

# Frederick County Maryland



Seasons of Frederick County

Council Member Kai Hagen

## Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2022

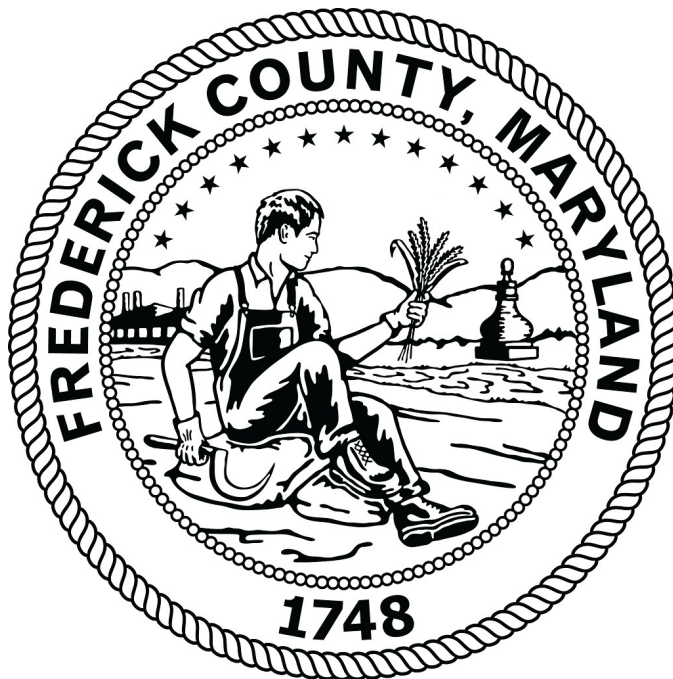
Front Cover:

- Farm located northwest of Frederick (the red barn no longer exists)
- Willow tree and bench beside a pond at Thorpewood
- Part of Pryor's Orchard at the edge of Thurmont with Catoctin Mountain rising behind
- Willow Pond at Stoney Brook Farm at Thorpewood
- Creek west of Walkersville - Fountain Rock flowing across a farm toward the Monocacy
- Frederick winter sunset

Kai Hagen, County Council Member, was elected to the Frederick County Council (At-Large) in 2018. Previously, he was elected to the Frederick County Board of County Commissioners and served from 2006 - 2010. His family moved to the City of Frederick in 1995, and then to northern Frederick County in 2000. He enjoys photography, especially nature and landscapes.

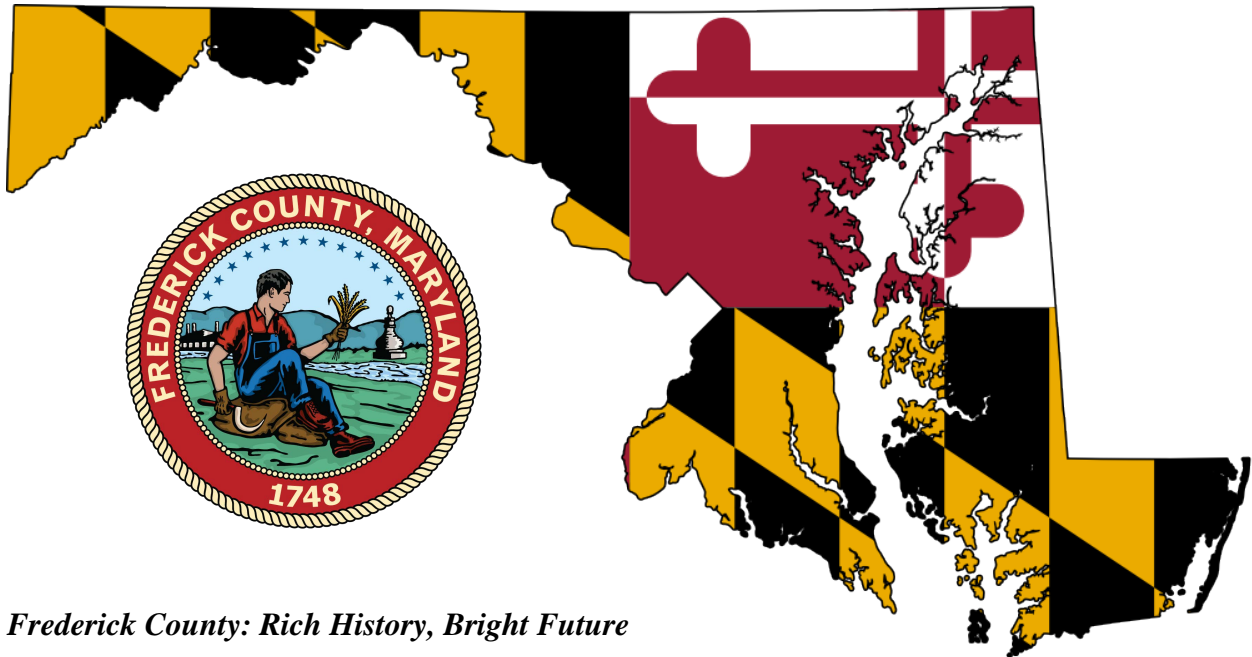
*Permission was granted by the photographer to use these photos.*

***Frederick County, Maryland***  
***Annual Comprehensive Financial Report***  
***Fiscal Year 2022***  
***July 1, 2021 – June 30, 2022***



*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, 2022  
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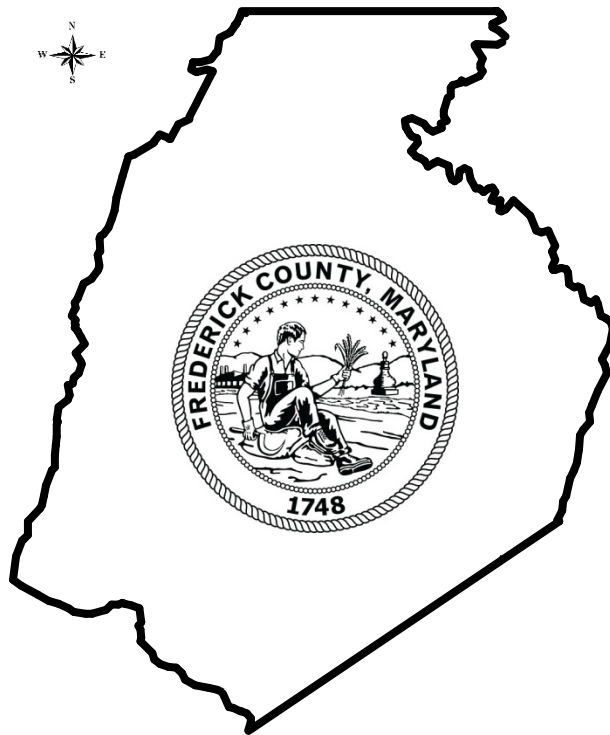
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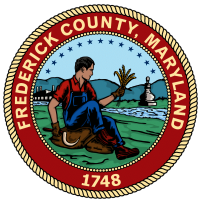
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# INTRODUCTORY SECTION







# FREDERICK COUNTY GOVERNMENT

## DIVISION OF FINANCE

Accounting Department

Jan H. Gardner  
*County Executive*

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

November 1, 2022

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, 2022.

### **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, 2022. 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 279,835. 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 79,588. 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](http://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, Frederick County Public Libraries and Scott Key Center, Inc. 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 eight 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. Council Bill Number 22-11 was enacted and increased the committed fund balance from seven to eight percent of general fund expenditures and transfers to the Debt Service Fund, Board of Education and the Fredrick Community College in FY22 and thereafter.

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.

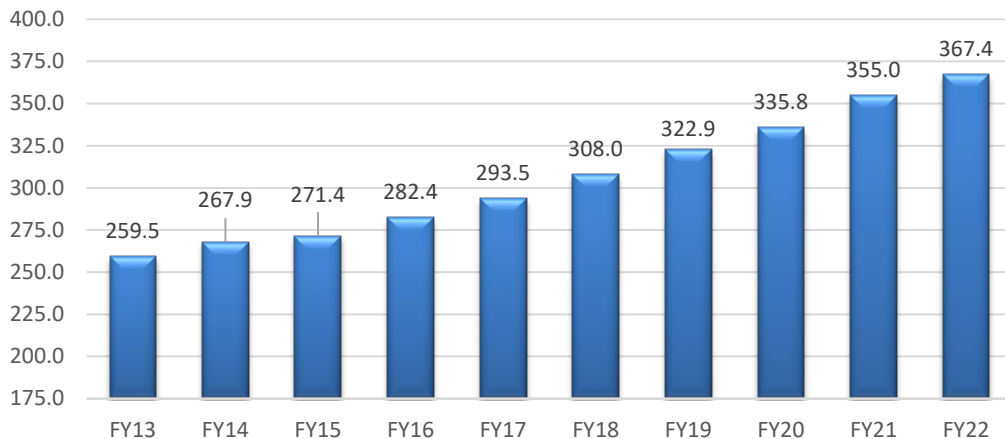
**Local Economy** – Frederick County has a diverse economy and is well positioned for business growth and development. Location, upscale business and employment parks, available infrastructure, business friendly programs, a highly skilled and educated workforce and room to grow are all key factors for 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. 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 3.9% as of August 2022, and is well below the State rate of 4.4% for the same period. Average employment in Frederick County is 132,750 as of August 2022.

The County's largest revenue source remains real property taxes. Real property assessed values increased by 6.8% in FY22 and this trend continues into FY23 as values have grown to \$37.8 billion from \$36.2 billion. General Fund property taxes are projected to increase in FY23 by \$25.5 million over FY22, representing a 6.9% increase. The real estate market has experienced an increase in property assessments, which have increased over the past nine years.

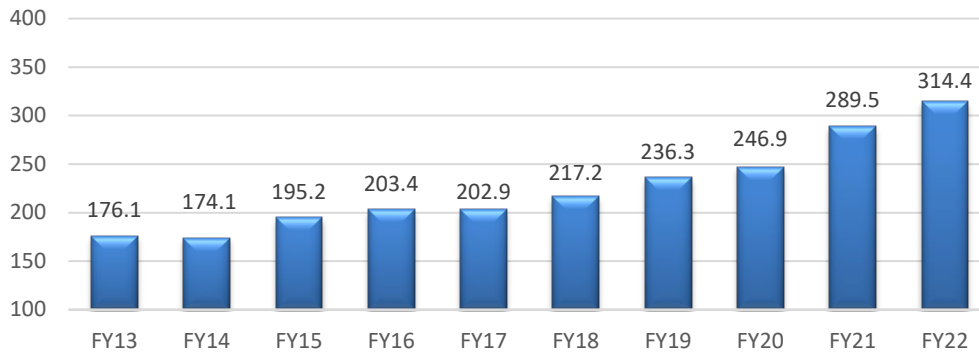
**Property Tax Revenues**  
Values shown in Millions



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 \$314.4 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 \$307.3 million for FY23.

**Income Tax Revenues**  
Values shown in Millions



**Long-term Financial Planning** - The major credit rating agencies have recognized that Frederick County’s growing economic base, solid operating performance, strong management, financial position, policies and practices combine to rank Frederick as a top tier county government. The County’s AAA ratings from Fitch Ratings, Moody’s Investors Service, and S&P Global Ratings were affirmed in 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 FY23 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 \$762.2 million for FY23, representing a 10.9% increase over FY22.

The FY23 budget reflects the County Executive’s goals by providing increased funding for public education, safe communities, improving public health, valuing our rich history and protecting our agricultural heritage, and advancing the overarching vision and priorities founded in Livable Frederick. Livable Frederick is our roadmap to a prosperous and healthy future for everyone in Frederick County. This budget not only positions Frederick County for today, but the future.

Below are some highlights from Executive Gardner’s FY23 budget:

- Continued increase in funding for Frederick County Public Schools at \$33.4 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.
- Honors our contracts with our public safety unions and includes funding for the first phase of the implementation of body cameras for all law enforcement agencies in Frederick

County, including within our municipalities, by funding the State's Attorney's Office to review, use and maintain all footage.

- Expands mobile crisis services that brings social workers and behavior health specialists to respond with law enforcement or to a call to 2-1-1.
- Dedicates recordation tax revenue, doubling our investment in agriculture preservation.
- Commitment to staff by funding the second and final year 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 ensures 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, 2021. 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 Bowman 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](http://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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

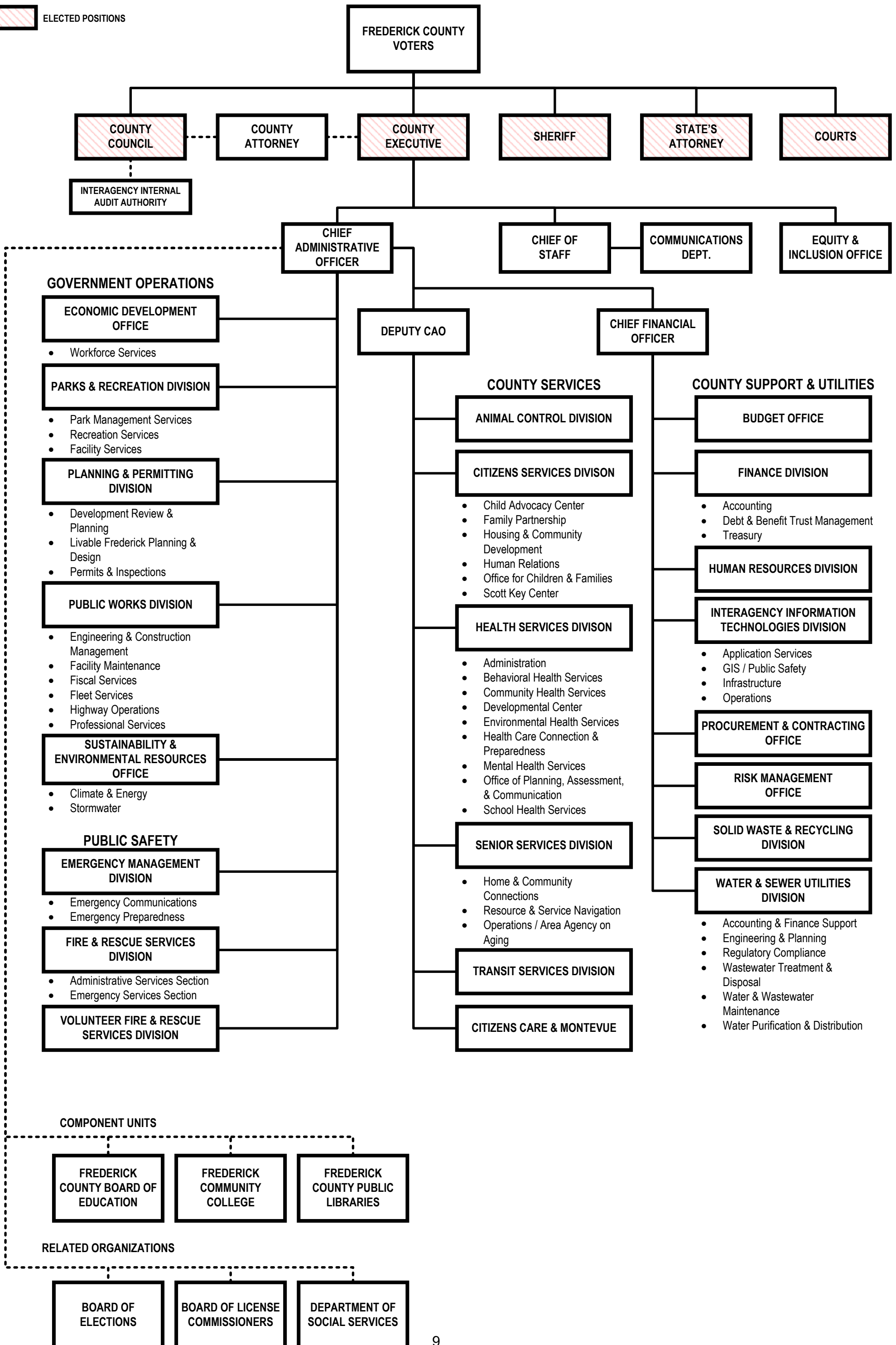
June 30, 2021

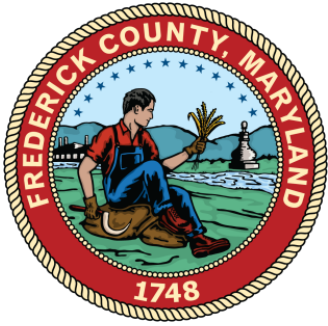
*Christopher P. Morill*

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

David Luckenbaugh

Kelly Weaver, CPA

Michael Hughes

Christine Cambareri Kay

Jodie Bollinger, Acting

John Markey

Erin White, CPA

Thomas Coe

Barbara Brookmyer, MD, MPH

Wayne Howard

David Maginnis

Jeremy Kortright

Steven Horn

Diane Fouché

Rick Harcum, Acting

Lauren Vandergrift

Kathy Schey

Phil Harris

Shannon Moore

Roman Steichen

Mark Schweitzer

M. Shane Darwick

## **Component Units**

### **Board of Education**

President	Brad Young
Vice President	Sue Johnson
Member	Elizabeth Barrett
Member	David Bass
Member	Jason Johnson
Member	Jay Mason
Member	Karen Yoho
Student Member	Sam Starrs
Interim Superintendent	Michael D. Markoe, Ed.D.

### **Frederick Community College Board of Trustees**

Chairperson	Tom Lynch, Esquire
Vice Chairperson	Carolyn Kimberlin
Trustee	Ellis Barber
Trustee	Gary Fearnow
Trustee	Theodore Luck
Trustee	April Miller, O.D.
Trustee	Dr. John Molesworth
Interim President	Dr. Thomas Powell

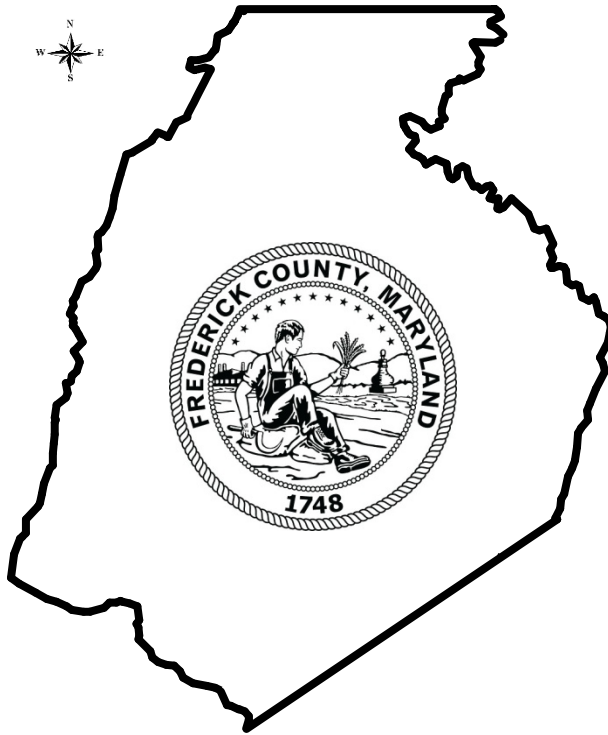
### **Frederick County Public Library Board**

Chairperson	Maurice "Mick" O'Leary
Vice Chairperson	Jennifer D'Agostino
Secretary/Treasurer	Karyn Spertzel
Member	Galen Mayfield
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









**SB & COMPANY, LLC**  
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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS**

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

### ***Opinions***

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements 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 the County, as of June 30, 2022, 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.

We did not audit the financial statements of Scott Key Center, Inc., which represent 0.07 percent, 0.32 percent, and 0.42 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Scott Key Center, Inc., is based solely on the report of the other auditors.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a year after the financial statements are available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.



***Auditor’s Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County’s ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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



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***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual fund statements, budgetary comparison schedules, and capital assets used in the operation of governmental funds, 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 was derived from and relates 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.

***Other Information***

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Owings Mills, Maryland  
November 1, 2022

# WINCHESTER HALL



## 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, 2022. 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 \$1,443.7 million (net position), approximately 53.0% of which is attributable to the County's business-type activities. Of total net position, \$822.2 million is the net investment in capital assets and \$270.6 million is restricted for specific purposes. The County's unrestricted portion of net position is \$350.9 million. Unrestricted net position is composed of \$120.1 million in the governmental activities and a balance of \$230.8 million unrestricted in the business-type activities.
- The total government-wide net position increased by \$178.4 million or 14.1% in FY22. The governmental activities net position increased by \$150.7 million, compared to an increase of \$203.5 million in FY21. The business-type activities net position increased by \$27.7 million, reflecting a smaller increase than the \$44.4 million increase in FY21.

#### Fund Level:

- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$614.7 million, an increase of \$201.0 million from the prior year. The County's proprietary funds reported a combined net position of \$762.9 million, representing a \$27.6 million increase over the prior year.
- At the end of FY22, the total committed, assigned and unassigned fund balances for the County's General Fund was \$155.0 million or approximately 24.6% 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, a legally separate library board, and a legally separate Scott Key Center, Inc. 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, Frederick Community College and Scott Key Center, Inc. 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 33-35 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 Employees Retirement Plan and Uniformed Employees Retirement Plan, the Other Post-Employment Benefits (OPEB) Fund, the Length of Service Award Program (LOSAP) Fund, 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-23.



## 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 \$1,443.7 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.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 840,530	\$ 794,007	\$ 277,011	\$ 246,838	\$ 1,117,541	\$ 1,040,845
Capital assets	595,094	540,429	670,573	673,115	1,265,667	1,213,544
Total assets	<u>1,435,624</u>	<u>1,334,436</u>	<u>947,584</u>	<u>919,953</u>	<u>2,383,208</u>	<u>2,254,389</u>
Deferred outflows of resources	115,370	13,512	1,716	1,583	117,086	15,095
Current and other liabilities	135,729	125,989	27,089	26,116	162,818	152,105
Long-term debt outstanding	681,866	489,320	157,436	158,362	839,302	647,682
Total Liabilities	<u>817,595</u>	<u>615,309</u>	<u>184,525</u>	<u>184,478</u>	<u>1,002,120</u>	<u>799,787</u>
Deferred inflows of resources	54,458	204,349	-	-	54,458	204,349
Net Position:						
Net investment in capital assets	295,771	283,144	526,392	522,956	822,163	806,100
Restricted	263,039	138,862	7,562	1,740	270,601	140,602
Unrestricted	120,131	106,284	230,821	212,362	350,952	318,646
Total net position	<u>\$ 678,941</u>	<u>\$ 528,290</u>	<u>\$ 764,775</u>	<u>\$ 737,058</u>	<u>\$ 1,443,716</u>	<u>\$ 1,265,348</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, \$822.2 million or 57.0%, 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 \$270.6 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 \$350.9 million. Unrestricted net position is composed of \$120.1 million in the governmental activities and \$230.8 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 FY21 to FY22. There was an improvement in the unrestricted net position of the Governmental Activities of \$13.9 million while the Business Activities unrestricted net position increased \$18.5 million.

The net position of the governmental activities increased \$150.7 million during FY22, while program revenues decreased \$70.6 million and general revenues increased \$68.2 million over FY21. Governmental activities general revenues for FY22 showed an increase in property taxes of \$13.3 million, an increase in income taxes of \$33.4 million, an increase in recordation tax of \$14.3 million, and an increase of \$6.8 million in miscellaneous revenues. This was offset by a decrease of \$1.3 million of investment earnings. The majority of the decrease in program revenues came from a decrease in grants related to the COVID-19 pandemic. Expenses for the governmental activities increased \$47.4 million, 6.4% from the prior year.

The net position of the business-type activities increased \$27.7 million during FY22. Business type activities revenue for FY22 showed an increase in charges for services revenue of \$1.2 million and a decrease in grants and contributions of \$13.1 million. Expenses for the business-type activities increased \$8.0 million, 7.5% 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	
	2022	2021	2022	2021	2022	2021
<b>REVENUES</b>						
<b>Program revenues</b>						
Charges for services	\$ 61,520	\$ 69,780	\$ 109,438	\$ 108,282	\$ 170,958	\$ 178,062
Operating grants and contributions	58,058	119,062	262	485	58,320	119,547
Capital grants and contributions	5,482	6,794	29,048	41,895	34,530	48,689
<b>General revenues</b>						
Local property taxes	367,315	353,986	-	-	367,315	353,986
Local income taxes	343,873	310,436	-	-	343,873	310,436
Other local taxes	83,755	67,925	-	-	83,755	67,925
Investment earnings	(2,639)	(1,333)	410	258	(2,229)	(1,075)
Miscellaneous	24,534	17,789	-	-	24,534	17,789
Gain/Loss on Disposal of Assets	123	-	190	81	313	81
<b>Total revenues</b>	<u>942,021</u>	<u>944,439</u>	<u>139,348</u>	<u>151,001</u>	<u>1,081,369</u>	<u>1,095,440</u>
<b>EXPENSES</b>						
<b>Program activities</b>						
<b>Governmental activities:</b>						
General government	74,715	67,653	-	-	74,715	67,653
Public safety	165,609	117,620	-	-	165,609	117,620
Public works	46,869	47,608	-	-	46,869	47,608
Health	12,008	15,512	-	-	12,008	15,512
Social services	9,582	9,395	-	-	9,582	9,395
Education	389,980	404,170	-	-	389,980	404,170
Parks, recreation, and culture	26,464	23,675	-	-	26,464	23,675
Conservation of natural resources	17,030	6,711	-	-	17,030	6,711
Community development and public housing	16,421	14,414	-	-	16,421	14,414
Economic development and opportunity	-	-	-	-	-	-
Interest on long term debt	15,199	19,874	-	-	15,199	19,874
Interest on long term debt	14,890	14,704	-	-	14,890	14,704
<b>Business-type activities:</b>						
Water and sewer	-	-	55,119	49,554	55,119	49,554
Solid waste management	-	-	29,036	28,418	29,036	28,418
Comprehensive Care Facility	-	-	29,883	27,962	29,883	27,962
Public Housing	-	-	196	330	196	330
<b>Total expenses</b>	<u>788,767</u>	<u>741,336</u>	<u>114,234</u>	<u>106,264</u>	<u>903,001</u>	<u>847,600</u>
<b>Change in net position before transfers</b>	<u>153,254</u>	<u>203,103</u>	<u>25,114</u>	<u>44,737</u>	<u>178,368</u>	<u>247,840</u>
<b>Transfers</b>	<u>(2,603)</u>	<u>357</u>	<u>2,603</u>	<u>(357)</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<u>150,651</u>	<u>203,460</u>	<u>27,717</u>	<u>44,380</u>	<u>178,368</u>	<u>247,840</u>
<b>Net position - beginning of year</b>	<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>
<b>Net position - ending of year</b>	<u>\$ 678,941</u>	<u>\$ 528,290</u>	<u>\$ 764,775</u>	<u>\$ 737,058</u>	<u>\$ 1,443,716</u>	<u>\$ 1,265,348</u>

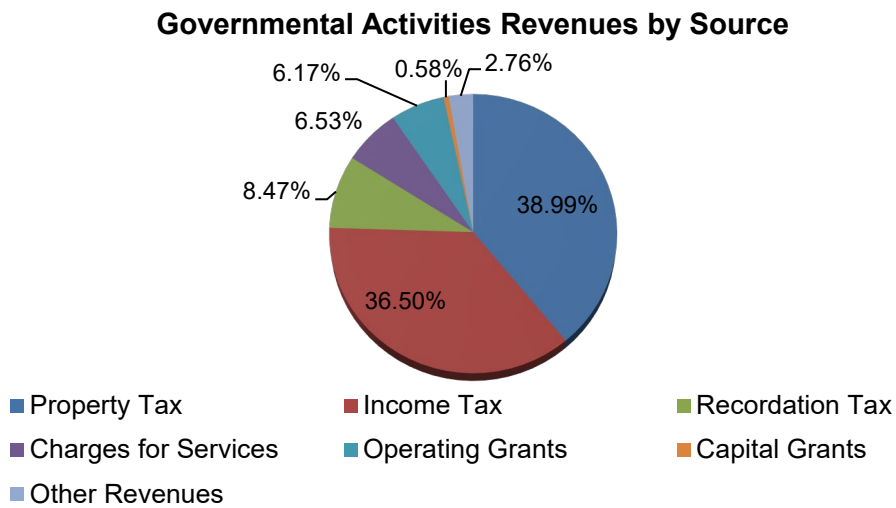
**Governmental Activities:** As noted earlier, the government's net position increased by \$178.4 million during the fiscal year. The net position of governmental activities increased \$150.7 million. Governmental activity revenues decreased by \$2.4 million during FY22 with an increase in expenses of \$47.4 million. The County realized its largest increase in revenues from property tax, income tax, and recordation tax. The increase in governmental activities expenses were primarily in the areas of public safety, general government and conservation of natural resources.

Key elements impacting the governmental activities revenues include:

- Local property tax revenue increase in FY22 by \$13.3 million or 3.8% over prior year primarily due to an increase in real property assessments.
- Increases in income tax revenues of \$33.4 million, reflecting a 10.8% increase over FY21. This change is attributable to a strong economy, wages and capital gains.

- Recordation tax increased \$14.3 million in FY22 over FY21. In FY22 the number of home sales increased in part due to low interest rates resulting in increased recordation tax revenue.
- Operating Grants and Contributions revenue decreased by \$61.0 million in FY22. The County saw a significant decline in COVID-19 related grants in FY22.
- Charges for services decreased \$8.3 million in FY22 from \$69.8 million in FY21 to \$61.5 million in FY22. Impact fees for general government capital projects accounted for \$6.9 million of this decrease. Impact fees are only collected on new residential homes. This variance is a result of decreased permits issued for all housing types. Impact fees tend to be very volatile from year to year.

The following chart illustrates the governmental activities revenues received by source for FY22:



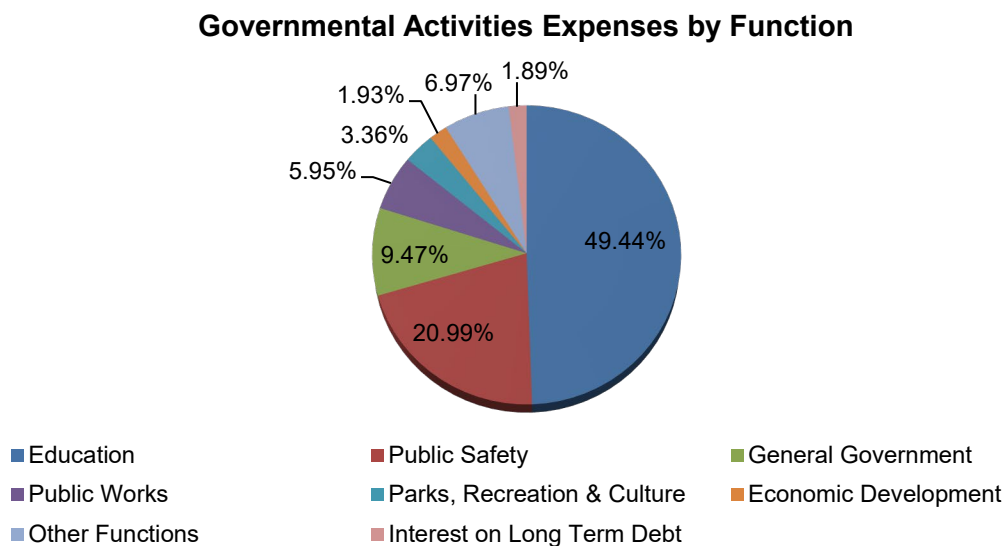
Governmental activities expenses increased by \$47.4 million in FY22. The largest contributors to this increase were in the areas of:

- Overall Education expenses decreased in FY22 by \$14.2 million when compared to FY21. Operating funding for our local education system continues to grow including an additional \$21.4 million or an 6.9% increase in funding for FY22. This supports the County Executive’s focus on our education system. Capital project expenses decreased by \$38.4 million in FY22. In FY21 a new elementary school and a school dedicated to special education were both completed. Operating support to the local community college increased \$1.6 million in FY22 representing a 7.6% increase from prior year.
- Public Safety expenses increased \$48.0 million when compared to the prior year primarily in fire and rescue operations. Overall, day-to-day public safety expenses increased in FY22 by \$19.2 million due to increase in personnel expenses. There was also a significant increase in expenses related to pension expense of \$35.9 million for public safety employees that were the result of significant decreases in net investment income. These public safety expense increases were partially offset by a \$7.4 million decrease in public safety expenses related to COVID-19 grants.
- General government expenses increased by \$7.1 million in FY22. During the current fiscal year, the County provided \$2.5 million in funding to the City of Frederick to go toward land acquisition costs related to a downtown hotel development project and also spent \$2.7 million

in COVID-19 contingency funding. The remaining increase in general government expenses in FY22 are relate to increases in most categories included in general government functions including legislative, judiciary, financial administration, information technology, planning, personnel administration, legal and management services.

- A decrease in Health expense of \$3.5 million was due to a decrease in programs to support our citizens during the COVID-19 pandemic.
- Conservation of Natural Resources expenses increased by \$10.3 million in FY22. This increase is related to more conservation easements being purchased by the County in the current fiscal.
- Economic development and opportunity costs decreased by \$4.7 million when compared to FY21. This decrease is attributable to fewer grant programs administered by the County in FY22 that provided economic support to small businesses adversely impacted by the COVID-19 pandemic.

The following chart illustrates the governmental activities expenses by function for FY22:



**Business-type Activities:** Business-type activities increased Frederick County’s net position by \$27.7 million in FY22, compared to an increase of \$44.4 million in FY21.

Total Revenues for Business-type activities decreased by \$11.7 million in FY22.

Key factors include:

- Capital grants and contributions in the Water and Sewer Fund were \$29.0 million in FY22 compared to \$41.9 million in FY21. Contributions for capacity charges continue to exceed 50% of total contributions, with the majority of the remaining contributions coming from developers. Contributions for capacity charges fees tend to be very volatile from year to year.
- Charges for services increased by \$1.2 million. The Solid Waste Fund had an increase of \$2.5 million attributable to an increase in commodity priced recycling revenue and the introduction of renewable energy certificates as a new revenue source in FY22. The Comprehensive Care Facility Fund revenues increased \$2.3 million due to restrictions being

released on congregate living facilities during FY22 that were in place during the COVID-19 pandemic in the prior fiscal year. These increases were offset by a decrease of \$3.8 million in the Water and Sewer Fund revenue due to a federal contract with Fort Detrick not being renewed in FY22 and as well as a decrease in various other miscellaneous revenue sources.

Total Expenses for Business-type activities increased by \$8.0 million in FY22.

- The Water & Sewer Fund reported a \$5.6 million increase in expense in FY22. The cost of goods due to a historical increase in inflation has impacted both repairs and maintenance as well as other operating expenses.
- Expenses for the Solid Waste Fund slightly increased by \$600 thousand in FY22 primarily due to lower recycling costs as well as personnel expenses attributable to position vacancies.
- The Comprehensive Care Facilities Fund expenses increase by \$1.9 million primarily due to an increase in patients served. This is the result of some COVID-19 related restrictions being released on congregate living facilities during FY22.

## 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 \$614.7 million. Approximately 99.0% of this total amount (\$608.8 million) constitutes restricted, committed, assigned and unassigned fund balance, which is generally available for spending. The remainder of fund balance (\$5.9 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 \$393.2 million is \$54.9 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 8.0% percent of the General Fund expenditures and transfers to the Frederick County Board of Education, Frederick Community College and Debt Service Fund. Council Bill No. 22-11 was enacted on June 21, 2022, that increased this set-aside from 7% to 8% beginning in fiscal year 2022.

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 \$156.1 million. Reducing the committed fund balance for the legislative mandate noted earlier still provides a fund balance of \$77.6 million spendable for current operations. The remainder of the fund balance (\$1.8 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 \$157.9 million. As a measure of the General Fund's liquidity, it may be useful to compare restricted, committed, assigned, and unassigned fund balance and total fund balance to total expenditures. Restricted, committed, assigned and unassigned fund balance represents 24.7% of total general fund expenditures, while total fund balance represents 25.0% of that same amount.

The County's General Fund total fund balance decrease by \$29.7 million during the current fiscal year. The decrease is mostly due to an increase in one-time transfers from the General Fund to the Capital Projects Fund of \$61.8 million. Supplemental appropriations were approved during fiscal year 2022 that were a result of the County having stronger than anticipated income tax and

recordation tax revenue in fiscal year 2021. The County decided to use this opportunity to fund one-time transfer to the Capital Projects Fund to accelerate several capital projects.

The Grants Fund total fund balance increased \$14.9 million during the current fiscal year. During FY22, the County continued to receive an unprecedented amount of grant funding to combat the COVID-19 pandemic but to a lesser extent than FY21. Grants from federal government decreased by \$31.4 million and grants from the state government decreased by \$3.8 million over the prior year. The decrease in grant revenues were partially offset by a decrease in expenditures of \$21.4 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 \$283.1 million. The increase in fund balance for the current fiscal year was \$178.1 million. This represents a \$224.1 million increase over the decrease in fund balance in FY21 of \$46.0 million. This increase is primarily due to the timing of bond issuance. Bonds were issued in FY22 including premium in the amount of \$160.7 million, compared to the FY21 bonds in the amount of \$7.8 million. Also, as noted earlier the majority of the remaining \$224.1 increase is the result of an additional one-time transfer from the General Fund to the Capital Projects Fund of \$61.8 million.

The Agricultural Land Preservation Fund has total committed fund balance of \$71.9 million. There is \$64.4 million committed for Installment Purchase Agreements and the remainder is committed for other agricultural preservation initiatives. The fiscal year fund balance increased by \$9.5 million is due mostly to increase in recordation tax from the prior fiscal year of \$5.7 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 that was in effect for the entire current fiscal year coupled with the increase in residential real estate transactions and mortgage refinancing's contributed to this surge in recordation tax. Another contributing factor to the FY22 increase in fund balance was a result of a \$3.0 million increase in miscellaneous revenue due to timing of critical farm refunds from landowners receiving state funding to replace funding the County provided the landowners in prior years. This revenue source tends to be very volatile from year to year.

The Debt Service Fund has a total fund balance of \$21.8 million. The fiscal year fund balance increased by \$21.3 million primarily due to \$30.0 million refunding bonds issued offset by payments to refunded bond escrow agent of \$8.8 million.

**Proprietary Funds:** Frederick County's proprietary fund statements provide the same type of information found in the Government-Wide Financial Statements, but in more detail. At the end of FY22, the enterprise funds reported a combined total net position of \$762.9 million. Of that total, the unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$183.3 million and the unrestricted net position in the Solid Waste Management Fund totaled \$39.2 million. The Comprehensive Care Facility Fund ended the year with an unrestricted net position of \$6.4 million. The Bell Court Apartment Fund had an unrestricted net position of \$3,369.

The County's internal service funds ended FY22 with a total net position of \$42.4 million. Net Position included \$18.1 million of net investment in capital assets and the remaining \$24.3 million of unrestricted net position for all internal service funds. Overall, there was an increase in net position of \$8.6 million in the current year for all internal service funds.

## **General Fund Budgetary Highlights**

The final budgeted use of fund balance budget for the General Fund increased \$63.2 million over the original budget. As part of the budget process, the County has the authority to re-appropriate encumbrances outstanding at the end of the fiscal year for the General Fund. This accounted for \$5.0 million of the increase from the adopted budget. Other notable increases to the adopted budget

included \$32.0 million for the purchase, renovation, and first year operating costs of an office building, a \$7.8 million reappropriation of COVID-19 contingency, a \$7.6 million one-time property tax credit provided to homeowners with property assessments below certain limits, a \$3.7 million mid-year appropriation to establish a new Climate and Energy function within the Office of Sustainability and Environmental Resources and advance related priorities, \$2.9 million to advance an elementary school capital project, and a \$2.5 million contribution to the City of Frederick for a downtown hotel and conference center.

During the year, revenues were greater than budgetary estimates by \$37.9 million and expenditures were less than budgetary estimates by \$17.9 million. Cautious spending partially contributed to the \$17.9 million or 2.7% decrease in actual General Fund expenditures compared to the final General Fund budget. The favorable variances totaled \$55.8 million, thereby leaving the County to only draw upon \$37.1 million of the \$92.9 million of the appropriated fund balance.

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

**Revenues:**

- Local property tax revenue was greater than the budget amount by \$1.5 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 \$30.7 million. This significant budget variance is primarily attributable to the uncertainty the continuing COVID-19 pandemic would have on this revenue source during the FY22 budget process. Continued consideration of how our economy would be affected by the 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 \$7.8 million. These taxes are based on property transfers and loan refinancings, which have increased primarily due to interest rates for housing loans remaining low during FY22.
- Investment income was less than the budget estimates in FY22 by \$1.9 million. This is the result of continued lower than anticipated interest rates during the fiscal year.

**Expenditures:**

- One of the primary factors contributing to expenditures being less than the amounts budget by \$17.9 million is salary and fringe savings attributable to position vacancies in FY22. The County has experienced an unprecedented challenge in recruiting staff for vacant positions throughout the organization.
- Notable savings occurred in the non-departmental function that resulted in a positive budget variance of \$5.5 million. This positive budget variance is primarily the result of \$2.4 million in various contingencies related to fuel and severe weather being underspent as well as savings in the COVID-19 contingency of \$1.3 million.
- The general government function was the next biggest contributor with \$5.3 million in savings. The two largest areas in savings were the departments of maintenance with \$1.5 million and elections with \$829 thousand. Maintenance had savings of \$58 thousand as a direct result of vacant positions with remaining savings in building/grounds and contracted services. The election budget included costs for primary and general elections. Due to the timing of expenditures for the upcoming general election, costs that were anticipated in FY22



will be incurred in FY23. The remaining savings were due to vacancy savings throughout the remaining departments within general government.

- Public safety had \$2.4 million in savings primarily due to numerous vacant positions particularly at emergency communications and work release center.
- Public works had \$1.4 million in savings primarily due to position vacancies.
- Parks and recreation had a \$1.2 million in savings mostly as a result of vacancies.
- Social Services had \$1 million in savings attributed primarily to vacancies, particularly at the Scott Key Center.

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, 2021, and 2022, amount to \$1,213.5 million and \$1,266.0 million, respectively. This investment in capital assets includes land, easements, buildings, improvements, equipment, right -to-use assets, 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 4.3%.

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

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 142,192	\$ 128,857	\$ 9,328	\$ 9,328	\$ 151,520	\$ 138,185
Buildings & improv.	301,728	279,478	358,159	357,789	659,887	637,267
Equipment	155,992	148,947	59,486	58,977	215,478	207,924
Infrastructure	437,938	433,018	482,748	472,458	920,686	905,476
Construction in progress	75,655	39,722	25,144	20,571	100,799	60,293
Accum. depreciation	(518,411)	(489,593)	(264,292)	(246,008)	(782,703)	(735,601)
Total	<u>\$ 595,094</u>	<u>\$ 540,429</u>	<u>\$ 670,573</u>	<u>\$ 673,115</u>	<u>\$ 1,265,667</u>	<u>\$ 1,213,544</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:
  - Prospect Center Acquisition and Fit out \$21.1 million
  - Pavement Management 10.4 million
  - Hayward Road Fire Station 6.0 million
  - Middletown Community Park Rehabilitation 4.9 million
  - Systemic Projects 4.4 million
- The following transfers were made to the Frederick County Board of Education for school construction:
  - Waverly Elementary School Addition \$18.1 million
  - Brunswick Elementary School Modernization 5.2 million
  - Systemic Projects 4.9 million

- The following transfers were made to the Frederick Community College for school construction:
  - Linganore Hall Renovation and Addition \$4.7 million
  - Systemic Projects 1.5 million

**Business-type Activities:**

- Construction costs were incurred for the following major projects:
  - Lewistown Wastewater Treatment Plant Improvements \$1.9 million
  - Solar Array at Ballenger-McKinney Plant 1.1 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	
	2022	2021	2022	2021	2022	2021
Bonds Payable	\$ 517,959	\$ 394,443	\$ 95,567	\$ 96,102	\$ 613,526	\$ 490,545
Ag Easement Notes (IPA)	47,976	48,520	-	-	47,976	48,520
Notes from Direct Borrowings and Direct Placements	35,866	27,618	52,681	51,468	88,547	79,086
Leases Payable	6,061	6,639	190	249	6,251	6,888
Total	<u>\$ 607,862</u>	<u>\$ 477,220</u>	<u>\$ 148,438</u>	<u>\$ 147,819</u>	<u>\$ 756,300</u>	<u>\$ 625,039</u>

As of year-end, the County had \$613.5 million in general obligation bonds outstanding compared to a total of \$490.5 million last year, a 25.1% net increase. During FY22 the County issued its Tax-Exempt General Obligation Public Facilities Project and Refunding Bonds, Series 2021A in the par amount of \$154.5 million and its General Obligation Public Facilities Taxable Refunding Bonds, Series 2021B in the amount of \$30.9 million. These issues were offset by regular principal payments and payments on refunded bonds in the amount of \$62.4 million.

During FY22 the County restructured \$54.3 million in bonds and notes payable of the Water and Sewer Fund from 20-year to 30-year obligations for the fund to be viewed as self-supporting debt by the rating agencies, as well as provide the opportunity to reduce future debt issuance.

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 \$366.3 million.

Principal payments and reductions of all the County’s long-term liabilities in the amounts of \$122.8 million and \$35.2 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 General Fund budget for FY23 is based on existing tax rates for both County property taxes (\$1.06) and income taxes (2.96%) and reflects 10.9% increase in revenues compared to FY22. Property tax and income tax revenues increased by 6.9% and 16.1% 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 both FY22 and FY21. The City of Frederick and the Town of Myersville use County property tax differential rates. The City of Frederick rate for FY23 will be 0.9487, which is a decrease from the FY22 rate of 0.9505. The Town of Myersville increased their rate for FY23 to 0.9423 from the FY22 rate of 0.9407.
- The FY23 budget makes a record investment in public education with \$35 million in new funding for our K-12 public schools. This investment includes \$33.4 million in ongoing operating dollars to ensure the best teachers and staff in our classrooms, to support recovery from the pandemic, and to deliver positive educational outcomes for students. The total appropriation for FY23 is \$365.3 million.
- Funding for Frederick Community College will also experience an increase of \$1.0 million in FY23 to improve pay for all eligible staff. Tuition will be frozen for the current academic year to ensure students seeking opportunity through higher education or preparing for a changing workplace can take advantage of the opportunity. The total appropriation for FY23 is \$22.9 million.
- The appropriation for Frederick County Libraries increased \$1.1 million to support life-long learning, educational needs and home schooling. The budget will support additional teen programming and providing staffing for our newest library, the Middletown Branch Library. The total appropriation for FY23 is \$13.9 million.
- As a result of operations in FY22, there remains \$48.2 million of fund balance in the General Fund that is committed for use in the FY24 budget. This represents an increase from the \$29.9 million programmed as a budgeted use of fund balance in the FY23 budget.
- As of August 2022, the average unemployment rate for the County was 3.9 percent, while the average unemployment rate for the State of Maryland was 4.4 percent.

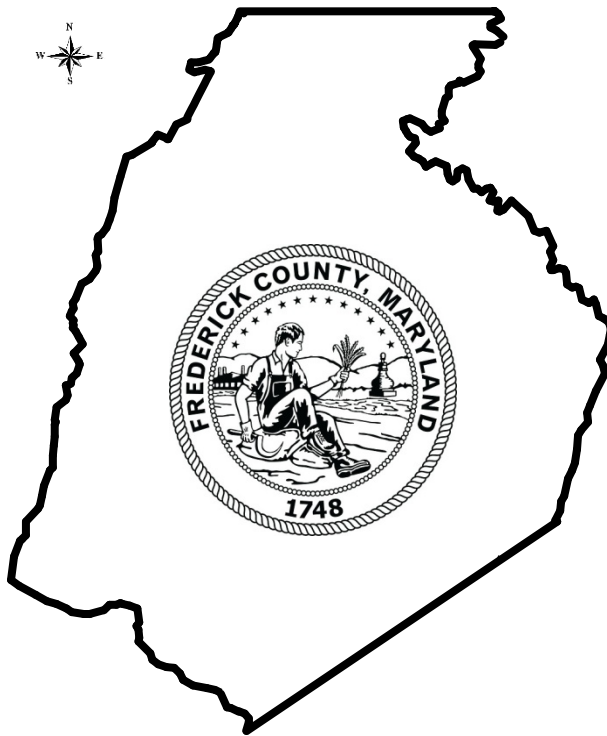
Below are the property tax rates for Frederick County and the State of Maryland. Only the Town of Myersville’s differential tax rates increased in FY23.

<u>Jurisdiction</u>	<u>FY 2023</u>	<u>FY 2022</u>
State of Maryland	0.1120	0.1120
Frederick County	1.0600	1.0600
City of Frederick Differential	0.9487	0.9505
Town of Myersville Differential	0.9423	0.9407
Total Real Property Assessed Values	37.8B	35.4B

## **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.

# 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, 2022**

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries	Scott Key Center
<b>Assets</b>							
Cash	\$ 558,422	\$ 3,430	\$ 561,852	\$ 23,672,584	\$ 23,466,594	\$ 6,786	\$ 492,454
Equity in pooled invested cash	457,284,722	210,832,570	668,117,292	-	-	-	-
Cash and cash equivalents - restricted	121,462,901	10,996,880	132,459,781	-	-	20,000	-
Total cash and cash equivalents	579,306,045	221,832,880	801,138,925	23,672,584	23,466,594	26,786	492,454
Investments - restricted	-	-	-	-	-	423,446	-
Investments	68,014,119	29,633,100	97,647,219	34,432,328	19,856,050	-	93,427
Receivables, net of allowance for uncollectibles:							
Property taxes	4,614,866	-	4,614,866	-	-	-	-
Accounts	5,074,938	16,187,704	21,262,642	6,646,630	479,423	14,357	246,208
Intergovernmental	165,932,495	-	165,932,495	25,046,761	5,585,253	-	-
Lease Receivable	126,525	-	126,525	-	-	-	-
Internal balances	(1,919,328)	1,919,328	-	-	-	-	-
Due from primary government	-	-	-	4,859,973	-	5,591,029	-
Due from component units	142,475	58,802	201,277	-	-	-	-
Inventories	5,657,045	258,182	5,915,227	1,582,624	403,136	-	-
Prepaid items	1,017,104	5,837,719	6,854,823	789,645	564,289	9,509	1,927
Long-term receivables, net of allowance for uncollectibles	12,564,073	1,282,789	13,846,862	-	28,335	-	-
Capital assets:							
Land	142,191,680	9,327,737	151,519,417	53,210,034	271,620	-	-
Buildings and improvements	299,959,668	358,158,808	658,118,476	1,261,593,687	139,372,298	-	-
Right to use Building and improvements	884,251	-	884,251	-	-	-	-
Equipment	156,408,963	59,379,781	215,788,744	63,681,672	7,691,591	329,915	57,769
Right to use Equipment	466,826	107,087	573,913	-	-	-	-
Library collection	-	-	-	-	2,082,167	6,090,907	-
Infrastructure	437,937,823	482,748,332	920,686,155	-	-	-	-
Construction in progress	75,655,406	25,143,632	100,799,038	12,705,540	9,007,542	-	-
Accumulated depreciation/amortization	(518,410,800)	(264,292,376)	(782,703,176)	(518,135,390)	(65,703,224)	(3,159,654)	(57,418)
Total assets	<u>1,435,624,174</u>	<u>947,583,505</u>	<u>2,383,207,679</u>	<u>970,086,088</u>	<u>143,105,074</u>	<u>9,326,295</u>	<u>834,367</u>
<b>Deferred Outflows of Resources</b>							
Deferred outflow related to nonuniformed Pension	8,444,232	-	8,444,232	15,617,776	-	-	-
Deferred outflow related to uniformed Pension	80,181,320	-	80,181,320	-	-	-	-
Deferred outflow related to LOSAP	400,610	-	400,610	-	-	-	-
Deferred outflow related to OPEB	23,783,258	-	23,783,258	147,295,640	-	-	-
Deferred charge on refunding	2,560,551	1,716,176	4,276,727	-	-	-	-
Total deferred outflows of resources	<u>115,369,971</u>	<u>1,716,176</u>	<u>117,086,147</u>	<u>162,913,416</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

FREDERICK COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries	Scott Key Center
<b>Liabilities</b>							
Accounts payable	\$ 166,078	\$ 333	\$ 166,411	\$ 24,703,812	\$ 1,719,211	\$ 11,410	\$ 1,664
Accrued liabilities	19,673,268	7,432,713	27,105,981	77,327	1,118,450	-	807
Payroll and benefit deductions	11,339,088	619,433	11,958,521	16,713,713	2,612,936	352,982	20,604
Property taxes payable	351,340	-	351,340	-	-	-	-
Due to third parties	12,624,300	-	12,624,300	-	-	-	-
Due to primary government	-	-	-	-	-	-	262,704
Due to other governmental units	192,634	-	192,634	-	-	-	-
Due to component units	10,576,862	-	10,576,862	-	-	-	-
Unearned revenues	10,499,240	280,775	10,780,015	-	1,247,833	956,572	-
Performance and security deposits	-	3,464,979	3,464,979	-	-	-	-
Other liabilities	4,475,983	909,556	5,385,539	-	-	-	-
Noncurrent liabilities:							
Due within one year	65,830,077	14,380,949	80,211,026	11,091,039	80,000	61,105	-
Due in more than one year	681,866,147	157,435,990	839,302,137	645,566,670	5,355,497	627,462	-
Total liabilities	<u>817,595,017</u>	<u>184,524,728</u>	<u>1,002,119,745</u>	<u>698,152,561</u>	<u>12,133,927</u>	<u>2,009,531</u>	<u>285,779</u>
<b>Deferred Inflows of Resources</b>							
Deferred inflow related to nonuniformed Pension	7,963,068	-	7,963,068	18,942,277	-	-	-
Deferred inflow related to LOSAP	658,519	-	658,519	-	-	-	-
Deferred inflow related to OPEB	45,541,886	-	45,541,886	384,856,684	-	-	-
Deferred inflow related to Leases	295,017	-	295,017	-	-	-	-
Total deferred inflows of resources	<u>54,458,490</u>	<u>-</u>	<u>54,458,490</u>	<u>403,798,961</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>							
Net investment in capital assets	295,771,237	526,392,006	822,163,243	851,822,760	87,314,993	3,261,168	-
Restricted for:							
School and library construction	134,994,549	-	134,994,549	-	-	-	-
Additional or expanded road facilities	43,770,630	-	43,770,630	-	-	-	-
Parks acquisition	13,362,860	-	13,362,860	-	-	-	-
Capital projects	-	7,561,911	7,561,911	-	-	-	-
Agricultural preservation	1,846,999	-	1,846,999	-	-	-	-
County code required set-aside	54,884,559	-	54,884,559	-	-	-	-
Debt service	14,023,877	-	14,023,877	-	-	-	-
Other purposes	154,764	-	154,764	-	17,019,234	443,446	-
Unrestricted (Deficit)	120,131,163	230,821,036	350,952,199	(820,774,778)	26,636,920	3,612,150	548,588
Total net position	<u>\$ 678,940,638</u>	<u>\$ 764,774,953</u>	<u>\$ 1,443,715,591</u>	<u>\$ 31,047,982</u>	<u>\$ 130,971,147</u>	<u>\$ 7,316,764</u>	<u>\$ 548,588</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, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position							
	Expenses	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	Scott Key Center	
<b>Primary government:</b>												
Governmental activities:												
General government	\$ 74,715,112	\$ 50,106,150	\$ 11,357,993	\$ 1,803,111	\$ (11,447,858)	\$ -	\$ (11,447,858)	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	165,609,269	9,221,113	10,385,251	858,955	(145,143,950)	-	(145,143,950)	-	-	-	-	-
Public works	46,869,517	46,678	8,943,901	1,697,276	(36,181,662)	-	(36,181,662)	-	-	-	-	-
Health	12,007,630	171,405	2,563,165	-	(9,273,060)	-	(9,273,060)	-	-	-	-	-
Social services	9,581,840	2,400	2,313,679	-	(7,265,761)	-	(7,265,761)	-	-	-	-	-
Education	389,980,082	-	-	85,795	(389,894,287)	-	(389,894,287)	-	-	-	-	-
Parks, recreation and culture	26,463,578	1,698,421	3,125,733	838,101	(20,801,323)	-	(20,801,323)	-	-	-	-	-
Conservation of natural resources	17,030,285	274,181	149,342	198,295	(16,408,467)	-	(16,408,467)	-	-	-	-	-
Community development and public housing	16,421,537	-	15,293,495	-	(1,128,042)	-	(1,128,042)	-	-	-	-	-
Economic development and opportunity	15,198,806	-	3,925,478	-	(11,273,328)	-	(11,273,328)	-	-	-	-	-
Interest on long term debt	14,890,075	-	-	-	(14,890,075)	-	(14,890,075)	-	-	-	-	-
Total governmental activities	<u>788,767,731</u>	<u>61,520,348</u>	<u>58,058,037</u>	<u>5,481,533</u>	<u>(663,707,813)</u>	<u>-</u>	<u>(663,707,813)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:												
Water and sewer	55,119,268	48,375,592	-	29,047,876	-	22,304,200	22,304,200	-	-	-	-	-
Solid waste management	29,036,305	32,163,973	-	-	-	3,127,668	3,127,668	-	-	-	-	-
Comprehensive care facility	29,882,675	28,706,295	300,588	-	-	(875,792)	(875,792)	-	-	-	-	-
Public housing	196,375	146,353	7,167	-	-	(42,855)	(42,855)	-	-	-	-	-
Total business-type activities	<u>114,234,623</u>	<u>109,392,213</u>	<u>307,755</u>	<u>29,047,876</u>	<u>-</u>	<u>24,513,221</u>	<u>24,513,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 903,002,354</u>	<u>\$ 170,912,561</u>	<u>\$ 58,365,792</u>	<u>\$ 34,529,409</u>	<u>(663,707,813)</u>	<u>24,513,221</u>	<u>(639,194,592)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Component Units:</b>												
Board of Education	\$ 800,159,127	\$ 4,518,062	\$ 246,901,387	\$ 61,592,349	-	-	-	(487,147,329)	-	-	-	-
Community College	73,675,208	16,644,841	58,212,804	9,536,695	-	-	-	-	10,719,132	-	-	-
Public Libraries	15,728,478	156,575	16,574,495	-	-	-	-	-	-	1,002,592	-	-
Scott Key Center	3,785,564	2,096,389	1,737,874	-	-	-	-	-	-	-	-	48,699
Total Component Units	<u>\$ 893,348,377</u>	<u>\$ 23,415,867</u>	<u>\$ 323,426,560</u>	<u>\$ 71,129,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(487,147,329)</u>	<u>10,719,132</u>	<u>1,002,592</u>	<u>-</u>	<u>48,699</u>
General Revenues:												
Local property taxes					367,314,626	-	367,314,626	-	-	-	-	-
Local income taxes					343,872,869	-	343,872,869	-	-	-	-	-
Recordation taxes					79,812,411	-	79,812,411	-	-	-	-	-
Hotel rental tax					2,505,902	-	2,505,902	-	-	-	-	-
Agriculture transfer tax					1,436,896	-	1,436,896	-	-	-	-	-
Grants and contributions not restricted to specific programs					-	-	-	494,046,633	-	-	-	2,850
Investment earnings					(2,638,880)	410,301	(2,228,579)	377,434	377,516	1,857	-	(13,533)
Miscellaneous					24,534,305	-	24,534,305	727,083	2,353,755	-	-	60
Gain/Loss on disposal of assets					123,093	190,262	313,355	-	-	-	(198,074)	-
Transfers					(2,602,898)	2,602,898	-	-	-	-	-	-
Total general revenues and transfers					<u>814,358,324</u>	<u>3,203,461</u>	<u>817,561,785</u>	<u>495,151,150</u>	<u>2,731,271</u>	<u>(196,217)</u>	<u>-</u>	<u>(10,623)</u>
Change in net position					150,650,511	27,716,682	178,367,193	8,003,821	13,450,403	806,375	-	38,076
Net position - beginning of year					528,290,127	737,058,271	1,265,348,398	23,044,161	117,520,744	6,510,389	-	510,512
Total net position - end of year					<u>\$ 678,940,638</u>	<u>\$ 764,774,953</u>	<u>\$ 1,443,715,591</u>	<u>\$ 31,047,982</u>	<u>\$ 130,971,147</u>	<u>\$ 7,316,764</u>	<u>\$ -</u>	<u>\$ 548,588</u>

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

**FREDERICK COUNTY, MARYLAND  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<b>General</b>	<b>Grants Fund</b>	<b>Capital Projects</b>	<b>Agricultural Preservation</b>	<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>							
Cash	\$ 291,904	\$ 60	\$ -	\$ -	\$ -	\$ 266,458	\$ 558,422
Equity in pooled invested cash	135,021,463	3,576,991	223,968,298	37,474,393	7,728,847	19,704,681	427,474,673
Total cash and cash equivalents	<u>135,313,367</u>	<u>3,577,051</u>	<u>223,968,298</u>	<u>37,474,393</u>	<u>7,728,847</u>	<u>19,971,139</u>	<u>428,033,095</u>
Investments	29,643,264	-	-	38,370,855	-	-	68,014,119
Receivables, net of allowance for uncollectibles:							
Property taxes	4,614,866	-	-	-	-	-	4,614,866
Accounts	3,065,431	280,776	120,544	128,351	76,602	451,791	4,123,495
Intergovernmental	156,877,190	6,646,853	2,404,202	4,250	-	-	165,932,495
Lease receivable	126,525	-	-	-	-	-	126,525
Prepaid items	211,794	3,167	-	636,364	-	10,000	861,325
Due from other funds	540,225	-	-	-	-	-	540,225
Due from component units	89,355	53,120	-	-	-	-	142,475
Inventories	1,477,249	3,482,584	-	-	-	-	4,959,833
Long-term receivables, net of allowance for uncollectibles:							
Employee salary advances	13,474	-	-	-	-	-	13,474
Non-profit organization loans	78,381	-	-	-	-	1,504,651	1,583,032
Housing loans	-	1,188,221	-	-	-	8,667,665	9,855,886
Lease receivable	169,681	-	-	-	-	-	169,681
Other long term receivables	-	942,000	-	-	-	-	942,000
Cash and cash equivalents - restricted	37,582	40,937,585	66,540,459	-	13,947,275	-	121,462,901
Total assets	<u>\$ 332,258,384</u>	<u>\$ 57,111,357</u>	<u>\$ 293,033,503</u>	<u>\$ 76,614,213</u>	<u>\$ 21,752,724</u>	<u>\$ 30,605,246</u>	<u>\$ 811,375,427</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 11,444	\$ -	\$ -	\$ -	\$ -	\$ 152,394	\$ 163,838
Accrued liabilities	2,175,850	756,618	6,534,558	363	4,395	528,635	10,000,419
Payroll and benefit deductions	10,514,559	728,172	85,313	11,044	-	-	11,339,088
Property taxes payable	351,340	-	-	-	-	-	351,340
Due to third parties	12,479,602	-	-	-	-	144,698	12,624,300
Due to other governmental units	60,008	122,890	-	9,736	-	-	192,634
Due to component units	10,240,689	-	-	-	-	-	10,240,689
Other liabilities	830	1,975,832	2,469,074	-	-	30,247	4,475,983
Unearned revenues	1,777,940	4,178,309	822,378	2,215,962	-	1,504,651	10,499,240
Total liabilities	<u>37,612,262</u>	<u>7,761,821</u>	<u>9,911,323</u>	<u>2,237,105</u>	<u>4,395</u>	<u>2,360,625</u>	<u>59,887,531</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	136,484,934	-	-	-	-	-	136,484,934
Lease related	295,017	-	-	-	-	-	295,017
Total deferred inflows of resources	<u>136,779,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,779,951</u>
<b>Fund balances:</b>							
Nonspendable	1,780,898	3,485,751	-	636,364	-	10,000	5,913,013
Restricted	1,073,801	2,130,221	157,469,374	1,846,999	14,023,877	8,809,616	185,353,888
Committed	132,509,448	43,733,564	125,652,806	71,893,745	-	19,425,005	393,214,568
Assigned	22,202,024	-	-	-	7,724,452	-	29,926,476
Unassigned	300,000	-	-	-	-	-	300,000
Total fund balances	<u>157,866,171</u>	<u>49,349,536</u>	<u>283,122,180</u>	<u>74,377,108</u>	<u>21,748,329</u>	<u>28,244,621</u>	<u>614,707,945</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 332,258,384</u>	<u>\$ 57,111,357</u>	<u>\$ 293,033,503</u>	<u>\$ 76,614,213</u>	<u>\$ 21,752,724</u>	<u>\$ 30,605,246</u>	<u>\$ 811,375,427</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, 2022**

Total fund balance - governmental funds (See Exhibit II-A-3) \$ 614,707,945

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	\$	142,191,680		
Buildings and Improvements		300,843,919		
Equipment		156,875,789		
Infrastructure		437,937,823		
Construction in Progress		75,655,406		
Less Accumulated Depreciation/Amortization		<u>(518,410,800)</u>		595,093,817

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

Deferred Outflows on Refundings	\$	2,560,551		
Deferred Outflows related to pensions and OPEB		<u>112,809,420</u>		115,369,971

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	\$	(517,958,490)		
Notes from direct Borrowings and Direct Placements		(35,865,530)		
Unamortized Premium on Bonds Payable		(36,586,040)		
Installment Purchase Agreements		(47,976,410)		
Financed Purchase Obligations		(5,130,373)		
Compensated Absences		(15,644,133)		
Prefunded Loss Claims		(5,229,341)		
Net LOSAP Pension Liability		(9,514,561)		
Termination Benefits		(447,487)		
Lease Liability		(930,270)		
Net Pension Liabilities		(34,635,264)		
Net OPEB Liability		(37,778,325)		
Accrued Bond Interest		(8,554,168)		
Forward Current Refunding Bond Issue Costs		(31,143)		
Recognition of Deferred Inflows - unearned revenues in governmental funds		136,484,934		(619,796,601)

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>(54,163,473)</u>		(54,163,473)
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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.

27,728,979

Net position of governmental activities (See Exhibit II-A-1) \$ 678,940,638

**FREDERICK COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<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>
<b>Revenues</b>							
Local property taxes	\$ 367,366,537	\$ -	\$ -	\$ -	\$ -	\$ 12,231	\$ 367,378,768
Local income taxes	314,419,691	-	-	-	-	-	314,419,691
Other local taxes	40,237,390	-	19,953,103	21,389,998	-	3,870,694	85,451,185
Licenses and permits	7,212,432	-	-	-	-	-	7,212,432
Grants from federal government	377,491	58,186,357	3,273,751	-	-	77,905	61,915,504
Grants from state government	5,274,308	5,665,142	2,207,782	3,125,733	-	-	16,272,965
Charges for services	8,380,965	186,285	41,273,263	-	-	1,003,929	50,844,442
Fines and forfeitures	44,453	-	-	-	-	132,079	176,532
Interest from loans	-	-	-	-	-	41,043	41,043
Investment income	101,416	50,596	324,928	(3,387,040)	179,661	36,167	(2,694,272)
Miscellaneous	4,473,295	291,839	316,927	4,124,988	-	2,690,388	11,897,437
Total revenues	<u>747,887,978</u>	<u>64,380,219</u>	<u>67,349,754</u>	<u>25,253,679</u>	<u>179,661</u>	<u>7,864,436</u>	<u>912,915,727</u>
<b>Expenditures</b>							
General government	51,140,107	5,577,362	-	283,638	-	40,999	57,042,106
Public safety	144,680,186	7,082,656	-	-	-	1,109,060	152,871,902
Public works	20,435,440	8,137,392	-	-	-	14,232	28,587,064
Health	7,879,554	6,308,746	-	-	-	-	14,188,300
Social services	7,058,428	3,141,437	-	-	-	-	10,199,865
Education	352,355,641	3,885,750	-	-	-	-	356,241,391
Parks, recreation and culture	22,032,039	217,720	-	-	-	-	22,249,759
Conservation of natural resources	3,375,416	149,341	-	13,254,813	-	-	16,779,570
Community development and public housing	939,866	15,333,763	-	-	-	338,215	16,611,844
Economic development and opportunity	7,344,093	6,387,089	-	-	-	2,465,260	16,196,442
Miscellaneous	5,663,575	-	-	-	-	-	5,663,575
Intergovernmental	8,560,785	-	-	-	-	-	8,560,785
Debt service	-	-	-	-	59,588,382	-	59,588,382
Capital projects	-	-	122,884,355	-	-	-	122,884,355
Total expenditures	<u>631,465,130</u>	<u>56,221,256</u>	<u>122,884,355</u>	<u>13,538,451</u>	<u>59,588,382</u>	<u>3,967,766</u>	<u>887,665,340</u>
Excess (deficiency) of revenues over expenditures	<u>116,422,848</u>	<u>8,158,963</u>	<u>(55,534,601)</u>	<u>11,715,228</u>	<u>(59,408,721)</u>	<u>3,896,670</u>	<u>25,250,387</u>
<b>Other financing sources (uses)</b>							
Transfers in from:							
General fund	-	9,401,665	80,035,647	431,445	47,099,362	3,000,000	139,968,119
Capital projects fund	-	-	-	-	7,041,851	-	7,041,851
Special revenue funds	12,011	-	-	-	4,125,459	113,800	4,251,270
Enterprise funds	-	-	70,377	-	-	-	70,377
Transfers out to:							
General fund	-	(12,011)	-	-	-	-	(12,011)
Capital projects fund	(80,035,647)	-	-	-	-	-	(80,035,647)
Special revenue funds	(12,833,110)	(113,800)	-	-	-	-	(12,946,910)
Internal service funds	(6,097,798)	-	-	-	-	-	(6,097,798)
Enterprise funds	(20,587)	(2,500,000)	(152,688)	-	-	-	(2,673,275)
Debt service fund	(47,099,362)	-	(7,041,851)	(3,957,127)	-	(168,332)	(58,266,672)
Refunding bonds issued	-	-	-	-	29,896,657	-	29,896,657
Payment to refunded bond escrow agent	-	-	-	-	(8,824,890)	-	(8,824,890)
General obligation bonds issued	-	-	144,934,000	-	-	-	144,934,000
Premium on debt	-	-	15,796,359	-	1,339,403	-	17,135,762
Installment purchase agreements	-	-	-	1,275,316	-	-	1,275,316
Total other financing sources and (uses)	<u>(146,074,493)</u>	<u>6,775,854</u>	<u>233,641,844</u>	<u>(2,250,366)</u>	<u>80,677,842</u>	<u>2,945,468</u>	<u>175,716,149</u>
Net change in fund balances	<u>(29,651,645)</u>	<u>14,934,817</u>	<u>178,107,243</u>	<u>9,464,862</u>	<u>21,269,121</u>	<u>6,842,138</u>	<u>200,966,536</u>
Fund balances - beginning 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>
Fund balances - end of year	<u>\$ 157,866,171</u>	<u>\$ 49,349,536</u>	<u>\$ 283,122,180</u>	<u>\$ 74,377,108</u>	<u>\$ 21,748,329</u>	<u>\$ 28,244,621</u>	<u>\$ 614,707,945</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, 2022**

Net change in fund balances - total governmental funds (See Exhibit II-A-5) \$ 200,966,536

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	70,039,850	
Depreciation Expense	(31,733,628)	
Adjusted for Internal Service Fund Depreciation	<u>3,796,199</u>	42,102,421

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

Income Taxes - Deferred in the Fund Statements	132,040,999	
Income Taxes - Recognized as Income in the Prior Year	(102,587,821)	
Other Revenues - Deferred in the Fund Statements	4,443,935	
Other Revenues - Recognized as Income in the Prior Year	<u>(17,565,566)</u>	16,331,547

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 12,562,116

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

Issuance of Installment Purchase Agreements	(1,275,316)	
Issuance of General Obligations Bond	(144,934,000)	
Issuance of Refunding Bond	(13,549,683)	
Issuance of Notes and Direct Placements	(16,346,973)	
Issuance of Leases	(1,351,077)	
Bond Premium	(17,135,762)	
Payment to Refunded Bond Escrow Agent	8,824,890	
Prefunded Loss claims	381,427	
Principal Payments on General Obligation Debt	33,972,910	
Principal Payments on Direct Borrowings and Direct Placements	269,369	
Principal Payments on Financed Purchase Obligations	1,508,940	
Principal Payments on IPA's	1,818,558	
Principal Payments on Leases	420,807	
Amortization of Bond Premiums	8,900,619	
Amortization of Deferred Loss on Bonds	<u>(1,221,413)</u>	(139,716,704)

(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, 2022**

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	1,114,492	
Net Other Post Employment Benefit Obligations	6,753,034	
Net LOSAP	446,942	
Accrued Interest - Prior Year	8,009,403	
Accrued Interest - Current Year	(8,554,168)	
Compensated Absences Accrual	19,922	
Termination Benefits Accrual	<u>(24,160)</u>	7,765,465
individual funds.		<u>10,639,130</u>
Change in net position of governmental activities (See Exhibit II-A-2)		<u>\$ 150,650,511</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**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
<b>Local property taxes</b>				
Real property (inc. additions & abatements)	\$ 370,279,086	\$ 373,745,096	\$ 364,515,469	\$ (9,229,627)
Personal property	-	-	78,077	78,077
Public utilities	11,900,000	11,900,000	12,031,032	131,032
Payments in lieu of taxes	450,000	450,000	614,910	164,910
Total levy	<u>382,629,086</u>	<u>386,095,096</u>	<u>377,239,488</u>	<u>(8,855,608)</u>
Homestead credit	(1,241,293)	(1,241,293)	(1,150,917)	90,376
Other tax credits and refunds	(2,246,638)	(2,246,638)	(2,263,522)	(16,884)
Municipal tax differential	(9,881,568)	(9,881,568)	-	9,881,568
Tax credit FY22 one-time	-	(7,613,025)	(7,527,902)	85,123
Interest - delinquent taxes	3,000,000	3,000,000	3,476,506	476,506
Discounts allowed on taxes	(2,250,000)	(2,250,000)	(2,407,116)	(157,116)
Total adjustments	<u>(12,619,499)</u>	<u>(20,232,524)</u>	<u>(9,872,951)</u>	<u>10,359,573</u>
Total local property taxes	<u>370,009,587</u>	<u>365,862,572</u>	<u>367,366,537</u>	<u>1,503,965</u>
<b>Local income taxes</b>	<u>264,578,574</u>	<u>283,685,887</u>	<u>314,419,691</u>	<u>30,733,804</u>
<b>Other local taxes</b>				
Recordation	23,360,287	30,786,964	38,541,413	7,754,449
911 fees - local	2,500,000	2,500,000	1,695,532	(804,468)
Security interest filing fees	200	200	445	245
Total other local taxes	<u>25,860,487</u>	<u>33,287,164</u>	<u>40,237,390</u>	<u>6,950,226</u>
<b>Licenses and permits</b>				
Alcoholic beverage licenses	458,700	458,700	499,985	41,285
Traders' licenses	210,000	210,000	217,269	7,269
Animal licenses	55,000	55,000	42,557	(12,443)
Marriage fees	20,000	20,000	17,560	(2,440)
Building permits	2,110,000	2,110,000	2,093,225	(16,775)
Electrical permits	1,000,000	1,000,000	1,059,845	59,845
Plumbing permits	1,200,000	1,200,000	1,145,732	(54,268)
Grading permits	700,000	700,000	732,559	32,559
Miscellaneous licenses and permits	516,000	1,216,000	1,403,700	187,700
Total licenses and permits	<u>6,269,700</u>	<u>6,969,700</u>	<u>7,212,432</u>	<u>242,732</u>
<b>Grants from federal government</b>	<u>204,546</u>	<u>217,706</u>	<u>377,491</u>	<u>159,785</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, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
<b>Grants from state government</b>				
Police protection	\$ 1,086,363	\$ 1,086,363	\$ 1,131,352	\$ 44,989
Aid for fire, rescue and ambulance services	600,000	600,000	593,199	(6,801)
Highway user revenues	2,750,000	2,750,000	3,515,152	765,152
County inmate housing	200,000	200,000	34,605	(165,395)
Total grants from state government	<u>4,636,363</u>	<u>4,636,363</u>	<u>5,274,308</u>	<u>637,945</u>
<b>Charges for services</b>				
Planning and zoning fees	799,000	799,000	1,095,404	296,404
Court costs, fees and charges	172,000	172,000	109,130	(62,870)
Scott Key Center	1,695,817	-	-	-
Other general government	220,874	220,874	303,047	82,173
Public safety	5,874,500	5,174,500	4,689,033	(485,467)
Public improvement inspections	200,000	200,000	32,793	(167,207)
Frederick County Developmental Center	10,000	10,000	1,405	(8,595)
Weed control	268,925	268,925	274,181	5,256
Municipal recoveries	175,000	175,000	177,551	2,551
Recreation	1,715,577	1,715,577	1,698,421	(17,156)
Total charges for services	<u>11,131,693</u>	<u>8,735,876</u>	<u>8,380,965</u>	<u>(354,911)</u>
<b>Fines and forfeitures</b>				
Court	25,000	25,000	21,783	(3,217)
Alcoholic beverages	10,000	10,000	4,401	(5,599)
Other fines and forfeitures	500	500	18,269	17,769
Total fines and forfeitures	<u>35,500</u>	<u>35,500</u>	<u>44,453</u>	<u>8,953</u>
<b>Investment income</b>				
	<u>2,000,011</u>	<u>2,000,011</u>	<u>101,416</u>	<u>(1,898,595)</u>
<b>Miscellaneous revenues</b>				
Rents and concessions	1,623,890	1,623,890	2,159,964	536,074
Contributions and donations	46,265	79,168	121,312	42,144
Sale of property	-	-	13,640	13,640
Other miscellaneous revenues	1,099,000	2,869,312	2,178,379	(690,933)
Total miscellaneous revenues	<u>2,769,155</u>	<u>4,572,370</u>	<u>4,473,295</u>	<u>(99,075)</u>
Total revenues	<u>687,495,616</u>	<u>710,003,149</u>	<u>747,887,978</u>	<u>37,884,829</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, 2022

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
<b>General government</b>				
<b>Legislative and executive</b>				
County executive	\$ 936,115	\$ 936,635	\$ 900,925	\$ 35,710
County executive administration	1,390,491	1,188,685	1,156,609	32,076
County council	849,566	849,566	790,306	59,260
Ethics commission	10,419	10,419	-	10,419
Total legislative and executive	<u>3,186,591</u>	<u>2,985,305</u>	<u>2,847,840</u>	<u>137,465</u>
<b>Judicial</b>				
Circuit court	1,833,208	1,856,654	1,789,926	66,728
Orphans court	39,706	39,706	33,679	6,027
State's attorney	7,180,554	7,267,314	7,311,464	(44,150)
Grand jury	97,395	97,395	54,962	42,433
Total judicial	<u>9,150,863</u>	<u>9,261,069</u>	<u>9,190,031</u>	<u>71,038</u>
<b>Elections</b>				
Board of supervisors of elections	<u>2,389,295</u>	<u>2,389,295</u>	<u>1,560,548</u>	<u>828,747</u>
<b>Financial administration</b>				
Finance administration	531,613	531,613	508,444	23,169
Debt & benefit trust management	242,138	242,138	249,544	(7,406)
Accounting	2,086,523	2,086,523	2,051,963	34,560
Independent auditing	81,375	81,375	64,750	16,625
Budgeting	968,865	1,013,748	847,782	165,966
Procurement & contracting	1,340,317	1,340,317	1,269,113	71,204
Risk management	809,503	822,900	778,495	44,405
Treasury	1,289,402	1,343,493	1,194,552	148,941
Total financial administration	<u>7,349,736</u>	<u>7,462,107</u>	<u>6,964,643</u>	<u>497,464</u>
<b>Legal</b>				
County attorney	<u>1,715,486</u>	<u>1,715,486</u>	<u>1,342,277</u>	<u>373,209</u>
<b>Personnel administration</b>				
Human resources	<u>1,677,690</u>	<u>1,677,690</u>	<u>1,577,463</u>	<u>100,227</u>
<b>Planning &amp; Zoning</b>				
Permits & inspection	4,368,604	4,370,082	3,880,991	489,091
Planning & development review	3,055,278	3,146,391	3,103,041	43,350
Total planning and zoning	<u>7,423,882</u>	<u>7,516,473</u>	<u>6,984,032</u>	<u>532,441</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, 2022

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
<b>Management services</b>				
Custodial/security	\$ 2,538,817	\$ 2,536,067	\$ 2,104,829	\$ 431,238
Maintenance	8,970,711	10,186,614	8,681,500	1,505,114
Total management services	11,509,528	12,722,681	10,786,329	1,936,352
<b>Other general government</b>				
Interagency information technologies	12,550,993	12,658,608	12,161,887	496,721
Communications	799,120	799,120	787,163	11,957
Office of equity and inclusion	-	201,806	116,128	85,678
Internal audit	404,385	404,385	307,537	96,848
Board of liquor license commissioners	571,119	571,119	451,037	120,082
Total other general government	14,325,617	14,635,038	13,823,752	811,286
Total general government	58,728,688	60,365,144	55,076,915	5,288,229
<b>Public safety</b>				
Sheriff	31,212,125	31,288,367	30,775,236	513,131
Detention center	18,286,846	18,516,765	17,832,167	684,598
Work release center	4,531,428	4,532,087	3,512,691	1,019,396
Ambulance billing	566,123	580,181	528,249	51,932
Fire and rescue operations	64,087,198	65,154,158	67,138,979	(1,984,821)
Fire/rescue technical services	1,546,110	1,754,142	1,433,448	320,694
Emergency communications	10,759,392	10,854,439	9,587,640	1,266,799
Volunteer fire and rescue	7,327,826	7,619,224	7,436,548	182,676
Training and emergency medical	792,275	866,220	675,485	190,735
Fire and rescue professional services	1,913,800	1,922,495	2,069,768	(147,273)
Emergency preparedness	833,553	852,785	785,699	67,086
Fire inspection	685,080	685,080	768,593	(83,513)
Fire/rescue state grant allocation	600,000	600,000	531,834	68,166
Director of division of fire rescue services	729,801	729,801	713,616	16,185
Emergency management	830,564	830,564	765,585	64,979
Animal control	2,440,152	2,441,530	2,276,851	164,679
Total public safety	147,142,273	149,227,838	146,832,389	2,395,449
<b>Public works</b>				
Highways	17,105,306	18,011,816	17,805,127	206,689
Public works administration	1,637,894	1,834,226	1,702,496	131,730
Facilities and project services	1,234,211	1,461,441	951,303	510,138
Transportation engineering	2,076,497	2,206,655	1,700,952	505,703
Total public works	22,053,908	23,514,138	22,159,878	1,354,260

(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, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
<b>Health</b>				
County administrator	\$ 137,751	\$ 137,751	\$ 137,844	\$ (93)
Core services	2,096,533	1,961,533	1,961,533	-
Detention center substance abuse	132,572	132,572	132,572	-
Mental health	1,277,883	1,277,883	1,277,883	-
School health	10,000	90,542	-	90,542
Health equity office	335,885	335,885	155,359	180,526
Frederick County Developmental Center	4,057,904	4,232,945	4,036,111	196,834
Total health	<u>8,048,528</u>	<u>8,169,111</u>	<u>7,701,302</u>	<u>467,809</u>
<b>Social services</b>				
Contribution to department of social services	573,587	573,587	546,616	26,971
Scott Key Center	3,552,686	3,686,612	3,100,456	586,156
Senior services	2,270,498	2,394,348	2,017,092	377,256
Office of children and families	258,085	303,216	290,404	12,812
Family partnership	388,005	388,005	349,993	38,012
Child advocacy center	446,126	402,954	410,175	(7,221)
Deinstitutionalization day care	11,514	11,514	11,514	-
Other non-county agencies	92,000	83,000	83,000	-
Other social services	2,400	1,200	1,113	87
Total social services	<u>7,594,901</u>	<u>7,844,436</u>	<u>6,810,363</u>	<u>1,034,073</u>
<b>Education</b>				
Maryland School for the Blind	2,000	2,000	-	2,000
Frederick County Board of Education	330,327,308	330,414,779	330,557,080	(142,301)
Frederick Community College	21,822,363	21,822,363	21,798,561	23,802
Total education	<u>352,151,671</u>	<u>352,239,142</u>	<u>352,355,641</u>	<u>(116,499)</u>
<b>Parks, recreation and culture</b>				
Frederick County Public Libraries	12,879,194	12,879,194	12,850,061	29,133
Parks	10,058,085	10,375,659	9,188,010	1,187,649
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>23,019,779</u>	<u>23,337,353</u>	<u>22,120,571</u>	<u>1,216,782</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, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
<b>Conservation of natural resources</b>				
Extension service	\$ 415,619	\$ 415,619	\$ 400,345	\$ 15,274
Weed control	268,925	270,263	289,543	(19,280)
Environmental sustainability	222,635	1,902,877	1,666,349	236,528
Watershed management section	2,195,896	2,999,319	2,772,889	226,430
Other non-county agencies	-	9,000	9,000	-
Soil conservation	109,335	109,335	111,879	(2,544)
Total conservation of natural resources	<u>3,212,410</u>	<u>5,706,413</u>	<u>5,250,005</u>	<u>456,408</u>
<b>Community development and public housing</b>				
Housing administration	762,620	806,300	751,298	55,002
Total community development and public housing	<u>762,620</u>	<u>806,300</u>	<u>751,298</u>	<u>55,002</u>
<b>Economic development and opportunity</b>				
Office of economic development	1,787,619	1,859,232	1,900,090	(40,858)
Citizens services administration	718,059	649,330	653,130	(3,800)
Workforce services	780,852	780,852	577,896	202,956
Frederick Community Action Agency	175,000	175,000	175,000	-
Human relations	230,639	230,639	200,399	30,240
Commission for women	12,696	12,696	5,816	6,880
Community partnership grants	1,000,000	1,000,000	993,972	6,028
Total economic development and opportunity	<u>4,704,865</u>	<u>4,707,749</u>	<u>4,506,303</u>	<u>201,446</u>
<b>Non-departmental</b>				
Property and liability insurance	2,034,656	2,029,726	1,705,357	324,369
Employee benefits	1,197,700	1,310,303	442,079	868,224
County contingency	300,000	300,000	12,060	287,940
Other various contingencies	3,249,960	2,625,519	208,903	2,416,616
Indirect cost recovery	(2,956,981)	(2,956,981)	(3,142,871)	185,890
Dues & subscriptions	241,449	241,449	240,478	971
Other miscellaneous	337,001	628,263	491,604	136,659
Leases	-	366,716	366,716	-
Rollover COVID-19	-	7,790,042	6,507,847	1,282,195
Total non-departmental	<u>4,403,785</u>	<u>12,335,037</u>	<u>6,832,173</u>	<u>5,502,864</u>
<b>Intergovernmental</b>				
Financial corporations grant to municipalities	50,000	50,000	49,273	727
State Department of Assessments and Taxation	900,618	900,618	878,756	21,862
Towns	20,000	20,000	20,000	-
City of Frederick	-	2,520,000	2,520,000	-
Tax rebate to municipalities	5,092,756	5,092,756	5,092,756	-
Total intergovernmental	<u>6,063,374</u>	<u>8,583,374</u>	<u>8,560,785</u>	<u>22,589</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, 2022

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Total expenditures	\$ 637,886,802	\$ 656,836,035	\$ 638,957,623	\$ 17,878,412
<b>Other financing sources (uses)</b>				
Transfers in from:				
Grants special revenue fund	-	12,011	12,011	-
Transfers out to:				
Grants special revenue fund	(9,376,237)	(9,401,665)	(9,401,665)	-
Agriculture preservation special revenue fund	(431,445)	(431,445)	(431,445)	-
Housing initiative fund	-	(3,000,000)	(3,000,000)	-
Capital projects fund	(20,848,070)	(80,035,647)	(80,035,647)	-
Fleet services	(988,809)	(5,568,181)	(5,568,181)	-
Worker's compensation fund	(529,617)	(529,617)	(529,617)	-
Nursing facilities	-	(20,587)	(20,587)	-
Impact fee fund	-	-	-	-
Debt service fund	(47,099,362)	(47,099,362)	(47,099,362)	-
Leases issued	-	-	-	-
Total other financing sources (uses)	<u>(79,273,540)</u>	<u>(146,074,493)</u>	<u>(146,074,493)</u>	<u>-</u>
Budgeted use of fund balance	<u>\$ (29,664,726)</u>	<u>\$ (92,907,379)</u>	(37,144,138)	<u>\$ 55,763,241</u>
Net change in reserves and adjustments to GAAP basis			7,492,493	
Fund balance - beginning of year			187,517,816	
Fund balance - end of year			<u>\$ 157,866,171</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, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actuals</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues</b>				
Grants from federal government	\$ 24,657,932	\$ 84,065,527	\$ 58,186,357	\$ (25,879,170)
Grants from state government	13,054,367	15,055,502	5,665,142	(9,390,360)
Charges for services	939,890	931,290	186,285	(745,005)
Interest earnings	(24)	49,976	50,596	620
Miscellaneous	726,819	1,061,988	291,839	(770,149)
Total revenues	<u>39,378,984</u>	<u>101,164,283</u>	<u>64,380,219</u>	<u>(36,784,064)</u>
<b>Expenditures</b>				
General government	3,193,191	22,747,544	5,771,950	16,975,594
Public safety	20,060,171	24,328,359	6,416,890	17,911,469
Public works	17,701,766	19,465,495	9,403,417	10,062,078
Health	2,145,150	17,496,349	6,308,746	11,187,603
Education	-	3,885,750	3,885,750	-
Social services	4,580,158	9,535,611	3,164,659	6,370,952
Parks and recreation	-	325,000	312,996	12,004
Conservation of natural resources	534,652	1,048,702	120,318	928,384
Community development and public housing	20,734,253	22,382,233	15,559,245	6,822,988
Economic development and opportunity	7,295,976	14,369,290	6,394,232	7,975,058
Total expenditures	<u>76,245,317</u>	<u>135,584,333</u>	<u>57,338,203</u>	<u>78,246,130</u>
Excess (deficiency) of revenues over expenditures	<u>(36,866,333)</u>	<u>(34,420,050)</u>	<u>7,042,016</u>	<u>41,462,066</u>
<b>Other financing sources (uses)</b>				
Transfers in from:				
General fund	9,376,237	9,401,665	9,401,665	-
Transfers out to:				
General fund	-	(12,011)	(12,011)	-
Special revenue funds	-	(113,800)	(113,800)	-
Enterprise funds	-	(2,500,000)	(2,500,000)	-
Total other financing sources (uses)	<u>9,376,237</u>	<u>6,775,854</u>	<u>6,775,854</u>	<u>-</u>
Budgeted use of fund balance	<u>\$ (27,490,096)</u>	<u>\$ (27,644,196)</u>	13,817,870	<u>\$ 41,462,066</u>
Net change in reserves and adjustment to GAAP basis			1,116,947	
Fund balance - beginning			34,414,719	
Fund balance - ending			<u>\$ 49,349,536</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, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actuals</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues</b>				
Other local taxes	\$ 12,543,750	\$ 13,497,975	\$ 21,389,998	\$ 7,892,023
Grants from state government	4,478,847	5,980,841	3,125,733	(2,855,108)
Investment income	336,087	336,087	(3,387,040)	(3,723,127)
Miscellaneous	4,108,741	4,108,741	4,124,988	16,247
Total revenues	<u>21,467,425</u>	<u>23,923,644</u>	<u>25,253,679</u>	<u>1,330,035</u>
<b>Expenditures</b>				
General government	358,366	856,136	283,638	572,498
Conservation of natural resources	21,698,672	23,657,121	13,251,616	10,405,505
Total expenditures	<u>22,057,038</u>	<u>24,513,257</u>	<u>13,535,254</u>	<u>10,978,003</u>
Excess (deficiency) of revenues over expenditures	<u>(589,613)</u>	<u>(589,613)</u>	<u>11,718,425</u>	<u>12,308,038</u>
<b>Other financing sources (uses)</b>				
Transfer from general fund	431,445	431,445	431,445	-
Transfer to debt service fund	(4,046,000)	(4,046,000)	(3,957,127)	88,873
Installment purchase agreement	1,818,558	1,818,558	1,275,316	(543,242)
Total other financing sources (uses)	<u>(1,795,997)</u>	<u>(1,795,997)</u>	<u>(2,250,366)</u>	<u>(454,369)</u>
Budgeted use of fund balance	<u>\$ (2,385,610)</u>	<u>\$ (2,385,610)</u>	9,468,059	<u>\$ 11,853,669</u>
Net change in reserves and adjustment to GAAP basis			(3,197)	
Fund balance - beginning			64,912,246	
Fund balance - ending			<u>\$ 74,377,108</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, 2022**

	<u>Business-type Activities-Enterprise Funds</u>					<u>Governmental Activities- Internal Service Funds</u>
	<u>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>		
<b>Assets</b>						
Current assets:						
Cash	\$ 300	\$ 3,130	\$ -	\$ -	\$ 3,430	\$ -
Equity in pooled invested cash	161,569,493	44,485,004	4,748,970	29,103	210,832,570	29,810,049
Restricted cash and cash equivalents	9,166,365	1,070,625	116,061	643,829	10,996,880	-
Total cash and cash equivalents	<u>170,736,158</u>	<u>45,558,759</u>	<u>4,865,031</u>	<u>672,932</u>	<u>221,832,880</u>	<u>29,810,049</u>
Short-term investments	4,816,550	4,816,550	-	-	9,633,100	-
Receivables, net of allowance for uncollectibles accounts	9,278,043	2,580,180	4,329,419	62	16,187,704	442,361
Due from component units	58,802	-	-	-	58,802	-
Inventories	258,182	-	-	-	258,182	697,212
Prepaid items	5,583,460	-	254,259	-	5,837,719	155,779
Total current assets	<u>190,731,195</u>	<u>52,955,489</u>	<u>9,448,709</u>	<u>672,994</u>	<u>253,808,387</u>	<u>31,105,401</u>
Noncurrent assets:						
Notes receivable	1,282,789	-	-	-	1,282,789	-
Long-term investments	10,000,000	10,000,000	-	-	20,000,000	-
Capital assets:						
Land	5,558,373	2,837,164	800,000	132,200	9,327,737	-
Buildings and improvements	268,165,748	53,636,065	34,479,115	1,877,880	358,158,808	1,833,133
Equipment	50,489,283	7,574,813	1,116,523	199,162	59,379,781	38,803,740
Right-to-use asset	-	-	107,087	-	107,087	249,743
Other improvements	478,369,777	4,378,555	-	-	482,748,332	-
Accumulated depreciation/amortization	(210,105,995)	(44,099,334)	(8,442,257)	(1,644,790)	(264,292,376)	(22,824,624)
Construction in progress	25,142,432	1,200	-	-	25,143,632	-
Total noncurrent assets	<u>628,902,407</u>	<u>34,328,463</u>	<u>28,060,468</u>	<u>564,452</u>	<u>691,855,790</u>	<u>18,061,992</u>
Total assets	<u>819,633,602</u>	<u>87,283,952</u>	<u>37,509,177</u>	<u>1,237,446</u>	<u>945,664,177</u>	<u>49,167,393</u>
<b>Deferred Outflows of Resources</b>						
Deferred charge on refunding	1,590,140	126,036	-	-	1,716,176	-
Total deferred outflows of resources	<u>1,590,140</u>	<u>126,036</u>	<u>-</u>	<u>-</u>	<u>1,716,176</u>	<u>-</u>

(continued)



FREDERICK COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

	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		
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	\$ -	\$ 333	\$ -	\$ -	\$ 333	\$ 2,240
Payroll and benefit deductions	470,469	147,698	-	1,266	619,433	115,071
Accrued expenses	2,798,987	2,014,909	2,609,934	8,883	7,432,713	1,003,610
Unearned revenues	259,729	21,046	-	-	280,775	-
Security deposits	3,318,907	130,425	-	15,647	3,464,979	-
Other liabilities	737,106	12,269	160,181	-	909,556	-
Current portion landfill closure and postclosure liability	-	240,859	-	-	240,859	-
Current portion general obligation bonds, notes and leases	9,867,259	2,534,940	1,596,529	-	13,998,728	81,569
Current portion of prefunded loss claims	-	-	-	-	-	2,024,155
Current portion of compensated absences	61,455	22,342	57,565	-	141,362	16,252
Total current liabilities	<u>17,513,912</u>	<u>5,124,821</u>	<u>4,424,209</u>	<u>25,796</u>	<u>27,088,738</u>	<u>3,242,897</u>
Noncurrent liabilities:						
Long term portion landfill closure and postclosure liability	-	19,401,151	-	-	19,401,151	-
Long term portion general obligation bonds, notes and leases	106,702,604	3,800,316	26,177,915	-	136,680,835	106,622
Liability for prefunded loss claims	-	-	-	-	-	3,205,186
Liability for compensated absences	916,902	188,058	230,260	-	1,335,220	198,074
Accrued termination benefits	10,345	8,439	-	-	18,784	-
Total noncurrent liabilities	<u>107,629,851</u>	<u>23,397,964</u>	<u>26,408,175</u>	<u>-</u>	<u>157,435,990</u>	<u>3,509,882</u>
Total liabilities	<u>125,143,763</u>	<u>28,522,785</u>	<u>30,832,384</u>	<u>25,796</u>	<u>184,524,728</u>	<u>6,752,779</u>
<b>Net Position</b>						
Net investment in capital assets	506,897,214	18,644,317	286,023	564,452	526,392,006	18,061,992
Restricted for:						
Capital projects	5,847,457	1,070,625	-	643,829	7,561,911	-
Unrestricted	183,335,308	39,172,261	6,390,770	3,369	228,901,708	24,352,622
Total net position	<u>\$ 696,079,979</u>	<u>\$ 58,887,203</u>	<u>\$ 6,676,793</u>	<u>\$ 1,211,650</u>	<u>762,855,625</u>	<u>\$ 42,414,614</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					1,919,328	
Net position of business-type activities					<u>\$ 764,774,953</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, 2022**

	<u>Business-type Activities Enterprise Funds</u>					<b>Governmental Activities- Internal Service Funds</b>
	<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>		
<b>Operating revenues</b>						
Service charges	\$ 45,414,731	\$ 31,757,665	\$ 28,569,536	\$ -	\$ 105,741,932	\$ 21,899,910
Rental charges	-	-	-	146,353	146,353	-
Total net charges for services	<u>45,414,731</u>	<u>31,757,665</u>	<u>28,569,536</u>	<u>146,353</u>	<u>105,888,285</u>	<u>21,899,910</u>
Delinquent fees collected	77,024	42,837	-	-	119,861	-
Federal grant revenues	-	-	300,588	7,167	307,755	-
Other revenues	2,883,837	363,471	136,759	-	3,384,067	1,000
Total operating revenues	<u>48,375,592</u>	<u>32,163,973</u>	<u>29,006,883</u>	<u>153,520</u>	<u>109,699,968</u>	<u>21,900,910</u>
<b>Operating expenses</b>						
Personnel services	10,084,031	2,825,696	-	36,481	12,946,208	2,998,550
Operating expenses (including administrative overhead)	11,666,362	23,816,041	28,207,768	82,260	63,772,431	1,927,956
Prefunded loss & estimated claims	-	-	-	-	-	2,050,158
Insurance	539,423	59,380	69,762	2,965	671,530	1,671,899
Supplies	3,108,090	63,845	-	218	3,172,153	6,071,383
Repairs and maintenance	7,160,065	577,558	-	1,994	7,739,617	1,076,120
Depreciation/amortization expense	17,123,659	1,351,124	916,962	72,554	19,464,299	3,796,199
Total operating expenses	<u>49,681,630</u>	<u>28,693,644</u>	<u>29,194,492</u>	<u>196,472</u>	<u>107,766,238</u>	<u>19,592,265</u>
Operating income (loss)	<u>(1,306,038)</u>	<u>3,470,329</u>	<u>(187,609)</u>	<u>(42,952)</u>	<u>1,933,730</u>	<u>2,308,645</u>
<b>Nonoperating revenues (expenses)</b>						
Investment earnings	264,302	138,253	7,622	124	410,301	55,392
Miscellaneous income (expense)	(2,407,328)	(179,050)	-	-	(2,586,378)	-
Insurance recovery	-	-	-	-	-	33,265
Interest expense	(2,964,302)	(196,429)	(688,183)	-	(3,848,914)	(5,912)
Gain (loss) on disposition of capital assets	(161,875)	3,350	186,912	-	28,387	123,093
Total nonoperating revenues (expenses)	<u>(5,269,203)</u>	<u>(233,876)</u>	<u>(493,649)</u>	<u>124</u>	<u>(5,996,604)</u>	<u>205,838</u>
Net income (loss) before contributions and transfers	<u>(6,575,241)</u>	<u>3,236,453</u>	<u>(681,258)</u>	<u>(42,828)</u>	<u>(4,062,874)</u>	<u>2,514,483</u>
Capital contributions	29,047,876	-	-	-	29,047,876	-
Transfers in	152,688	-	2,520,587	-	2,673,275	6,097,798
Transfers (out)	(70,377)	-	-	-	(70,377)	-
Total contributions and transfers	<u>29,130,187</u>	<u>-</u>	<u>2,520,587</u>	<u>-</u>	<u>31,650,774</u>	<u>6,097,798</u>
Change in net position	<u>22,554,946</u>	<u>3,236,453</u>	<u>1,839,329</u>	<u>(42,828)</u>	<u>27,587,900</u>	<u>8,612,281</u>
Net position - beginning of year	<u>673,525,033</u>	<u>55,650,750</u>	<u>4,837,464</u>	<u>1,254,478</u>		<u>33,802,333</u>
Net position - end of year	<u>\$ 696,079,979</u>	<u>\$ 58,887,203</u>	<u>\$ 6,676,793</u>	<u>\$ 1,211,650</u>		<u>\$ 42,414,614</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					<u>128,781</u>	
Change in net position of business-type activities (Exhibit II-A-2)					<u>\$ 27,716,681</u>	

Included in service charges in the Solid Waste Fund is a discount of \$1,413,488.

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, 2022**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities- Internal Service Funds</b>
	<b>Major Enterprise Funds</b>			<b>Nonmajor Enterprise Fund</b>	<b>Total Enterprise Funds</b>	
	<b>Water and Sewer</b>	<b>Solid Waste Management</b>	<b>Comprehensive Care Facility</b>	<b>Bell Court Apartments</b>		
<b>Cash flows from operating activities</b>						
Cash received from residents and customers	\$ 51,299,487	\$ 32,150,621	\$ 28,810,798	\$ 169,912	\$ 112,430,818	\$ 1,230,557
Cash paid to suppliers	(24,049,976)	(24,357,368)	(28,183,000)	(110,996)	(76,701,340)	(10,343,488)
Cash paid to employees	(10,383,341)	(2,933,231)	-	(38,026)	(13,354,598)	(5,498,534)
Internal activity - receipts from other funds	-	-	-	-	-	20,718,967
Net cash provided (used) by operating activities	<u>16,866,170</u>	<u>4,860,022</u>	<u>627,798</u>	<u>20,890</u>	<u>22,374,880</u>	<u>6,107,502</u>
<b>Cash flows from noncapital financing activities</b>						
Transfers in (out)	82,311	-	2,520,587	-	2,602,898	6,097,798
Net cash provided (used) by noncapital financing activities	<u>82,311</u>	<u>-</u>	<u>2,520,587</u>	<u>-</u>	<u>2,602,898</u>	<u>6,097,798</u>
<b>Cash flows from capital and related financing activities</b>						
Acquisition and construction of capital assets	(17,520,735)	(31,065)	(22,446)	-	(17,574,246)	(1,447,584)
Recoveries for damages	-	-	-	-	-	33,265
Proceeds from sale of capital assets	-	3,350	-	-	3,350	394,078
Proceeds from debt issues	31,007,479	1,071,865	-	-	32,079,344	-
Payment of bond, note, and lease principals	(28,549,019)	(1,388,029)	(1,523,312)	-	(31,460,360)	(61,553)
Interest paid on bonds, notes, and leases	(5,069,722)	(172,604)	(770,333)	-	(6,012,659)	(5,912)
Contributed capital	29,047,878	-	-	-	29,047,878	-
Net cash provided (used) by capital & related financing activities	<u>8,915,881</u>	<u>(516,483)</u>	<u>(2,316,091)</u>	<u>-</u>	<u>6,083,307</u>	<u>(1,087,706)</u>
<b>Cash flows from investing activities</b>						
Purchase of investments	(15,000,000)	(15,000,000)	-	-	(30,000,000)	-
Proceeds from the sale of investments	5,000,000	5,000,000	-	-	10,000,000	-
Interest received on investments	349,476	75,225	7,623	124	432,448	55,392
Net cash provided (used) by investing activities	<u>(9,650,524)</u>	<u>(9,924,775)</u>	<u>7,623</u>	<u>124</u>	<u>(19,567,552)</u>	<u>55,392</u>
Net increase (decrease) in cash and cash equivalents	16,213,838	(5,581,236)	839,917	21,014	11,493,533	11,172,986
Cash and cash equivalents - beginning 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>
Cash and cash equivalents - end of year	<u>\$ 170,736,158</u>	<u>\$ 45,558,759</u>	<u>\$ 4,865,031</u>	<u>\$ 672,932</u>	<u>\$ 221,832,880</u>	<u>\$ 29,810,049</u>

(continued)

FREDERICK COUNTY, MARYLAND  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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		
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ (1,306,038)	\$ 3,470,329	\$ (187,609)	\$ (42,952)	\$ 1,933,730	\$ 2,308,646
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	17,123,659	1,351,124	916,962	72,554	19,464,299	3,796,199
Landfill closing costs	-	234,592	-	-	234,592	-
Accrued termination benefits	5,488	4,477	-	-	9,965	-
Change in assets and liabilities:						
(Increase) decrease:						
Accounts receivable	2,867,511	(23,650)	(120,742)	16,394	2,739,513	49,613
Inventory	(42,095)	-	-	-	(42,095)	(155,759)
Prepaid items	(1,375,865)	-	(36,068)	-	(1,411,933)	(21,787)
Increase (decrease):						
Accounts payable	(1,373,760)	(2,291)	-	-	(1,376,051)	2,240
Accrued expenses	860,547	179,141	184,066	(25,106)	1,198,648	507,704
Deferred revenues	56,384	9,036	44,120	-	109,540	-
Liability for compensated leave	47,027	(12,516)	(53,467)	-	(18,956)	2,072
Closure liability	-	(273,131)	-	-	(273,131)	-
Other liabilities	3,312	(77,089)	(119,464)	-	(193,241)	(381,426)
Net cash provided (used) by operating activities	\$ <u>16,866,170</u>	\$ <u>4,860,022</u>	\$ <u>627,798</u>	\$ <u>20,890</u>	\$ <u>22,374,880</u>	\$ <u>6,107,502</u>

Non-cash investing, capital, and financing activities:

Included in interest income in the Water and Sewer Fund is an unrealized gain of \$179,050. Included in interest income in the Solid Waste Fund is an unrealized loss of \$179,050.

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

**FREDERICK COUNTY, MARYLAND**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2022**

	<b>Pension/OPEB Trust Funds</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,408,985	\$ 8,193,644
Investments:		
Money markets	20,117,764	-
Fixed income securities	350,166,403	-
Equity securities	629,498,875	-
Target date securities	78,393	-
Receivables:		
Accounts receivable	945,046	-
Interest receivable	627,577	-
Total assets	1,003,843,043	8,193,644
<b>LIABILITIES</b>		
Accounts payable	732,579	-
Accrued benefit payments	2,736,754	-
Due to third parties	-	4,150,050
Bond forfeitures	-	71,975
Performance deposits	-	3,971,619
Other liabilities	540,225	-
Total liabilities	4,009,558	8,193,644
<b>NET POSITION</b>		
Restricted for:		
Pensions	801,299,782	-
Other post employment benefits	198,533,703	-
Total net position	\$ 999,833,485	\$ -

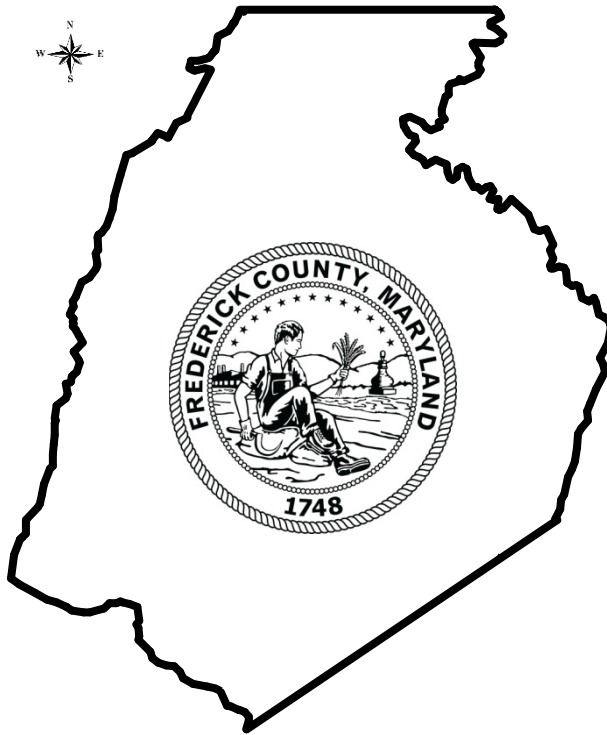
The notes to the financial statements are an integral part of this statement.

**FREDERICK COUNTY, MARYLAND  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Pension/OPEB Trust Funds</u>	<u>Custodial Funds</u>
<b>Additions</b>		
Contributions		
Employer contributions	\$ 29,019,617	\$ -
Member contributions	13,039,992	-
County contributions	1,207,434	-
Other	473,782	51,591,906
Total contributions	<u>43,740,825</u>	<u>51,591,906</u>
Investment income		
Net depreciation in fair value of plan investments	(172,048,481)	-
Interest and dividends	14,237,486	-
Investment expense	(2,247,080)	-
Net investment income	<u>(160,058,075)</u>	<u>-</u>
Total additions	<u>(116,317,250)</u>	<u>51,591,906</u>
<b>Deductions</b>		
Benefits and refunds	43,622,042	-
Administrative expenses	536,953	-
Third party payments	-	51,591,906
Total deductions	<u>44,158,995</u>	<u>51,591,906</u>
Change in net position	(160,476,245)	-
Net position - beginning of year	<u>1,160,309,730</u>	<u>-</u>
Net position - end of year	<u>\$ 999,833,485</u>	<u>\$ -</u>

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

# NOTES TO FINANCIAL SECTION







**FREDERICK COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Effective August 11, 2022, Scott Key Center, Inc. (SKC) became a component unit of Frederick County, Maryland. Scott Key Center is fiscally dependent on the County, as the County provides the use of buildings facilities, including maintenance, utilities, telephone and transportation services.

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, FCC and SKC can be obtained from their respective administrative offices and websites.

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

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

Scott Key Center, Inc.  
1050 Rocky Springs Road  
Frederick, Maryland 21702  
www.scottkeycenter.org

**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

**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

## NOTES TO FINANCIAL STATEMENTS (Continued)

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 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) principal and interest on general long-term debt including lease liabilities, as well as expenditures

## NOTES TO FINANCIAL STATEMENTS (Continued)

related to compensated absences, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering contracts giving Frederick County, Maryland the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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 and Fire/Rescue Loans.
- Sheriff's/Judicial Activities Funds – These four funds account for activities such as the Sheriff's Drug Enforcement, Narcotics Investigative Section, Inmates' Canteen and the State's Attorney Law Enforcement Aid.
- Watershed Protection and Restoration Fund – This fund was established to account for stormwater remediation fees assessed against each property in the County. All funds collected will be dedicated to pay for stormwater remediation projects and related expenses.

The County reports the following major proprietary funds:

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

Nonmajor proprietary funds include the following enterprise funds:

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

Additionally, the County reports the following fund types:

- Custodial Funds are used to account for monies received and held by the County as an agent for such activities as sales of property for delinquent tax bills, deposits for subdivisions, work release, servicing tax increment financing bonds, law library, juror's fund and revenue sharing.
- Internal Service Funds account for worker's compensation, fleet and voice related services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.
- Other Post-Employment Benefits Trust Fund accounts for the activities of the Frederick County Retiree Health Benefit Plan, which accumulates resources for healthcare benefits to eligible retirees and, in certain instances, their eligible survivors and dependents.

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

- Pension Trust Funds account for the activities of the Frederick County Employee Retirement Plan and the Frederick County Uniformed Employee Retirement Plan 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.

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

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

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, 2022, was \$36,347,207,697. 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 \$0.9505 and \$0.9407, respectively. In addition, taxes were levied in three lighting tax districts. The County collected 99.93% 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 \$2,892,855 and is included in total property taxes receivable of \$4,614,867 on the Statement of Net Position. This compares to the current portion of the prior year levy of \$1,510,125 included in the total property taxes of \$1,714,863 as of June 30, 2021.

*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.

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.

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

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. Right-to-use lease assets are recorded at the net present value of the future lease payments.

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, and right-to-use lease assets 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 are 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. Capitalization and measurement of right-to-use lease assets is referenced in Note 5. *Deferred Outflows/Inflows* below. 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. SKC Inc. capitalizes property and equipment with useful lives greater than one year with a cost in excess of \$1,000. The following useful lives are used for depreciation purposes for the assets of these component units:

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



**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 assets 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 assets 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. Leases**

*Lessee* – Frederick County is a lessee for noncancellable leases of buildings and improvements and equipment and recognizes lease liabilities and right-to-use leased assets (leased assets) in the government-wide financial statements. Lease liabilities are recognized with an initial, individual value of \$50,000 or more. At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for leases payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

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

- The interest rate charged by the lessor is used as the discount rate. When the interest rate charged by the lessor is not provided, an estimated incremental borrowing rate is used as the discount rate.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that FCG is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Changes are monitored in circumstances that would require a remeasurement of its leases and will remeasure recorded leased asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. Payments due under recorded lease contracts are at fixed payment amounts. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by BOE under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease if the lease term reflects BOE exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined then an estimated incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

*Lessor* – Frederick County is a lessor for noncancellable leases of buildings. At the commencement of a lease, the lease receivable is measured

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

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

- An estimated incremental borrowing rate is used as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease receipts include in the measurement of the lease receivable is composed of fixed payments for the lessee.

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

*9. 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.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

- *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.

*10. 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.

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

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.
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.

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

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

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

15. In accordance with 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.

	<b>General Fund</b>			
	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Net change in Fund Balance</u>
Budgetary Basis	\$ 747,887,978	\$ 638,957,623	\$ (146,074,493)	\$ (37,144,138)
Basis Adjustments:				
Encumbrance adjustment	-	(7,775,220)	-	7,775,220
Inventory adjustment	-	282,727	-	(282,727)
Net affect of basis adjustments	-	(7,492,493)	-	7,492,493
GAAP Basis	<u>\$ 747,887,978</u>	<u>\$ 631,465,130</u>	<u>\$ (146,074,493)</u>	<u>\$ (29,651,645)</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**NOTE 3. DETAILED NOTES ON ALL FUNDS**

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

*1. Deposits*

**Primary Government**

As of June 30, 2022, Frederick County's carrying amount of deposits was \$6,371,903 and the bank balance was \$6,884,001. 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)	\$ 449,306
Held by the government's agent in the government's name	6,434,695
Total Bank Balance	<u>\$ 6,884,001</u>

The County's cash and investments as of June 30, 2022, totaled \$898,786,144 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	\$ 561,852
Equity in Pooled Invested Cash	668,117,292
Investments	97,647,219
Restricted Cash and Investments	<u>132,459,781</u>
Total	<u>\$ 898,786,144</u>
Deposit & Investment Summary:	
Investments	\$ 903,013,584
Cash on Hand	30,072
Deposits	6,371,903
Less: Component Units and Agency Fund Cash Equivalents	
Pension Trust and OPEB Benefit Trusts	(2,408,985)
Frederick County Public Libraries	(26,786)
Custodial Funds	<u>(8,193,644)</u>
Total	<u>\$ 898,786,144</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**Component Units**

Deposits and investments of the BOE, FCC, FCPL and SKC Inc., are governed by the same law governing the County's investments. As of June 30, 2022, BOE's cash on hand for petty cash was \$100. The carrying amount of the Board's deposits was \$23,672,484 and investments, including \$146,371,089 of fiduciary funds, were \$180,803,417. The bank balance was \$31,366,549. The deposits of the Board were not exposed to custodial risk as of June 30, 2022.

As of June 30, 2022, FCC's cash on hand for petty cash was \$3,800. The carrying amount of the college's deposits was \$14,233,437 and cash equivalents were \$8,962,402. Cash and cash equivalents, as shown on the Statement of Net Position, include Frederick Community College Foundation, Inc. in the amount of \$276,955. The bank balance was \$14,705,626. The deposits of the college were not exposed to custodial risk as of June 30, 2022.

As of June 30, 2022, FCPL's cash on hand for petty cash was \$3,560. The carrying amount of FCPL's deposits was \$30,075 including \$20,000 of restricted cash. The bank balance was \$3,226. The deposits of the library were not exposed to custodial risk as of June 30, 2022.

As of June 30, 2022, SKC Inc.'s cash and cash equivalents were \$492,454 which is comprised of cash and a certificate of deposit at a financial institution insured by FDIC up to \$250,000. \$242,439 exceeds FDIC insurance limits, but SKC Inc., has experienced no losses as a result and management considers this to be a normal business risk.

*2. Investments*

**Primary Government**

Frederick County held the following investments and maturities as of June 30, 2022:

<u>Investment Type (All funds)</u>	<u>Fair Value</u>	<u>0-18 Month Maturities</u>	<u>18-24 Month Maturities</u>	<u>&gt; 24 Month Maturities</u>
U. S. Treasuries	\$ 38,370,855	\$ 5,839,280	\$ 3,773,371	\$ 28,758,204
MD Local Government Investment Pool	805,366,365	805,366,365	-	-
Money Market Funds	10,164	10,164	-	-
Federal Agricultural Mortgage Corp	59,266,200	59,266,200	-	-
Total Fair Value	<u>\$ 903,013,584</u>	<u>\$ 870,482,009</u>	<u>\$ 3,773,371</u>	<u>\$ 28,758,204</u>



**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Investments by fair value level	June 30, 2022	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
U. S. Treasuries	\$ 38,370,855	\$ 38,370,855	\$ -	\$ -
Federal Agricultural Mortgage Corp	39,403,200	-	39,403,200	-
Federal Home Loan Mortgage Corp	19,863,000	-	19,863,000	-
Total investments by fair value levels	<u>97,637,055</u>	<u>\$ 38,370,855</u>	<u>\$ 59,266,200</u>	<u>\$ -</u>
<b>Investments carried at amortized cost</b>				
MD Local Government Investment Pool	805,366,365			
Money Market Funds	<u>10,164</u>			
Total investments carried at amortized cost	<u>805,376,529</u>			
Total investments at fair value	<u>\$ 903,013,584</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. The fair market values are based on quoted pricing for similar securities by the County's custodian bank.
- 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.

**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

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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)
8. Commercial paper issued by a company with a short-term debt rating in the highest letter and numeral rating by at least one nationally recognized statistical rating organization as designated by the Security Exchange Commission

The County's investments have received the followings ratings:

<u>Investment</u>	<u>Fair Value</u>	<u>Moody's</u>	<u>Standard &amp; Poor's</u>	<u>Fitch Ratings</u>
MD Local Government Investment Pool	\$ 805,366,365	not rated	AAAm	not rated
Federal Agricultural Mortgage Corporation	59,266,200	not rated	not rated	not rated
Federal Home Loan Mortgage Corp	19,863,000	AAA	AA+	not rated

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
MD Local Government Investment Pool (MLGIP)	\$ 805,366,365	89.186 %
U. S. Treasuries	38,370,855	4.249
Federal Agricultural Mortgage Corp	39,403,200	4.364
Federal Home Loan Mortgage Corp	19,863,000	2.200
Money Market Funds	10,164	0.001
Total Fair Value	<u>\$ 903,013,584</u>	<u>100.000 %</u>

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

**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. Letter of credit by Federal Home Loan Bank (FHLB) if the letter meets the conditions issued by the State of Maryland Treasurer's Office,
5. Held to a minimum number of pieces at all times, and
6. Marked to market daily and reported monthly by the investment custodian.

**Pension Trust Funds**

The County's Pension Trust funds the Frederick County Employee's Retirement Plan and the Frederick County Uniformed Retirement Plan (the Plans). Effective July 1, 2021, the County Council passed Bill 21-05 establishing the Frederick County Uniformed Retirement Plan. Participants in the Frederick County Uniformed Retirement Plan are comprised of eligible employees from Frederick County Sheriff's Office Law Enforcement Bureau, Adult Detention Center and the Division of Fire and Rescue Services.

The Frederick County Uniformed Retirement Plan includes a Deferred Retirement Option Program (DROP). Assets are held with Empower, as the custodian and recordkeeper. The participants may choose from a variety of investments to invest their contribution. Once the participant has completed their agreed upon service for the DROP, the assets are payable to the participant. Should the participant not complete their agreed upon service for the DROP, the assets will be returned to the Pension Trust. The assets held for the DROP participants are considered Plan assets during their service period and have been included in separate schedules below, as well as in the financial statements.

The Plans have 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. The Plans employ Wilmington Trust as custodian for their 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, 2022, the Plans held the following investments and maturities:

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>0 - 18 Month Maturities</u>	<u>18 - 24 Month Maturities</u>
Money Market Funds	\$ 20,116,887	\$ 20,116,887	\$ -
Equity Mutual Funds	321,438,990	321,438,990	-
Fixed Income Mutual Funds	184,571,257	184,571,257	-
Target Date Funds	78,393	78,393	-
Common Stock	180,408,365	180,408,365	-
Corporate Bonds & Notes	44,181,573	5,216,622	1,616,095
US Government Securities	43,796,226	3,074,025	1,928
Other Government Agencies	6,254,039	367,095	259,916
<b>Total Fair Value</b>	<b><u>\$ 800,845,730</u></b>	<b><u>\$ 715,271,634</u></b>	<b><u>\$ 1,877,939</u></b>

Note: DROP Asset Value = \$354,960

Frederick County has the following recurring fair value measurements as of June 30, 2022:

<b>Investments by fair value level</b>	<b>Total Pension Assets</b>	<b>Fair Value Measurement Using</b>		
		<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
Equity Mutual Funds	\$ 321,438,990	\$ 321,438,990	\$ -	\$ -
Fixed Income Mutual Funds	184,571,257	184,571,257	-	-
Target Date Funds	78,393	78,393	-	-
Common Stock	180,408,365	180,408,365	-	-
Corporate Bonds & Notes	44,181,573	-	44,181,573	-
US Government Securities	43,796,226	-	43,796,226	-
Other Government Agencies	6,254,039	-	6,254,039	-
<b>Total investments by fair value levels</b>	<b><u>780,728,843</u></b>	<b><u>\$ 686,497,005</u></b>	<b><u>\$ 94,231,838</u></b>	<b><u>\$ -</u></b>
<b>Investments carried at amortized cost</b>				
Money Market Funds	20,116,887			
Total investments carried at amortized cost	<u>20,116,887</u>			
Total investments at fair value	<u>\$ 800,845,730</u>			

Note: DROP Asset value = \$354,960 (all in the 1-18 month maturity range)

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

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

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

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

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

*Equities - Permissible*

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

*Equities – Not Permissible*

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

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

*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;
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).

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The money market funds are unrated, as are the mutual funds and common stocks used by the Plan. None of the DROP assets are rated. As of June 30, 2022, the Plan's fixed income investments had the following characteristics:

<u>Credit Rating or Comparable</u>	<u>Standard &amp; Poor's Fair Value</u>	<u>Moody's Fair Value</u>	<u>Fitch Fair Value</u>
AAA to A1	\$ 37,344,750	\$ 52,662,576	\$ 86,611
BAA3 to BA1	13,563,769	13,609,772	-
Not rated	749,937,211	734,573,382	800,759,119
Total Fair Value	<u>\$ 800,845,730</u>	<u>\$ 800,845,730</u>	<u>\$ 800,845,730</u>

Note: Drop Assets = \$354,960 (all rated securities are in the AAA-A1 category)

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, 2022.

**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, 2022, 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>&gt; 24 Month Maturities</u>
Money Market Funds	\$ 138	\$ 138	\$ -	\$ -
Equity Mutual Funds	1,800,741	1,800,741	-	-
Collective Investment Trust (Fixed Income)	1,025,679	1,025,679	-	-
Total Fair Value	<u>\$ 2,826,558</u>	<u>\$ 2,826,558</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Frederick County has the following recurring fair value measurements as of June 30, 2022:

Investments by fair value level	June 30, 2022	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Equity Mutual Funds	\$ 1,800,741	\$ 1,800,741	\$ -	\$ -
Collective Investment Trust (Fixed Income)	1,025,679	1,025,679	-	-
Total investments by fair value levels	<u>2,826,420</u>	<u>\$ 2,826,420</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Investments carried at amortized cost</b>				
Money Market Funds	138			
Total investments carried at amortized cost	<u>138</u>			
Total investments at fair value	<u>\$ 2,826,558</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. The money market funds are unrated, as are the fixed income and equity mutual funds used by the plan.

**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, 2022.

**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.



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

As of June 30, 2022, the Plan held the following investments and maturities:

Investment Type (All funds)	Fair Value	0 - 18 Month Maturities	18 - 24 Month Maturities	> 24 Month Maturities
Money Market Funds	\$ 739	\$ 739	\$ -	\$ -
Equity Mutual Funds	125,850,779	125,850,779	-	-
Fixed Income Mutual Funds	16,265,989	16,265,989	-	-
Collective Investment Trust (Fixed Income)	54,071,640	54,071,640	-	-
Total Fair Value	<u>\$ 196,189,147</u>	<u>\$ 196,189,147</u>	<u>\$ -</u>	<u>\$ -</u>

Frederick County has the following recurring fair value measurements as of June 30, 2022:

Investments by fair value level	June 30, 2022	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Equity Mutual Funds	\$ 125,850,779	\$ 125,850,779	\$ -	\$ -
Fixed Income Mutual Funds	16,265,989	16,265,989	-	-
Collective Investment Trust (Fixed Income)	54,071,640	-	-	54,071,640
Total investments by fair value levels	<u>\$ 196,188,408</u>	<u>\$ 142,116,768</u>	<u>\$ -</u>	<u>\$ 54,071,640</u>
<b>Investments carried at amortized cost</b>				
Money Market Funds	739			
Total investments carried at amortized cost	<u>739</u>			
Total investments at fair value	<u>\$ 196,189,147</u>			

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 based on quoted prices for similar securities.

**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, 2022.

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

**Component Units**

The Board of Education’s investments as of June 30, 2022, are categorized in the following table:

<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	\$ 34,427,734	\$ 34,427,734	\$ -	\$ -
Money Market	43,547	43,547	-	-
Certificates of Deposit	4,594	4,594	-	-
Fixed Income Securities	47,751,062	47,751,062	-	-
Equity Securities	98,576,480	98,576,480	-	-
Total	<u>\$ 180,803,417</u>	<u>\$ 180,803,417</u>	<u>\$ -</u>	<u>\$ -</u>

Frederick County Public Schools (BOE) 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.

BOE has recurring fair value investments as of June 30, 2022, of \$146,327,542 that include Fixed Income Securities and Equity Securities. These investments were valued using quoted market prices (Level 1 inputs).

MLGIP of \$34,427,734, Money Market of \$43,547 and Certificates of Deposit of \$4,594 are valued using amortized cost method, which estimates market value.

The above investment balances include fiduciary funds in the amount of \$146,327,542. Total net investment income per the statement of activities as of June 30, 2022, was \$377,434.

FCC’s investments as of June 30, 2022, were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
MLGIP	<u>\$ 8,962,402</u>	<u>\$ 8,962,402</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Total net investment income for FCC (excluding the FCC Foundation) as of June 30, 2022, was \$54,847. The Frederick Community College Foundation investments as of June 30, 2022, were:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
USMF Fund	\$ 20,233,047	\$ 19,617,965	\$ (615,082)
Certificate of Deposit	238,085	238,085	-
Charitable Remainder Trust	21,604	28,335	6,731
Total Investments	<u>\$ 20,492,736</u>	<u>\$ 19,884,385</u>	<u>\$ (608,351)</u>

As of June 30, 2022, the Foundation had 375,586.67 units of the University System of Maryland Foundation, Inc. Unitized Investment Fund valued at \$52.23 per unit with a value of \$19,617,965.

FCPL's investments as of June 30, 2022, 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	\$ 423,446	\$ 423,446	\$ -	\$ -	0.12%
Certificates of Deposit	20,000	20,000	-	-	0.15%
Total Investments	<u>\$ 443,446</u>	<u>\$ 443,446</u>	<u>\$ -</u>	<u>\$ -</u>	

Total net investment income per the statement of activities for the year ended June 30, 2022, was \$1,857.

SKC, Inc., investments as of June 30, 2022, were as follows:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Fund held at the Community Foundation of Frederick County, Inc.	\$ 113,969	\$ 93,427	\$ (20,542)
Total Investments	<u>\$ 113,969</u>	<u>\$ 93,427</u>	<u>\$ (20,542)</u>

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

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

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the BOE, FCC, FCPL and SKC Inc., 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

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

of June 30, 2022, 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 FCC or FCPL. BOE's foreign currency risk derives from its post-employment retiree health benefit plan investment in foreign currency or instruments denominated in foreign currency.

**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, \$569,250; Comprehensive Care Facility, \$350,217 and Solid Waste, \$23,386.

*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, 2022, are reconciled as follows:

	<u>BOE</u>	<u>FCC</u>	<u>FCPL</u>	<u>SKC</u>	<u>TOTAL</u>
Due from component units per Primary Government	\$ 201,139	\$ 138	\$ -	\$ -	\$ 201,277
Add: Payable recorded by component unit in FY22	-	-	-	262,704	262,704
Less: Not recorded as payable by component unit in FY22	<u>(201,139)</u>	<u>(138)</u>	<u>-</u>	<u>-</u>	<u>(201,277)</u>
Due to primary government per Component Units (included in accounts payable)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,704</u>	<u>\$ 262,704</u>
Due to component units per Primary Government	\$ 4,967,082	\$ 16	\$ 5,601,405	\$ 8,359	\$ 10,576,862
Less: Receivable recorded by component unit in FY22	<u>(107,109)</u>	<u>(16)</u>	<u>(10,376)</u>	<u>(8,359)</u>	<u>(125,860)</u>
Due from primary government per Component Units	<u>\$ 4,859,973</u>	<u>\$ -</u>	<u>\$ 5,591,029</u>	<u>\$ -</u>	<u>\$ 10,451,002</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**C. Capital Assets**

Capital Asset activity for the year ended June 30, 2022, is as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Adjustments/ Transfers	Decreases	
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 128,856,648	\$ 16,937,672	\$ 933,965	\$ (4,536,605)	\$ 142,191,680
Construction in progress	39,721,682	50,205,619	-	(14,271,895)	75,655,406
Total capital assets at historical cost not being depreciated	<u>168,578,330</u>	<u>67,143,291</u>	<u>933,965</u>	<u>(18,808,500)</u>	<u>217,847,086</u>
Capital assets being depreciated:					
Buildings and improvements	279,478,061	22,486,681	(1,120,823)	-	300,843,919
Right-to-use buildings and improvements	-	884,251	-	-	884,251
Equipment	148,947,174	9,287,627	-	(2,710,089)	155,524,712
Right-to-use equipment	-	466,826	-	-	466,826
Infrastructure	433,018,258	5,361,155	-	(441,590)	437,937,823
Total capital assets at historical cost being depreciated	<u>861,443,493</u>	<u>38,486,540</u>	<u>(1,120,823)</u>	<u>(3,151,679)</u>	<u>895,657,531</u>
Less accumulated depreciation for:					
Buildings and improvements	126,797,005	8,652,347	(4,671)	-	135,444,681
Right-to-use buildings and improvements	-	254,946	-	-	254,946
Equipment	91,933,809	13,249,777	-	(2,597,554)	102,586,032
Right-to-use equipment	-	167,739	-	-	167,739
Infrastructure	270,861,729	9,408,819	-	(313,146)	279,957,402
Total accumulated depreciation	<u>489,592,543</u>	<u>31,733,628</u>	<u>(4,671)</u>	<u>(2,910,700)</u>	<u>518,410,800</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>371,850,950</u>	<u>6,752,912</u>	<u>(1,116,152)</u>	<u>(240,979)</u>	<u>377,246,731</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 540,429,280</u>	<u>\$ 73,896,203</u>	<u>\$ (182,187)</u>	<u>\$ (19,049,479)</u>	<u>\$ 595,093,817</u>

Depreciation/amortization expense was charged to governmental functions as follows:

General government	\$ 5,480,342
Public safety	7,650,539
Public works	3,726,529
Public Health	233,361
Social services	739,660
Parks, recreation and culture	4,701,608
Conservation of natural resources	10,744
Economic development and opportunity	38,242
Infrastructure	9,152,603
Total depreciation/amortization expense	<u>\$ 31,733,628</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

	Primary Government				Ending Balance
	Beginning Balance	Increases	Adjustments/ Transfers	Decreases	
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Land	\$ 9,327,737	\$ -	\$ -	\$ -	\$ 9,327,737
Construction in progress	20,570,980	16,454,295	-	(11,881,643)	25,143,632
Total capital assets at historical cost not being depreciated	<u>29,898,717</u>	<u>16,454,295</u>	<u>-</u>	<u>(11,881,643)</u>	<u>34,471,369</u>
Capital assets being depreciated:					
Buildings and improvements	357,788,734	1,082,430	186,858	(899,214)	358,158,808
Equipment	58,977,541	984,821	96,154	(678,735)	59,379,781
Right-to-use leased equipment	-	107,087	-	-	107,087
Infrastructure	472,457,654	10,290,678	-	-	482,748,332
Total capital assets at historical cost being depreciated	<u>889,223,929</u>	<u>12,465,016</u>	<u>283,012</u>	<u>(1,577,949)</u>	<u>900,394,008</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	103,215,022	10,104,705	4,671	(706,752)	112,617,646
Equipment	44,475,401	2,847,299	96,154	(573,497)	46,845,357
Right-to-use leased equipment	-	29,908	-	-	29,908
Infrastructure	98,317,078	6,482,387	-	-	104,799,465
Total accumulated depreciation	<u>246,007,501</u>	<u>19,464,299</u>	<u>100,825</u>	<u>(1,280,249)</u>	<u>264,292,376</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>643,216,428</u>	<u>(6,999,283)</u>	<u>182,187</u>	<u>(297,700)</u>	<u>636,101,632</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 673,115,145</u>	<u>\$ 9,455,012</u>	<u>\$ 182,187</u>	<u>\$ (12,179,343)</u>	<u>\$ 670,573,001</u>
Depreciation/amortization expense was charged to business-type functions as follows:					
Bell Court					\$ 72,554
Comprehensive Care Facility					916,962
Solid Waste					1,351,124
Water & Sewer					17,123,659
Total depreciation/amortization expense					<u>\$ 19,464,299</u>

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

Component units' capital asset activity for the year ended June 30, 2022, was as follows:

<b>BOE</b>	<u>Balance</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 52,312,535	\$ 897,499	\$ -	\$ 53,210,034
Construction in progress	59,455,295	43,766,285	(90,516,040)	12,705,540
Total capital assets at historical cost not being depreciated	<u>111,767,830</u>	<u>44,663,784</u>	<u>(90,516,040)</u>	<u>65,915,574</u>
Capital assets being depreciated:				
Building and improvements*	1,144,253,554	86,544,724	(567,797)	1,230,230,481
Right-to-use leased building and improvements*	31,363,206	-	-	31,363,206
Furniture and equipment	60,546,049	6,265,063	(3,129,440)	63,681,672
Total capital assets at historical cost being depreciated	<u>1,236,162,809</u>	<u>92,809,787</u>	<u>(3,697,237)</u>	<u>1,325,275,359</u>
Less accumulated depreciation/amortization for:				
Building and improvements*	437,608,504	32,545,905	(567,797)	469,586,612
Right-to-use leased building and improvements*	7,509,528	2,552,179	-	10,061,707
Furniture and equipment	37,507,921	3,843,773	(2,864,623)	38,487,071
Total accumulated depreciation/amortization	<u>482,625,953</u>	<u>38,941,857</u>	<u>(3,432,420)</u>	<u>518,135,390</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>753,536,856</u>	<u>53,867,930</u>	<u>(264,817)</u>	<u>807,139,969</u>
BOE's capital assets, net of accumulated depreciation	<u>\$ 865,304,686</u>	<u>\$ 98,531,714</u>	<u>\$ (90,780,857)</u>	<u>\$ 873,055,543</u>

\*BOE implemented GASB Statement No. 87, effective July 1, 2021. As a result, the beginning balances were reclassified for the right-to-use leased assets for qualifying leases that were in place at that date.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

<b>FCC</b>	<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	1,700,461	8,252,308	(945,227)	9,007,542
Total capital assets at historical cost not being depreciated	<u>1,972,081</u>	<u>8,252,308</u>	<u>(945,227)</u>	<u>9,279,162</u>
Capital assets being depreciated:				
Library collection	2,071,517	10,650	-	2,082,167
Building and improvements	130,021,440	1,220,108	-	131,241,548
Furniture and equipment	6,653,631	1,871,571	(833,611)	7,691,591
Site improvement	7,998,466	132,284	-	8,130,750
Total capital assets at historical cost being depreciated	<u>146,745,054</u>	<u>3,234,613</u>	<u>(833,611)</u>	<u>149,146,056</u>
Less accumulated depreciation for:				
Library collection	2,033,701	14,821	-	2,048,522
Building and improvements	48,668,366	3,338,120	-	52,006,486
Furniture and equipment	5,273,848	539,126	(828,113)	4,984,861
Site improvement	6,495,690	167,665	-	6,663,355
Total accumulated depreciation	<u>62,471,605</u>	<u>4,059,732</u>	<u>(828,113)</u>	<u>65,703,224</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>84,273,449</u>	<u>(825,119)</u>	<u>(5,498)</u>	<u>83,442,832</u>
FCC's capital assets, net of accumulated depreciation	<u>\$ 86,245,530</u>	<u>\$ 7,427,189</u>	<u>\$ (950,725)</u>	<u>\$ 92,721,994</u>



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

<b>FCPL</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements/ Reclassifications</b>	<b>Ending Balance</b>
Capital assets being depreciated:				
Library collection	\$ 6,324,231	\$ 977,824	\$ (1,211,148)	\$ 6,090,907
Furniture and equipment	327,722	37,368	(35,175)	329,915
Total capital assets at historical cost being depreciated	<u>6,651,953</u>	<u>1,015,192</u>	<u>(1,246,323)</u>	<u>6,420,822</u>
Less accumulated depreciation for:				
Library collection	3,431,483	977,439	(1,392,864)	3,016,058
Furniture and equipment	157,122	21,649	(35,175)	143,596
Total accumulated depreciation	<u>3,588,605</u>	<u>999,088</u>	<u>(1,428,039)</u>	<u>3,159,654</u>
FCPL's capital assets, net of accumulated depreciation	<u>\$ 3,063,348</u>	<u>\$ 16,104</u>	<u>\$ 181,716</u>	<u>\$ 3,261,168</u>

<b>SKC Inc.</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements/ Reclassifications</b>	<b>Ending Balance</b>
Capital assets being depreciated:				
Furniture and equipment	\$ 62,723	\$ -	\$ (4,954)	\$ 57,769
Building and improvements	7,614	-	(7,614)	-
Total capital assets at historical cost being depreciated	<u>70,337</u>	<u>-</u>	<u>(12,568)</u>	<u>57,769</u>
Less accumulated depreciation for:				
Furniture and equipment	61,146	1,226	(4,954)	57,418
Building and improvements	7,614	-	(7,614)	-
Total accumulated depreciation	<u>68,760</u>	<u>1,226</u>	<u>(12,568)</u>	<u>57,418</u>
SKC's capital assets, net of accumulated depreciation	<u>\$ 1,577</u>	<u>\$ (1,226)</u>	<u>\$ -</u>	<u>\$ 351</u>

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

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

*1. Primary Government Interfund Receivables and Payable Balances*

For year ended June 30, 2022, there were no interfund receivables or payables.

*2. Interfund Transfers – Primary Government*

Interfund transfers for the year ended June 30, 2022, consists of the following:

	Transfers In								Total Transfers To Other Funds
	General Fund	Grants Fund	Capital Projects	Agricultural Preservation	Debt Service	Nonmajor Governmental	Internal Service	Enterprise Funds	
<b>Transfers Out</b>									
General Fund	\$ -	\$ 9,401,665	\$ 80,035,647	\$ 431,445	\$47,099,362	\$ 3,000,000	\$ 6,097,798	\$ 20,587	\$ 146,086,504
Grants Fund	12,011	-	-	-	-	113,800	-	2,500,000	2,625,811
Agricultural Preservation	-	-	-	-	3,957,127	-	-	-	3,957,127
Nonmajor Governmental	-	-	-	-	168,332	-	-	-	168,332
Capital Projects	-	-	-	-	7,041,851	-	-	152,688	7,194,539
Enterprise Fund	-	-	70,377	-	-	-	-	-	70,377
Total Transfers in from Other Funds	<u>\$ 12,011</u>	<u>\$ 9,401,665</u>	<u>\$ 80,106,024</u>	<u>\$ 431,445</u>	<u>\$58,266,672</u>	<u>\$ 3,113,800</u>	<u>\$ 6,097,798</u>	<u>\$2,673,275</u>	<u>\$ 160,102,690</u>

Primary activities include:

- Transfers of pay-go funding from the General Fund and various Enterprise 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; and,
- Transfers from the General Fund to fleet, an internal service fund for vehicles.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**E. Leases****Primary Government**

Starting in the current fiscal year, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

*1. Leases Receivable*

As of June 30, 2022, Frederick County leased as Lessor:

- *Building space at the Frederick County Adult Detention Center* - an initial lease receivable was recorded in the amount of \$219,938. As of June 30, 2022, the value of the lease receivable is \$187,093. The lessee is required to make monthly variable fixed in substance principal and interest payments of \$2,939. The lease has an interest rate of 1.296%. The value of the deferred inflow of resources as of June 30, 2022, was \$186,101, and lease revenue of \$33,837 was recognized during the fiscal year. The current lease expires December 31, 2027, and the agreement allows the lessee two extension options, each for 24 months.
- *Building space located on Scotty's Bus Lane* - an initial lease receivable was recorded in the amount of \$202,272. As of June 30, 2022, the value of the lease receivable is \$109,113. The lessee is required to make monthly fixed payments of \$7,815. The lease has an interest rate of 0.435%. The value of the deferred inflow of resources as of June 30, 2022, was \$108,916, and lease revenue of \$93,356 was recognized during the fiscal year. The current lease expires on August 31, 2023, and the lessee has three extension options, each for 12 months.

The principal and interest requirements to maturity for governmental activities are as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total
2023	\$ 126,525	\$ 2,517	\$ 129,042
2024	49,085	1,807	50,892
2025	33,900	1,362	35,262
2026	34,342	920	35,262
2027	34,790	472	35,262
2028 - 2029	17,564	66	17,631
	\$ 296,206	\$ 7,145	\$ 303,351

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

2. *Leases Payable*

- *Parking spaces at Winchester Hall from Heritage Frederick for use by County employees* - an initial lease liability was recorded in the amount of \$105,511. As of June 30, 2022, the value of the lease liability was \$93,028. Monthly fixed payments are \$1,120. The lease has an interest rate of 1.372%. The value of the right-to-use asset as of June 30, 2022, of \$105,511 with accumulated amortization of \$13,053 is included with land improvements on the lease class activities table found below. This lease expires July 31, 2029.
- *Parking spaces in the Carroll Creek Parking Deck for use by County employees* -an initial lease liability was recorded in the amount of \$525,820. As of June 30, 2022, the value of the lease liability is \$437,724. Monthly fixed payments are \$7,760. The lease has an interest rate of 1.138%. The value of the right-to-use asset as of June 30, 2022, of \$525,820 with accumulated amortization of \$90,141 is included with land improvements on the lease class activities table found below. The initial least term expires in 2027, but the agreement allows for seven extension options for ten years each.
- *Building space at 8420 Gas House Pike which is used by Family Partnership* - an initial lease liability was recorded in the amount of \$252,920. As of June 30, 2022, the value of the lease liability is \$102,571. Monthly fixed payments are \$12,416. The lease has an interest rate of 0.308%. The value of the right-to-use asset as of June 30, 2022, of \$252,920 with accumulated amortization of \$151,752 is included with land on the lease class activities table found below. The current lease expires February 28, 2023.
- *Xerox copiers at Citizens Care & Rehabilitation Center* - an initial lease liability was recorded in the amount of \$107,087. As of June 30, 2022, the value of the lease liability is \$76,735. Monthly fixed payments are \$2,579. The lease has an interest rate of 0.648%. The value of the right-to-use asset as of June 30, 2022, of \$107,087 with accumulated amortization of \$29,908 is included with equipment on the lease class activities table found below and is included in the business-type activity schedule of principal and interest payment requirements to maturity. The current lease expires January 29, 2025.
- *36-month lease for the use of case wheel loaders* - an initial lease liability was recorded in the amount of \$249,744. As of June 30, 2022, the value of the lease liability is \$188,191. Quarterly fixed payments are \$21,967. The lease has an interest rate of 3.990%. The value of the right-to-use asset as of June 30, 2022, of \$249,744 with accumulated amortization of \$59,199 is included with Equipment on the lease class activities table found below and is included in the business-type activity schedule of principal and interest payment requirements to maturity.
- *Copiers for use across most County departments* - an initial lease liability was recorded in the amount of \$217,082. As of June 30, 2022, the value of the lease liability is \$108,756. Monthly fixed payments are \$9,084. The lease has an interest rate of 0.435%. The equipment estimated useful life was fifty months as of the contract commencement. The value of the right-to-use asset as of June 30, 2022, is \$217,082 with accumulated amortization of \$108,541 is included with equipment on the lease class activities table found below. Variable payments not fixed in substance relate to usage of the copiers was \$126,407 during FY22. The current lease expires June 30, 2023, and the agreement contains one extension option for twelve months.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The amount of lease assets by major classes of underlying assets are as follows:

<u>Asset Class</u>	<u>As of June 30, 2022</u>	
	<u>Lease Asset Value</u>	<u>Accumulated Amortization</u>
Buildings - Governmental	\$ 778,740	\$ 241,893
Land Improvements - Governmental	105,511	13,053
Equipment - Governmental	249,744	59,198
Equipment - Business	324,169	138,449
Total Leases	<u>\$ 1,458,164</u>	<u>\$ 452,593</u>

The principal and interest requirements to maturity for business-type activities are as follows:

<u>Fiscal Year</u>	<u>Business-Type Activities</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2023	\$ 30,546	\$ 447	\$ 30,993
2024	30,743	208	30,951
2025	15,446	29	15,475
	<u>\$ 76,735</u>	<u>\$ 684</u>	<u>\$ 77,419</u>

The principal and interest requirements to maturity for governmental activities are as follows:

<u>Fiscal Years</u>	<u>Governmental Activities</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2023	\$ 394,088	\$ 12,381	\$ 406,469
2024	187,252	7,525	194,777
2025	125,331	3,546	128,877
2026	104,796	2,113	106,909
2027	90,499	891	91,390
2028-2031	28,304	423	28,727
	<u>\$ 930,270</u>	<u>\$ 26,879</u>	<u>\$ 957,149</u>

### 3. *Financed Purchase Obligations*

- *Financing of Fire & Rescue Apparatus* – an initial liability was recorded in the amount of \$3,704,232. As of June 30, 2022, the value of the liability was \$1,383,677. Quarterly payments were \$135,454 in fiscal year 2022. The lease includes a 7-year and 10-year component with interest rates of 1.906% and 2.084% respectively. The value of the financed assets as of June 30, 2022, is \$3,724,910 with accumulated depreciation of \$1,518,276 is included with equipment on the lease class activities table found below. The lease matures on April 1, 2027.

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

- *Financing of Various County Equipment* – an initial liability was recorded in the amount of \$7,220,003. As of June 30, 2022, the value of the liability was \$3,860,038. Quarterly payments were \$291,427 in FY22. The financed purchase has an interest rate of 2.99%. The value of the financed assets as of June 30, 2022, is \$ 6,292,578 with accumulated depreciation of \$2,854,096 is included with equipment on the lease class activities table found below. The lease matures on October 1, 2025.

The amount of assets by major classes of underlying assets for financed purchases are as follows:

<u>Asset Class</u>	<u>As of June 30, 2022</u>	
	<u>Capital Asset Value</u>	<u>Accumulated Depreciation</u>
Equipment - Governmental	\$ 5,829,198	\$ 12,238,804
Equipment - Business	528,195	157,637
Total Leases	<u>\$ 6,357,393</u>	<u>\$ 12,396,441</u>

The principal and interest requirements to maturity for business-type activities for financed purchases are as follows:

<u>Fiscal Year</u>	<u>Business-Type Activities</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2023	\$ 31,187	\$ 3,042	\$ 34,229
2024	32,130	2,099	34,229
2025	33,101	1,127	34,228
2026	16,924	190	17,114
	<u>\$ 113,342</u>	<u>\$ 6,458</u>	<u>\$ 119,800</u>

The principal and interest requirements to maturity for governmental activities for financed purchases are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2023	\$ 1,549,144	\$ 124,149	\$ 1,673,293
2024	1,590,461	82,832	1,673,293
2025	1,204,259	43,426	1,247,685
2026	671,807	10,139	681,946
2027	114,708	1,498	116,206
	<u>\$ 5,130,379</u>	<u>262,044</u>	<u>\$ 5,392,423</u>

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

**Component Unit**

BOE has entered into lease arrangements as a lessee to finance the right-to-use asset of the central office building and energy performance enhancements for facility improvements throughout the county that expire in fiscal year 2033 and 2034, respectively. The lease arrangement entered into for the central office building (December 2007), for approximately \$16.0 million has a re-financed interest rate of 1.98% and maturity date of September 1, 2032. In fiscal year 2022, payments including interest for the lease were \$623,787. Current year amortization expense for the central office right-to-use leased asset was \$409,029.

BOE entered into a lease agreement for an energy performance contract to finance facility improvements in the approximate amount of \$15.0 million in June 2018. The lease arrangement has a refinanced interest rate of 2.08% and maturity date of September 1, 2033. Payments, including interest, during fiscal year 2022 were \$557,251. Current year amortization expense for the energy performance contract lease assets was \$2,143,150.

The right-to-use assets under lease arrangements were as follows:

	<b>Governmental Activities</b>
<b>Right-to-use Lease Assets:</b>	
Buildings and improvements	\$ 31,363,206
Less: Accumulated amortization	<u>(10,061,707)</u>
Total	<u><u>\$ 21,301,499</u></u>

As of June 30, 2022, the minimum obligations under the leases were as follows:

	<b>Governmental Activities</b>		
<b>Years Ending</b>			
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<u>2023</u>	<u>\$ 1,497,912</u>	<u>\$ 418,032</u>	<u>\$ 1,915,944</u>
2024	1,559,909	386,949	1,946,858
2025	1,624,593	354,561	1,979,154
2026	1,692,098	320,815	2,012,913
2027	1,761,126	285,663	2,046,789
2028-2032	9,937,037	848,307	10,785,344
2033-2034	3,160,108	57,214	3,217,322
	<u><u>\$ 21,232,783</u></u>	<u><u>\$ 2,671,541</u></u>	<u><u>\$ 23,904,324</u></u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**F. Non-Current Liabilities**

1. Changes in Non-Current Liabilities

Primary Government:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Principal</u> <u>Repayments</u> <u>&amp; Reductions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 394,442,607	\$ 158,483,683	\$ (34,967,800)	\$ 517,958,490	\$ 46,926,518
Notes from direct borrowings and direct placements	27,617,926	16,346,973	(8,099,369)	35,865,530	566,094
Unamortized Premium on Bonds	28,350,897	17,135,762	(8,900,619)	36,586,040	7,465,969
Installment Purchase Agreements	48,519,652	1,275,316	(1,818,558)	47,976,410	5,959,489
Leases	-	1,351,077	(420,807)	930,270	394,088
Financed Purchase Obligations	6,639,313	-	(1,508,940)	5,130,373	1,549,144
Prefunded Loss Claims	5,610,768	3,051,996	(3,433,423)	5,229,341	2,024,155
Compensated Absences	15,664,054	14,599,007	(14,618,928)	15,644,133	880,545
Net Pension Liability	(165,727,585)	234,181,561	(33,818,712)	34,635,264	-
Net OPEB Liability	(6,783,618)	58,312,444	(13,750,501)	37,778,325	-
Net LOSAP Pension Liability	9,489,477	1,492,432	(1,467,348)	9,514,561	-
Termination Benefits	423,328	24,159	-	447,487	64,075
Total Governmental Activity- Long Term Liabilities	<u>\$ 364,246,819</u>	<u>\$ 506,254,410</u>	<u>\$ (122,805,005)</u>	<u>\$ 747,696,224</u>	<u>\$ 65,830,077</u>

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

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

Payments on the non-current liabilities related to the OPEB are supported by revenue transfers from all funds in proportion to the number of benefitted employees in each fund, based on actuarially determined contributions. Pension liabilities are supported by employee and employer contributions, based on actuarially determined contributions.

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, 2022, Internal Service Funds compensated absences totaling \$214,326 are included in the above amounts.



**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

	Balance June 30, 2021	Additions	Principal Repayments & Reductions	Balance June 30, 2022	Due Within One Year
<b>Business-type Activities:</b>					
Bonds Payable	\$ 96,102,393	\$ 26,861,317	\$ (27,397,200)	\$ 95,566,510	\$ 11,218,482
Notes from direct borrowing and direct placements	51,467,792	5,218,027	(4,004,578)	52,681,241	2,165,576
Unamortized Premium on Bonds	4,253,063	229,527	(2,240,855)	2,241,735	552,937
Leases	105,047	2,040	(30,352)	76,735	30,546
Financed Purchase Obligations	143,613	-	(30,271)	113,342	31,187
Landfill Closure Costs	19,680,549	241,922	(280,461)	19,642,010	240,859
Compensated Absences	1,495,537	1,159,624	(1,178,579)	1,476,582	141,362
Termination Benefits	8,820	9,964	-	18,784	-
Total Business-type Activities - Long Term Liabilities	<u>\$ 173,256,814</u>	<u>\$ 33,722,421</u>	<u>\$ (35,162,296)</u>	<u>\$ 171,816,939</u>	<u>\$ 14,380,949</u>

**Component Units:**

	Balance July 1, 2021	Net Changes	Balance June 30, 2022	Due Within One Year
<b>Board of Education</b>				
Capital Lease Right-to-use	\$ 21,973,094	\$ (740,311)	\$ 21,232,783	\$ 1,497,912
Compensated absences	9,941,383	239,208	10,180,591	6,721,743
Net OPEB liability	735,997,197	(172,674,191)	563,323,006	-
Termination benefits payable	27,513,468	351,141	27,864,609	2,871,384
Net pension liability	46,690,240	(12,633,520)	34,056,720	-
Board of Education - Long-term Liabilities	<u>\$ 842,115,382</u>	<u>\$ (185,457,673)</u>	<u>\$ 656,657,709</u>	<u>\$ 11,091,039</u>
<b>Frederick Community College</b>				
Certificates of Participation	\$ 5,102,192	\$ 304,809	\$ 5,407,001	\$ 80,000
Compensated absences	1,851,039	(105,674)	1,745,365	1,716,869
Frederick Community College - Long-term Liabilities	<u>\$ 6,953,231</u>	<u>\$ 199,135</u>	<u>\$ 7,152,366</u>	<u>\$ 1,796,869</u>
<b>Frederick County Public Libraries</b>				
Compensated absences	\$ 710,695	\$ (45,191)	\$ 665,504	\$ 61,105
Termination Benefits	17,324	5,739	23,063	-
Frederick County Public Libraries - Long-term Liabilities	<u>\$ 728,019</u>	<u>\$ (39,452)</u>	<u>\$ 688,567</u>	<u>\$ 61,105</u>

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

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, 2022, the Council authorization remains in the amount of \$103,347,833 under Bill #19-19. 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. Section 508 of the Charter amended in 2021 changing the calculation to three percent of the assessable real property and nine percent of the assessable personal property is reflected in the FY2022 calculation.

The debt limit for the primary government’s general obligation borrowings as of June 30, 2022, was \$1,117,429,129 and the legal debt margin was \$366,279,945.

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.

<b>Government Activities</b>	<b>Date of Debt Issue</b>	<b>Date of Debt Maturity Due Serially to</b>	<b>Range of Interest Rates</b>	<b>Amount of Original Issue</b>	<b>Amount Outstanding 6/30/22</b>
Pub Facility Refunding Bonds of 2006	2/1/2006	11/1/2022	4.00%-5.25%	\$ 12,608,476	\$ 2,798,446
Public Facilities Bonds of 2011A	8/4/2011	8/1/2031	2.50%-5.00%	55,810,000	-
Pub Fac Bonds of 2012 Refunding	2/9/2012	8/1/2024	2.00%-4.00%	59,842,669	20,126,020
Public Facilities Bonds of 2013	5/2/2013	5/1/2033	2.00%-5.00%	26,800,000	2,573,482
Public Facilities Bonds of 2014, Series A	7/24/2014	8/1/2034	2.00%-5.00%	32,117,727	959,978
Pub Fac Bonds of 2016, Series A	6/29/2016	8/1/2036	2.00%-5.00%	77,186,341	59,635,158
Pub Fac Bonds of 2017A - Refunding (2020 Crossover)	4/11/2017	2/11/2030	5.00%	56,901,147	47,537,667
Pub Fac Bonds of 2017B - Refunding	12/20/2017	8/1/2031	2.00%-5.00%	35,860,543	34,323,655
Pub Fac Bonds of 2018, Series A	3/7/2018	8/1/2037	2.00%-5.00%	84,465,639	72,651,374
Pub Fac Bonds of 2019, Series A	9/24/2019	8/1/2039	2.25%-5.00%	98,509,493	92,121,141
Pub Fac Bonds of 2019B - Refunding	9/24/2019	8/1/2034	1.70%-2.44%	26,747,886	26,747,886
Pub Fac Bonds of 2021, Series A	9/28/2021	10/1/2032	1.50%-5.00%	149,610,000	149,610,000
Pub Fac Bonds of 2021, Series B	9/28/2021	10/1/2032	0.20%-2.50%	8,873,683	8,873,683
Total Bonds Outstanding				<u>\$ 725,333,604</u>	<u>\$ 517,958,490</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The annual requirements to amortize governmental activities bond debt outstanding as of June 30, 2022, are as follows:

Years Ending June 30,	Principal	Interest	Total Requirement
2023	\$ 46,926,518	\$ 18,314,025	\$ 65,240,543
2024	25,642,614	16,707,845	42,350,459
2025	26,983,615	15,428,158	42,411,773
2026	28,366,568	14,088,382	42,454,950
2027	29,915,858	12,677,307	42,593,165
2028-2032	157,425,828	41,460,373	198,886,201
2033-2037	131,570,876	16,136,928	147,707,804
2038-2042	71,126,613	3,167,242	74,293,855
	<u>\$ 517,958,490</u>	<u>\$ 137,980,260</u>	<u>\$ 655,938,750</u>

For the year ended June 30, 2022, total principal and interest incurred related to general obligation bonds was \$27,132,423 and \$17,598,105.

<u>Business-type Activities</u>	Debt Issue	Maturity Due Serially to	Range of Interest Rates	Amount of Original Issue	Outstanding 6/30/22
Pub Facility Refunding Bonds of 2006	2/1/2006	11/1/2022	4.00%-5.25%	\$ 7,756,524	\$ 1,721,554
Pub Fac Bonds of 2012 Refunding	2/9/2012	8/1/2024	4.00%	25,232,331	6,298,980
Public Facilities Bonds of 2013	5/2/2013	5/1/2033	2.00%-5.00%	4,650,000	446,518
Public Facilities Bonds of 2014, Series A	7/14/2014	8/1/2034	2.00%-5.00%	2,677,273	80,022
Pub Fac Bonds of 2016, Series A	6/29/2016	8/1/2036	2.00%-5.00%	8,218,659	5,149,842
Pub Fac Bonds of 2016B - Refunding	6/29/2016	8/1/2036	2.00%-3.00%	34,820,000	27,565,000
Pub Fac Bonds of 2017A - Refunding (2020 Crossover)	4/11/2017	2/1/2030	5.00%	16,963,853	6,182,333
Pub Fac Bonds of 2017B - Refunding	12/20/2017	8/1/2031	2.00%-5.00%	824,457	696,345
Pub Fac Bonds of 2018, Series A	3/7/2018	8/1/2037	2.00%-5.00%	15,269,361	11,048,626
Pub Fac Bonds of 2019, Series A	9/24/2019	8/1/2039	2.25%-5.00%	7,735,507	6,248,859
Pub Fac Bonds of 2019, Series B	9/24/2019	8/1/2034	1.70%-2.44%	3,267,114	3,267,114
Pub Fac Bonds of 2021, Series A	9/28/2021	10/1/2032	1.50%-5.00%	4,885,000	4,885,000
Pub Fac Bonds of 2021, Series B	9/28/2021	10/1/2032	0.20%-2.50%	21,976,317	21,976,317
Total Bonds Outstanding				<u>\$ 154,276,396</u>	<u>\$ 95,566,510</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2022, are as follows:

Years Ending June 30,	Principal	Interest	Total Requirement
2023	\$ 11,218,482	\$ 2,637,908	\$ 13,856,390
2024	3,307,386	2,356,092	5,663,478
2025	3,431,385	2,223,818	5,655,203
2026	2,343,432	2,128,257	4,471,689
2027	2,434,142	2,068,618	4,502,760
2028-2032	31,234,172	7,842,718	39,076,890
2033-2037	30,974,124	3,301,238	34,275,362
2038-2042	8,593,387	513,708	9,107,095
2043-2047	965,000	155,450	1,120,450
2048-2052	1,065,000	53,950	1,118,950
	<u>\$ 95,566,510</u>	<u>\$ 23,281,757</u>	<u>\$ 118,848,267</u>

For the year ended June 30, 2022, total principal and interest incurred related to business-type activities was \$8,012,577 and \$3,207,538.

### 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, 2021A and 2022A. 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.

<u>Government 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 6/30/22</u>
Pub Fac Bonds of 2014C Refunding	11/25/2014	6/1/2028	2.49%	\$ 12,429,335	\$ 11,856,760
Pub Fac Bonds of 2020A Refunding	3/26/2020	6/1/2027	1.48%	7,952,496	7,661,797
Pub Fac Bonds of 2020B	9/24/2020	10/1/2021	0.45%	7,830,000	-
Pub Fac Bonds of 2022A Refunding	5/3/2022	8/1/2024	1.48%	16,346,973	16,346,973
Total Notes from Direct Borrowing and Direct Placements				<u>\$ 44,558,804</u>	<u>\$ 35,865,530</u>

For the year ended June 30, 2022, total principal and interest incurred related to notes from direct borrowing and direct placement was \$269,369 and \$431,914. The annual requirements to amortize governmental activities notes from direct borrowing and direct placements outstanding as of June 30, 2022, are as follows:

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Year Ending June 30,	Principal	Interest	Total Requirement
2023	\$ 566,094	\$ 586,086	\$ 1,152,180
2024	8,269,481	580,669	8,850,150
2025	8,352,127	456,049	8,808,176
2026	7,350,076	390,252	7,740,328
2027	7,479,603	244,445	7,724,048
2028	3,848,149	95,819	3,943,968
	<u>\$ 35,865,530</u>	<u>\$ 2,353,320</u>	<u>\$ 38,218,850</u>

<u>Business-type Activities</u>	Debt Issue	Maturity Due Serially to	Range of Interest Rates	Amount of Original Issue	Outstanding 6/30/22
Pub Fac Bonds of 2014C Refunding	11/25/2014	6/1/2028	2.49%	\$ 4,285,665	\$ 4,088,239
Pub Fac Bonds of 2020A Refunding	3/26/2020	6/1/2027	1.48%	5,862,504	5,648,203
Pub Fac Bonds of 2022A Refunding	5/3/2022	8/1/2024	1.48%	5,218,027	5,218,027
Total Notes from Direct Borrowing and Direct Placements				<u>\$ 15,366,196</u>	<u>\$ 14,954,469</u>

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 2021B Bonds. The Series 2021B Bonds were issued on September 24, 2021, 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.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Refunded bonds for Debt Service savings are as follows:

<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>		

Refunded bonds for Water & Sewer Fund debt restructuring are as follows:

<u>Refunded Bond Issues</u>	<u>Par Amount</u>	<u>Maturity Dates</u>	<u>Call Date</u>
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>		

For the year ended June 30, 2022, total principal and interest incurred related to notes from direct borrowing and direct placement was \$125,631 and \$187,897. The annual requirements to amortize business-type activities notes from direct borrowings and direct placements outstanding as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2023	\$ 218,906	\$ 242,047	\$ 460,953
2024	2,680,518	239,685	2,920,203
2025	2,707,873	199,253	2,907,126
2026	3,979,924	177,584	4,157,508
2027	4,040,397	105,914	4,146,311
2028	1,326,851	33,039	1,359,890
	<u>\$ 14,954,469</u>	<u>\$ 997,522</u>	<u>\$ 15,951,991</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, 2022, the County has no authorized and approved borrowings left to draw. As of June 30, 2022, the county has one solid waste loan with a principal balance of \$1,574,254 and two water sewer loans with a combined principal balance of \$36,152,517. The total outstanding principal as of June 30, 2022, is \$37,726,771. These loans have interest rates of .80% - 1.00%.

For the year ended June 30, 2022, total principal and interest incurred related to the MDE loans was \$3,878,947 and \$602,551. The annual requirements to amortize these loans as of June 30, 2022, are as follows:

<b>Years Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirement</b>
<u>June 30,</u>			
2023	\$ 1,946,670	\$ 481,749	\$ 2,428,419
2024	1,966,119	462,301	2,428,420
2025	1,985,762	442,658	2,428,420
2026	2,005,602	422,818	2,428,420
2027	1,622,188	382,743	2,004,931
2028-2032	8,357,250	1,667,400	10,024,650
2033-2037	8,772,736	1,241,088	10,013,824
2038-2042	9,179,171	792,789	9,971,960
2043	1,891,274	103,118	1,994,392
	<u>\$ 37,726,772</u>	<u>\$ 5,996,664</u>	<u>\$ 43,723,436</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 property owner on the installment purchase agreement. Recordation taxes and Rural Legacy grant funds are the revenue sources for the investment purchases.

In FY22 Frederick County entered into Installment Purchase Agreements to purchase easements of the development rights of agricultural land in Frederick County. These borrowings were authorized under Bill No. 19-19 enacted by the Frederick County Council on January 21, 2019. Funds are invested in U.S. Treasury strips to finance the final maturity payments. These investments are recorded in the Agricultural Preservation Fund and are as follows:

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

<u>Issue</u>	<u>Amount of Original Issue</u>	<u>Date of Debt Issue</u>	<u>Obligation Term</u>	<u>Date of Debt Maturity</u>	<u>Interest Rate</u>
21-139	\$ 127,256	11/4/2021	20-year	5/15/2042	1.9854%
21-140	256,657	11/4/2021	20-year	5/15/2042	1.9854%
21-141	111,100	5/19/2022	10-year	5/15/2032	2.7106%
22-142	330,128	5/19/2022	20-year	5/15/2042	3.1882%
22-144	450,175	5/18/2022	20-year	5/15/2042	3.4184%

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

<u>Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2023	\$ 5,959,489	\$ 2,161,320	\$ 8,120,809
2024	3,978,905	1,818,587	5,797,492
2025	3,812,880	1,581,504	5,394,384
2026	1,510,622	1,334,950	2,845,572
2027	3,105,570	1,311,693	4,417,263
2028-2032	15,325,902	3,888,330	19,214,232
2033-2037	7,384,373	1,841,310	9,225,683
2038-2043	6,898,669	601,757	7,500,426
	<u>\$ 47,976,410</u>	<u>\$ 14,539,451</u>	<u>\$ 62,515,861</u>

For the year ended June 30, 2022, total principal and interest incurred related to agricultural land preservation installment agreements was \$1,818,558 and \$2,077,842, respectively. These agreements have interest rates that vary from 1.99% to 5.73%.

#### 5. 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. In December 2021, these bonds were refinanced at an average coupon rate of 3.452% for a par amount of \$4,820,000 and a premium of \$624,550. Manufacturers and Traders Trust Company serves as trustee for the transaction and there is a term of approximately 13 years.

The annual requirements to amortize the Certificates of Participation as of June 30, 2022, are as follows:



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

Years Ending June 30,	Certificates of Participation	
	Principal	Premium Amortization
2023	\$ 80,000	\$ 75,099
2024	320,000	73,852
2025	330,000	68,866
2026	345,000	63,725
2027	360,000	58,350
2028-2032	2,005,000	203,639
2033-2035	1,380,000	43,470
	<u>\$ 4,820,000</u>	<u>\$ 587,001</u>

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

The Solid Waste Enterprise Fund recorded a liability for the costs of closing and post closure monitoring and care for thirty years of both sanitary landfills (Site A and B) as mandated by state and federal regulations. The liability recognized to date is based on the 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 2022, \$273,131 of operating activities such as leachate treatment and well testing related to Site A were incurred. The liability for Site A closure was decreased \$7,330 to reflect the variance between estimated and actual costs. The total remaining estimated cost for closure and post closure care of Site A is \$6,880,859 as of June 30, 2022. This entire amount is reported as a liability for Site A.

As of June 30, 2022, the Site B landfill had capacity used of 2,202,010 tons, which is 53.43% 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 \$23,882,802. The resulting liability is \$12,761,151 with \$11,121,651 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 \$19,642,010 as of June 30, 2022. 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.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**G. Fund Balances/Net Position**

1. *Governmental Funds – Nonspendable*

	<b>General Fund</b>	<b>Grants</b>	<b>Agricultural Preservation</b>	<b>Nonmajor Government Funds</b>	<b>Total Governmental Funds</b>
Inventory	\$ 1,477,249	\$ 3,482,584	\$ -	\$ -	\$ 4,959,833
Prepaid	211,794	3,167	636,364	10,000	861,325
Long-term receivables	78,381	-	-	-	78,381
Salary advances	13,474	-	-	-	13,474
Total nonspendable fund balances	<u>\$ 1,780,898</u>	<u>\$ 3,485,751</u>	<u>\$ 636,364</u>	<u>\$ 10,000</u>	<u>\$ 5,913,013</u>

2. *Governmental Funds – Restricted*

	<b>General Fund</b>	<b>Grants</b>	<b>Capital Projects</b>	<b>Agricultural Preservation</b>	<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Governmental Funds</b>
Animal control	\$ 861,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 861,806
Forfeitures - circuit court	37,582	-	-	-	-	-	37,582
School and library construction	-	-	110,605,114	-	-	-	110,605,114
Roads and bridges construction	-	-	20,098,795	-	-	-	20,098,795
Watershed restoration	-	-	4,817,124	-	-	-	4,817,124
General government/other construction	-	-	21,948,341	-	-	-	21,948,341
Weed control	146,721	-	-	-	-	-	146,721
Senior services	15,204	-	-	-	-	-	15,204
Child advocacy center	12,488	-	-	-	-	-	12,488
Grants	-	2,130,221	-	-	-	-	2,130,221
Sheriff's/judicial activities	-	-	-	-	-	141,951	141,951
Agricultural preservation	-	-	-	1,846,999	-	-	1,846,999
Loan activities	-	-	-	-	-	8,667,665	8,667,665
Debt service	-	-	-	-	14,023,877	-	14,023,877
Total restricted fund balances	<u>\$ 1,073,801</u>	<u>\$ 2,130,221</u>	<u>\$ 157,469,374</u>	<u>\$ 1,846,999</u>	<u>\$ 14,023,877</u>	<u>\$ 8,809,616</u>	<u>\$ 185,353,888</u>

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

3. *Governmental Funds – Committed*

	<b>General Fund</b>	<b>Grants</b>	<b>Capital Projects</b>	<b>Agricultural Preservation</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Bond rating enhancement	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Enabling legislation	54,884,559	-	-	-	-	54,884,559
FY23 budget	27,804,400	-	-	-	-	27,804,400
Appropriation of FY22 unaudited fund balance	1,282,190	-	-	-	-	1,282,190
Permanent public improvement	199,074	-	-	-	-	199,074
FY24 budget	48,211,611	-	-	-	-	48,211,611
Commission for Women	27,614	-	-	-	-	27,614
School and library construction	-	-	24,389,434	-	-	24,389,434
Parks construction	-	-	13,362,859	-	-	13,362,859
Roads and bridges construction	-	-	23,671,835	-	-	23,671,835
General government/other construction	-	-	54,120,089	-	-	54,120,089
Watershed restoration	-	-	10,108,589	-	4,841	10,113,430
Grant activities	-	43,733,564	-	-	-	43,733,564
Electric lighting	-	-	-	-	7,972	7,972
Sheriff's/judicial activities	-	-	-	-	1,378,812	1,378,812
Loan activities	-	-	-	-	18,033,380	18,033,380
Agricultural preservation	-	-	-	7,501,037	-	7,501,037
Installment purchase agreements	-	-	-	64,392,708	-	64,392,708
<b>Total committed fund balances</b>	<b>\$ 132,509,448</b>	<b>\$ 43,733,564</b>	<b>\$ 125,652,806</b>	<b>\$ 71,893,745</b>	<b>\$ 19,425,005</b>	<b>\$ 393,214,568</b>

\* 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 eight percent of General Fund expenditures and transfers to the Board of Education and Frederick Community College on a budgetary basis. As of June 30, 2022, the required balance is \$54,884,559. This is classified as “committed” fund balance in accordance with the promulgations of Governmental Accounting Standards Board Statement No.54, Fund Balance Reporting and Governmental Fund Type Definitions. Due to the restricting nature of the set-aside, the seven percent is reported as restricted net position in the governmental activities’ column of the government-wide Statement of Net Position.

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

4. *Governmental Funds – Assigned*

	<u>General Fund</u>	<u>Debt Service Fund</u>
Encumbrances		
General government	\$ 1,064,269	\$ -
Conservation of natural resources	1,874,589	-
Public safety	2,152,206	-
Economic development & opportunity	88,965	-
Health	188,515	-
Social services	51,075	-
Parks, recreation & culture	88,532	-
Public works	2,007,163	-
Miscellaneous	259,906	-
Road/street inspection	746,400	-
Automation enhancement fee	512,505	-
Elections	378,975	-
Revenue stabilization	12,788,924	-
Debt service	-	7,724,452
Total assigned fund balances	<u>\$ 22,202,024</u>	<u>\$ 7,724,452</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, 2022, Frederick County, Maryland has appropriated \$300,000 for use in a contingency fund which is maintained as part of unassigned fund balance.

6. *Net Position Restricted by Enabling Legislation*

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Restricted by Enabling Legislation	\$ 247,025,411	\$ -
Other Amounts Restricted by Third Parties	16,012,827	7,561,911
Total Restricted Net Position	<u>\$ 263,038,238</u>	<u>\$ 7,561,911</u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*7. Business-type Activities with Unrestricted Net Position*

On February 19, 2002, the former Board of County Commissioners adopted a Water and Sewer rate study, which recommended the establishment of several reserves to promote the financial stability of the Water and Sewer Enterprise Fund. As of June 30, 2022, the calculation of these reserves is \$145,412,709 (detailed below). These reserves are a part of the \$696,079,979 net position balance.

Reserved for:	
Operating Reserves	\$ 7,069,383
3 R Reserves	4,587,889
Tap Credits	352,015
Cash Funding of Capital Projects	18,867,239
Rosemont MDE	117,724
System Development	114,418,459
Total Water and Sewer Reserves	<u>145,412,709</u>
Excess reserves	37,922,599
Unrestricted net position	<u><u>\$ 183,335,308</u></u>

*8. Net Investment in Capital Assets*

As of June 30, 2022, net investment in capital assets in the Government-Wide Statement of Net Position was calculated as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Capital Assets (Exhibit II-A-1)	\$ 595,093,817	\$ 670,573,001
Debt related to Capital Assets	(379,886,917)	(150,028,451)
Unspent bond proceeds included in debt related to capital assets	<u>80,564,337</u>	<u>5,847,456</u>
Net Investment in Capital Assets (Exhibit II-A-1)	<u><u>\$ 295,771,237</u></u>	<u><u>\$ 526,392,006</u></u>

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**NOTE 4. OTHER INFORMATION**

**A. Commitments and Contingencies**

*1. Construction Commitments*

As of June 30, 2022, the County had the following commitments with respect to unfinished capital projects:

	<b>Total Project Budget</b>	<b>Total Expenditures</b>	<b>Amount Funded</b>	<b>Required Future Funding</b>
General government	\$ 233,620,478	\$ 52,961,301	\$ 113,024,442	\$ 120,596,036
Roads and bridges	207,409,913	62,583,689	73,335,404	134,074,509
Board of Education	425,811,700	178,803,142	175,901,412	249,910,288
Frederick Community College	57,841,735	32,683,380	33,699,134	24,142,601
Parks and recreation	66,294,528	19,299,477	20,771,740	45,522,788
Watershed restoration	45,910,483	8,227,120	17,752,956	28,157,527
Municipal	1,657,964	612,050	1,156,757	501,207
	<u>\$ 1,038,546,801</u>	<u>\$ 355,170,159</u>	<u>\$ 435,641,845</u>	<u>\$ 602,904,956</u>

*2. Federal Financial Assistance*

The County participates in a number of federally assisted programs, principal of which are the Child Support Enforcement, Mass Transit, Workforce Innovation and Opportunity Act, Section 8 Housing, Capital Projects, and State Homeland Security Programs.

During fiscal year 2022, 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, 2022, 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.

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

*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, 2022.

*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 26.10% of total operating revenues. Two commercial companies accounted for \$6,533,072 or 20.31% of fiscal year 2022 operating revenues. A single municipality accounted for \$1,860,970 or 5.79% of fiscal year 2022 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 (37.83%) and Medicare (32.94%).

*5. Risk Management*

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

Employers are required by law to provide workers' compensation coverage to their employees. The County participates in a high-deductible workers' compensation program to keep the annual insurance premium low. The County will become a self-insured workers' compensation employer as of July 1, 2022. The cost of employee injury claims that fall under the deductible are paid through the County's Workers' Compensation Internal Service Fund.

Risk Management Office oversees compliance for the County's HIPAA Policy, Records Retention Policy, and Personally Identifiable Information (PII) Policy.

*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

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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, 2022.

**C. Tax Abatements**

*Facts and Assumptions*

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

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



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

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

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

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

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

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 has qualified for the next fiscal year.

- 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 10<sup>th</sup> 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 as of June 30, 2022:

<b>Tax Abatement Program</b>	<b>Abated During the Fiscal Year</b>
Economic Development:	
Enterprise Zone	\$ 28,540
Rehabilitated Vacant Commercial Structures Tax Credit	100,858
Total	\$ 129,398

**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.

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

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, 2021 (\$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 November 1, 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 2021 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 2021 Bonds is payable July 1, 2022, through 2040.

<u>Refunded Bond Issues</u>	<u>Par Amount</u>	<u>Maturity Dates</u>	<u>Call Date</u>
2010A Urbana Bonds	\$ 61,030,000	7/1/2021 - 7/1/2040	7/1/2020
2010B Urbana Bonds	16,919,000	7/1/2040	7/1/2020
Total Refunded Bonds	<u>\$ 77,949,000</u>		

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

*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.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Jefferson Technology Park Tax Increment / Community Development Authority Bonds

On July 15, 2021, 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, 2021, 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 2021 Bonds bear an average coupon rate of 5.000% and a true interest cost of 4.625%. The principal amount of the Series 2021 Bonds is payable July 1, 2021, through 2043.

<b>Refunded Bond Issues</b>	<b>Par Amount</b>	<b>Maturity Dates</b>
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	\$ 39,330,000	

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.

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.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

Conduit Borrower	TIF/CDA	Amount of Original Issue	Date of Debt Issue	Date of Debt Maturity	Interest Rate	Amount Outstanding 6/30/2022
Lake Linganore - Series 2001A	CDA-Term	4,285,000	01/18/01	07/01/29	5.700%	\$ 2,182,000
Lake Linganore - Series 2007A	CDA-Loan	3,114,000	09/20/07	07/01/29	0.000%	1,291,849
Lake Linganore - Series 2007B	CDA-Loan	3,232,142	09/20/07	03/01/28	0.000%	1,118,142
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	11/01/20	07/01/40	4.00-5.00%	61,965,000
Urbana CDA - Series 2020B	CDA-Term	1,410,000	11/01/20	07/01/40	4.000%	1,330,000
Urbana CDA - Series 2020C	CDA-Term	25,505,000	11/01/20	07/01/50	4.000%	25,505,000
Jefferson Technology Park - Series 2020A	TIF/CDA-Serial	7,040,000	09/17/20	07/01/43	5.000%	6,810,000
Jefferson Technology Park - Series 2020B	TIF/CDA-Serial	37,330,000	09/17/20	07/01/43	4.625%	36,105,000
						<u>\$ 153,721,991</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 Revenue Bonds. These bonds were issued to benefit Mount Saint Mary's University. They 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

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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.

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

<b>Conduit Borrower</b>	<b>Serial/ Term Bonds</b>	<b>Original Issue Amount</b>	<b>Date of Debt Issue</b>	<b>Date of Maturity</b>	<b>Interest Rates</b>	<b>Amount Outstanding 6/30/2022</b>
Friends Meeting School	Serial	\$ 2,822,138	10/01/18	10/01/28	Variable	\$ 2,090,441
Hood College	Serial	36,100,000	07/23/19	02/01/41	3.360%	34,246,077
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%	-
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%	8,626,494
YMCA	Serial	18,000,000	12/20/19	07/01/47	3.370%	17,500,000
						<u>\$ 118,313,012</u>

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

**E. Retirement and Pension Programs**

For the year ended June 30, 2022, the County recognized an aggregated negative pension expense of (\$22,225,073).

Frederick County employees either participate in the Frederick County Employees Retirement Plan (employer sponsored defined benefit plan), the Frederick County Employees Uniformed 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.

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 eight members that have staggered three-year terms. The committee membership requires representatives from the Human Resources Division, Finance Division, International Association of Firefighters (IAFF Local 3666), Fraternal Order of Police - Sheriff's Deputies (Lodge 102A), Fraternal Order of Police – Correctional Officers (Lodge 102B), 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.

*1. Employees Retirement Plan*

*Plan Description*

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.

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. A covered employee is any regular or probationary, full-time or part-time non-uniformed employee of the County who is regularly scheduled to work at least 50% of a full-time schedule. Members of the County Council are not eligible to participate in this Plan. The Frederick County Employees Retirement Plan provides benefits to the non-uniformed employees. As of July 1, 2022, the uniformed employees were transferred to the newly formed Frederick County Uniformed Employees Retirement Plan.

The type and number of employees covered as of June 30, 2022, was as follows:

	<u>Non-Uniformed</u>	<u>Non-Vested Terminations</u>	<u>Vested Terminations</u>
Retirees and beneficiaries currently receiving benefits	937	-	-
Terminated employees entitled to benefits	-	405	174
Active employees	1,413	-	-

## NOTES TO FINANCIAL STATEMENTS (Continued)

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 with five years of eligibility service or 30 years of eligibility 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 with five years of eligibility service or 30 years of eligibility 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 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.

### *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 marketplace and the actual economic and demographic experiences that differ from assumed experience. The Funding Policy was updated as of July 1, 2022, to accommodate the inclusion of both the Employees Retirement Plan and the Uniformed Employees Retirement Plan. The policy considers the actuarial determined contribution (ADC) and a minimum contribution equal to two times the total estimated employee contribution, 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, non-uniformed employees contribute six percent of their base pay under the plan. The County's required payroll contribution in fiscal year 2022 was 11.6%.

### *Net Pension Liability*

The components of the net pension liability of the County as of June 30, 2022, were as follows:



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

Total pension liability	\$ 470,473,015
Plan fiduciary net position	<u>(457,051,839)</u>
County's net pension liability	<u>\$ 13,421,176</u>
Plan fiduciary net position as a percentage of the total pension asset	97.15%

*Annual Pension Costs*

During the fiscal year ending June 30, 2022, contributions to the plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2021.

*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of July 1, 2021, rolled forward to June 30, 2022, 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
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Mortality rates	Pre-retirement mortality is 70% of Pub-2010 General Employees Amount-Weighted Mortality table with fully generational projection using scale MP2018.
	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, 2021, 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:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Large Cap Domestic Equity	35.00%	6.66%
Mid Cap Domestic Equity	10.00%	7.21%
Small Cap Domestic Equity	10.00%	7.74%
International Equity	10.00%	7.06%
Fixed Income	35.00%	2.23%
Inflation	0.00%	2.00%
Total	<u>100.00%</u>	

*Rate of Return*

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of expense, was (13.9%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

*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:

	<u>1% Decrease - 6%</u>	<u>Current Discount Rate - 7%</u>	<u>1% Increase - 8%</u>
County's net pension liability (asset)	\$ 72,951,528	\$ 13,241,176	\$ (36,135,139)

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*Changes in Net Pension Liability*

	Increase (Decrease)		Net Pension Liability (a) - (b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Balances as of June 30, 2021	\$ 444,644,030	\$ 537,100,971	\$ (92,456,941)
Changes for the year:			
Service cost	11,755,760	-	11,755,760
Interest	30,402,618	-	30,402,618
Change of benefit terms	4,783,140	-	4,783,140
Differences between expected and actual experience	(470,707)	-	(470,707)
Contributions - employer	-	10,244,753	(10,244,753)
Contributions - member	-	5,360,580	(5,360,580)
Net investment income	-	(74,773,058)	74,773,058
Benefit payments, including refunds of member contributions	(20,641,826)	(20,641,826)	-
Administrative expense	-	(268,717)	268,717
Other	-	29,136	(29,136)
Net Changes	<u>25,828,985</u>	<u>(80,049,132)</u>	<u>105,878,117</u>
Balances as of June 30, 2022	<u>\$ 470,473,015</u>	<u>\$ 457,051,839</u>	<u>\$ 13,421,176</u>

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

For the year ended June 30, 2022, the County recognized pension expense of (\$5,173,151). As of June 30, 2022, the County reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,087,508	\$ 7,963,068
Changes of assumptions	2,078,655	-
Net difference between projected and actual earnings on pension plan investments	5,278,069	-
Total	<u>\$ 8,444,232</u>	<u>\$ 7,963,068</u>

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

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

<b>Year ending</b>	<b>Total</b>
<b>June 30</b>	
2023	\$ (6,714,710)
2024	(6,204,385)
2025	(7,920,778)
2026	21,321,037

*2. Uniformed Employees Retirement 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 plan was amended to reflect the participation of the uniformed employees in a separate retirement plan. The Frederick County Uniformed Employees Retirement Plan was established as of July 1, 2021, under Bill #21-05 that was adopted by the County Council on May 4, 2021. The Uniformed Employees Retirement Plan

The Retirement Plan Committee was established July 13, 1993. Their purpose is to administer and operate the pension plan. There are eight members that have staggered three-year terms. The committee membership requires representatives from the Human Resources Division, Finance Division, International Association of Firefighters (IAFF Local 3666), Fraternal Order of Police - Sheriff's Deputies (Lodge 102A), Fraternal Order of Police – Correctional Officers (Lodge 102B), 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.

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. A covered employee is any regular or probationary, full time or part time uniformed employee of the County who is regularly scheduled to work at least 50% of a full-time schedule. Members of the County Council are not eligible to participate in this Plan.

The type and number of employees covered as of June 30, 2022, was as follows:

	<b>Uniformed</b>	<b>Non-Vested Terminations</b>	<b>Vested Terminations</b>
Retirees and beneficiaries currently receiving benefits	305	-	-
Terminated employees entitled to benefits	-	53	25
Active employees	809	-	-
DROP participants	14	-	-

## NOTES TO FINANCIAL STATEMENTS (Continued)

Uniformed employees hired on or before June 30, 2011, may retire at the earlier of age 50 with five years of eligibility service or 20 years of eligibility service. Uniformed employees hired on or after July 1, 2011, may retire at age 55 with five years of eligibility service or 25 years of eligibility 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.

The Uniformed Employees Retirement Plan includes a Deferred Retirement Option Program (DROP). Eligibility to enter the DROP requires the participant to have attained the service requirement for their normal retirement date, but no more than 27 years of eligible service as of the DROP effective date and received an acceptable performance rating at the time of the election to participate in DROP. The DROP period may range from 12 to 36 months but may not cause the participant's anticipated years of eligible service to exceed 28 years. No more than one percent of each of the participant groups may enroll in DROP in a single month. The participant groups include Sheriff's Office Law Enforcement, Sheriff's Office Corrections workforce and the Division of Fire and Rescue Services.

During the DROP period, the DROP participant's normal retirement benefit is credited to a DROP account. Empower Retirement is the custodian and recordkeeper of the DROP assets. The participant will elect how their funds will be invested based on the Trustee's approved menu of investment options. The County does not provide a guaranteed rate of return. Any gains or losses earned by the participant will remain in the participant's account until the end of the DROP period. Any expenses of the DROP investments will be paid pro-rate from all participants in the DROP.

If a participant terminates prior to the end of their agreed upon DROP period for any reasons other than those allowed by the Plan, the participant's DROP account will be reduced to zero and those proceeds will be returned to the Uniformed Employees Retirement Plan Trust. The assets of the DROP accounts are considered plan assets until the participant has completed their DROP period and are included in the financial information provided in this report.

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.

### *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 Frederick County Employees Retirement 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 marketplace and the actual economic and demographic experiences that differ from assumed experience. The Funding Policy was updated as of July 1, 2022, to accommodate

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

the inclusion of both the Employees Retirement Plan and the Uniformed Employees Retirement Plan. The policy considers the actuarial determined contribution (ADC) and a minimum contribution equal to two (2) times the estimated employee 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. The County's required payroll contribution in fiscal year 2022 was 20.0%.

*Net Pension Liability*

The components of the net pension liability of the County as of June 30, 2022, were as follows:

Total pension liability	\$ 362,496,616
Plan fiduciary net position	<u>(341,282,528)</u>
County's net pension liability	<u>\$ 21,214,088</u>
Plan fiduciary net position as a percentage of the total pension asset	94.15%

*Annual Pension Costs*

During the fiscal year ending June 30, 2022, contributions to the plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2021.

*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of July 1, 2021, rolled forward to June 30, 2022, 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 (law enforcement/corrections vs fire / rescue)
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
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.
	Post-retirement mortality for healthy participants and beneficiaries is Pub-2010 General Retirees Amount-Weighted Mortality table with fully generational projection using scale MP2018.

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

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, 2021, 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Large Cap Domestic Equity	35.00%	6.66%
Mid Cap Domestic Equity	10.00%	7.21%
Small Cap Domestic Equity	10.00%	7.74%
International Equity	10.00%	7.06%
Fixed Income	35.00%	2.23%
Inflation	0.00%	2.00%
<b>Total</b>	<b>100.00%</b>	

*Rate of Return*

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of expense, was (13.9%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

*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:

	<b>1% Decrease - 6%</b>	<b>Current Discount Rate - 7%</b>	<b>1% Increase - 8%</b>
County's net pension liability (asset)	\$ 72,358,364	\$ 21,214,088	\$ (20,544,311)

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

*Changes in Net Pension Liability*

	Increase (Decrease)		Net Pension Liability (a) - (b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Balances as of June 30, 2021	\$ 316,639,346	\$ 389,909,990	\$ (73,270,644)
Changes for the year:			
Service cost	16,019,884	-	16,019,884
Interest	21,766,610	-	21,766,610
Change of benefit terms	3,002,501	-	3,002,501
Differences between expected and actual experience	16,443,832	-	16,443,832
Contributions - employer	-	12,334,320	(12,334,320)
Contributions - member	-	5,357,967	(5,357,967)
Net investment income	-	(54,733,788)	54,733,788
Benefit payments, including refunds of member contributions	(11,375,557)	(11,375,557)	-
Administrative expense	-	(231,653)	231,653
Other	-	21,249	(21,249)
Net Changes	<u>45,857,270</u>	<u>(48,627,462)</u>	<u>94,484,732</u>
Balances as of June 30, 2022	<u>\$ 362,496,616</u>	<u>\$ 341,282,528</u>	<u>\$ 21,214,088</u>

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

For the year ended June 30, 2022, the County recognized pension expense of \$26,637,732. As of June 30, 2022, the County reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,388,353	\$ -
Net difference between projected and actual earnings on pension plan investments	65,792,967	-
Total	<u>\$ 80,181,320</u>	<u>\$ -</u>

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



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

Year ending June 30	Total
2023	\$ 18,503,721
2024	18,503,721
2025	18,503,721
2026	18,503,720
2027	2,055,479
Thereafter	4,110,958

*3. 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.

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, 2021, 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><u>1,154</u></u>

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

*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 as of June 30, 2022, were as follows:

Total LOSAP liability	\$ 12,479,976
Plan fiduciary net position	<u>(2,965,415)</u>
County's net LOSAP liability	<u>\$ 9,514,561</u>
Plan fiduciary net position as a percentage of the total LOSAP liability	23.76%

*Annual LOSAP Costs*

During fiscal year ending June 30, 2022, contributions were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation as of July 1, 2020. For the year ended June 30, 2022, the County recognized LOSAP expense of \$760,492.

*Actuarial assumptions*

The total LOSAP liability was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2022, 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

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

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the July 1, 2021, 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap domestic equity	45%	6.66%
Small/mid cap domestic equity	10%	7.49%
International equity	10%	7.06%
Fixed income	35%	2.23%
Inflation	0%	2.50%
Total	<u>100%</u>	

*Rate of Return*

For the year ended June 30, 2022, the annual money-weighted rate of return on LOSAP plan investments, net of LOSAP plan expense, was (13.38%). 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:

	<u>Decrease - 6%</u>	<u>Discount Rate - 7%</u>	<u>Increase - 8%</u>
County's net LOSAP liability	\$ 10,808,397	\$ 9,514,561	\$ 8,415,498

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

*Changes in the Net LOSAP Liability*

	<b>Increase (Decrease)</b>		
	<b>Total LOSAP Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net LOSAP Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balances as of June 30, 2021	\$ 12,493,358	\$ 3,003,881	\$ 9,489,477
Changes for the year:			
Service cost	194,854	-	194,854
Interest	846,723	-	846,723
Differences between expected and actual experience	(259,914)	-	(259,914)
Contributions - employer	-	1,207,434	(1,207,434)
Net investment income/ (loss)	-	(441,018)	441,018
Benefit payments, including refunds of member contributions	(795,437)	(795,437)	-
Administrative expense	-	(9,445)	9,445
Other	-	(392)	392
Net Changes	<u>(13,774)</u>	<u>(38,858)</u>	<u>25,084</u>
Balances as of June 30, 2022	<u>\$ 12,479,584</u>	<u>\$ 2,965,023</u>	<u>\$ 9,514,561</u>

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

As of June 30, 2022, the County reported deferred outflows of resources and deferred inflow of resources related to LOSAP from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 41,210	\$ 658,519
Changes of assumptions	97,282	-
Net difference between projected and actual earnings on LOSAP plan investments	262,118	-
Total	<u>\$ 400,610</u>	<u>\$ 658,519</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Year Ended June 30	Total
2023	\$ (69,200)
2024	(64,579)
2025	(66,373)
2026	23,346
2027	(22,988)
Thereafter	(58,115)

#### 4. 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 \$34,387,294 in 2022. This contribution was recognized as both revenue and expenditures for BOE.

As of June 30, 2022, the BOE reported a liability of approximately \$34.1 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, 2021, 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, 2022, the Board's proportion for ERS was 0.227%, which was .02% higher than its proportion measured as of June 30, 2021. For the year ended June 30, 2022, the public schools recognized pension expense for ERS of approximately \$5.3 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 2022, the former superintendent of schools was the only participant in the Defined Contribution Plan. Contribution requirements are a negotiated part of the former and incoming 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, 2022, 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 \$2,724,048. 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 \$1,072,542. 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.

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

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, 2022, the State paid \$933,030 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.

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 as of July 1, 2021, the date of the February 3, 2022, actuarial valuation report:

Retirees and beneficiaries receiving benefits	805
Terminated plan members entitled to but not yet receiving benefits	N/A
Active plan members	<u>1,887</u>
Total	<u><u>2,692</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

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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*

Funding for the plan provides for periodic contributions based upon actuarial valuations. In March of 2022, the OPEB Committee recommended the establishment of a funding policy for the OPEB Plan and was approved by the County Executive. This policy establishes a formal methodology for financing the OPEB obligations of the Plan, with a funded target ratio of 90%. This target was set at less than 100% due to the volatility in medical costs and the possibility they will increase less than anticipated in the future. 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 funding levels and provide for a stable contribution rate. It is intended to provide flexibility to smooth the volatility of the investment marketplace and the actual economic and demographic experiences that differ from assumed experience. The policy considers the actuarial determined contribution (ADC), and should the funding level drop below 90%, a methodology to regain the target funding level within five years. Required contributions under the plan are funded entirely by the County.

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 total benefitted 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 total benefitted 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. Employees who have reached age 65 with 5 years of total benefitted service will pay 80% of the cost of the premium. 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 2022, the County contributed \$6,863,941 to the Plan. Plan members receiving benefits contributed \$2,321,445 approximately 22% of the total premium. Administrative costs are financed through investment earnings.

*Net OPEB Liability*

As of June 30, 2022, the components of the net OPEB liability of the County were as follows:

Total OPEB liability	\$ 236,312,028
Plan fiduciary net position	198,533,703
County's net OPEB liability	<u>\$ 37,778,325</u>
Plan fiduciary net position as a percentage of the total OPEB liability	84.01%

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

*Annual OPEB Costs*

During fiscal year ending June 30, 2022, contributions were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation as of July 1, 2021, the County recognized OPEB expense of \$110,907 for year ended June 30, 2022. This was a result of favorable market conditions in the current fiscal year.

*Actuarial Assumptions*

The total OPEB liability as of June 30, 2022, was determined by an actuarial valuation as of July 1, 2021, and rolled forward to June 30, 2022, 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	6.0% in 2022. The ultimate trend is 3.94%
Actuarial Cost Method	Projected unit credit
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 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.



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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large cap equity	45%	6.60%
U.S. Small/mid cap equity	10%	7.49%
Non U.S. developed equity	10%	7.06%
Core Fixed income	35%	2.23%
Inflation	0%	2.50%
Total	<u>100%</u>	

*Rate of Return*

For the year ended June 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of expense was (13.3%). 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	\$ 65,811,206	\$ 37,778,325	\$ 10,314,028

*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 2.94%</u>	<u>Trend Rate 3.94%</u>	<u>1% Increase 4.94%</u>
County's net OPEB liability	\$ 5,220,869	\$ 37,778,325	\$ 72,858,856

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

*Changes in the net OPEB liability*

	<b>Increase/(Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary</b>	<b>Net OPEB</b>
	<b>(a)</b>	<b>Net Position</b>	<b>Liability</b>
		<b>(b)</b>	<b>(a) - (b)</b>
Balance as of June 30, 2021	\$ 223,511,270	\$ 230,294,888	\$ (6,783,618)
Changes for the year			
Service cost	5,972,004	-	5,972,004
Interest	15,348,717	-	15,348,717
Differences between expected and actual experience	(4,565,115)	-	(4,565,115)
Changes in Assumptions	4,532,929	-	4,532,929
Trust Contribution - Employer	-	6,863,941	(6,863,941)
Trust Contribution - Member	-	2,321,445	(2,321,445)
Net Investment Income	-	(30,110,211)	30,110,211
Benefit Payments (net of retiree contributions)	(8,487,777)	(10,809,222)	2,321,445
Administrative expenses	-	(27,138)	27,138
Net Changes	<u>12,800,758</u>	<u>(31,761,185)</u>	<u>44,561,943</u>
Balance as of June 30, 2022	<u>\$ 236,312,028</u>	<u>\$ 198,533,703</u>	<u>\$ 37,778,325</u>

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

As of June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
	<b>of Resources</b>	<b>of Resources</b>
<b>Primary government</b>		
Difference between expected and actual experience	\$ 922,617	\$ 34,231,448
Changes of assumptions	6,202,832	11,310,438
Net difference between projected and actual earnings on OPEB plan investments	16,657,809	-
Total primary government	<u>\$ 23,783,258</u>	<u>\$ 45,541,886</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)

Year ending	Total
2023	\$ (4,767,534)
2024	(4,746,213)
2025	(4,966,923)
2026	880,280
2027	(8,150,190)
Thereafter	(8,048)

## 2. Component Units

The BOE 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, 2022, there were 2,495 retirees (of which 656 had dependent coverage) and 5,413 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 BOE 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 2022, the Board contributed \$14,849,723 to the plan. Of this amount \$13,295,223 was for BOE' share of retiree premiums, \$54,500 was contributed towards trust investment fees and \$1,500,000 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 \$9,424,912 or approximately 39% of the total premiums. The rates for fiscal year 2022 were based on the length of service of the retiree (two tiers), the age of the retiree (non-Medicare 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 compensation

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

amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. During the fiscal year 2022, approximately 29.8% 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 bn 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 2022 membership dues and fees for services amounting to \$163,002.

## **I. Subsequent Events**

### *Notes from Direct Borrowings and Direct Placements*

On March 26, 2020, Frederick County issued its Tax-Exempt Forward Current Refunding Bonds, Series 2022A in the par amount of \$21,565,000. The Series 2022A Bond bears an average coupon rate of 1.476%, per annum and a true interest cost of 1.5743%. The principal amount of the Series 2022A Serial Bonds are payable August 1, 2022, through August 1, 2024. The Series 2022A bonds were issued to finance capital projects in the amount of \$2,389,000 as well as refund the 2023 and 2024 maturities of the General Obligation Public Facilities Refunding Bonds, Series 2012. The Series 2022A closed on May 3, 2022. The bond proceeds from the closing of these bonds were retained by the County for payment of the refunded bonds on their call date of August 1, 2022. This refunding is expected to provide a net present value savings of \$600,195 over fiscal years 2023 through 2025.

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

*Retirement Plan Cost of Living Adjustment*

On October 25, 2022, the County Council approved Bill #22-22 and Bill #22-23 amending the Frederick County Employees Retirement Plan and the Frederick County Uniformed Employees Retirement Plan to provide for a permanent cost of living adjustment tied to annual changes in the Consumer Price Index, effective July 1, 2023, with a minimum adjustment of one percent per year and a maximum adjustment of three percent per year and eliminate the requirement to review the cost of living adjustment every three years.

According to the Plans' actuarial analysis, the estimated additional costs to the plans are listed below. The amounts will be distributed as the County's share of payroll contributions to all departments and funds.

<u>Fiscal Year</u>	<u>Employee Retirement Plan</u>	<u>Uniformed Retirement Plan</u>	<u>Total</u>
2024	\$ 3,142,504	\$ 7,719,998	\$ 10,862,502
2025	1,610,533	6,690,665	8,301,198
2026	1,165,268	6,528,223	7,693,491
2027	796,267	6,353,478	7,149,745

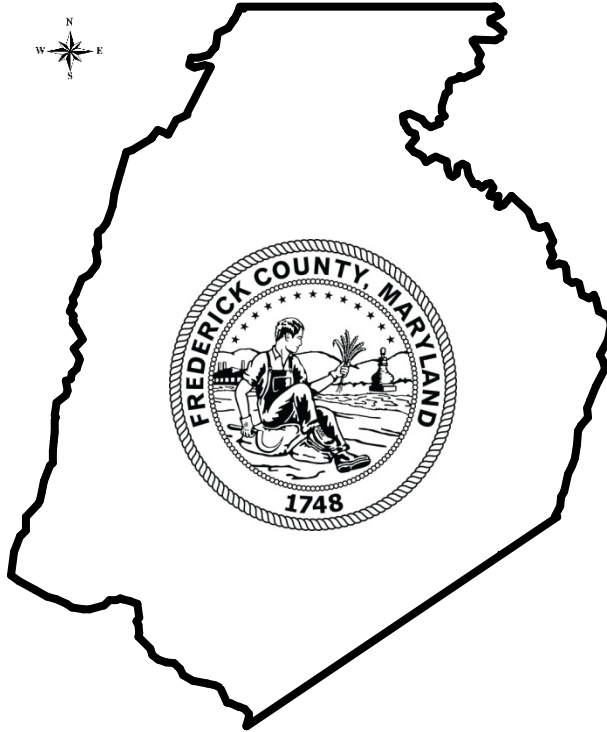
**J. New Governmental Accounting Standards Board (GASB) Standard**

The County has adopted the provisions of Governmental Accounting Standard Board (GASB) issued Statement No. 87 entitled *Leases*, Standard Implementation Guide No. 2019-3 *Leases*, Statement No. 91 entitled *Conduit Debt Obligations*, No. 92 entitled Omnibus 2021, Statement No. 93 entitled Replacement of Interbank Offered Rates, and Statement No. 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, and Implementation Guide No. 2019-1, Implementation Guidance Update-2019. The adoption of these GASB statements did not have a material effect on the statements.

As of June 30, 2022, GASB issued Statement No. 94 entitled Public-Private Partnerships and Availability Payment Arrangements and Statement No. 96 entitled Subscription-Based Information Technology Arrangements. The County has not yet completed the process of evaluating the impact of these pronouncements on its financial statements.

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# REQUIRED SUPPLEMENTARY INFORMATION



The information provided in this section is required supplementary disclosures.





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

	<u>2022</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 (1)</u>
Total pension liability										
Service cost	\$ 11,756	\$ 26,468	\$ 24,286	\$ 22,689	\$ 22,387	\$ 21,310	\$ 20,272	\$ 20,127	\$ 21,309	
Interest	30,403	48,722	45,446	42,252	39,564	36,760	34,936	32,636	30,170	
Changes of benefit terms	4,783	10,508	-	11,649	-	-	-	-	-	
Differences between expected and actual experience	(471)	(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	(20,642)	(28,618)	(25,648)	(23,067)	(21,308)	(19,696)	(18,052)	(16,812)	(15,671)	
Net change in total pension liability	25,829	50,949	48,272	46,928	39,274	40,875	26,869	33,486	35,808	
Total pension liability - beginning	444,644	710,334	662,062	615,134	575,860	534,985	508,116	474,630	438,822	
Total pension liability - ending	<u>\$ 470,473</u>	<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	10,245	19,697	19,751	23,153	21,678	20,419	18,910	20,323	21,260	
Contributions - member	5,361	10,005	9,421	9,401	8,093	7,681	7,199	7,022	6,880	
Net investment income	(74,773)	200,543	34,269	46,159	56,674	66,342	3,253	22,501	67,022	
Benefit payments, including refunds of member contributions	(20,642)	(28,618)	(25,648)	(23,067)	(21,308)	(19,696)	(18,052)	(16,812)	(15,671)	
Administrative expense	(269)	(836)	(995)	(1,492)	(1,504)	(1,038)	(705)	(793)	(930)	
Other	29	7	-	-	-	-	-	-	-	
Net change in plan fiduciary net position	(80,049)	200,798	36,798	54,154	63,633	73,708	10,605	32,241	78,561	
Plan fiduciary net position - beginning	537,101	726,213	689,415	635,261	571,628	497,920	487,315	455,074	376,513	
Plan fiduciary net position - ending	<u>\$ 457,052</u>	<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>\$ 13,421</u>	<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	97.15%	121.77%	102.24%	104.13%	103.27%	99.27%	93.07%	95.91%	95.88%	
Covered payroll	\$ 87,973	\$ 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	15.26%	-118.55%	-12.16%	-23.19%	-17.56%	3.89%	36.70%	20.89%	18.38%	
Expected average remaining service years of all participants	5	6	6	6	6	6	6	6	6	
Annual money weighted rate of return, net of investment expenses	-13.90%	27.70%	4.98%	7.34%	10.17%	13.46%	1.07%	5.18%	18.04%	

(1) Information for FY2013 and earlier is not available.

Notes to Schedule:

FY2022 beginning balances reflect the separation of the retirement plans on July 1, 2021

Changes of assumptions: None

Benefit changes: Inclusion of the 2% ad-hoc COLA that was applied in addition to the 1% plan COLA as of July 1, 2022

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

	<u>2022</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 (1)</u>
Actuarially determined contribution	\$ 9,273	\$ 19,697	\$ 19,751	\$ 16,929	\$ 17,365	\$ 17,455	\$ 18,808	\$ 18,721	\$ 18,687	
Contributions in relation to the actuarially determined contribution	10,244	19,697	19,751	23,153	21,678	20,419	18,910	20,323	21,260	
Contribution deficiency (excess)	<u>\$ (971)</u>	<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	\$87,973	\$139,796	\$ 130,636	\$117,956	\$114,631	\$108,689	\$100,998	\$99,555	\$100,298	
Contributions as a percentage of covered payroll	11.65%	14.09%	15.12%	19.63%	18.91%	18.79%	18.72%	20.41%	21.20%	

(1) Information for FY2013 is not available.

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 percentage of payroll
Remaining amortization period	1 year for ad hoc COLA, 13 years for grant funded employees, 30 years for surplus
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	Rates vary by participant service
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 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 participants is Pub-2010 General Disabled Retirees Amount-Weighted Mortality table with fully generational projection using scale MP2018.

**FREDERICK COUNTY UNIFORMED 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>2022</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>
Total pension liability										
Service cost	\$ 16,020									
Interest	21,767									
Changes of benefit terms	3,003									
Differences between expected and actual experience	16,444									
Benefit payments, including refunds of member contributions	<u>(11,376)</u>									
Net change in total pension liability	45,858									
Total pension liability - beginning	316,639									
Total pension liability - ending	<u>\$ 362,497</u>									
Plan fiduciary net position										
Contributions - employer	\$ 12,334									
Contributions - member	5,358									
Net investment income	(54,733)									
Benefit payments, including refunds of member contributions	(11,375)									
Administrative expense	(232)									
Other	21									
Net change in plan fiduciary net position	<u>(48,627)</u>									
Plan fiduciary net position - beginning	389,910									
Plan fiduciary net position - ending	<u>\$ 341,283</u>									
Net position liability (asset) - ending	<u>\$ 21,214</u>									
Plan fiduciary net position as a percentage of the total pension liability	94.15%									
Covered payroll	\$ 59,740									
Net pension liability as a percentage of covered payroll	35.51%									
Expected average remaining service years of all participants	8									
Annual money weighted rate of return, net of investment expenses	-13.90%									
Notes to Schedule:										
Changes of assumptions: None										
Benefit changes: The 2% ad-hoc COLA that was applied in additions to the 1% plan COLA as July 1, 2022										

Information for FY2021 and earlier is not available. The Uniformed Plan was established in FY2022.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 12,334	Information for FY2021 and earlier is not available. The Uniformed Plan was established in FY2022.							
Contributions in relation to the actuarially determined contribution	<u>12,334</u>								
Contribution deficiency (excess)	<u>\$ -</u>								
Covered payroll	\$59,740								
Contributions as a percentage of covered payroll	20.65%								

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. The assumptions shown below are those used in the July 1, 2021, actuarial valuation to calculate the FY2022 actuarial determined contribution. Assumptions used to determine contributions in the past may not have been the same.

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, 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 (law enforcement/corrections vs. fire/rescue)
Investment rate of return	7.0% net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	Pre-retirement mortality is 70% of Pub-2010 Safety Employees Amount-Weighted Mortality table with fully generational projection using scale MP2018 for Uniformed employees; 70% of Pub-2010 General Employees Amount-Weighted Mortality table with fully generational projection using scale MP2018 for Non-Uniformed employees.
	Post-retirement mortality for healthy participants and beneficiaries is Pub-2010 General Retirees Amount-Weighted Mortality table with fully generational projection using scale MP2018.
	Post-retirement mortality for disabled participants is Pub-2010 General Disabled Retirees Amount-Weighted Mortality table with fully generational projection using scale MP2018.

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

	<u>2022</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>
Total LOSAP liability										
Service cost	\$ 195	\$ 186	\$ 191	\$ 202	\$ 171	\$ 167				
Interest	847	830	815	840	827	810				
Differences between expected and actual experience	(260)	55	(135)	(628)	(74)	-				
Changes of assumptions	-	-	156	-	-	-				
Benefit payments, including refunds of member contributions	(795)	(866)	(774)	(763)	(719)	(744)				
Net change in total LOSAP liability	(13)	205	253	(349)	205	233				
Total LOSAP liability - beginning	12,494	12,289	12,036	12,385	12,180	11,947				
Total LOSAP liability - ending	<u>\$ 12,481</u>	<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	\$ 1,207	\$ 1,202	\$ 1,187	\$ 1,461	\$ 1,241	\$ 1,006				
Net investment income	(441)	605	114	102	23	-				
Benefit payments, including refunds of member contributions	(795)	(866)	(774)	(763)	(719)	(744)				
Administrative expense	(9)	(15)	(12)	(24)	(20)	-				
Net change in plan fiduciary net position	(38)	926	515	776	525	262				
Plan fiduciary net position - beginning	3,004	2,078	1,563	787	262	-				
Plan fiduciary net position - ending	<u>\$ 2,966</u>	<u>\$ 3,004</u>	<u>\$ 2,078</u>	<u>\$ 1,563</u>	<u>\$ 787</u>	<u>\$ 262</u>				
Net position liability - ending	<u>\$ 9,515</u>	<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	23.76%	24.06%	16.91%	12.99%	6.36%	2.15%				
Covered payroll	n/a	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	n/a				
Expected average remaining service years of all participants	8	8	8	8	9	9				
Annual money weighted rate of return, net of investment expenses	-13.30%	26.80%	5.96%	7.75%	3.21%	0.00%				

Information for FY2016 and earlier is not available

## Notes to Schedule:

Changes of assumptions: None

Benefit changes: None

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

	<u>2022</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>
Actuarially determined contribution	\$ 1,207	\$ 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>1,207</u>	<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>\$ -</u>	<u>\$ 220</u>	<u>\$ 425</u>				
Covered payroll	n/a	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	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 14 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>2022</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>
Total pension liability										
Service cost	\$ 5,972	\$ 5,742	\$ 6,622	\$ 6,380	\$ 5,623	\$ 5,257				
Interest	15,349	14,500	17,869	16,845	15,251	14,311				
Differences between expected and actual experience	(4,565)	-	(47,073)	(1,633)	2,460	-				
Changes of assumptions	4,533	-	(18,097)	(6,787)	5,964	-				
Benefit payments, including refunds of member contributions	(8,488)	(7,741)	(7,151)	-	(6,278)	(5,998)				
Net change in total pension liability	12,801	12,501	(47,830)	14,805	23,020	13,570				
Total OPEB liability - beginning	223,511	211,010	258,840	244,035	221,015	207,445				
Total OPEB - ending	<u>\$ 236,312</u>	<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	\$ 6,864	\$ 6,529	\$ 12,385	\$ 12,031	\$ 10,833	\$ 10,343				
Net investment income	(30,110)	47,351	10,848	10,928	11,693	13,807				
Benefit payments, including refunds of member contributions	(8,488)	(7,741)	(7,151)	(6,787)	(6,279)	(5,998)				
Administrative expense	(27)	(30)	(28)	(13)	-	(52)				
Net change in plan fiduciary net position	(31,761)	46,109	16,054	16,159	16,247	18,100				
Plan fiduciary net position - beginning	230,295	184,186	168,132	151,973	135,726	117,626				
Plan fiduciary net position - ending	<u>\$ 198,534</u>	<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>\$ 37,778</u>	<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	84.01%	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	8				
Annual money weighted rate of return, net of investment expenses	-13.30%	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>2022</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>
Actuarially determined contribution	\$ 6,310	\$ 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	6,864	6,529	12,385	12,031	10,832	10,343				
Contribution deficiency (excess)	<u>\$ (554)</u>	<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	n/a				

Notes to Schedule

Valuation date: July 1, 2021

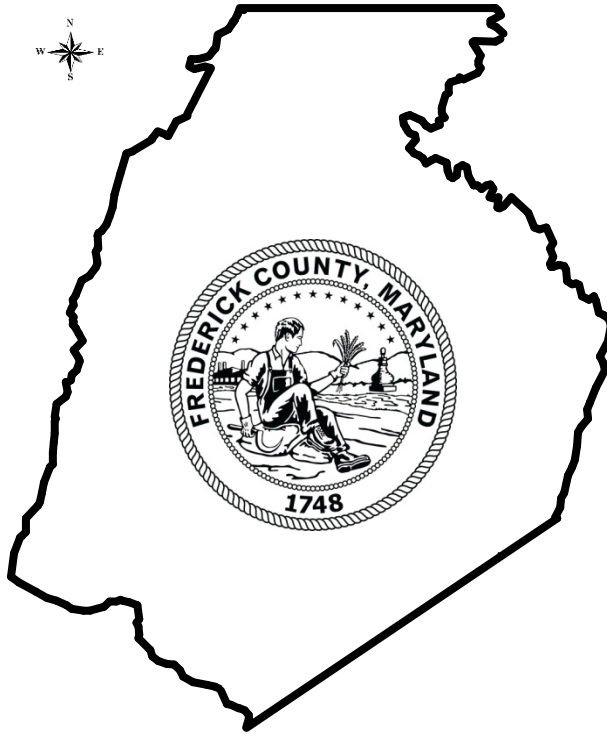
The FYE 2022 actuarially determined contribution (ADC) is based on July 1, 2019, census data and July 1, 2020, asset information. The liability is based on 7/1/2021 data rolled forward to 6/30/2022. The trust assets were as of 7/1/2019. Actuarial valuations are done every other year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll
Remaining amortization period	17 years
Asset valuation method	Market value
Inflation	2.5%
Healthcare cost trend	6.0% for 2022. The ultimate trend is 3.94%
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, 2022

	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	
<b>Assets</b>						
Cash	\$ -	\$ -	\$ -	\$ 266,458	\$ -	\$ 266,458
Equity in pooled invested cash	4,841	9,670	209,137	1,432,267	18,048,766	19,704,681
Total cash and cash equivalents	4,841	9,670	209,137	1,698,725	18,048,766	19,971,139
Receivables, net of allowance for uncollectibles:						
Accounts	-	-	317,800	119,130	14,861	451,791
Prepaid items	-	-	-	-	10,000	10,000
Long term receivables, net of allowance for uncollectibles:						
Non-profit organization loans	-	-	1,504,651	-	-	1,504,651
Housing loans	-	-	-	-	8,667,665	8,667,665
Other long term receivables	-	-	-	-	-	-
Cash and cash equivalents - restricted	-	-	-	-	-	-
Total assets	\$ 4,841	\$ 9,670	\$ 2,031,588	\$ 1,817,855	\$ 26,741,292	\$ 30,605,246
<b>Liabilities and fund balance</b>						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 152,394	\$ -	\$ 152,394
Accrued liabilities	-	1,698	526,937	-	-	528,635
Due to third parties	-	-	-	144,698	-	144,698
Other liabilities	-	-	-	-	30,247	30,247
Unearned revenues	-	-	1,504,651	-	-	1,504,651
Total liabilities	-	1,698	2,031,588	297,092	30,247	2,360,625
<b>Deferred inflows of resources</b>						
Unavailable revenue - property taxes	-	-	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund balances						
Nonspendable	-	-	-	-	10,000	10,000
Restricted	-	-	-	141,951	8,667,665	8,809,616
Committed	4,841	7,972	-	1,378,812	18,033,380	19,425,005
Total fund balance	4,841	7,972	-	1,520,763	26,711,045	28,244,621
Total liabilities and fund balance	\$ 4,841	\$ 9,670	\$ 2,031,588	\$ 1,817,855	\$ 26,741,292	\$ 30,605,246

**FREDERICK COUNTY, MARYLAND  
COMBINING BALANCE SHEET  
SHERIFF'S/ JUDICIAL ACTIVITIES - SPECIAL REVENUE FUNDS  
JUNE 30, 2022**

	<b>Sheriff's Drug Enforcement</b>	<b>Narcotics Investigative Section</b>	<b>State's Attorney Law Enforcement Aid</b>	<b>Inmates' Canteen</b>	<b>Total Sheriff's/Judicial Activities (See Exhibit II-B-1)</b>
<b>Assets</b>					
Cash	\$ 88,399	\$ 8,050	\$ 24,165	\$ 145,844	\$ 266,458
Equity in pooled invested cash	187,307	52,820	61,182	1,130,958	1,432,267
Total cash and cash equivalents	275,706	60,870	85,347	1,276,802	1,698,725
Receivables, net of allowance for uncollectibles:					
Accounts	-	-	-	119,130	119,130
Total assets	\$ 275,706	\$ 60,870	\$ 85,347	\$ 1,395,932	\$ 1,817,855
 <b>Liabilities and fund balance</b>					
Liabilities					
Accounts payable	\$ 94,542	\$ 2,593	\$ -	\$ 55,259	\$ 152,394
Due to third parties	-	-	-	144,698	144,698
Total liabilities	94,542	2,593	-	199,957	297,092
 Fund balances					
Restricted	90,943	-	51,008	-	141,951
Committed	90,221	58,277	34,339	1,195,975	1,378,812
Total fund balance	181,164	58,277	85,347	1,195,975	1,520,763
 Total liabilities and fund balance	\$ 275,706	\$ 60,870	\$ 85,347	\$ 1,395,932	\$ 1,817,855

**FREDERICK COUNTY, MARYLAND**  
**COMBINING BALANCE SHEET**  
**LOAN ACTIVITIES - SPECIAL REVENUE FUNDS**  
**JUNE 30, 2022**

	<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>
<b>Assets</b>				
Equity in pooled invested cash	\$ 17,823,444	\$ 20,000	\$ 205,322	\$ 18,048,766
Total cash and cash equivalents	<u>17,823,444</u>	<u>20,000</u>	<u>205,322</u>	<u>18,048,766</u>
Receivables, net of allowance for uncollectibles:				
Accounts	14,861	-	-	14,861
Prepaid items	10,000	-	-	10,000
Long term receivables, net of allowance for uncollectibles:				
Housing loans	8,667,665	-	-	8,667,665
Total assets	<u>\$ 26,515,970</u>	<u>\$ 20,000</u>	<u>\$ 205,322</u>	<u>\$ 26,741,292</u>
<b>Liabilities and fund balance</b>				
Liabilities				
Other liabilities	\$ 30,247	\$ -	\$ -	\$ 30,247
Total liabilities	<u>30,247</u>	<u>-</u>	<u>-</u>	<u>30,247</u>
Fund balances				
Nonspendable	10,000	-	-	10,000
Restricted	8,667,665	-	-	8,667,665
Committed	<u>17,808,058</u>	<u>20,000</u>	<u>205,322</u>	<u>18,033,380</u>
Total fund balance	<u>26,485,723</u>	<u>20,000</u>	<u>205,322</u>	<u>26,711,045</u>
Total liabilities and fund balance	<u>\$ 26,515,970</u>	<u>\$ 20,000</u>	<u>\$ 205,322</u>	<u>\$ 26,741,292</u>

**FREDERICK COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	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	
<b>Revenues</b>						
Storm Water Remediation Fee	\$ 565	\$ -	\$ -	\$ -	\$ -	\$ 565
Lighting tax levy	-	11,666	-	-	-	11,666
Other local taxes	-	-	2,505,902	-	1,364,792	3,870,694
Grants from federal government	-	-	-	77,905	-	77,905
Charges for services	-	-	-	1,003,929	-	1,003,929
Fines and forfeitures	-	-	-	132,079	-	132,079
Interest from loans	-	-	-	-	41,043	41,043
Investment earnings	10	24	357	3,182	32,594	36,167
Miscellaneous revenue	-	-	168,332	7,660	2,514,396	2,690,388
Total revenues	<u>575</u>	<u>11,690</u>	<u>2,674,591</u>	<u>1,224,755</u>	<u>3,952,825</u>	<u>7,864,436</u>
<b>Expenditures</b>						
General government	-	-	40,999	-	-	40,999
Public safety	-	-	-	1,109,060	-	1,109,060
Public works	-	14,232	-	-	-	14,232
Community development and public housing	-	-	-	-	338,215	338,215
Economic development and opportunity	-	-	2,465,260	-	-	2,465,260
Debt service	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>14,232</u>	<u>2,506,259</u>	<u>1,109,060</u>	<u>338,215</u>	<u>3,967,766</u>
Excess (deficiency) of revenues over expenditures	<u>575</u>	<u>(2,542)</u>	<u>168,332</u>	<u>115,695</u>	<u>3,614,610</u>	<u>3,896,670</u>
<b>Other financing sources (uses)</b>						
Transfers in from General Fund	-	-	-	-	3,000,000	3,000,000
Transfers in from Grants Fund	-	-	-	-	113,800	113,800
Transfers out to Debt Service Fund	-	-	(168,332)	-	-	(168,332)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(168,332)</u>	<u>-</u>	<u>3,113,800</u>	<u>2,945,468</u>
Net change in fund balances	575	(2,542)	-	115,695	6,728,410	6,842,138
Fund balance - beginning 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>
Fund balance - end of year	<u>\$ 4,841</u>	<u>\$ 7,972</u>	<u>\$ -</u>	<u>\$ 1,520,763</u>	<u>\$ 26,711,045</u>	<u>\$ 28,244,621</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, 2022**

	<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>
<b>Revenues</b>					
Grants from federal government	\$ 26,983	\$ -	\$ 50,922	\$ -	\$ 77,905
Charges for services	-	-	-	1,003,929	1,003,929
Fines and forfeitures	26,805	101,322	3,952	-	132,079
Investment earnings	441	88	107	2,546	3,182
Miscellaneous revenue	-	7,660	-	-	7,660
Total revenues	<u>54,229</u>	<u>109,070</u>	<u>54,981</u>	<u>1,006,475</u>	<u>1,224,755</u>
<b>Expenditures</b>					
Public safety	188,842	88,871	7,886	823,461	1,109,060
Total expenditures	<u>188,842</u>	<u>88,871</u>	<u>7,886</u>	<u>823,461</u>	<u>1,109,060</u>
<b>Other financing sources (uses)</b>					
Transfers out to general fund	-	-	-	-	-
Transfers in/out to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(134,613)</u>	<u>20,199</u>	<u>47,095</u>	<u>183,014</u>	<u>115,695</u>
Fund balance - beginning of year	<u>315,777</u>	<u>38,078</u>	<u>38,252</u>	<u>1,012,961</u>	<u>1,405,068</u>
Fund balance - end of year	<u>\$ 181,164</u>	<u>\$ 58,277</u>	<u>\$ 85,347</u>	<u>\$ 1,195,975</u>	<u>\$ 1,520,763</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, 2022**

	<b>Housing Initiative</b>	<b>Non-Profit Organizations Loans</b>	<b>Fire/Rescue Loans</b>	<b>Total Loan Activities (See Exhibit II-B-4)</b>
<b>Revenues</b>				
Other local taxes	\$ 1,364,792	\$ -	\$ -	\$ 1,364,792
Interest from loans	41,043	-	-	41,043
Investment earnings	32,168	-	426	32,594
Miscellaneous revenue	2,514,396	-	-	2,514,396
Total revenues	<u>3,952,399</u>	<u>-</u>	<u>426</u>	<u>3,952,825</u>
<b>Expenditures</b>				
Community development and public housing	338,215	-	-	338,215
Total expenditures	<u>338,215</u>	<u>-</u>	<u>-</u>	<u>338,215</u>
Excess (deficiency) of revenues over expenditures	<u>3,614,184</u>	<u>-</u>	<u>426</u>	<u>3,614,610</u>
<b>Other financing sources (uses)</b>				
Transfer in from grants fund	113,800	-	-	113,800
Transfer in from general fund	3,000,000	-	-	3,000,000
Total other financing sources (uses)	<u>3,113,800</u>	<u>-</u>	<u>-</u>	<u>3,113,800</u>
Net change in fund balances	6,727,984	-	426	6,728,410
Fund balance - beginning of year	<u>19,757,739</u>	<u>20,000</u>	<u>204,896</u>	<u>19,982,635</u>
Fund balance - end of year	<u>\$ 26,485,723</u>	<u>\$ 20,000</u>	<u>\$ 205,322</u>	<u>\$ 26,711,045</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, 2022**

	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)
<b>Revenues</b>									
Lighting tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	2,346,000	2,505,902	159,902	827,213	1,364,792	537,579	6,912,788	11,405,194	4,492,406
Grants from federal government	-	-	-	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Interest from loans	-	-	-	-	41,043	41,043	-	-	-
Investment earnings	2,500	357	(2,143)	78,000	32,168	(45,832)	198,586	37,626	(160,960)
Miscellaneous revenue	171,300	168,332	(2,968)	2,000,000	3,100,973	1,100,973	-	-	-
Total revenues	<u>2,519,800</u>	<u>2,674,591</u>	<u>154,791</u>	<u>2,905,213</u>	<u>4,538,976</u>	<u>1,633,763</u>	<u>7,111,374</u>	<u>11,442,820</u>	<u>4,331,446</u>
<b>Expenditures</b>									
General government	45,451	40,999	4,452	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-	-	-	-
Community development and public housing	-	-	-	9,058,799	728,586	8,330,213	-	-	-
Economic development and opportunity	2,303,049	2,465,260	(162,211)	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Total expenditures	<u>2,348,500</u>	<u>2,506,259</u>	<u>(157,759)</u>	<u>9,058,799</u>	<u>728,586</u>	<u>8,330,213</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>171,300</u>	<u>168,332</u>	<u>(2,968)</u>	<u>(6,153,586)</u>	<u>3,810,390</u>	<u>9,963,976</u>	<u>7,111,374</u>	<u>11,442,820</u>	<u>4,331,446</u>
<b>Other financing sources (uses)</b>									
Appropriated fund balance	-	-	-	3,039,786	678,915	(2,360,871)	925,194	-	(925,194)
Transfers in from general fund	-	-	-	3,000,000	3,000,000	-	-	-	-
Transfers in from grants fund	-	-	-	113,800	113,800	-	-	-	-
Transfers out to capital projects fund	-	-	-	-	-	-	(3,900,000)	(3,900,000)	-
Transfers out to general fund	-	-	-	-	-	-	-	-	-
Transfers out to fleet services	-	-	-	-	-	-	-	-	-
Transfers out to housing initiative	-	-	-	-	-	-	-	-	-
Transfers out to debt service fund	(171,300)	(168,332)	2,968	-	-	-	(4,136,568)	(4,114,955)	21,613
Installment purchase agreement	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(171,300)</u>	<u>(168,332)</u>	<u>-</u>	<u>6,153,586</u>	<u>3,792,715</u>	<u>(2,360,871)</u>	<u>(7,111,374)</u>	<u>(8,014,955)</u>	<u>(903,581)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,968)</u>	<u>\$ -</u>	<u>\$ 7,603,105</u>	<u>\$ 7,603,105</u>	<u>\$ -</u>	<u>\$ 3,427,865</u>	<u>\$ 3,427,865</u>
Fund balance - beginning of year					19,757,739				
Net change in reserves and adjustments to GAAP basis					(875,121)			(3,427,865)	
Fund balance - end of year		<u>\$ -</u>			<u>\$ 26,485,723</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, 2022

	Impact Fees			Parks Acquisition & Development			Electric Lighting Tax Districts		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>									
Lighting tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,551	\$ 11,666	\$ 115
Other local taxes	-	-	-	5,180,963	8,547,909	3,366,946	-	-	-
Grants from federal government	-	-	-	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-	-	-	-
Charges for services	22,973,714	41,273,263	18,299,549	-	-	-	-	-	-
Interest from loans	-	-	-	-	-	-	-	-	-
Investment earnings	1,287,018	248,533	(1,038,485)	68,588	38,769	(29,819)	-	24	24
Miscellaneous revenue	-	-	-	-	-	-	-	-	-
Total revenues	<u>24,260,732</u>	<u>41,521,796</u>	<u>17,261,064</u>	<u>5,249,551</u>	<u>8,586,678</u>	<u>3,337,127</u>	<u>11,551</u>	<u>11,690</u>	<u>139</u>
<b>Expenditures</b>									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	14,250	14,232	18
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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,250</u>	<u>14,232</u>	<u>18</u>
Excess (deficiency) of revenues over expenditures	<u>24,260,732</u>	<u>41,521,796</u>	<u>17,261,064</u>	<u>5,249,551</u>	<u>8,586,678</u>	<u>3,337,127</u>	<u>(2,699)</u>	<u>(2,542)</u>	<u>157</u>
<b>Other financing sources (uses)</b>									
Appropriated fund balance	(12,419,101)	-	12,419,101	(2,001,551)	-	2,001,551	2,699	-	(2,699)
Transfers in from general fund	-	-	-	-	-	-	-	-	-
Transfers out to capital projects fund	(9,779,248)	(9,779,248)	-	(2,175,495)	(2,175,495)	-	-	-	-
Transfers out to general fund	-	-	-	-	-	-	-	-	-
Transfers out to grants fund	-	-	-	-	-	-	-	-	-
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	(2,062,383)	(1,939,879)	122,504	(1,072,505)	(987,018)	-	-	-	-
Installment purchase agreement	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(24,260,732)</u>	<u>(11,719,127)</u>	<u>12,541,605</u>	<u>(5,249,551)</u>	<u>(3,162,513)</u>	<u>2,001,551</u>	<u>2,699</u>	<u>-</u>	<u>(2,699)</u>
Net change in fund balances	<u>\$ -</u>	<u>29,802,669</u>	<u>\$ 29,802,669</u>	<u>\$ -</u>	<u>5,424,165</u>	<u>\$ 5,338,678</u>	<u>\$ -</u>	<u>(2,542)</u>	<u>\$ (2,542)</u>
Fund balance - beginning of year		-						10,514	
Net change in reserves and adjustments to GAAP basis		<u>(29,802,669)</u>			<u>(5,424,165)</u>			<u>-</u>	
Fund balance - end of year		<u>\$ -</u>			<u>\$ -</u>			<u>\$ 7,972</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, 2022**

	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance - Positive (Negative)</b>
<b>Revenues</b>			
Investment earnings	\$ -	\$ 179,661	\$ 179,661
Total revenues	<u>-</u>	<u>179,661</u>	<u>179,661</u>
<b>Expenditures</b>			
Debt Service:			
Principal and interest for general obligation bonds:			
General government	16,784,012	16,529,727	254,285
Parks and recreation	1,593,832	1,556,140	37,692
Watershed restoration	741,756	730,518	11,238
Transportation	7,938,441	7,818,170	120,271
Public Safety	1,619,007	1,594,478	24,529
Frederick County Public Libraries	310,013	302,412	7,601
Frederick Community College	2,605,735	2,566,257	39,478
Frederick County Public Schools	21,413,893	21,171,300	242,593
Municipalities	939,272	925,042	14,230
Tourism	168,400	168,267	133
Principal and interest for:			
Installment purchase agreements	4,011,000	3,896,400	114,600
Long term leases	1,673,296	1,673,295	1
Debt issuance costs	2,225,149	656,376	1,568,773
Total expenditures	<u>62,023,806</u>	<u>59,588,382</u>	<u>2,435,424</u>
Excess (deficiency) of revenues over expenditures	<u>(62,023,806)</u>	<u>(59,408,721)</u>	<u>2,615,085</u>
<b>Other financing sources (uses)</b>			
Transfers in from general fund	47,099,362	47,099,362	-
Transfers in from special revenue funds:			
Agricultural preservation fund	4,046,000	3,957,127	(88,873)
Hotel rental tax fund	171,300	168,332	(2,968)
Transfers in from capital project funds:			
Impact fee fund	1,955,010	1,939,879	(15,131)
Parks acquisition & development fund	987,550	987,018	(532)
School construction fund	4,116,600	4,114,954	(1,646)
Refunding bonds issued	11,976,090	29,896,657	17,920,567
Payment to refunded bond escrow agent	(11,925,900)	(8,824,890)	3,101,010
Premium on debt	4,987,470	1,339,403	(3,648,067)
Total other financing sources (uses)	<u>63,413,482</u>	<u>80,677,842</u>	<u>17,264,360</u>
Net change in fund balances	<u>\$ 1,389,676</u>	<u>21,269,121</u>	<u>\$ 19,879,445</u>
Net change in reserves and adjustment to GAAP basis			
		-	
Fund balance - beginning of year		479,208	
Fund balance - end of year		<u>\$ 21,748,329</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, 2022**

	<u>Project Budget</u>	<u>Current Year Actual</u>	<u>Total To Date</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues</b>				
Grants from federal government				
Highways	\$ 12,552,919	\$ 1,697,276	\$ 2,918,239	\$ (9,634,680)
Miscellaneous grants	8,961,526	1,576,475	297,914	(8,663,612)
Grants from state government:				
Highways	3,024,000	-	-	(3,024,000)
Program open space	3,680,241	838,101	(222,044)	(3,902,285)
Detention center	6,648,092	858,955	858,955	(5,789,137)
Education	150,693,625	18,053,642	51,971,972	(98,721,653)
Watershed restoration	1,631,504	198,295	10,362	(1,621,142)
Miscellaneous grants	6,600,009	226,636	(572,939)	(7,172,948)
Other	1,153,607	316,928	947,106	(206,501)
Total revenues	<u>194,945,523</u>	<u>23,766,308</u>	<u>56,209,565</u>	<u>(138,735,958)</u>
<b>Expenditures</b>				
General government	233,620,478	46,586,389	52,961,301	180,659,177
Roads and bridges	207,409,913	41,926,471	62,583,689	144,826,224
Board of Education	425,811,700	43,977,529	178,803,142	247,008,558
Frederick Community College	57,841,735	7,729,008	32,683,380	25,158,355
Parks and recreation	66,294,528	7,002,139	19,299,477	46,995,051
Watershed restoration	45,910,483	6,199,911	8,227,120	37,683,363
Municipal	1,657,964	2,839	612,050	1,045,914
Total expenditures	<u>1,038,546,801</u>	<u>153,424,286</u>	<u>355,170,159</u>	<u>683,376,642</u>
Excess (deficiency) of revenues over expenditures	<u>(843,601,278)</u>	<u>(129,657,978)</u>	<u>(298,960,594)</u>	<u>544,640,684</u>
<b>Other financing sources (uses)</b>				
Transfers in from general fund	185,105,766	80,035,647	122,247,125	(62,858,641)
Transfers in from impact fees fund	92,559,753	9,779,248	73,902,034	(18,657,719)
Transfers in from parks acquisition & development fund	28,625,841	2,175,495	15,741,366	(12,884,475)
Transfers in from development road improvement fund	3,153,070	-	515,035	(2,638,035)
Transfers in from school construction fund	21,872,021	3,900,000	13,805,005	(8,067,016)
Transfers in from water and sewer fund	2,344,005	70,377	828,548	(1,515,457)
Transfers in from solid waste fund	75,828	-	172,113	96,285
Transfers out from water and sewer fund	-	(152,688)	(500,000)	(500,000)
General obligation bonds issued	460,859,771	144,934,000	118,971,528	(341,888,243)
Premium on debt	39,288,052	15,796,359	33,347,586	(5,940,466)
Capital leases	9,717,171	-	401,940	(9,315,231)
Total other financing sources (uses)	<u>843,601,278</u>	<u>256,538,438</u>	<u>379,432,280</u>	<u>(464,168,998)</u>
Net change in fund balances	<u>\$ -</u>	<u>126,880,460</u>	<u>\$ 80,471,686</u>	<u>\$ 80,471,686</u>
Net change in reserves and adjustment to GAAP basis		51,226,783		
Fund balance - beginning of year		105,014,937		
Fund balance - end of year		<u>\$ 283,122,180</u>		

**FREDERICK COUNTY, MARYLAND**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2022**

	<u>Worker's Compensation</u>	<u>Voice Services</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds (See Exhibit II-A-10)</u>
<b>Assets</b>				
Current assets:				
Equity in pooled invested cash	\$ 13,777,965	\$ 444,159	\$ 15,587,925	\$ 29,810,049
Total cash and cash equivalents	13,777,965	444,159	15,587,925	29,810,049
Receivables, net of allowance for uncollectible				
Accounts	244,251	66,556	131,554	442,361
Inventories	-	-	697,212	697,212
Prepaid items	-	134,837	20,942	155,779
Total current assets	<u>14,022,216</u>	<u>645,552</u>	<u>16,437,633</u>	<u>31,105,401</u>
Noncurrent assets:				
Capital assets:				
Buildings and improvements	-	-	1,833,133	1,833,133
Equipment	-	620,089	38,183,651	38,803,740
Right-to-use assets	-	-	249,743	249,743
Accumulated depreciation/amortization	-	(495,682)	(22,328,942)	(22,824,624)
Total noncurrent assets	<u>-</u>	<u>124,407</u>	<u>17,937,585</u>	<u>18,061,992</u>
<b>Total assets</b>	<u>14,022,216</u>	<u>769,959</u>	<u>34,375,218</u>	<u>49,167,393</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	-	-	2,240	2,240
Payroll and benefit deductions	3,365	15,711	95,995	115,071
Accrued expenses	10,825	971	991,814	1,003,610
Other liabilities	-	-	-	-
Current portion of prefunded loss claims	2,024,155	-	-	2,024,155
Current portion of leases	-	-	81,569	81,569
Current portion of compensated absences	754	-	15,498	16,252
Total current liabilities	<u>2,039,099</u>	<u>16,682</u>	<u>1,187,116</u>	<u>3,242,897</u>
Noncurrent liabilities:				
Liability for prefunded loss claims	3,205,186	-	-	3,205,186
Liability for long-term portion of leases	-	-	106,622	106,622
Liability for compensated absences	15	36,298	161,761	198,074
Total noncurrent liabilities	<u>3,205,201</u>	<u>36,298</u>	<u>268,383</u>	<u>3,509,882</u>
<b>Total liabilities</b>	<u>5,244,300</u>	<u>52,980</u>	<u>1,455,499</u>	<u>6,752,779</u>
<b>Net position</b>				
Net investment in capital assets	-	124,407	17,937,585	18,061,992
Unrestricted	8,777,916	592,572	14,982,134	24,352,622
Total net position	<u>\$ 8,777,916</u>	<u>\$ 716,979</u>	<u>\$ 32,919,719</u>	<u>\$ 42,414,614</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, 2022**

	<u>Worker's Compensation</u>	<u>Voice Services</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds (See Exhibit II-A-11)</u>
<b>Operating revenues</b>				
Service charges	\$ 6,745,870	\$ 1,025,353	\$ 14,128,687	\$ 21,899,910
Other revenues	-	-	1,000	1,000
Total operating revenues	<u>6,745,870</u>	<u>1,025,353</u>	<u>14,129,687</u>	<u>21,900,910</u>
<b>Operating expenses</b>				
Personnel services	84,316	439,491	2,474,743	2,998,550
Other operating expenses (including administrative overhead)	212,445	439,401	1,276,110	1,927,956
Prefunded loss & estimated claims	2,050,158	-	-	2,050,158
Insurance	1,671,899	-	-	1,671,899
Supplies	-	511	6,070,872	6,071,383
Repairs and maintenance	-	293,735	782,385	1,076,120
Depreciation/amortization expense	-	49,763	3,746,436	3,796,199
Total operating expenses	<u>4,018,818</u>	<u>1,222,901</u>	<u>14,350,546</u>	<u>19,592,265</u>
Operating income (loss)	<u>2,727,052</u>	<u>(197,548)</u>	<u>(220,859)</u>	<u>2,308,645</u>
<b>Nonoperating revenues (expenses)</b>				
Investment earnings	27,560	1,026	26,806	55,392
Insurance recovery	-	-	33,265	33,265
Interest expense	-	-	(5,912)	(5,912)
Gain (loss) on disposition of capital assets	-	-	123,093	123,093
Total nonoperating revenues (expenses)	<u>27,560</u>	<u>1,026</u>	<u>177,252</u>	<u>205,838</u>
Net income (loss) before contributions and transfers	<u>2,754,612</u>	<u>(196,522)</u>	<u>(43,607)</u>	<u>2,514,483</u>
Transfers in (out)	<u>529,617</u>	<u>-</u>	<u>5,568,181</u>	<u>6,097,798</u>
Total contributions and transfers	<u>529,617</u>	<u>-</u>	<u>5,568,181</u>	<u>6,097,798</u>
Change in net position	3,284,229	(196,522)	5,524,574	8,612,281
Net position - beginning of year	<u>5,493,687</u>	<u>913,501</u>	<u>27,395,145</u>	<u>33,802,333</u>
Net position - end of year	<u>\$ 8,777,916</u>	<u>\$ 716,979</u>	<u>\$ 32,919,719</u>	<u>\$ 42,414,614</u>

**FREDERICK COUNTY, MARYLAND  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Worker's Compensation</u>	<u>Voice Services</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds (See Exhibit II-A-12)</u>
<b>Cash flows from operating activities</b>				
Cash received from residents and customers	\$ -	\$ 412,320	\$ 818,237	\$ 1,230,557
Cash paid to suppliers	(1,885,621)	(749,402)	(7,708,465)	(10,343,488)
Cash paid to employees	(2,519,861)	(458,396)	(2,520,277)	(5,498,534)
Internal activity - receipts from other funds	6,700,919	628,626	13,389,422	20,718,967
Net cash provided by operating activities	<u>2,295,437</u>	<u>(166,852)</u>	<u>3,978,917</u>	<u>6,107,502</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers in (out)	529,617	-	5,568,181	6,097,798
Net cash provided (used) by noncapital financing activities	<u>529,617</u>	<u>-</u>	<u>5,568,181</u>	<u>6,097,798</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition and construction of capital assets	-	-	(1,447,584)	(1,447,584)
Recoveries for damages	-	-	33,265	33,265
Proceeds from sale of capital assets	-	-	394,078	394,078
Payment of bond, note, and lease principals	-	-	(61,553)	(61,553)
Interest paid on bonds, notes, and leases	-	-	(5,912)	(5,912)
Net cash provided (used) by capital & related financing activities	<u>-</u>	<u>-</u>	<u>(1,087,706)</u>	<u>(1,087,706)</u>
<b>Cash flows from investing activities</b>				
Interest received on investments	27,560	1,026	26,806	55,392
Net cash provided by investing activities	<u>27,560</u>	<u>1,026</u>	<u>26,806</u>	<u>55,392</u>
Net increase (decrease) in cash and cash equivalents	2,852,614	(165,826)	8,486,198	11,172,986
Cash and cash equivalents - beginning of year	10,925,351	609,985	\$ 7,101,727	18,637,063
Cash and cash equivalents - end of year	<u>\$ 13,777,965</u>	<u>\$ 444,159</u>	<u>\$ 15,587,925</u>	<u>\$ 29,810,049</u>

(continued)

FREDERICK COUNTY, MARYLAND  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Worker's Compensation</u>	<u>Voice Services</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds (See Exhibit II-A-12)</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 2,727,052	\$ (197,548)	\$ (220,858)	\$ 2,308,646
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation	-	49,763	3,746,436	3,796,199
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(44,951)	15,592	78,972	49,613
Inventory	-	-	(155,759)	(155,759)
Prepaid items	-	(845)	(20,942)	(21,787)
Increase (decrease) in:				
Accounts payable	-	-	2,240	2,240
Accrued expenses	(3,180)	(27,230)	538,114	507,704
Liability for compensated leave	(2,058)	(6,584)	10,714	2,072
Other liabilities	(381,426)	-	-	(381,426)
Net cash provided by operating activities	<u>\$ 2,295,437</u>	<u>\$ (166,852)</u>	<u>\$ 3,978,917</u>	<u>\$ 6,107,502</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, 2022**

	<u>Employees Retirement Plan</u>	<u>Uniformed Employees Retirement Plan</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>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 53,189	\$ -	\$ 2,215,944	\$ 139,852	\$ 2,408,985
Investments:					
Money markets	8,600,020	11,516,867	739	138	20,117,764
Fixed income securities	160,639,764	118,163,331	70,337,629	1,025,679	350,166,403
Equity securities	289,156,355	212,691,000	125,850,779	1,800,741	629,498,875
Target date securities	-	78,393	-	-	78,393
Accounts receivable	375,120	425,808	144,118	-	945,046
Interest receivable	361,483	265,672	422	-	627,577
Total assets	<u>459,185,931</u>	<u>343,141,071</u>	<u>198,549,631</u>	<u>2,966,410</u>	<u>1,003,843,043</u>
<b>LIABILITIES</b>					
Accounts payable	395,228	320,428	15,928	995	732,579
Accrued benefit payments	1,738,864	997,890	-	-	2,736,754
Other liabilities	-	540,225	-	-	540,225
Total liabilities	<u>2,134,092</u>	<u>1,858,543</u>	<u>15,928</u>	<u>995</u>	<u>4,009,558</u>
<b>NET POSITION</b>					
Net position restricted for pension	457,051,839	341,282,528	-	2,965,415	801,299,782
Net position restricted for other post employment benefits	-	-	198,533,703	-	198,533,703
Total net position	<u>\$ 457,051,839</u>	<u>\$ 341,282,528</u>	<u>\$ 198,533,703</u>	<u>\$ 2,965,415</u>	<u>\$ 999,833,485</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, 2022**

	<u>Employees Retirement Plan</u>	<u>Uniformed Employees Retirement Plan</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>
<b>Additions</b>					
Contributions					
Employer contributions	\$ 10,244,753	\$ 12,334,320	\$ 6,440,544	\$ -	\$ 29,019,617
Member contributions	5,360,580	5,357,967	2,321,445	-	13,039,992
County contributions	-	-	-	1,207,434	1,207,434
Other	29,136	21,249	423,397	-	473,782
Total contributions	<u>15,634,469</u>	<u>17,713,536</u>	<u>9,185,386</u>	<u>1,207,434</u>	<u>43,740,825</u>
Investment income					
Net depreciation in fair value of plan investments	(80,304,522)	(58,766,261)	(32,481,803)	(495,895)	(172,048,481)
Interest and dividends	6,783,908	4,951,576	2,443,046	58,956	14,237,486
Investment expense	(1,252,444)	(919,103)	(71,454)	(4,079)	(2,247,080)
Net investment income	<u>(74,773,058)</u>	<u>(54,733,788)</u>	<u>(30,110,211)</u>	<u>(441,018)</u>	<u>(160,058,075)</u>
Total additions	<u>(59,138,589)</u>	<u>(37,020,252)</u>	<u>(20,924,825)</u>	<u>766,416</u>	<u>(116,317,250)</u>
<b>Deductions</b>					
Benefits and refunds	20,641,826	11,375,557	10,809,222	795,437	43,622,042
Administrative expenses	268,717	231,653	27,138	9,445	536,953
Total deductions	<u>20,910,543</u>	<u>11,607,210</u>	<u>10,836,360</u>	<u>804,882</u>	<u>44,158,995</u>
Change in net position	(80,049,132)	(48,627,462)	(31,761,185)	(38,466)	(160,476,245)
Net position - beginning of year	<u>537,100,971</u>	<u>389,909,990</u>	<u>230,294,888</u>	<u>3,003,881</u>	<u>1,160,309,730</u>
Net position - end of year	<u>\$ 457,051,839</u>	<u>\$ 341,282,528</u>	<u>\$ 198,533,703</u>	<u>\$ 2,965,415</u>	<u>\$ 999,833,485</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, 2022**

	<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>
<b>Assets</b>						
Cash and cash equivalents	\$ 3,750,511	\$ 3,971,619	\$ 18,394	\$ 438,670	\$ 14,450	\$ 8,193,644
Receivables (net of allowance for uncollectibles):						
Interest	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Total Assets	<u>3,750,511</u>	<u>3,971,619</u>	<u>18,394</u>	<u>438,670</u>	<u>14,450</u>	<u>8,193,644</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued benefit payments	-	-	-	-	-	-
Due to third parties	3,750,511	-	18,394	366,695	14,450	4,150,050
Bond forfeitures	-	-	-	71,975	-	71,975
Performance deposits	-	3,971,619	-	-	-	3,971,619
Retirement benefit deductions	-	-	-	-	-	-
Total Liabilities	<u>3,750,511</u>	<u>3,971,619</u>	<u>18,394</u>	<u>438,670</u>	<u>14,450</u>	<u>8,193,644</u>
<b>NET POSITION</b>						
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, 2022**

	<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>
<b>Additions</b>							
Other	\$ 34,082,416	\$ 4,041,569	\$ 1,766,665	\$ 11,500,092	\$ 122,174	\$ 78,990	\$ 51,591,906
Total Additions	<u>34,082,416</u>	<u>4,041,569</u>	<u>1,766,665</u>	<u>11,500,092</u>	<u>122,174</u>	<u>78,990</u>	<u>51,591,906</u>
<b>Deductions</b>							
Third party payments	\$ 34,082,416	\$ 4,041,569	\$ 1,766,665	\$ 11,500,092	\$ 122,174	\$ 78,990	\$ 51,591,906
Total Deductions	<u>34,082,416</u>	<u>4,041,569</u>	<u>1,766,665</u>	<u>11,500,092</u>	<u>122,174</u>	<u>78,990</u>	<u>51,591,906</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, 2022**

	<b>2022</b>
<b>Governmental funds capital assets</b>	
Land and improvements	\$ 206,048,753
Buildings	236,037,964
Equipment	116,938,055
Infrastructure	437,937,821
Construction in progress	75,655,406
Total governmental funds capital assets	\$ 1,072,617,999
 <b>Investment in governmental funds capital assets by source</b>	
Capital projects fund (2)	\$ 868,609,828
General fund	3,178,615
Special revenue funds	123,453,132
Donations	77,376,424
Total governmental funds capital assets	\$ 1,072,617,999

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$40,886,617 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, 2022**

<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	\$ 7,382,672	\$ 52,730,288	\$ 22,683,502	\$ -	\$ -	\$ 82,796,462
Public safety	10,137,998	89,700,010	71,901,560	-	-	171,739,568
Public works	4,781,648	15,544,871	14,696,714	-	-	35,023,233
Public health	810,798	7,584,601	299,202	-	-	8,694,601
Social services	859,145	10,126,410	397,897	-	-	11,383,452
Recreation and culture	77,836,462	59,146,835	6,795,835	3,815,709	-	147,594,841
Conservation of natural resources	101,541,660	-	128,984	-	-	101,670,644
Economic development and opportunity	217,969	1,204,949	34,361	-	-	1,457,279
Infrastructure	2,480,401	-	-	434,122,112	-	436,602,513
Construction in progress	-	-	-	-	75,655,406	75,655,406
Total governmental funds capital assets	<u>\$ 206,048,753</u>	<u>\$ 236,037,964</u>	<u>\$ 116,938,055</u>	<u>\$ 437,937,821</u>	<u>\$ 75,655,406</u>	<u>\$ 1,072,617,999</u>

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$40,886,617 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, 2022**

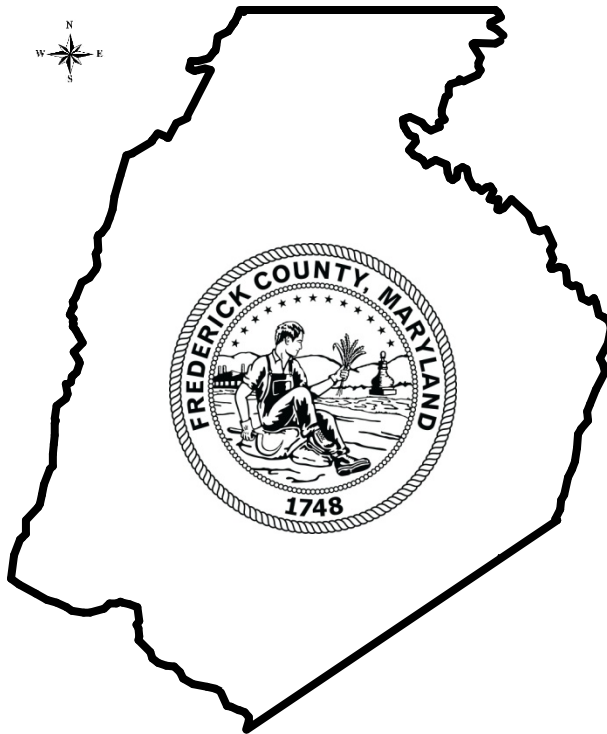
<u>Function</u>	<b>Governmental Funds Capital Assets July 1, 2021</b>	<b>Additions</b>	<b>Deductions</b>	<b>Governmental Funds Capital Assets June 30, 2022</b>
General government	\$ 78,006,166	\$ 4,945,355	\$ 155,060	\$ 82,796,461
Public safety	155,479,815	16,916,636	656,882	171,739,569
Public works	29,745,101	5,278,132	-	35,023,233
Public health	8,740,381	141,077	186,857	8,694,601
Social services	10,757,128	690,153	63,829	11,383,452
Recreation and culture	134,504,221	13,157,523	66,903	147,594,841
Conservation of natural resources	99,166,893	7,040,356	4,536,605	101,670,644
Economic development and opportunity	1,449,447	7,832	-	1,457,279
Infrastructure	431,262,883	5,781,220	441,590	436,602,513
Construction in progress	39,721,682	82,588,267	46,654,543	75,655,406
Total governmental funds capital assets	<u>\$ 988,833,717</u>	<u>\$ 136,546,551</u>	<u>\$ 52,762,269</u>	<u>\$ 1,072,617,999</u>

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$40,886,617 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.

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# STATISTICAL SECTION





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

	<u>2022</u>	<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>
Governmental activities										
Net Investment in capital assets	\$ 295,771,237	\$ 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
Restricted	263,038,238	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
Unrestricted (Deficit) (1)	120,131,163	106,283,881	(119,663,607)	(255,175,876)	(323,725,357)	(233,227,495)	(235,936,549)	(183,217,496)	(178,367,506)	(238,490,895)
Total governmental activities net position	<u>678,940,638</u>	<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>
Business-type activities										
Net Investment in capital assets	526,392,006	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
Restricted	7,561,911	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
Unrestricted (Deficit)	230,821,036	212,361,518	181,779,367	154,769,121	122,915,156	118,937,571	101,822,626	105,728,749	107,306,474	101,996,356
Total business-type activities net position	<u>764,774,953</u>	<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>
Primary government										
Net Investment in capital assets	822,163,243	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
Restricted	270,600,149	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
Unrestricted (Deficit) (1)	350,952,199	318,645,399	62,115,760	(100,406,755)	(200,810,201)	(114,289,924)	(134,113,923)	(77,488,747)	(71,061,032)	(136,494,539)
Total primary government net position	<u>\$ 1,443,715,591</u>	<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>

- (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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 74,715,112	\$ 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
Public safety	165,609,269	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
Public works	46,869,517	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
Health	12,007,630	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
Social services	9,581,840	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
Education	389,980,082	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
Parks, recreation and culture	26,463,578	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
Conservation of natural resources	17,030,285	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
Community development and public housing	16,421,537	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
Economic development and opportunity	15,198,806	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
Interest on long term debt	14,890,075	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
Total governmental activities expenses	<u>788,767,731</u>	<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>
Business-type activities:										
Water and sewer	55,119,268	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
Solid waste management	29,036,305	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
Comprehensive care facility	29,882,675	27,961,688	28,605,554	27,350,922	25,858,932	20,679,299	-	-	21,928,222	22,407,711
Public housing	196,375	329,752	179,034	185,840	176,422	166,198	165,457	163,740	194,866	168,096
Total business-type activities expenses	<u>114,234,623</u>	<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>
Total primary government expenses	<u>\$ 903,002,354</u>	<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>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 50,106,150	\$ 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
Public safety	9,221,113	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
Public works	46,678	197,736	768,577	814,575	1,005,135	1,014,323	1,014,588	937,256	1,048,985	758,458
Health	171,405	122,548	195,102	248,377	316,946	345,202	257,160	239,230	293,068	253,721
Social services	2,400	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
Parks, recreation and culture	1,698,421	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
Conservation of natural resources	274,181	272,291	396,570	459,396	292,960	320,147	271,956	237,143	229,566	190,724
Community development and public housing	-	882,524	-	-	-	-	-	-	-	104,050
Economic development and opportunity	-	-	-	-	-	-	-	-	287,303	18,644
Operating grants and contributions:	58,058,037	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
Capital grants and contributions:	5,481,533	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
Total governmental activities program revenues	<u>\$ 125,059,918</u>	<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>

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Business-type activities:										
Charges for services:										
Water and sewer	\$ 48,375,592	\$ 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
Solid waste management	32,163,973	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
Comprehensive care facility	28,706,295	26,203,317	27,304,063	27,475,458	25,993,069	20,193,147	-	-	16,261,305	18,594,578
Public housing	146,353	249,704	136,182	129,366	128,367	127,729	126,095	125,304	120,875	114,488
Operating grants and contributions:	307,755	485,063	1,077,649	-	986	-	-	-	-	-
Capital grants and contributions:	29,047,876	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
Total business-type activities program revenues	138,747,844	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
Total primary government program revenues	\$ 263,807,762	\$ 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
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (663,707,813)	\$ (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)
Business-type activities	24,513,221	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
Total primary government net expense	\$ (639,194,592)	\$ (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)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Local property taxes	\$ 367,314,626	\$ 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
Local income taxes	343,872,869	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
Other local taxes	83,755,208	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
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
Investment earnings	(2,638,880)	(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)
Miscellaneous	24,534,306	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
Gain / (Loss) on disposal of assets	123,093	-	-	(133,395)	384,230	284,109	-	(5,388)	-	230,352
Transfers	(2,602,898)	357,035	(381,300)	743,708	166,960	426,827	4,000,000	-	(3,283,705)	(2,782,241)
Total governmental activities	814,358,324	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
Business-type activities:										
Build America Bonds Subsidy	-	-	5,165	374,401	364,816	388,152	336,301	337,240	337,121	341,630
Investment earnings	410,301	258,327	3,060,246	4,611,389	2,107,163	1,033,861	-	366,410	382,050	469,201
Miscellaneous	-	-	-	-	79,277	934	532,839	-	16,926	19,585
Gain / (Loss) on disposal of assets	190,262	81,279	(242,107)	134,322	14,055	(26,784)	-	(419,132)	-	(215,886)
Transfers	2,602,898	(357,035)	381,300	(743,708)	(166,960)	(426,827)	(4,000,000)	-	3,283,705	2,782,241
Total business-type activities	3,203,461	(17,429)	3,204,604	4,376,404	2,398,351	969,336	(3,130,860)	284,518	4,019,802	3,396,771
Total primary government	\$ 817,561,785	\$ 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
<b>Change in Net Position</b>										
Governmental activities	\$ 150,650,511	\$ 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
Business-type activities	27,716,682	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
Total primary government	\$ 178,367,193	\$ 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

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

	<u>2022</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>
General Fund										
Nonspendable	\$ 1,780,898	\$ 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
Restricted	1,073,801	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
Committed	132,509,448	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
Assigned	22,202,024	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
Unassigned	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	500,000
Total General Fund	<u>157,866,171</u>	<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>
All other Governmental Funds										
Nonspendable										
Special revenue funds	4,132,115	5,070,564	1,407,940	142,663	68,514	-	6,994,203	7,444,229	6,752,481	5,721,414
Restricted										
Capital project funds	157,469,374	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
Debt Service fund	14,023,877	375	-	65,324,590	66,579,921	68,405,176	-	-	-	-
Special revenue funds	12,786,836	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
Committed										
Capital project funds	125,652,806	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
Special revenue funds	135,052,314	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
Assigned										
Debt Service fund	7,724,452	475,146	1,117,574	2,414,441	5,444,470	4,374,736	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	5,645,840	6,279,023
Total all other governmental funds	<u>456,841,774</u>	<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>
Total Governmental Fund Balance	<u>\$ 614,707,945</u>	<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>

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

	<u>2022</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>
<b>Revenues</b>										
Local property taxes	\$ 367,378,768	\$ 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
Local income taxes	314,419,691	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
Other local taxes	85,451,185	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
Licenses and permits	7,212,432	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
Grants from federal government	61,915,504	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
Grants from state government	16,272,965	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
Charges for services	50,844,442	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
Fines and forfeitures	176,532	135,351	245,049	255,800	310,369	288,871	295,013	402,343	266,718	502,583
Interest from loans	41,043	21,676	-	-	34	298	4,721	2,201	23,312	23,219
Investment income	(2,694,272)	(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)
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
Miscellaneous	11,897,437	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
Total revenues	<u>912,915,727</u>	<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>
<b>Expenditures</b>										
Current										
General government	57,042,106	56,043,867	50,754,795	49,505,808	44,818,908	44,901,162	42,600,221	41,515,466	38,637,465	37,810,525
Public safety	152,871,902	140,891,736	134,590,574	121,994,860	117,507,126	112,413,340	105,100,235	102,933,508	96,852,558	96,758,110
Public works	28,587,064	29,107,401	26,422,898	29,787,527	28,128,388	24,760,896	27,662,046	25,594,930	24,590,164	22,335,990
Health	14,188,300	18,646,287	8,735,091	7,371,604	7,468,654	7,403,305	6,864,090	6,407,492	6,446,902	5,936,409
Social services	10,199,865	10,486,827	9,584,714	8,473,225	7,895,895	7,163,574	7,101,453	12,959,464	7,420,761	6,861,672
Education	356,241,391	332,009,176	313,406,322	301,059,766	287,567,740	273,253,016	264,499,491	256,036,118	255,444,856	251,123,285
Parks, recreation and culture	22,249,759	19,394,299	19,407,856	19,067,361	17,589,839	17,153,413	16,418,611	16,039,160	15,791,538	15,142,891
Conservation of natural resources	16,779,570	9,413,628	11,409,486	11,353,474	11,549,402	12,272,476	10,967,872	7,135,337	5,311,395	4,249,374
Community development and public housing	16,611,844	14,601,896	8,413,162	8,408,070	8,517,484	8,275,968	7,858,215	6,925,622	7,063,243	6,997,550
Economic development and opportunity	16,196,442	21,042,906	14,856,671	11,200,665	10,697,281	9,151,557	8,089,745	7,808,805	7,137,461	7,524,458
Miscellaneous	5,663,575	2,926,658	(69,049)	4,330,921	1,864,036	4,641,857	6,393,719	3,665,209	2,967,580	5,824,185
Intergovernmental	8,560,785	5,798,804	5,869,132	5,463,438	5,392,457	5,102,156	5,057,136	4,876,200	4,812,532	5,077,122
Debt service										
Principal	38,559,290	39,703,648	75,859,824	43,251,842	40,698,573	40,521,476	38,547,782	36,280,911	33,334,242	33,334,244
Interest	21,029,092	19,463,550	-	22,361,610	17,739,886	17,739,886	17,791,749	18,215,612	20,791,313	19,402,391
Capital projects	122,884,355	133,768,530	117,293,868	65,349,543	127,082,296	103,057,067	62,117,010	45,349,937	30,550,542	16,655,781
Total expenditures	<u>887,665,340</u>	<u>853,299,213</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>
Excess of revenues over expenditures	<u>25,250,387</u>	<u>46,988,516</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>

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Other Financing Sources (Uses)</b>										
Transfers in from:										
General Fund	\$ 139,968,119	\$ 71,860,048	\$ 71,571,287	\$ 65,748,719	\$ 61,722,743	\$ 60,410,203	\$ 17,980,116	\$ 15,748,182	\$ 14,146,422	\$ 23,076,713
Special Revenue Funds	4,251,270	3,767,263	5,984,309	4,232,755	3,198,428	7,956,116	-	-	-	7,222,796
Capital Projects Fund	7,041,851	10,322,499	11,666,585	11,971,181	11,453,087	11,340,453	-	-	-	-
Enterprise Funds	70,377	1,080,000	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	(12,011)	(18,871)	(264,767)	(295,252)	-	-	-	-	-	(6,987,796)
Special Revenue Funds	(12,946,910)	(9,235,227)	(9,037,000)	(6,725,940)	(6,234,579)	(6,139,510)	(5,440,407)	(5,715,547)	(5,402,015)	(14,240,588)
Capital Projects Fund	(80,035,647)	(18,259,536)	(18,951,787)	(17,107,782)	(14,954,639)	(13,055,192)	(12,539,709)	(10,032,635)	(8,744,407)	(9,071,125)
Enterprise Funds	(2,673,275)	(816,665)	(500,000)	-	-	(2,999,332)	-	-	(2,583,705)	(4,192,557)
Internal Service Funds	(6,097,798)	(1,770,477)	(1,866,461)	(1,244,049)	(1,323,181)	(795,276)	(276,478)	(171,288)	-	-
Debt Service Fund	(58,266,672)	(58,436,177)	(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	174,830,657	7,830,000	133,241,018	-	120,326,182	56,901,147	112,006,339	87,103,930	-	78,746,393
Payment to refunded bond escrow agent	(8,824,890)	-	(90,150,822)	-	(43,852,615)	-	(34,523,171)	(54,546,633)	-	(51,773,701)
Payment to refunded lease escrow agent	-	-	-	-	-	-	-	(910,517)	-	-
Bond premium on public facilities and refunding bonds	17,135,762	-	11,585,003	-	15,198,824	12,039,897	11,508,322	2,375,660	-	3,222,024
Installment purchase agreement	1,275,316	1,204,042	626,849	1,527,513	2,376,049	1,970,599	2,738,445	1,981,492	693,837	-
Proceeds of financed purchased leases	-	-	-	7,008,003	-	3,704,232	-	-	-	-
Total other financing sources (uses)	<u>175,716,149</u>	<u>7,526,899</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>
Net change in fund balances	<u>\$ 200,966,536</u>	<u>\$ 54,515,415</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>
Total expenditures	\$ 887,665,340	\$ 853,299,213	\$ 796,535,344	\$ 708,979,714	\$ 734,517,965	\$ 687,811,149	\$ 627,069,375	\$ 591,743,771	\$ 557,152,552	\$ 535,033,987
Less: Capital outlay	(54,664,537)	(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)
Noncapital expenditures	<u>\$ 833,000,803</u>	<u>\$ 797,731,087</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>
Debt service	<u>\$ 59,588,382</u>	<u>\$ 59,167,198</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>
Debt service as a percentage of noncapital expenditures	7.15%	7.42%	10.02%	9.75%	8.08%	8.55%	9.00%	9.26%	9.80%	9.86%



**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)	Taxable Assessed Value	Direct Tax Rate (1) (2)	Taxable Assessed Value	Direct Tax Rate (1) (3)
2022	\$ 28,264,833,614	\$ 6,076,723,936	\$ 1,555,435,172	\$ 35,896,992,722	1.060	\$ 450,214,975	2.65	\$ 36,347,207,697	1.080
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

**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)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Direct Real Property Tax Rates</b>										
Frederick County (1)	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.064	\$ 0.936
Total Direct Real Property Tax Rates	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.064	\$ 0.936
<b>Overlapping real property tax rates</b>										
<u>Fire and lighting tax districts</u>										
Suburban Fire/Rescue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.080
Urban Fire/Rescue	-	-	-	-	-	-	-	-	-	0.128
Braddock lighting tax district	0.010	0.010	0.015	0.015	0.015	0.015	0.015	0.018	0.018	0.010
Libertytown lighting tax district	0.010	0.010	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013
New Addition lighting tax district	0.012	0.012	0.017	0.017	0.017	0.017	0.017	0.013	0.013	0.090
State	0.112	0.112	0.112	0.112	0.112	0.112	0.112	0.112	0.112	0.112
<u>Municipalities (2)</u>										
Brunswick	0.410	0.410	0.410	0.420	0.430	0.440	0.462	0.462	0.462	0.462
Burkittsville	0.190	0.190	0.190	0.190	0.190	0.190	0.190	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	0.731	0.732
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	0.166	0.170	0.170	0.170	0.170	0.170
Myersville	0.346	0.346	0.361	0.376	0.391	0.391	0.391	0.391	0.391	0.391
New Market	0.120	0.117	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	0.299	0.304	0.285	0.293	0.302	0.310	0.309	0.308
Walkersville	0.140	0.140	0.160	0.160	0.160	0.160	0.150	0.150	0.150	0.170
Woodsboro	0.139	0.141	0.123	0.124	0.126	0.125	0.126	0.127	0.128	0.128

(1) In FY2022, 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: 0.9505

County's Myersville tax differential rate: 0.9407

(2) Municipal rates are rounded to the three (3) decimals.

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 2022</u>			<u>Fiscal Year 2013</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	\$ 212,344,860	1	0.58 %	\$ 134,351,850	1	0.52 %
Astrazeneca Pharmaceuticals	126,590,885	2	0.35	-		-
Kite Pharma Inc.	114,480,600	3	0.31	-		-
RIV 402, LLC	103,669,233	4	0.29	95,725,000	2	0.37
The Kroger Company	92,194,400	5	0.25	-		-
Costco Wholesale Corporation	74,350,300	6	0.20	45,198,900	7	0.18
Apartments at Urban Green LLC	72,807,900	7	0.20	-		-
PR Financing Limited Partnership	72,710,500	8	0.20	70,287,900	3	0.27
Eastern Gas Transmission & Storage	60,535,450	9	0.17	-		-
Washington Gas Light Company	59,066,330	10	0.16	41,044,750	8	0.16
Verizon Maryland LLC	-		-	67,325,150	4	0.26
Medimmune, Inc.	-		-	51,825,900	5	0.20
River X, LLC	-		-	46,370,467	6	0.18
State Farm Mutual Auto Insurance	-		-	38,407,100	10	0.15
WRIT Frederick Crossing Land, LLC	-		-	39,208,500	9	0.15
Totals	<u>\$ 988,750,458</u>		<u>2.71 %</u>	<u>\$ 629,745,517</u>		<u>2.44 %</u>

Source: County Treasury Office

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments (1)	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2022	\$ 361,954,333	\$ (567,233)	\$ 361,387,100	\$ 361,277,039	99.97 %	\$ -	\$ 361,277,039	99.97 %
2021	338,833,698	1,541,214	340,374,912	340,176,400	99.94	97,172	340,273,572	99.97
2020	325,721,487	(2,595,515)	323,125,972	322,731,079	99.88	335,544	323,066,623	99.98
2019	310,250,830	(1,969,739)	308,281,091	308,100,885	99.94	94,044	308,194,929	99.97
2018	295,980,742	(1,920,093)	294,060,649	293,695,909	99.88	236,572	293,932,481	99.96
2017	282,599,043	(2,049,697)	280,549,346	280,316,897	99.92	147,234	280,464,131	99.97
2016	271,195,289	(1,674,469)	269,520,820	269,144,537	99.86	(148,278)	268,996,259	99.81
2015	261,968,145	(1,625,791)	260,342,354	260,153,968	99.93	32,761	260,186,729	99.94
2014	258,299,607	(1,435,910)	256,863,697	256,652,511	99.92	100,398	256,752,909	99.96
2013	226,706,549	(1,543,014)	225,163,535	224,912,437	99.89	248,646	225,161,083	100.00

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 2013 through 2022 .

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

<b>Governmental Activities</b>							
<b>Fiscal Year</b>	<b>General Obligation Bonds (1)</b>	<b>Notes from Direct Borrowings &amp; Direct Placements</b>	<b>Purchase Leases</b>	<b>Agricultural Preservation Installment Purchase Agreements</b>	<b>Total Governmental Activities</b>		
2022	\$ 554,544,530	\$ 35,865,530	\$ 5,130,373	\$ 47,976,410	\$ 643,516,843		
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		
<b>Business-Type Activities</b>							
<b>Fiscal Year</b>	<b>General Obligation Bonds (1)</b>	<b>Notes from Direct Borrowings &amp; Direct Placements</b>	<b>Purchase Leases</b>	<b>Total Business-Type Activities</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income (2)</b>	<b>Per Capita (2)</b>
2022	\$ 97,808,245	\$ 52,681,241	\$ 113,342	\$ 150,602,828	\$ 794,119,671	N/A	\$ 2,838
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	4.0%	2,684
2019	138,399,421	59,724,637	319,416	198,443,474	744,259,589	4.5%	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

**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.

**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>
2022	\$ 703,172,774	\$ 47,976,410	\$ -	\$ 751,149,184	2.07%	\$ 2,684
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

**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, 2022**

<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	\$ 643,516,843	100%	\$ 643,516,843
Overlapping Debt:			
Component Units:			
Frederick County Public Schools	21,232,783	100%	21,232,783
Frederick Community College	5,407,001	100%	5,407,001
Towns, Cities and Villages:			
Brunswick	1,392,977	100%	1,392,977
Burkittsville	128,259	100%	128,259
Frederick City	45,512,776	100%	45,512,776
Middletown	1,912,911	100%	1,912,911
Myersville	3,763,373	100%	3,763,373
Thurmont	60,038	100%	60,038
Subtotal Overlapping:	<u>79,410,118</u>		<u>79,410,118</u>
Totals	<u>\$ 722,926,961</u>		<u>\$ 722,926,961</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>2021</u>	<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>
Debt limitation	\$ 1,053,158,568	\$ 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
Total debt applicable to limit (2)	<u>609,148,610</u>	<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>
Legal debt margin	<u>\$ 444,009,958</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	57.84%	39.33%	40.55%	41.43%	40.44%	40.39%	39.23%	12.64%	12.43%

**Legal debt margin calculation for Fiscal Year 2022 (4)**

Assessable Basis - Real Property (1)	\$ 35,896,992,722	
Debt limitation - 3% of assessable basis in real property (1)		\$ 1,076,909,782
Assessable Basis - Personal Property (public utilities)	450,214,975	
Debt limitation - 9% of assessable basis in personal property		<u>40,519,348</u>
Total Debt Limit		1,117,429,129
Amount of Debt Applicable to Debt Limit:		
Total Bonds and Direct Borrowings		703,172,774
Total Installment Purchase Agreements		<u>47,976,410</u>
Total debt applicable to limit		<u>751,149,184</u>
Legal debt margin		<u>\$ 366,279,945</u>

Total net debt applicable to the limit as a percentage of debt limit 67.22%

(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>	
2022	279,835	N/A	N/A	45,220	2,938	448	3,386	3.2
2021	271,717	N/A	N/A	43,221	3,139	395	3,534	4.9
2020	265,480	\$ 17,676,642	\$ 66,664	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

Sources: (1) Frederick County Planning and Permitting Division Population Estimates  
(2) US Bureau of Economic Analysis (All data updated as of March 2021)  
(3) Frederick County Board of Education  
(4) Frederick Community College  
(5) Maryland Department of Labor, Licensing & Regulation  
N/A - Not available

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

<u>Employer</u>	<u>2022</u>			<u>2013</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Fort Detrick	10,200 *	1	10.06 %	10,000 *	1	10.61 %
Frederick County Board of Education	6,585	2	6.50	5,538	2	5.87
Frederick Health Hospital (formerly Frederick Memorial Healthcare System)	3,275	3	3.23	2,800	3	2.97
Frederick County Government	2,396	4	2.36	2,130	4	2.26
Leidos Biomedical (formerly SAIC-Frederick)	2,341	5	2.31	1,800	6	1.91
Frederick Community College	1,251	6	1.23	899	8	0.95
Thermo Fisher Scientific (formerly Life Technologies)	950	7	0.94	-	-	-
Frederick City Government	841	8	0.83	852	9	0.90
Costco Wholesale	740	9	0.73	-	-	-
AstraZeneca	700	10	0.69	-	-	-
Wells Fargo Home Mortgage	-	-	-	1,881	5	2.00
Bechtel Corporation (formerly Bechtel Power)	-	-	-	1,578	7	1.67
United Health Care (formerly MAMSI)	-	-	-	832	10	0.88
State Farm Insurance	-	-	-	793	11	0.84
	<u>29,279</u>		<u>28.88 %</u>	<u>29,103</u>		<u>30.86 %</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**

<b><u>Function/Program</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
General government	399	375	368	349	341	338	318	291	287	294
Public safety	1,068	1,035	1,043	967	915	898	837	819	808	810
Public works	390	385	402	394	402	385	374	370	343	359
Health	164	203	161	153	149	154	157	158	157	316
Social services	108	108	116	111	106	104	98	97	97	101
Parks, recreation and culture	69	58	59	46	46	46	46	45	48	46
Library	126	128	161	106	119	115	115	107	111	111
Conservation of natural resources	19	15	8	8	8	8	7	7	8	7
Community dev. & public housing	14	11	12	11	11	11	10	9	9	9
Economic dev. & opportunity	37	40	41	39	37	34	30	33	28	31
<b>Total</b>	<b><u>2,394</u></b>	<b><u>2,358</u></b>	<b><u>2,371</u></b>	<b><u>2,184</u></b>	<b><u>2,134</u></b>	<b><u>2,093</u></b>	<b><u>1,992</u></b>	<b><u>1,936</u></b>	<b><u>1,896</u></b>	<b><u>2,084</u></b>

Source: Division of Finance

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

<b>Function/Program</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>General Government</b>										
Human Resources										
Employment announcements issued	528	345	322	333	314	323	297	228	220	219
Employment applications received/reviewed	11,446	11,620	13,478	15,227	13,755	14,976	13,947	12,219	12,500	9,392
Finance/Accounting										
Accounts payable checks/ACH's generated (1)	65,866	23,224	23,694	23,359	21,639	19,315	19,223	19,160	20,163	20,766
Procurement & Contracting										
Formal bids, sole source & emergencies	782	750	699	614	406	287	286	265	223	185
Treasurer										
Invoices prepared	2,216	2,299	2,268	2,332	2,447	1,874	1,791	1,953	2,183	2,063
Property tax bills/delinquent notices mailed (2)	115,594	112,278	110,865	108,320	109,509	108,101	107,557	106,460	104,890	102,348
Building Maintenance										
Buildings	185	162	162	166	165	164	162	162	155	149
Work orders/service requests	3,726	3,111	3,226	3,542	3,703	3,800	4,004	3,700	4,064	4,331
Square feet of properties managed	1,692,336	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
Facility Services										
Number of leases managed	31	31	31	33	17	28	28	28	30	35
Square feet of leased property managed	84,522	222,071	45,817	77,257	74,286	100,238	100,238	100,238	110,238	136,860
Pieces of outgoing U.S. mail	177,116	194,277	218,756	272,739	233,430	243,253	234,145	231,078	406,924	291,304
Elections										
Registered voters	193,203	190,684	182,962	177,333	169,113	167,809	163,131	152,913	149,393	149,312
Liquor Board										
Regular liquor licenses	357	345	345	336	332	331	322	310	306	307
Liquor inspections	2,200	2,022	6,597	3,926	6,597	8,825	10,084	9,747	7,323	7,216
Internal Audit										
Internal audits performed (3)	18	12	12	13	12	10	12	10	7	2
Circuit Court										
New cases filed	6,302	4,828	7,501	9,190	8,379	8,181	8,734	9,756	9,704	10,333
<b>Public Safety</b>										
Housing units permitted (4)	1,432	2,155	1,518	2,226	1,410	1,263	1,302	721	1,296	1,006
Sheriff's Office										
Administration Bureau										
Civil Process papers served	18,601	11,318	17,447	21,995	22,521	22,701	23,416	23,970	23,181	22,972
Courthouse Security										
Prisoners handled: adult/juvenile	2,177	1,104	3,205	3,570	3,793	4,750	5,129	4,608	4,149	3,846
Operations: Law Enforcement										
Arrests: adult/juvenile	4,268	2,173	3,214	4,046	3,902	3,924	4,162	3,770	3,372	3,189
Calls for service	142,344	106,404	103,758	113,762	108,045	93,621	121,158	90,251	95,223	89,428
Adult Detention Center										
Average daily populaton	262	232	257	298	321	398	374	407	360	382
Emergency Communications										
Fire/EMS dispatches	41,911	35,482	34,022	35,682	36,739	35,222	33,646	33,324	32,114	32,614
Police dispatches	283,070	250,287	262,879	277,548	301,502	277,546	262,803	240,922	208,541	134,084
Administrative phone calls	352,293	338,472	303,752	359,884	363,781	383,672	298,311	264,044	274,703	186,643
Animal Control/ECC/Park Dispatches	35,687	38,439	29,386	31,972	31,647	28,228	28,375	28,001	19,735	19,067
911 calls	108,979	96,836	84,898	97,610	90,032	93,249	136,708	100,162	107,321	126,042
Text to 911 (5)	575	643	284	198	188	178	272	-	-	-

(1) FY22 data includes a Council approved property tax credit.

(2) 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.

(3) Two contractors began performing audit work in FY13. FY14 - FY22 includes special projects, agreed upon procedure reports, reviews, audits and closed follow up reports.

(4) For FY13 - FY16 the data represents housing units permitted. FY15 - FY22 numbers include the County and all municipalities, but excludes the City of Frederick.

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

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

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Public Safety, Cont'd</b>										
Animal Control (1)										
Calls for service	8,320	8,068	8,766	10,968	10,543	10,446	11,834	11,700	11,154	10,858
<b>Public Works</b>										
Water facilities										
Customers	27,914	27,500	26,540	26,000	24,536	23,636	22,666	21,926	21,213	21,113
Annual production (1,000 gals.)	2,447,201	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
Sewer facilities										
Customers	36,767	35,650	34,624	34,183	33,267	32,178	30,978	30,201	29,454	29,398
Fleet Services										
Work orders	4,957	5,250	5,171	5,934	5,725	5,510	5,646	5,700	5,516	5,160
Vehicles maintained	1,147	1,176	1,116	1,141	1,054	966	962	981	874	926
Highway Operations										
County roads - mileage maintained	1,297	1,292	1,285	1,279	1,285	1,273	1,273	1,273	1,272	1,270
Tar and chip maintenance (miles)	56	67	55	56	61	87	64	44	8	12
Usage of salt & anti-skid (tons)	13,806	20,507	6,124	31,668	21,242	12,426	12,995	30,307	37,222	17,911
Transportation Engineering										
Bridges inspected	146	140	141	134	142	103	145	103	145	103
Road overlay (miles)	41	39	32	32	33	33	25	13	49	17
Construction Management										
CIP and developer funded subdivision projects completed	46	35	48	32	45	32	38	26	40	23
TransIT										
Passenger trips	554,464	413,434	431,933	593,853	614,551	636,862	677,808	761,088	839,297	864,013
Revenue vehicle miles (1)	1,056,860	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
Revenue vehicle hours (1)	81,103	75,444	74,005	85,986	83,902	81,855	81,037	78,603	77,365	79,904
<b>Health</b>										
Public health nursing/non-nursing contacts (2)	87,464	56,301	41,567	41,363	42,044	40,533	24,775	19,641	20,535	22,068
Mental health visits	4,075	4,353	3,612	3,836	7,518	12,781	16,514	11,902	13,498	12,220
Peer service encounters (3)	4,428	2,249	2,416	2,086	8,544	39,620	35,401	21,581	39,755	35,827
Environmental health reviews/inspections	16,263	14,641	14,098	17,390	16,591	16,610	16,150	12,478	12,437	13,458
School health program										
Children served (4)	20,661	6,039	28,035	31,031	42,340	41,984	40,819	40,757	40,715	40,527
Health room visits	240,272	20,167	210,260	305,928	299,000	345,604	338,167	331,992	317,079	320,884
Developmental Center										
Dental visits for children	3,425	2,708	2,971	3,848	4,090	4,065	4,109	3,970	3,897	3,983
Infants & Toddlers Program children served	754	728	743	797	744	682	636	607	555	528
School-based services visits	21,869	20,646	20,815	20,575	20,521	20,327	19,133	14,000	14,810	14,113
School-based assessments	428	235	335	385	376	414	325	220	*	*
Audiology services visits	245	96	508	693	775	810	798	786	778	793
<b>Social Services</b>										
Child & Adult Care Food Program										
Home visits (5)	n/a	n/a	n/a	n/a	850	900	850	850	850	800
Senior Services										
Home delivered meals served to elderly	129,179	131,470	94,100	79,000	80,000	58,000	57,635	51,951	41,003	51,282
Congregate meals served (6)	-	-	6,000	10,000	10,500	10,000	10,751	10,366	9,485	11,795

\*Information not available

(1) FY19 - FY22 TransIT miles and hours are based on FTA/NTD approved sampling.

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

(3) Formerly substance abuse visits in FY13 - FY18. FY19 - FY22 data reflects peer service encounters across all peer programs.

(4) The FY19 - FY22 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.

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

(6) Congregate meals were not served in FY21 because our senior centers were closed due to the COVID-19 pandemic. In FY22, senior centers re-opened but meals were not served.

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

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Parks, recreation and culture</b>										
Parks acres maintained	2,445	2,445	2,282	2,099	2,099	2,099	2,099	2,096	2,074	2,066
Recreation registrations (1)	23,987	8,852	17,408	21,754	21,025	20,896	19,244	18,788	13,564	55,997
<b>Conservation of natural resources</b>										
Agriculture										
Farms	1,373	1,373	1,373	1,373	1,308	1,308	1,308	1,308	1,308	1,442
Acreage	188,576	188,576	188,576	188,576	181,512	181,512	181,512	181,512	181,512	202,087
Preserved land										
Farms	546	515	492	482	467	455	439	426	413	405
Acreage	72,298	70,100	67,166	65,546	63,565	61,667	59,220	57,198	55,542	54,365
<b>Community development and public housing</b>										
Bell Court housing project (28 units)										
Occupancy rate	99%	99%	99%	99%	94%	100%	100%	100%	99%	99%
<b>Economic development and opportunity</b>										
Workforce Services										
One - stop services - customers served	4,292	4,632	9,389	5,210	5,896	6,132	5,911	5,324	5,511	5,009
One - stop services - youth customers served	437	402	223	295	284	377	335	255	237	220
Job openings received	7,388	6,037	5,439	5,244	4,879	4,755	3,708	3,968	3,073	3,178
Customized training provided (trainees)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Program Ended
Frederick Business works projects (trainees)	35	17	61	84	90	45	1	91	n/a	n/a
Recruitment for business (2)	135	115	100	110	80	5	58	80	91	44
Customized & onsite recruitment events	200	250	195	416	300	439	318	415	454	359
Website unique visitors	30,650	25,681	36,955	47,876	36,410	35,313	41,054	50,380	68,344	82,257
Office of Economic Development										
Website views/social media engagements (3)	249,950	202,222	237,614	208,728	29,382	1,243	513,951	413,000	396,800	421,502
Inquiries (4)	n/a	n/a	n/a	n/a	n/a	2,100	2,100	2,100	2,100	2,100
Prospects	84	112	96	124	106	195	120	150	185	140
Projects (4)	n/a	n/a	n/a	n/a	n/a	500	400	500	410	503
Business visits (5)	241	233	243	264	284	400	350	350	348	325
Business assistance (6)	1,860	2,231	2,413	2,328	2,501	500	400	300	275	313

(1) Formerly recreation center registrations for FY13. FY14 - FY22 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 FY13 - FY16 and average page views per month for FY17 - FY18. FY19 - FY22 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**

<b>Function/Program</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>General Government</b>										
Building maintenance										
Buildings managed	185	162	162	166	165	164	162	162	155	149
<b>Public Safety</b>										
Fire/rescue stations	30	29	29	29	29	30	30	30	30	30
Adult Detention Center average daily population	262	232	257	298	321	398	374	407	360	382
<b>Public Works</b>										
County roads - mileage	1,297	1,292	1,285	1,279	1,285	1,273	1,273	1,273	1,272	1,270
Water facilities										
Plants/Distribution Systems	13	13	13	13	13	13	13	13	13	12
Daily capacity (1,000 gals.)	17,005	17,005	17,005	17,005	17,061	17,198	17,198	17,282	18,124	18,124
Miles of water mains	379	373	364	355	344	336	321	314	308	306
Hydrants	3,512	3,447	3,339	3,224	3,117	3,026	2,843	2,783	2,689	2,665
Sewer facilities										
Plants/Collection Systems	12	12	12	12	12	12	12	12	13	14
Daily capacity (1,000 gals.)	16,043	16,043	16,043	16,043	16,043	16,043 *	16,043 *	16,043	8,533	8,677
Miles of sewer mains	446	437	427	416	406	396	377	373	371	367
Bridges										
Bridges (over 20' spans)	224	223	221	221	222	219	218	218	219	219
Fleet services										
Vehicles	1,160	1,176	1,097	1,008	1,054	1,001	996	987	940	926
<b>Parks, Recreation and Culture</b>										
County park acreage	2,445	2,445	2,282	2,099	2,099	2,099	2,099	2,096	2,074	2,066
County facilities	46	42	41	40	39	39	39	37	37	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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