106,404	103,758	113,762	108,045	93,621	121,158	90,251	95,223	89,428	98,876
Adult Detention Center										
Average daily population	232	257	298	321	398	374	407	360	382	395
Emergency Communications										
Fire/EMS dispatches	35,482	34,022	35,682	36,739	35,222	33,646	33,324	32,114	32,614	32,199
Police dispatches	250,287	262,879	277,548	301,502	277,546	262,803	240,922	208,541	134,084	145,206
Administrative phone calls	338,472	303,752	359,884	363,781	383,672	298,311	264,044	274,703	186,643	161,568
Animal Control/ECC/Park Dispatches	38,439	29,386	31,972	31,647	28,228	28,375	28,001	19,735	19,067	18,980
911 calls	96,836	84,898	97,610	90,032	93,249	136,708	100,162	107,321	126,042	140,973
Text to 911 (4)	643	284	198	188	178	272	-	-	-	-

(1) The decrease in property tax bills/delinquent notices mailed from FY18 to FY19 is solely due to \$0 property tax bills being excluded from this count since they are not mailed. \$0 property tax bills consist primarily of government owned vacant land exempted from real property tax.

(2) The drop in the number of audits after FY10 is due to the majority of the Internal Audit function being outsourced and resulting decrease in staff. Two in house FTEs remain. Two contractors began performing audit work in FY13. FY14 - FY21 includes special projects, agreed upon procedure reports, reviews, audits and closed follow up reports.

(3) For FY11 - FY12, the data represents housing units constructed. For FY13 - FY16 the data represents housing units permitted. FY15 - FY21 numbers include the County and all municipalities, but excludes the City of Frederick.

(4) FY16 was the first year that this was implemented.

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

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety, Cont'd										
Animal Control (1)										
Calls for service	8,068	8,766	10,968	10,543	10,446	11,834	11,700	11,154	10,858	11,322
Public Works										
Water facilities										
Customers	27,500	26,540	26,000	24,536	23,636	22,666	21,926	21,213	21,113	20,763
Annual production (1,000 gals.)	2,564,934	2,538,827	2,337,841	2,341,430	2,215,190	2,441,675	2,414,284	2,395,882	2,032,866	2,036,251
Sewer facilities										
Customers	35,650	34,624	34,183	33,267	32,178	30,978	30,201	29,454	29,398	28,550
Fleet Services										
Work orders	5,250	5,171	5,934	5,725	5,510	5,646	5,700	5,516	5,160	5,429
Vehicles maintained	1,176	1,116	1,141	1,054	966	962	981	874	926	961
Highway Operations										
County roads - mileage maintained	1,292	1,285	1,279	1,285	1,273	1,273	1,273	1,272	1,270	1,271
Tar and chip maintenance (miles)	67	55	56	61	87	64	44	8	12	11
Usage of salt & anti-skid (tons)	20,507	6,124	31,668	21,242	12,426	12,995	30,307	37,222	17,911	7,268
Transportation Engineering										
Bridges inspected	140	141	134	142	103	145	103	145	103	138
Road overlay (miles)	39	32	32	33	33	25	13	49	17	26
Construction Management										
CIP and developer funded subdivision projects completed	35	48	32	45	32	38	26	40	23	23
TransIT										
Passenger trips	413,434	431,933	593,853	614,551	636,862	677,808	761,088	839,297	864,013	909,804
Revenue vehicle miles (2)	967,870	990,472	1,214,758	1,142,403	1,126,156	1,130,887	1,108,172	1,059,840	1,129,546	1,147,211
Revenue vehicle hours (2)	75,444	74,005	85,986	83,902	81,855	81,037	78,603	77,365	79,904	81,995
Health										
Public health nursing/non-nursing contacts (3)	56,301	41,567	41,363	42,044	40,533	24,775	19,641	20,535	22,068	21,130
Mental health visits	4,353	3,612	3,836	7,518	12,781	16,514	11,902	13,498	12,220	12,165
Peer service encounters (4)	2,249	2,416	2,086	8,544	39,620	35,401	21,581	39,755	35,827	25,764
Environmental health reviews/inspections	14,641	14,098	17,390	16,591	16,610	16,150	12,478	12,437	13,458	14,304
School health program										
Children served (5)	6,039	28,035	31,031	42,340	41,984	40,819	40,757	40,715	40,527	39,293
Health room visits	20,167	210,260	305,928	299,000	345,604	338,167	331,992	317,079	320,884	289,766
Developmental Center										
Dental visits for children	2,708	2,971	3,848	4,090	4,065	4,109	3,970	3,897	3,983	3,899
Infants & Toddlers Program children served	728	743	797	744	682	636	607	555	528	697
School-based services visits	20,646	20,815	20,575	20,521	20,327	19,133	14,000	14,810	14,113	13,959
School-based assessments	235	335	385	376	414	325	220	*	*	*
Audiology services visits	96	508	693	775	810	798	786	778	793	767
Social Services										
Child & Adult Care Food Program										
Home visits (6)	n/a	n/a	n/a	850	900	850	850	850	800	855
Senior Services										
Home delivered meals served to elderly	131,470	94,100	79,000	80,000	58,000	57,635	51,951	41,003	51,282	50,305
Congregate meals served (7)	-	6,000	10,000	10,500	10,000	10,751	10,366	9,485	11,795	13,474

*Information not available

(1) FY11 and FY12 data has been adjusted to reflect fiscal year data not calendar year.

(2) FY19 - FY21 TransIT miles and hours are based on FTA/NTD approved sampling.

(3) During FY17, a more precise tracking system was implemented to better capture all client interactions and more fully illustrate the workload.

(4) Formerly substance abuse visits in FY11 - FY18. FY19 - FY21 data reflects peer service encounters across all peer programs.

(5) The FY19-FY21 values reflect children who visited a health room. FY18 and prior years reflect the number of children enrolled who had access to a health room.

(6) DSS no longer administers this program. It is now being administered through the City of Frederick, Community Action Agency.

(7) Congregate meals were not served in FY21 because our senior centers were closed due to the COVID-19 pandemic.

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

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Parks, recreation and culture										
Parks acres maintained	2,445	2,282	2,099	2,099	2,099	2,099	2,096	2,074	2,066	2,066
Recreation center registrations (1)	8,881	6,673	7,526	6,725	6,918	6,676	7,287	6,292	55,997	49,994
Conservation of natural resources										
Agriculture										
Farms	1,373	1,373	1,373	1,308	1,308	1,308	1,308	1,308	1,442	1,442
Acreage	188,576	188,576	188,576	181,512	181,512	181,512	181,512	181,512	202,087	202,087
Preserved land										
Farms	515	492	482	467	455	439	426	413	405	397
Acreage	70,100	67,166	65,546	63,565	61,667	59,220	57,198	55,542	54,365	53,572
Community development and public housing										
Bell Court housing project (28 units)										
Occupancy rate	99%	99%	99%	94%	100%	100%	100%	99%	99%	100%
Economic development and opportunity										
Workforce Services										
One - stop services - customers served	4,632	9,389	5,210	5,896	6,132	5,911	5,324	5,511	5,009	4,538
One - stop services - youth customers served	402	223	295	284	377	335	255	237	220	212
Job openings received	6,037	5,439	5,244	4,879	4,755	3,708	3,968	3,073	3,178	3,743
Customized training provided (trainees)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Program Ended	1,044
Frederick Business works projects (trainees)	17	61	84	90	45	1	91	n/a	n/a	Grant Ended
Recruitment for business (2)	115	100	110	80	5	58	80	91	44	60
Customized & onsite recruitment events	250	195	416	300	439	318	415	454	359	454
Website unique visitors	25,681	36,955	47,876	36,410	35,313	41,054	50,380	68,344	82,257	93,875
Office of Economic Development										
Website views/social media engagements (3)	202,222	237,614	208,728	29,382	1,243	513,951	413,000	396,800	421,502	420,018
Inquiries (4)	n/a	n/a	n/a	n/a	2,100	2,100	2,100	2,100	2,100	2,001
Prospects	112	96	124	106	195	120	150	185	140	128
Projects (4)	n/a	n/a	n/a	n/a	500	400	500	410	503	499
Business visits (5)	233	243	264	284	400	350	350	348	325	308
Business assistance (6)	2,231	2,413	2,328	2,501	500	400	300	275	313	290

(1) Formerly recreation center attendance - numbers updated accordingly

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

(3) Formerly average web hits per month for FY11 - FY16 and average page views per month for FY17 - FY18. FY19 - FY21 totals include Office of Economic Development, Homegrown and Root website views/ social media engagements

(4) Indicators are no longer being tracked

(5) Formerly companies visited

(6) Formerly companies assisted

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

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

<u>Function/Program</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Government										
Building maintenance										
Buildings managed	162	162	166	165	164	162	162	155	149	147
Public Safety										
Fire/rescue stations	29	29	29	29	30	30	30	30	30	30
Adult Detention Center average daily population	232	257	298	321	398	374	407	360	382	395
Public Works										
County roads - mileage	1,292	1,285	1,279	1,285	1,273	1,273	1,273	1,272	1,270	1,271
Water facilities										
Plants/Distribution Systems	13	13	13	13	13	13	13	13	12	12
Daily capacity (1,000 gals.)	17,005	17,005	17,005	17,061	17,198	17,198	17,282	18,124	18,124	18,124
Miles of water mains	373	364	355	344	336	321	314	308	306	302
Hydrants	3,447	3,339	3,224	3,117	3,026	2,843	2,783	2,689	2,665	2,602
Sewer facilities										
Plants/Collection Systems	12	12	12	12	12	12	12	13	14	14
Daily capacity (1,000 gals.)	16,043	16,043	16,043	16,043	16,043 *	16,043 *	16,043	8,533	8,677	8,677
Miles of sewer mains	437	427	416	406	396	377	373	371	367	363
Bridges										
Bridges (over 20' spans)	223	221	221	222	219	218	218	219	219	219
Fleet services										
Vehicles	1,176	1,097	1,008	1,054	1,001	996	987	940	926	961
Parks, Recreation and Culture										
County park acreage	2,445	2,282	2,099	2,099	2,099	2,099	2,096	2,074	2,066	2,066
County facilities	42	41	40	39	39	39	37	37	36	36

*FY16 and FY17 reflect updated capacity

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

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