

Frederick County

Maryland



Baker Park Sunrise

Natural Artistry Photography

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

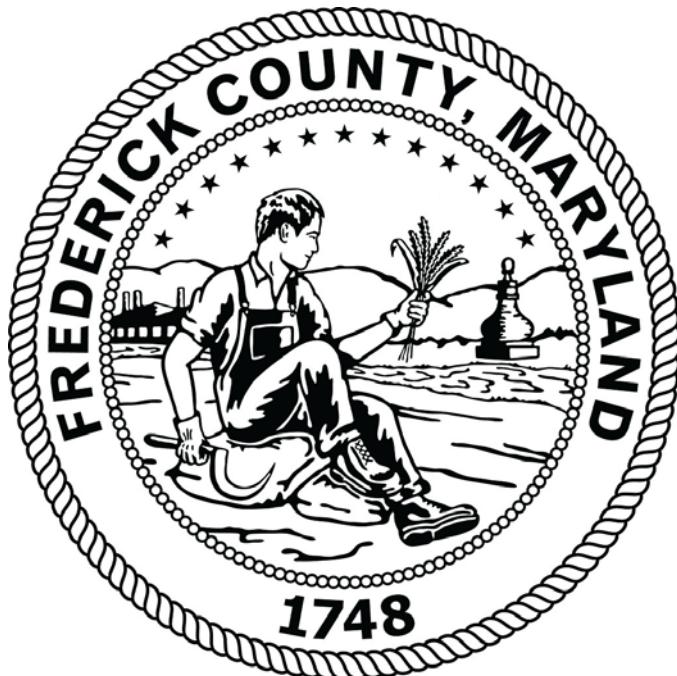
Frederick County: Rich History, Bright Future

Front Cover: Photo was taken by Andrew Murdock of Natural Artistry Photography. Andrew is a commercial and editorial photographer with a studio in the heart of Downtown Frederick. His style strays from the conventional by taking images that connect with people on a fundamentally human level. The vulnerability he is able to capture and the stories his photos tell reach out and grab attention for any client.

To see more of the artist's work, visit his website at www.natural-artistry.com.

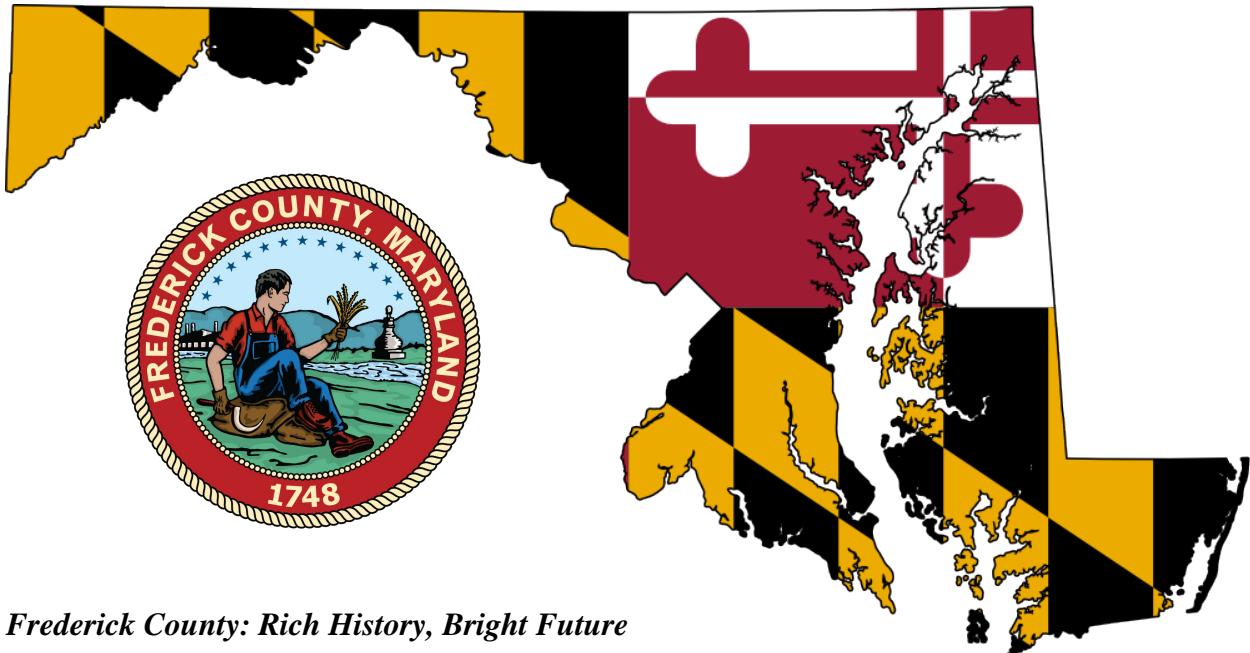
Permission was granted by the photographer to use this photo.

Frederick County, Maryland
Comprehensive Annual Financial Report
Fiscal Year 2015
July 1, 2014 – June 30, 2015



Prepared by the Finance Division

Frederick County, Maryland



Frederick County: Rich History, Bright Future

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

**FREDERICK COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

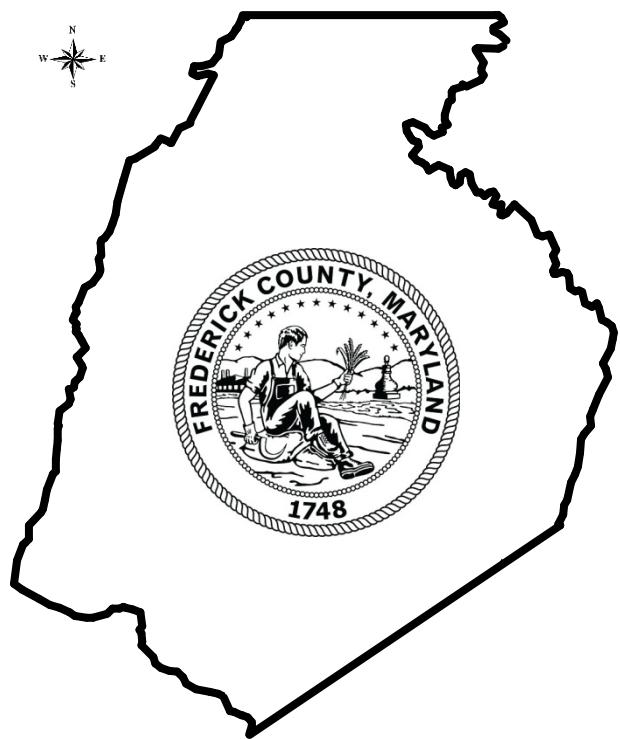
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INTRODUCTORY SECTION





FREDERICK COUNTY GOVERNMENT

DIVISION OF FINANCE

Accounting Department

Jan H. Gardner
County Executive

Lori L. Depies, CPA, Division Director
Erin White, CPA, Director

November 25, 2015

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

We are pleased to present this Comprehensive Annual Financial Report (CAFR) of Frederick County, Maryland (the "County") for the fiscal year ended June 30, 2015.

Formal Transmittal of the CAFR

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

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

The financial statements of Frederick County, Maryland have been audited by SB & Company, LLC, a firm of licensed certified public accountants. SB & Company, LLC, has issued an unmodified opinion on the County's financial statements as of and for the fiscal year ended June 30, 2015. 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 Single Audit Act of 1984 (as amended in 1996) and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133 (Audits of States, Non- Profits and Local Organizations) and the OMB Circular Compliance Supplement and Government Auditing Standards. 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, 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 243,692. Frederick County, Maryland, is bordered on the north by the Commonwealth of Pennsylvania, on the west by Washington County, Maryland, on the east by Howard and Carroll Counties, both in Maryland, and on the south by Montgomery County, Maryland and the Commonwealth of Virginia.

There are twelve incorporated municipalities within Frederick County. The County seat and largest city is the City of Frederick, which has an estimated population of 68,369. The City of Frederick is located approximately 45 miles northwest of Washington, D.C. and 45 miles west of Baltimore, Maryland.

Beginning December 1, 2014, 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.

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

- The Reporting Entity

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

Incorporated municipalities within Frederick County provide some or all of the following services within their boundaries which relieves the County from providing these services in those areas:

highway and street maintenance, parks and recreation, planning services, and police protection. The County is also financially accountable for legally separate entities, which are reported separately within the County's financial statements. The entities, known as component units, that meet these criteria are the Frederick County Board of Education, the Frederick Community College, and the Frederick County Public Libraries. The County has no blended component units. Additional information on the component units can be found in Note 1 in Exhibit II-A-14.

- Budgetary Overview

The annual budget serves as the foundation for the County's financial planning and control. The County budget is comprised of the operating budget for the General Fund, the Capital Budget (from project inception through the current year), and the Capital Program (a six year plan). Budgets are also adopted for most Special Revenue Funds and the Enterprise and Internal Service Funds.

The formulation of the County's budget 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 25, which is known as the "Annual Budget and Appropriations Ordinance of Frederick County."

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

The Capital Budget is the County's plan to receive and expend funds for capital projects during the ensuing fiscal year. The Capital Program sets forth the County's plan of proposed capital projects to be undertaken in the ensuing fiscal year and the following five fiscal years and the proposed means of financing all projects. The Capital Budget and Capital Program are prepared by the County Executive from submissions by the County departments and agencies and must be approved by the County Council. The portion of the cost of the Capital Budget that is to be paid from current funds may be included in the General Fund Budget or that of certain special revenue and enterprise funds.

No division or agency of County government may, during any fiscal year, expend or contract to expend any money or incur any liability or enter into any contract which by its terms involves the expenditure of money in excess of the amounts appropriated or allocated in the budget for such fiscal year; and no payment may be made nor any obligation or liability incurred which has not been provided for in the Capital Budget. The County Executive may approve transfers of 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. Transfers may not be made between the Operating Budget and Capital Budget appropriations. On the recommendation of the County Executive, the

County Council may transfer appropriations between Capital Projects within the same fund provided the County Council neither creates nor abandons any capital projects, unless the capital project is considered abandoned if three fiscal years elapse without an expenditure from or encumbrance of the appropriation.

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis - Budget and Actual are presented for the General Fund and the Agricultural Preservation Fund, a special revenue fund, both which adopt annual budgets, and are presented in Exhibit II-A-7 and Exhibit II-A-8, respectively, as part of the basic financial statements. Budget-to-actual comparison schedules for other special revenue funds with legally adopted budgets are presented in the Supplementary Data portion of the Financial Section. 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.

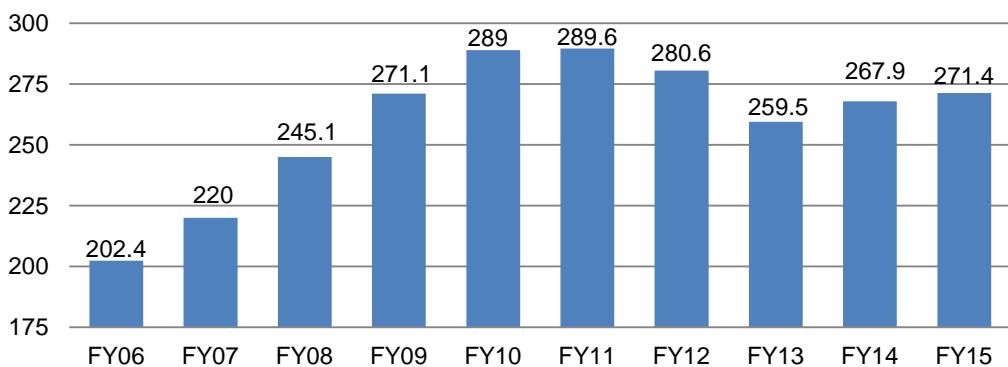
The federal government has been a positive influence on Maryland and Frederick County during the most recent recession. Frederick County is the home of the U.S. Army's Fort Detrick, a dynamic hub of military, government, private science and systems development dedicated to medical research.

Because of its location in a region with a diverse business community, the local unemployment rate has dropped from a high in FY09 of 6.8% to 5.0% in FY15. The annual average wage in Frederick County increased from a low of \$90,503 in 2011 to an estimated \$96,182 in March of 2015.

The County's largest revenue source remains real property taxes. Real property assessed values increased by 2.16% in FY15 and this trend continues into FY16 as values grew to \$26.0 billion and \$26.9 billion, respectively. General Fund property taxes are projected to increase in FY16 by \$8.8 million over FY15, representing a 3.3% increase. The real estate market has experienced a modest recovery in property assessments, which have increased albeit slightly, for the past two years after declining for the previous two years.

Property Tax Revenues

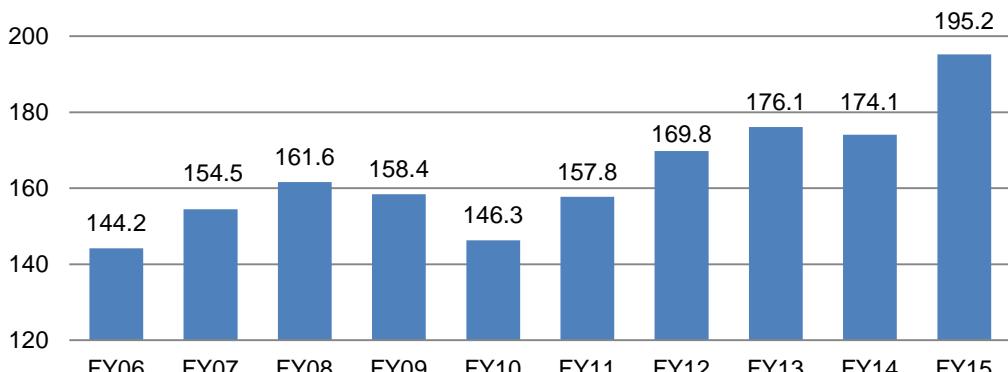
Values shown in Millions



Income tax revenue, the second largest revenue source in the County, is directly affected by population growth, employment levels and personal income. Income tax revenue has a volatile history. Revenues were at their lowest during the past 10 years in fiscal years 2006 and 2010 at \$144.2 million and \$146.3 million respectively. In the current fiscal year we achieved the highest level of income tax revenue in the amount of \$195.2 million, exceeding budget estimates by \$12.7 million. Income tax is budgeted at \$192.9 million for FY16.

Income Tax Revenues

Values shown in Millions



As of December 1, 2014, the new County Executive has authority over the day-to-day operations of the County while the County Council has legislative authority. This change will allow 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.

Long-term Financial Planning - The major rating agencies have recognized that Frederick County is positioned well to handle current and future fiscal challenges because of years of conservative and sound financial management. During the latest general obligation bond issuance process (July 2015) Standard & Poor's Market Services upgraded the County's rating from AA+ to AAA. The County's fiscal strength has also been attested to by Fitch Ratings and Moody's Investors Service, Inc. that affirmed their ratings of AAA and Aa1, respectively. The ratings reflect ongoing and consistent growth, primarily in the commercial sector; increased employment; tax base growth; strong, well-embedded and likely sustainable management practices coupled with established fiscal policies; and a moderate/modest debt burden.

The FY16 budget once again faces fiscal challenges requiring the balancing of financial resources. For example, the State mandated increased contributions to teacher pensions as part of a four year phase-in period, with the County being responsible for 100 percent of the cost in FY16. Management is committed to addressing structural imbalances without material reliance on one-time resources. Hiring freezes (with the exception of critical positions) were initiated in October 2008 and have continued to the date of this letter.

Frederick County's General Fund concluded the fiscal year ended June 30, 2015 with a fund balance of \$80.5 million. Of this amount, \$2.1 million is classified as nonspendable.

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 repurchase agreements, certificates of deposits, obligations of federal government agencies instrumentalities, the State of Maryland Local Government Investment Pool and a bank money rate savings account 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.

All financial policies are reviewed periodically.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to Frederick County, Maryland, for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

The preparation of this report could not have been accomplished without the dedicated team effort of the staff of the County's Finance Division. Each member of the division has my sincere

appreciation for the contributions made in preparation of this report. Special recognition is given to the Director of Accounting, Erin White and her Team Leaders, Ronni Putman, Melanie Thom, Kathi Tritsch, along with their staff; Financial Services Manager, Susan Keller, Director of Treasury, Diane Fox, and her staff who administer the County's property taxes and revenue collection system; Director of Procurement and Contracting, Diane Fouché, and her staff who work to maximize the value the County receives in all expenditures of tax dollars. A special thank you is given to our Budget Office staff who administers 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 Gardner, as well as the County Council members and their staffs for their continued interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Use of this Report

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

Respectfully submitted,



Lori L. Depies, CPA
Director of Finance



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Frederick County
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

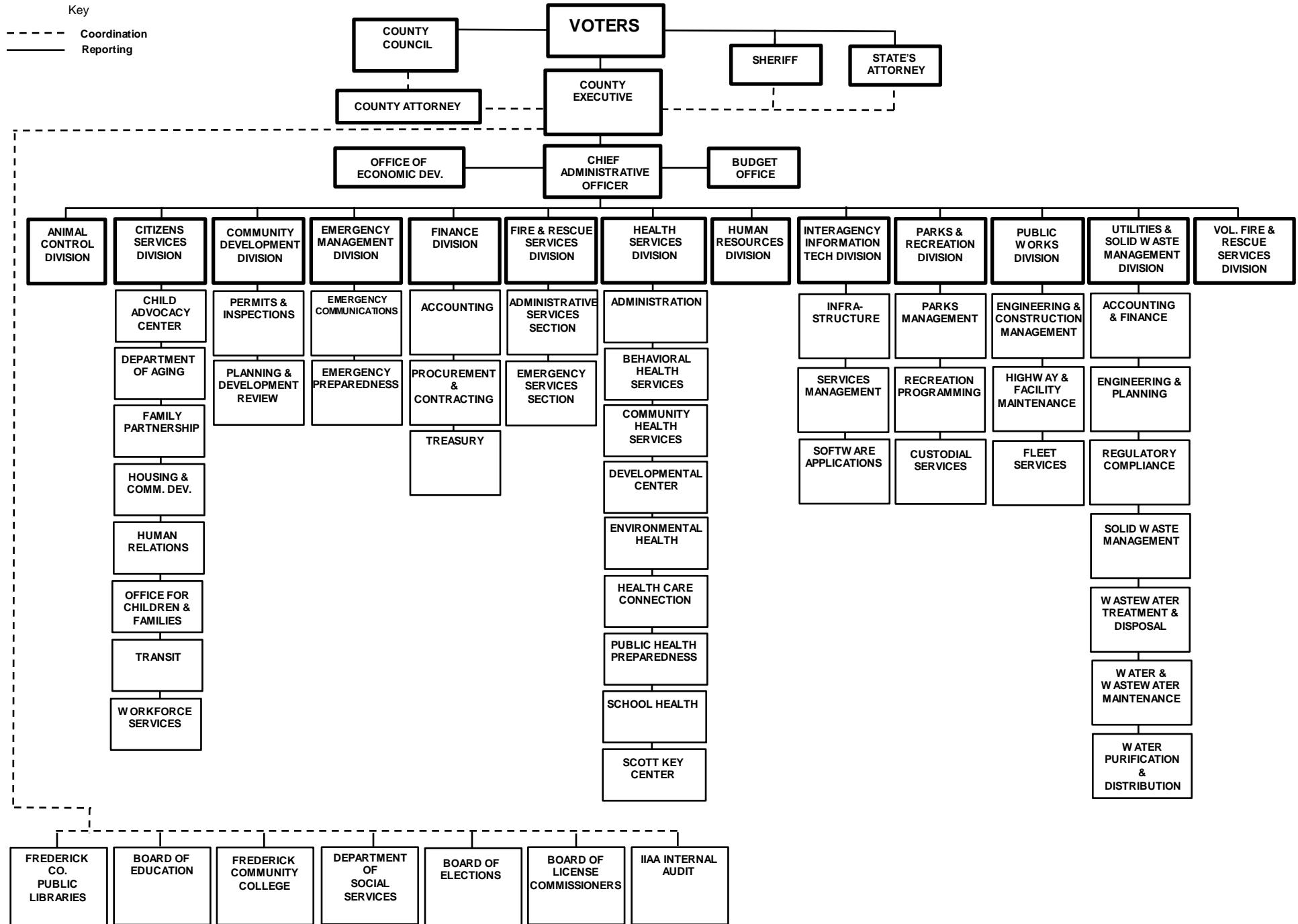
A handwritten signature in black ink that reads "Jeffrey P. Evans". The signature is fluid and cursive, with "Jeffrey" on the top line and "P. Evans" on the bottom line.

Executive Director/CEO

FREDERICK COUNTY GOVERNMENT ORGANIZATION CHART

Key

 Coordination
 Reporting





Frederick County Elected Officials



Jan H. Gardner
County Executive

Frederick County Council



From left to right – Billy Shreve (At Large), Jessica Fitzwater (District 4), M.C. Keegan-Ayer, Vice President (District 3), Bud Otis, President (At Large), Tony Chmelik, Treasurer (District 2), Jerry Donald (District 1), Kirby Delauter (District 5)

Frederick County, Maryland

Summary of Elected and Appointed Officials

County Executive

Jan H. Gardner

County Council

Bud Otis, President, At Large
M.C. Keegan-Ayer, Vice President, District 3
Tony Chmelik, Treasurer, District 2
Kirby Delauter, District 5
Jerry Donald, District 1
Jessica Fitzwater, District 4
Billy Shreve, At Large

Sheriff

Charles A. "Chuck" Jenkins

Administrative Judge of the Circuit Court

Honorable G. Edward Dwyer, Jr.

State's Attorney

J. Charles Smith III, Esquire

Clerk of the Circuit Court

Sandra K. Dalton, Clerk

Appointed Officials

Chief Administrative Officer

County Attorney

Budget Office Director

Animal Control Division Director

Citizens Services Division Director

Community Development Division Director

Emergency Management Division Director

Finance Division Director

Fire and Rescue Services Division Director

Health Services Division Health Officer

Human Resources Division Director

Interagency Information Technologies Division Director

Internal Audit Division Director

Parks and Recreation Division Director

Public Works Division Director

Utilities and Solid Waste Management Division Director

Volunteer Fire and Rescue Services Division Director

Douglas D. Browning

John S. Mathias, Esquire

Michael J. Gastley, Acting

Linda A. Shea

Patricia B. Rosensteel

Steven C. Horn

John E. "Jack" Markey

Lori L. Depies, CPA

Thomas W. Owens, Acting

Barbara A. Brookmyer, MD, MPH

Mitchell L. Hose

Sherry A. Weakley

Tricia A. Griffis

W. Paul Dial

Charles F. Nipe

Kevin L. Demosky

Clarence "Chip" Jewell, III

Component Units

Board of Education

President	Brad W. Young
Vice-President	Elizabeth Barrett
Member	Zakir Bengali, Ph.D.
Member	Colleen E. Cusimano
Member	Kathryn B. Groth
Member	April F. Miller, O.D
Member	Joy Schaefer
Student Member	Emmanuel Apea
Superintendent	Theresa R. Alban, Ph.D.

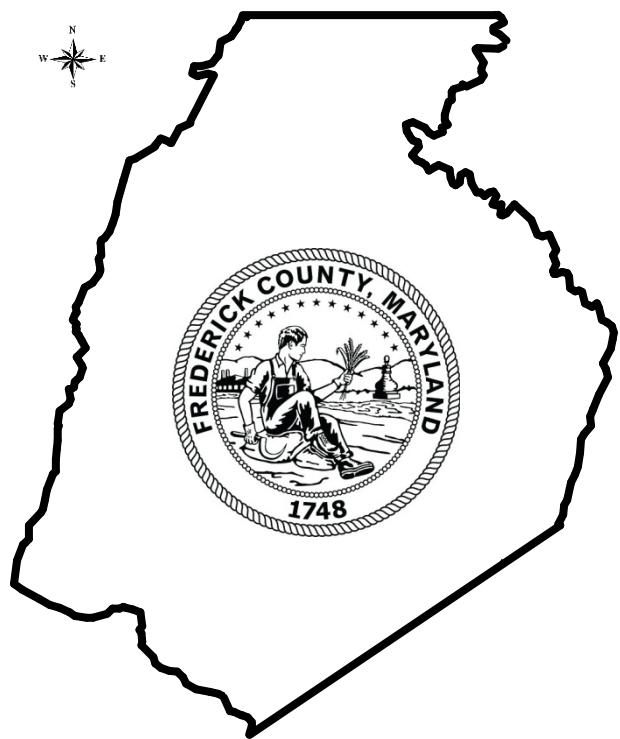
Frederick Community College Board of Trustees

Chairperson	Debra S. Borden
Vice Chairperson	David F. Bufter
Trustee	Nick Diaz
Trustee	Gary V. Fearnow
Trustee	Doris J. White
Trustee	Myrna R. Whitworth
Trustee	Roger A. Wilson
President	Elizabeth Burmaster

Frederick County Public Library Board

President	Cheryl G. Smith
Vice-President	George J. Laugelli
Secretary/Treasurer	Candy Greenway
Member	Deborah Kiser
Member	Thomas C. Kutz
Member	Susan L. Manny
Member	Blanca Poteat
Public Libraries Director	Darrell L. Batson

FINANCIAL SECTION





REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Frederick County, Maryland (the County) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Frederick County, Maryland, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general and agricultural preservation funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.



S B & C O M P A N Y, L L C
KNOWLEDGE • QUALITY • CLIENT SERVICE

Emphasis of Matter

As discussed in Note H to the financial statements, during the year ended June 30, 2015, the County adopted new accounting guidance from Government Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The accompanying combining and individual fund statements, budgetary comparison schedules and capital assets used in the operation of governmental funds are the responsibility of management and 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.

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

Hunt Valley, Maryland
November 19, 2015

SBC & Company, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Comprehensive Annual Financial Report of Frederick County, Maryland (the "County") presents a narrative overview and analysis of the financial activities of the County, for the fiscal year ended June 30, 2015. 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 \$755.2 million (net position), approximately 70.7% of which is attributable to the County's business-type activities. Of total net position, \$685.3 million is the net investment in capital assets, and \$147.4 million is restricted for specific purposes. The County's unrestricted net position is a negative \$77.5 million. This deficit balance in unrestricted net position results primarily from the County issuing debt to fund construction for the Frederick County Board of Education and Frederick Community College, both component units. The educational facilities that are constructed through the County's financial support are assets of the Frederick County Board of Education and Frederick Community College, and therefore are not shown as assets of Frederick County Primary Government. A more detailed discussion is presented later in this document. Included in the County's liabilities at year-end is approximately \$235.1 million of bonds payable, the proceeds of which have been used to fund school and college construction.
- With the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and related amendment Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date*, the County is now required to record its net pension liability. This is reflected as a restatement of beginning net position of governmental activities at the government-wide statement level and deferred outflow/inflow of resources. The governmental activities' beginning net position was decreased by \$19.6 million. Any references to beginning net position or related analysis will assume the beginning net position is restated.
- The total government-wide net position increased by \$51.1 million or 7.3% in FY15. The governmental activities net position increased by \$27.1 million versus a decrease of \$2.8 million in FY14.

Fund Level:

- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$231.7 million, an increase of \$14.5 from the prior year. The County's proprietary funds reported a combined net position of \$533.6 million, representing a \$24.0 million increase over the prior year.

- At the end of FY15, the total committed, assigned and unassigned fund balances for the County's General Fund was \$76.1 million, or approximately 15.4% of total general fund expenditures.

Long Term Debt:

- The County's total general obligation bond indebtedness increased slightly (\$0.7 million) during the current fiscal year. This was a result of the issuance of \$100.0 million in new bonds, \$56.7 million of refunded bonds and \$42.6 million in payments on current obligations.

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

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

Component units, which are other governmental units over which the County can exercise influence and/or may be obligated to provide financial subsidies, are presented as separate columns in the Government-Wide Financial Statements. The focus of the statements is clearly on the primary government and the presentation allows the user to address the relative relationship with the component units. Additional detailed financial information for the Frederick County Board of Education and Frederick Community College may be obtained from their respective separately issued financial statements. The Library Board does not issue separate financial statements. Consolidated financial information is available in the Government-Wide Financial Statements. The Government-Wide Financial Statements can be found on pages 29-31 of this report.

Fund Financial Statements

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

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

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

Frederick County maintains twenty individual governmental funds: the General 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 Development Road Improvement Fund, the Electric Lighting Tax Districts Fund, the Parks Acquisition & Development Fund, the Hotel Rental Tax Fund, the Nursing Home Construction Fund, the Watershed Protection and Restoration Fund, the Sheriff's Drug Enforcement Fund, the Narcotics Task Force Fund, the State 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, the Development Road Improvement Fund, the Parks Acquisition & Development Fund, and the Nursing Home Construction 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 Task Force Fund, the State Attorney Law Enforcement Aid Fund, the Inmates' Canteen Fund, the Non-Profit Organizations Loans Fund, and the Fire/Rescue Loans Fund). Budgetary comparison statements are prepared for the General Fund and the Agricultural Preservation Fund. These can be found on Exhibit II-A-7 and Exhibit II-A-8, respectively, of this report. Budgetary schedules for the non-major special revenue funds can be found in Exhibit II-B-7 in the Supplementary Data section. The Capital Projects Fund has a budget from inception until completion of the project. The budgetary display of this activity can be found in Exhibit II-B-8.

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

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

While the total column on the Business-type Activities Fund Financial Statements (see Exhibits II-A-9 and II-A-10) 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 (see Exhibits II-A-12 and II-A-13). Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County's fiduciary funds include the Pension Trust Fund, the Other Post Employment Benefits Trust Fund, and various agency funds. While the fiduciary funds represent trust responsibilities of the 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-14.

Other Information

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

Infrastructure Assets

Infrastructure assets is the County's largest group of assets (roads, bridges, traffic signals, 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 \$755.2 million at the close of the fiscal year.

As noted earlier, the government's net position increased by \$51.1 million during the fiscal year. Net position of governmental activities increased \$27.1 million. The increase in net position of business-type activities was \$24.0 million in FY15.

Statement of Net Position

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

Statement of Net Position as of June 30 (In Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 313,862	\$ 288,634	\$ 135,923	\$ 136,838	\$ 449,785	\$ 425,472
Capital assets	474,816	468,341	598,316	587,341	1,073,132	1,055,682
Total assets	<u>788,678</u>	<u>756,975</u>	<u>734,239</u>	<u>724,179</u>	<u>1,522,917</u>	<u>1,481,154</u>
Deferred outflows of resources	27,818	18,014	6,644	6,453	34,462	24,467
Current and other liabilities	54,489	44,821	8,614	10,195	63,103	55,016
Long-term debt outstanding	538,375	516,164	198,638	210,754	737,013	726,918
Total Liabilities	<u>592,864</u>	<u>560,985</u>	<u>207,252</u>	<u>220,949</u>	<u>800,116</u>	<u>781,934</u>
Deferred inflows of resources	2,053	-	-	-	2,053	-
Net Position:						
Net investment in capital assets	259,454	254,192	425,865	401,050	685,319	655,242
Restricted	145,343	138,180	2,037	1,327	147,380	139,507
Unrestricted (deficit)	<u>(183,218)</u>	<u>(178,368)</u>	<u>105,729</u>	<u>107,306</u>	<u>(77,489)</u>	<u>(71,062)</u>
Total net position	<u><u>\$ 221,579</u></u>	<u><u>\$ 214,004</u></u>	<u><u>\$ 533,631</u></u>	<u><u>\$ 509,683</u></u>	<u><u>\$ 755,210</u></u>	<u><u>\$ 723,687</u></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, \$685.3 million or 90.7%, reflects its investment in capital assets net of depreciation (e.g., land, buildings, equipment, infrastructure, construction in progress, and improvements), less any outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Restricted net position represents 19.5% of total net position. Restricted net position is resources that are subject to external restrictions on how they may be used. Unrestricted net position of the government has a negative balance of \$77.5 million. The unrestricted net position for business-type activities has a positive balance of \$105.7 million.

The result of these basic current year calculations is that the County's overall financial position has improved from FY14 to FY15, despite the continued decline in the unrestricted net position. The deficit increased in the Unrestricted Net Position of the Governmental Activities by \$4.9 million while the already positive Business Activities Unrestricted Net Position decreased \$1.6 million. The main reason for the growing deficit in the Unrestricted Net Position in the governmental activities is the fact that counties in the State of Maryland issue debt for public school construction. These public schools are considered capital assets of the Frederick County Board of Education and Frederick Community College and are not included as assets of the County. The fact that the County must report the long-term debt for the schools as a liability, but cannot report the school buildings being financed by the County as assets, has a cumulative adverse impact on the County's unrestricted net position.

On July 24, 2014, the County issued bonds that included \$9.4 million in funding of Frederick County Board of Education capital projects and \$3.9 million in funding for Frederick Community College capital projects. Currently the County is carrying outstanding general obligation bonds issued for the Frederick County Board of Education and Frederick Community College projects in the amounts of \$212.8 million and \$22.3 million, respectively.

Overall, total net position increased by \$51.1 million. Reasons for the increase in net position include, but are not limited to, continued salary savings due to attrition and delays in filling permanent full-time positions or eliminating those positions entirely. This expense savings was complimented by continued positive changes in proprietary fund balances and income tax revenues materializing in amounts that exceeded the estimates.

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 increases 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				
	2015	2014	2015	2014	2015	2014			
REVENUES									
Program revenues									
Charges for services	\$ 30,601	\$ 26,417	\$ 54,013	\$ 66,735	\$ 84,614	\$ 93,152			
Operating grants and contributions	23,553	20,862	-	-	23,553	20,862			
Capital grants and contributions	8,130	3,674	24,577	25,481	32,707	29,155			
General revenues									
Local property taxes	271,032	267,892	-	-	271,032	267,892			
Local income taxes	204,424	177,326	-	-	204,424	177,326			
Other local taxes	27,258	25,884	-	-	27,258	25,884			
Build America Bond subsidy	1,274	1,274	337	337	1,611	1,611			
Investment earnings	2,214	1,911	366	382	2,580	2,293			
Miscellaneous	7,002	6,009	(419)	17	6,583	6,026			
Total revenues	575,488	531,249	78,874	92,952	654,362	624,201			
EXPENSES									
Program Activities									
Governmental Activities:									
General government	60,752	52,314	-	-	60,752	52,314			
Public safety	102,525	102,480	-	-	102,525	102,480			
Public works	37,487	36,262	-	-	37,487	36,262			
Health	6,088	6,619	-	-	6,088	6,619			
Social services	13,667	8,619	-	-	13,667	8,619			
Education	271,936	269,816	-	-	271,936	269,816			
Parks, recreation, and culture	19,604	19,424	-	-	19,604	19,424			
Conservation of natural resources	3,783	2,452	-	-	3,783	2,452			
Community development and public housing	6,906	7,065	-	-	6,906	7,065			
Economic development and opportunity	7,783	7,129	-	-	7,783	7,129			
Interest on long term debt	17,826	18,608	-	-	17,826	18,608			
Business-type Activities:									
Water and sewer	-	-	34,933	34,529	34,933	34,529			
Solid waste management	-	-	19,829	19,475	19,829	19,475			
Non-major Business-type Activities	-	-	164	22,123	164	22,123			
Total expenses	548,357	530,788	54,926	76,127	603,283	606,915			
Change in net position before transfers	27,131	461	23,948	16,825	51,079	17,286			
Transfers	-	(3,284)	-	3,284	-	-			
Change in net position	27,131	(2,823)	23,948	20,109	51,079	17,286			
Net position - beginning of year	214,004	219,693	509,683	490,327	723,687	710,020			
Change in accounting principle	(19,556)	(2,866)	-	(753)	(19,556)	(3,619)			
Net position - beginning of year (restated)	194,448	216,827	509,683	489,574	704,131	706,401			
Net position - ending of year	\$ 221,579	\$ 214,004	\$ 533,631	\$ 509,683	\$ 755,210	\$ 723,687			

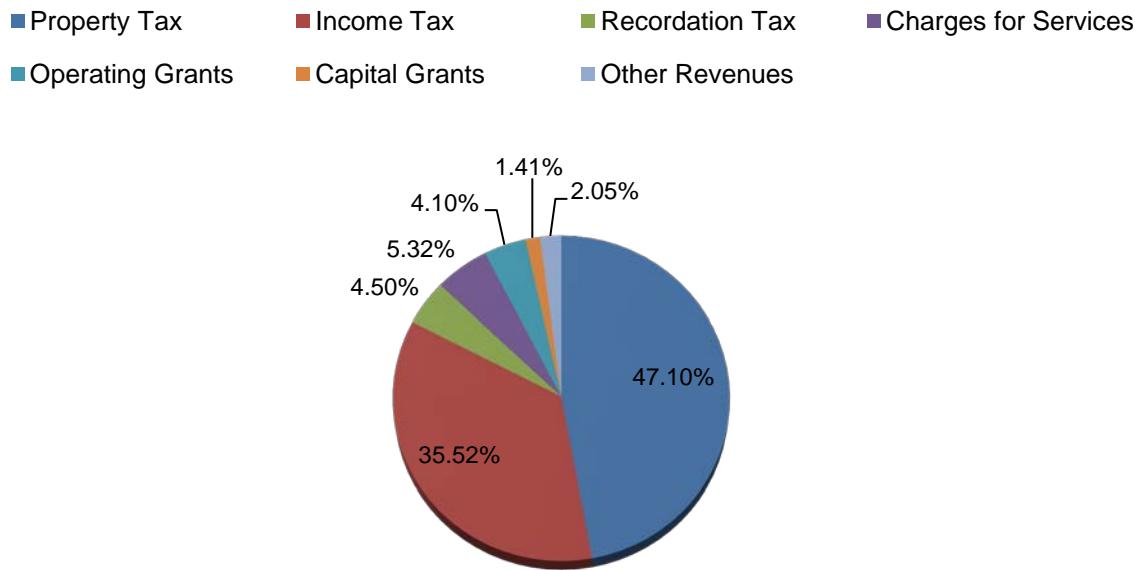
Governmental Activities: Governmental activities increased Frederick County's net position by \$27.1 million. The largest impacts to this increase are attributed to a \$27.1 million increase in income tax revenue.

Key elements impacting the governmental activities revenues include:

- The County recorded \$204.4 million in income tax revenues from the State of Maryland in FY15, compared to \$177.3 million in the prior year, representing a 15.3% increase.
- Capital Grants and Contributions increased from \$3.7 million in FY14 to \$8.1 million in FY15. Of this amount, \$3.9 million is in the public works area related to federal highway grants for capital projects.
- Charges for services also increased \$4.1 million in FY15 from \$26.4 million in FY14 to \$30.6 million in FY15. General government charges account for \$3.1 million of this increase in FY15.

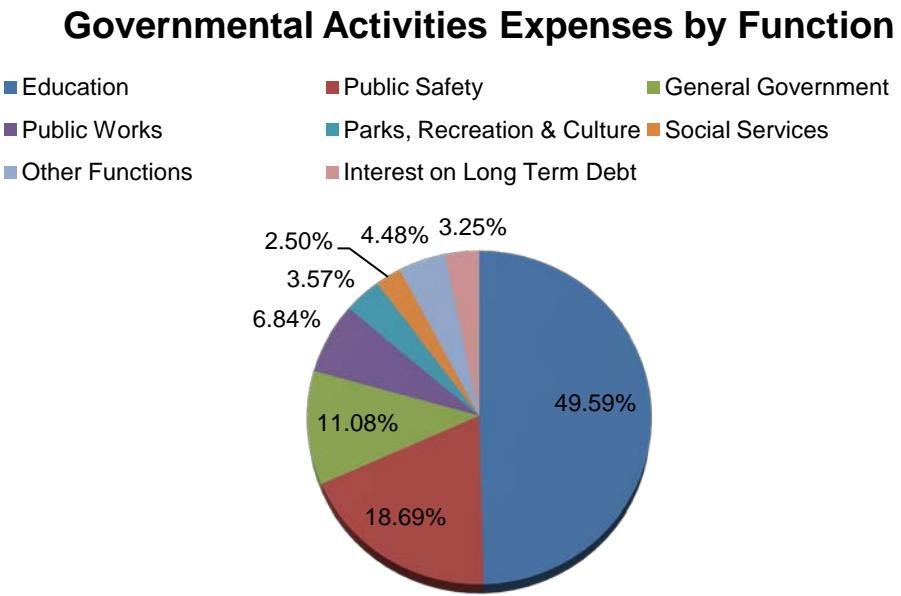
The following chart illustrates the governmental activities revenues received by source for fiscal year 2015:

Governmental Activities Revenues by Source



Governmental activities expenses increased by \$17.6 million in FY15. The largest contributors to this increase were in the areas of General Government (\$8.4 million), Social Services (\$5.1 million) and Education (\$2.1 million).

The following chart illustrates the governmental activities expenses by function for fiscal year 2015:



Business-type Activities: Business-type activities increased Frederick County's net position by \$23.9 million in FY15, compared to an increase of \$20.1 million in FY14. Capital grants and contributions continue to provide a major revenue source for the Water and Sewer Fund during the current fiscal year, producing \$24.6 million in revenue. Other key factors include:

- The County recorded a loss of \$5.7 million from nursing home operations in FY14.
- Water and sewer service charges increased by \$2.2 million in FY15.
- Landfill tipping fees also increased by \$0.8 million in FY15.

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 \$231.7 million. Approximately 95.9% of this total amount (\$222.1 million) constitutes restricted, committed, assigned and/or unassigned fund balance, which is generally available for spending. The remainder of fund balance (\$9.6 million) is classified as nonspendable to indicate that it is not available for spending because it is in the form of inventories, prepaids, long-term receivables or other like condition. Included in the committed fund balance of \$182.8 million is \$24.8 million that enabling legislation (Section 2-7-1(a)(2) of the Frederick County, Maryland Code of Ordinances) requires being set-aside in an amount equal to five percent of the General Fund expenditures and transfers to the Frederick County Board of Education and Frederick Community College. In accordance with the promulgations of GASB No. 54, this set-aside is classified as committed fund balance.

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 \$78.4 million. Reducing the committed fund balance for the legislative mandate noted earlier still provides a fund balance of \$53.6 million spendable for current operations. The remainder of the fund balance (\$2.1 million) is non spendable and is not available for spending because it is in the form of inventory, pre-paids, and long term receivables. Total fund balance for the General Fund is \$80.5 million. As a measure of the General Fund's liquidity, it may be useful to compare restricted, committed, assigned, and unassigned fund balance and total fund balance to total expenditures. Restricted, committed, assigned and unassigned fund balance represents 15.8% of total general fund expenditures, while total fund balance represents 16.2% of that same amount.

The Agricultural Preservation Fund has a total fund balance of \$48.4 million. Of that total, \$36.8 million is committed for debt service related to Installment Purchase Agreements (IPA) related to agricultural preservation easement purchases. The total fund balance decreased by \$2.6 million during FY15. This was predominantly the result of a budgeted state grant award for easement purchases that did not settle until FY16 in the amount of \$2.1 million.

The Capital Projects Fund has a total fund balance of \$91.2 million. The increase in fund balance was \$11.7 million. This increase is primarily due to the receipt of \$31.6 million in general obligation bonds proceeds and the timing of related construction spending.

Proprietary Funds: Frederick County's proprietary fund statements provide the same type of information found in the Government-Wide Financial Statements, but in more detail. At the end of FY15, the proprietary funds reported a combined total net position in the amount of \$532.4 million. Of that total, unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$76.3 million and unrestricted net position in the Solid Waste Management Fund totaled \$28.3 million. The Bell Court Apartment Fund had unrestricted net position totaling \$9.9 thousand. The County's internal service funds ended FY15 with a total net position of \$18.5 million, and a decrease in net position of \$2.5 million from the prior year.

General Fund Budgetary Highlights

The final expenditure and transfer budgets for the General Fund increased \$663.0 thousand over the original budget. During the year, revenues were greater than budgetary estimates by \$16.6 million and expenditures were less than budgetary estimates by \$10.5 million. Other financing sources and uses had a favorable variance of \$460.1 thousand. The favorable variances totaled \$27.5 million, thereby reducing the need to draw upon all of the appropriated fund balance of \$24.3 million.

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

- Local property tax revenue was greater than the budgeted amount by \$3.5 million. This is primarily due to \$3.7 million in real property taxes levied in excess of original estimates.
- Local income tax distributions were greater than the budgeted amount by \$12.7 million. This is the result of economic influences and the difficulty in estimating this revenue stream.
- Charges for services, primarily planning and zoning fees and public safety fees, were greater than the budgeted amount by \$1.3 million. The planning and zoning fees are primarily due to better than expected activity in construction plan review fees, whereas the public safety fees were a result of increases in life safety review and inspection activities.

- Various departmental under spending of appropriations resulted in total expenditures being under budget by \$10.5 million generally throughout all functions of government. The largest contributors to this savings were \$2.9 million in general government, \$2.8 in education, \$1.4 million in public works and \$1.0 million in public safety. These savings were realized in many various areas of as part of continued efforts to reduce the cost of government services. The majority of the savings in the area of education was a result of \$2.0 million budgeted for the sale of surplus properties that did not materialize in FY15. 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, 2014 and 2015, amount to \$1,055.7 million and \$1,073.1 million, respectively. This investment in capital assets includes land, easements, buildings, improvements, equipment, vehicles, roads, water and sewer lines, highways, bridges and construction in progress. The total increase in Frederick County's investment in capital assets for the current fiscal year was 1.7%.

Capital Assets, Net of Depreciation

June 30,

(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 93,927	\$ 89,741	\$ 8,528	\$ 8,528	\$ 102,455	\$ 98,269
Buildings & improv.	258,761	255,397	196,363	198,361	455,124	453,758
Equipment	123,894	118,083	50,489	48,612	174,383	166,695
Infrastructure	357,589	355,942	357,868	342,538	715,457	698,480
Construction in progress	28,228	17,146	151,196	145,885	179,424	163,031
Accum. depreciation	(387,583)	(367,968)	(166,128)	(156,583)	(553,711)	(524,551)
Total	<u>\$ 474,816</u>	<u>\$ 468,341</u>	<u>\$ 598,316</u>	<u>\$ 587,341</u>	<u>\$ 1,073,132</u>	<u>\$ 1,055,682</u>

Change in Capital Assets

as of June 30,

(In Thousands)

	Governmental Activities	Business-type Activities	Total
Beginning Balance - July 1, 2014	\$ 468,341	\$ 587,341	\$ 1,055,682
Additions	44,023	38,828	82,851
Depreciation	(23,176)	(10,827)	(34,003)
Retirement*	(14,372)	(17,026)	(31,398)
Ending Balance - June 30, 2015	<u>\$ 474,816</u>	<u>\$ 598,316</u>	<u>\$ 1,073,132</u>

*Net of accumulated depreciation related to asset retirement.

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

Governmental Activities:

- Costs were incurred for the following major projects and capital purchases:

○ Pavement Management	\$6.2 million
○ Boyer's Mill Road Bridge	4.6 million
○ Agricultural Preservation Easements	4.3 million
○ Self-Contained Breathing Apparatus Replacements	4.2 million
○ Ballenger Creek Park Multi-Purpose Field	2.0 million
- The following transfers were made to the Frederick County Board of Education for school construction:

○ North Frederick Elementary Replacement	\$9.5 million
○ Frederick High School Replacement	2.2 million
○ Urbana Middle School Fit Out	1.7 million
- The following transfers were made to Frederick Community College for school construction:

○ Building B Renovations	\$2.1 million
○ Science/Tech Hall Renovations	1.6 million
○ Systemic Projects	1.2 million

Business-type Activities:

- Construction costs were incurred for the following major projects:

○ McKinney Wastewater Treatment Plant	\$3.5 million
○ White Rock Wastewater Treatment Plant Replacement	1.0 million

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

Long-Term Debt

Bonds, Notes Payable and Capital Leases (In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 423,108	\$ 416,155	\$ 111,427	\$ 117,655	\$ 534,535	\$ 533,810
Ag Easement Notes (IPA)	52,332	53,505	-	-	52,332	53,505
Other Notes	70	336	67,188	71,834	67,258	72,170
Capital Leases	289	1,474	-	-	289	1,474
Total	<u>\$ 475,799</u>	<u>\$ 471,470</u>	<u>\$ 178,615</u>	<u>\$ 189,489</u>	<u>\$ 654,414</u>	<u>\$ 660,959</u>

As of year-end, the County had \$534.5 million in general obligation bonds outstanding compared to a total of \$533.8 million last year, a 0.1% net increase. This slight increase (\$7.2 thousand) is attributed to new bonds of \$100.0 million being issued during FY15 combined with principal payments of \$42.6 million and refunded bonds of \$56.7 million.

The County issued four series of general obligation bonds in FY15, the detail of these borrowings are located in Note 3.F.8 of this report. Three of these bond issues were refunding bonds and one was for capital project funding (with a small portion dedicated to refinancing a capital lease). One of the refunding bonds financed facilities that had been converted to a private activity use. The remaining two refunding bonds are projected to result in debt service savings of \$3.2 million over the term of the bonds.

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

Pursuant to the Charter of Frederick County Maryland, future authorizations for general obligation borrowings will be granted by the County Council. Section 508 of the Charter sets limitations for general obligation borrowings. This debt limit is calculated at an amount not to exceed a total of five percent of the assessable basis of real property of the County and fifteen percent of the County's assessable basis of personal property and operating real property described in Section 8-109(c) of the Tax-Property Article of the Annotated Code of Maryland. As of June 30, 2015, the County Council has not granted any additional amounts for long-term borrowings.

Principal payments and reductions of all the County's long-term liabilities in the amounts of \$154.6 million and \$26.9 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 FY16 is based on existing tax rates for both County property taxes (\$1.06) and income taxes (\$2.96) and reflects a modest 1.93% increase in revenues compared to FY15. Property tax and income tax revenues increased by 3.3% and 5.69% respectively, reflecting a slowly recovering economy. The City of Frederick and the Town of Myersville use County property tax differential rates of \$0.9340 and \$0.9302, respectively.
- Funding for Frederick County Public Schools exceeds the Maintenance of Effort (MOE) level, the minimum level required by state law. The FY16 budget provides for \$4.2 million over MOE, with an overall increase in funding of \$5.7 million, which includes an increase in the local cost share of teacher pensions. The total appropriation for FY16 is \$250.1 million.
- Funding for Frederick Community College will also experience an increase of \$627 thousand. This is to provide for new faculty in the areas of engineering and physics to advance education in STEM programs and help offset the need for increased tuition and fees to students. The total appropriate for FY16 is \$15.2 million.
- The appropriation for Frederick County Libraries remains constant at \$10.2 million in FY16.
- As a result of operations in FY15, there remains \$23.1 million of fund balance in the General Fund that is committed for use in the FY17 budget. This exceeds the \$21.3 million programmed as a budgeted use of fund balance in the FY16 budget.
- Interest rates are expected to remain at record low levels through FY16, but Finance staff continues to monitor the Federal Reserve statements for rate hike indicators.
- As of June 2015, the average unemployment rate for the County was 5.0 percent, while the average unemployment rate for the State of Maryland was 5.2 percent.

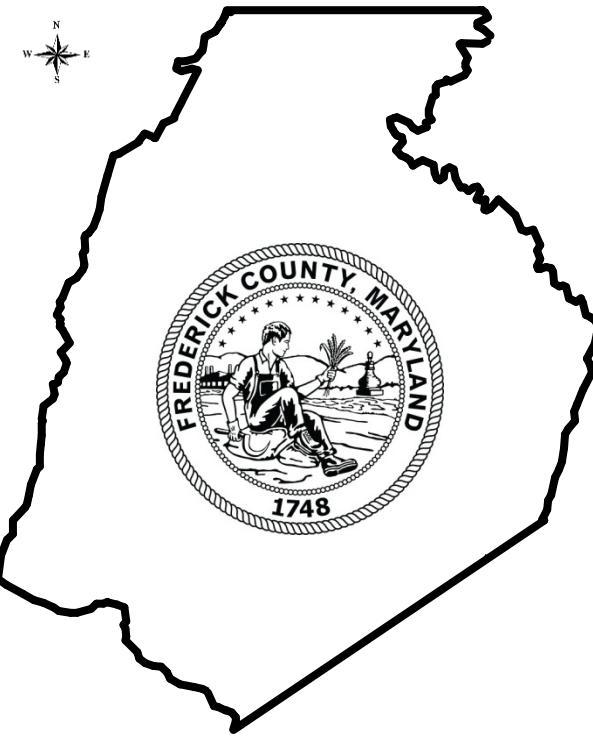
The tax rates for Frederick County and the State of Maryland have remained constant for FY15 and FY16. Below is a chart of the applicable real property tax rates:

Jurisdiction	FY 2016	FY2015
State of Maryland	0.1120	0.1120
Frederick County	1.0600	1.0600
City of Frederick Differential	0.9340	0.9292
Town of Myersville Differential	0.9302	0.9290
Total Real Property Assessed Values	\$26.9B	\$26.0B

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 assets and operating activities. The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which present a total for the Primary Government, using the accrual basis of accounting.

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Component Units		
	Governmental Activities		Business-type Activities	Total	Board of Education	Community College
	Cash	Equity in pooled invested cash	Total cash and cash equivalents	Investments	Receivables, net of allowance for uncollectibles:	Properties Held for Sale
Assets						
Cash	\$ 490,310	\$ 3,000	\$ 493,310	\$ 10,544,116	\$ 15,183,524	\$ 4,943
Equity in pooled invested cash	<u>90,194,238</u>	<u>101,996,614</u>	<u>192,190,852</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	90,684,548	101,999,614	192,684,162	10,544,116	15,183,524	4,943
Investments	139,117,731	17,004,200	156,121,931	20,652,671	12,089,274	437,570
Receivables, net of allowance for uncollectibles:						
Property taxes	370,350	-	370,350	-	-	-
Accounts	5,387,552	8,868,564	14,256,116	2,409,558	1,273,421	15,461
Intergovernmental	45,956,390	-	45,956,390	2,962,705	3,752,772	-
Internal balances	(1,188,981)	1,188,981	-	-	-	-
Due from primary government	-	-	-	2,308,320	-	2,952,279
Due from component units	1,355	10,025	11,380	-	-	-
Due from fiduciary funds	-	-	-	-	-	-
Inventories	1,972,148	139,055	2,111,203	783,098	567,318	-
Prepaid items	809,715	-	809,715	63,407	71,568	73,595
Long-term receivables, net of allowance for uncollectibles	9,965,811	4,379,024	14,344,835	-	-	-
Cash and cash equivalents - restricted	20,436,014	2,332,572	22,768,586	9,279	-	20,000
Beneficial interest in charitable remainder trust	-	-	-	-	434,335	-
Properties Held for Sale	350,000	-	350,000	-	-	-
Capital assets:						
Land	93,927,281	8,527,737	102,455,018	48,869,070	271,620	-
Buildings and improvements	258,760,911	196,362,712	455,123,623	863,070,181	107,124,693	-
Equipment	123,894,312	50,489,640	174,383,952	51,596,500	5,170,560	258,843
Library collection	-	-	-	-	2,031,547	8,189,473
Infrastructure	357,588,662	357,868,564	715,457,226	-	-	-
Construction in progress	28,227,630	151,196,210	179,423,840	13,172,036	4,977,058	-
Accumulated depreciation	<u>(387,582,993)</u>	<u>(166,128,431)</u>	<u>(553,711,424)</u>	<u>(331,750,778)</u>	<u>(41,598,737)</u>	<u>(6,520,308)</u>
Total assets	788,678,436	734,238,467	1,522,916,903	684,690,163	111,348,953	5,431,856
Deferred Outflows of Resources						
Deferred outflow related to pensions	7,756,125	-	7,756,125	4,418,115	-	-
Deferred charge on refunding	<u>20,061,459</u>	<u>6,644,383</u>	<u>26,705,842</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	27,817,584	6,644,383	34,461,967	4,418,115	-	-

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries
Liabilities						
Accounts payable	\$ 3,641,947	\$ 156,792	\$ 3,798,739	\$ 14,042,102	\$ 2,417,073	\$ 73,659
Accrued liabilities	11,112,491	4,515,751	15,628,242	136,234	1,081,821	-
Payroll and benefit deductions	10,324,259	589,023	10,913,282	7,825,583	198,940	354,176
Property taxes payable	209,238	-	209,238	-	-	-
Due to third parties	13,376,662	-	13,376,662	-	239,002	-
Due to other governmental units	162,810	-	162,810	-	-	-
Due to component units	5,290,341	-	5,290,341	-	-	-
Due to fiduciary funds	-	-	-	-	-	-
Unearned revenues	9,056,847	1,550,604	10,607,451	92,127	1,903,516	140,879
Performance and security deposits	-	12,767	12,767	-	-	-
Other liabilities	1,313,738	1,789,085	3,102,823	-	-	-
Noncurrent liabilities:						
Due within one year	42,496,508	16,834,959	59,331,467	8,090,163	428,121	29,922
Due in more than one year	495,878,784	181,802,989	677,681,773	274,120,383	8,006,980	1,884,279
Total liabilities	<u>592,863,625</u>	<u>207,251,970</u>	<u>800,115,595</u>	<u>304,306,592</u>	<u>14,275,453</u>	<u>2,482,915</u>
Deferred Inflows of Resources						
Deferred inflow related to pensions	2,053,469	-	2,053,469	3,299,529	-	-
Total deferred inflows of resources	<u>2,053,469</u>	<u>-</u>	<u>2,053,469</u>	<u>3,299,529</u>	<u>-</u>	<u>-</u>
Net Position						
Net investment in capital assets	259,453,783	425,865,230	685,319,013	631,773,163	71,222,608	1,928,008
Restricted for:						
School and library construction	33,753,129	-	33,753,129	-	-	-
Additional or expanded road facilities	19,366,135	-	19,366,135	-	-	-
Capital Projects	26,231,872	2,036,901	28,268,773	-	-	-
Agricultural preservation	38,789,712	-	38,789,712	-	-	-
County code required set-aside	24,571,505	-	24,571,505	-	-	-
Other purposes	2,630,286	-	2,630,286	9,279	12,287,188	745,560
Unrestricted (Deficit)	<u>(183,217,496)</u>	<u>105,728,749</u>	<u>(77,488,747)</u>	<u>(250,280,285)</u>	<u>13,563,704</u>	<u>275,373</u>
Total net position	<u>\$ 221,578,926</u>	<u>\$ 533,630,880</u>	<u>\$ 755,209,806</u>	<u>\$ 381,502,157</u>	<u>\$ 97,073,500</u>	<u>\$ 2,948,941</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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets					Component Units		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total		Board of Education	Community College	Public Libraries
					Governmental Activities	Business-type Activities						
Primary government:												
Governmental activities:												
General government	\$ 60,751,789	\$ 19,555,583	\$ 1,455,687	\$ -	\$ (39,740,519)	\$ -	\$ (39,740,519)	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	102,524,827	6,895,014	1,697,221	1,760,087	(92,172,505)	-	(92,172,505)	-	-	-	-	-
Public works	37,487,379	937,256	6,145,589	4,047,829	(26,356,705)	-	(26,356,705)	-	-	-	-	-
Health	6,087,893	239,230	789,485	-	(5,059,178)	-	(5,059,178)	-	-	-	-	-
Social services	13,667,150	1,514,741	1,122,146	-	(11,030,263)	-	(11,030,263)	-	-	-	-	-
Education	271,936,166	-	-	1,976,888	(269,959,278)	-	(269,959,278)	-	-	-	-	-
Parks, recreation and culture	19,604,270	1,222,224	123,399	345,583	(17,913,064)	-	(17,913,064)	-	-	-	-	-
Conservation of natural resources	3,782,468	237,143	3,088,191	-	(457,134)	-	(457,134)	-	-	-	-	-
Community development and public housing	6,906,365	-	6,191,386	-	(714,979)	-	(714,979)	-	-	-	-	-
Economic development and opportunity	7,782,637	-	2,940,112	-	(4,842,525)	-	(4,842,525)	-	-	-	-	-
Interest on long term debt	17,826,278	-	-	-	(17,826,278)	-	(17,826,278)	-	-	-	-	-
Total governmental activities	<u>\$ 548,357,222</u>	<u>30,601,191</u>	<u>23,553,216</u>	<u>8,130,387</u>	<u>(486,072,428)</u>	<u>-</u>	<u>(486,072,428)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:												
Water and sewer	34,933,323	28,935,733	-	24,576,946	-	18,579,356	18,579,356	-	-	-	-	-
Solid waste management	19,829,130	24,951,765	-	-	-	5,122,635	5,122,635	-	-	-	-	-
Public housing	163,740	125,304	-	-	-	(38,436)	(38,436)	-	-	-	-	-
Total business-type activities	<u>\$ 54,926,193</u>	<u>54,012,802</u>	<u>-</u>	<u>24,576,946</u>	<u>(486,072,428)</u>	<u>23,663,555</u>	<u>23,663,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u><u>\$ 603,283,415</u></u>	<u><u>\$ 84,613,993</u></u>	<u><u>\$ 23,553,216</u></u>	<u><u>\$ 32,707,333</u></u>	<u><u>(486,072,428)</u></u>	<u><u>23,663,555</u></u>	<u><u>(462,408,873)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Component Units:												
Board of Education	\$ 610,385,554	\$ 6,437,427	\$ 151,038,997	\$ 31,486,425	-	-	-	(421,422,705)	-	-	-	-
Community College	63,136,846	20,865,643	38,384,959	10,706,471	-	-	-	-	6,820,227	-	-	-
Public Libraries	12,530,463	390,455	12,218,957	-	-	-	-	-	-	78,949	-	-
Total Component Units	<u>\$ 686,052,863</u>	<u>\$ 27,693,525</u>	<u>\$ 201,642,913</u>	<u>\$ 42,192,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(421,422,705)</u>	<u>6,820,227</u>	<u>-</u>	<u>-</u>	<u>78,949</u>
General Revenues:												
Local property taxes					271,031,681	-	271,031,681	-	-	-	-	-
Local income taxes					204,424,356	-	204,424,356	-	-	-	-	-
Recordation taxes					25,906,397	-	25,906,397	-	-	-	-	-
Hotel rental tax					1,333,667	-	1,333,667	-	-	-	-	-
Agriculture transfer tax					16,966	-	16,966	-	-	-	-	-
Build America Bond Subsidy					1,274,642	337,240	1,611,882	-	-	-	-	-
Grants and contributions not restricted to specific programs					-	-	-	380,404,806	-	-	-	-
Investment earnings					2,213,961	366,410	2,580,371	10,572	427,397	1,476	-	-
Miscellaneous					7,006,950	-	7,006,950	372,346	675,277	-	-	-
Gain / (Loss) on disposal of assets					(5,388)	(419,132)	(424,520)	-	-	(32,398)	-	-
Transfers					-	-	-	-	-	-	-	-
Total general revenues and transfers					<u>513,203,232</u>	<u>284,518</u>	<u>513,487,750</u>	<u>380,787,724</u>	<u>1,102,674</u>	<u>(30,922)</u>	<u>-</u>	<u>-</u>
Change in net position					<u>27,130,804</u>	<u>23,948,073</u>	<u>51,078,877</u>	<u>(40,634,981)</u>	<u>7,922,901</u>	<u>48,027</u>	<u>-</u>	<u>-</u>
Net position - beginning of year (restated)					<u>194,448,122</u>	<u>509,682,807</u>	<u>704,130,929</u>	<u>422,137,138</u>	<u>89,150,599</u>	<u>2,900,914</u>	<u>-</u>	<u>-</u>
Total net position - end of year					<u>\$ 221,578,926</u>	<u>\$ 533,630,880</u>	<u>\$ 755,209,806</u>	<u>\$ 381,502,157</u>	<u>\$ 97,073,500</u>	<u>\$ 2,948,941</u>	<u>-</u>	<u>-</u>

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

FREDERICK COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Agricultural Preservation	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 374,034	\$ -	\$ -	\$ 116,276	\$ 490,310
Equity in pooled invested cash	<u>3,696,879</u>	<u>8,577,130</u>	<u>62,007,805</u>	<u>3,187,331</u>	<u>77,469,145</u>
Total cash and cash equivalents	4,070,913	8,577,130	62,007,805	3,303,607	77,959,455
Investments	97,028,891	42,088,840	-	-	139,117,731
Receivables, net of allowance for uncollectibles:					
Property taxes	370,330	-	-	20	370,350
Accounts	3,957,270	7,980	712,341	522,326	5,199,917
Intergovernmental	40,768,451	-	979,221	3,657,594	45,405,266
Prepaid items	442,583	-	-	125,497	568,080
Due from other funds	163,058	-	18,500,000	-	18,663,058
Due from component units	1,316	-	-	-	1,316
Due from fiduciary funds	-	-	-	-	-
Property held for sale	350,000	-	-	-	350,000
Inventories	1,543,942	-	-	-	1,543,942
Long-term receivables, net of allowance for uncollectibles:					
Employee salary advances	41,160	-	-	-	41,160
Non-profit organization loans	78,381	-	-	2,601,108	2,679,489
Small business loans	-	-	-	37,298	37,298
Housing loans	-	-	-	6,907,864	6,907,864
Other long term receivables	-	-	-	300,000	300,000
Cash and cash equivalents - restricted	<u>5,533,538</u>	<u>-</u>	<u>14,902,476</u>	<u>-</u>	<u>20,436,014</u>
Total assets	<u><u>\$ 154,349,833</u></u>	<u><u>\$ 50,673,950</u></u>	<u><u>\$ 97,101,843</u></u>	<u><u>\$ 17,455,314</u></u>	<u><u>\$ 319,580,940</u></u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,278,521	\$ 2,590	\$ 1,525,090	\$ 476,831	\$ 3,283,032
Accrued liabilities	1,654,386	-	1,778,891	362,239	3,795,516
Payroll and benefit deductions	9,738,547	4,705	56,007	525,000	10,324,259
Property taxes payable	209,238	-	-	-	209,238
Due to other funds	18,500,000	-	-	163,058	18,663,058
Due to third parties	8,701,399	-	-	75,263	8,776,662
Due to other governmental units	93,903	16,798	-	52,109	162,810
Due to component units	5,228,310	-	-	-	5,228,310
Other liabilities	33,499	-	658,636	621,602	1,313,737
Unearned revenues	1,344,079	2,265,451	1,924,327	3,522,991	9,056,848
Total liabilities	<u><u>46,781,882</u></u>	<u><u>2,289,544</u></u>	<u><u>5,942,951</u></u>	<u><u>5,799,093</u></u>	<u><u>60,813,470</u></u>
Deferred Inflows of Resources					
Unavailable revenue	<u>27,070,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,070,452</u>
Total deferred inflows of resources	<u><u>27,070,452</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>27,070,452</u></u>
Fund balances:					
Nonspendable	2,106,066	199,067	-	7,245,162	9,550,295
Restricted	2,284,366	1,826,827	29,625,910	159,254	33,896,357
Committed	70,701,317	46,358,512	61,532,982	4,251,805	182,844,616
Assigned	5,105,750	-	-	-	5,105,750
Unassigned	300,000	-	-	-	300,000
Total fund balances	<u><u>80,497,499</u></u>	<u><u>48,384,406</u></u>	<u><u>91,158,892</u></u>	<u><u>11,656,221</u></u>	<u><u>231,697,018</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 154,349,833</u></u>	<u><u>\$ 50,673,950</u></u>	<u><u>\$ 97,101,843</u></u>	<u><u>\$ 17,455,314</u></u>	<u><u>\$ 319,580,940</u></u>

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

Exhibit II-A-4

FREDERICK COUNTY, MARYLAND
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balance - governmental funds (See Exhibit II-A-3) \$ 231,697,018

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	\$ 93,927,281
Buildings and Improvements	258,760,911
Equipment	123,894,312
Infrastructure	357,588,662
Construction in Progress	28,227,630
Less Accumulated Depreciation	<u>(387,582,993)</u>
	474,815,803

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

Deferred Outflows Related to Pensions	7,756,125
Deferred Charge on Refundings	<u>20,061,459</u>
	27,817,584

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	(423,108,141)
Unamortized Premium on Bonds Payable	(14,560,447)
Installment Purchase Agreements	(52,332,153)
Notes Payable	(69,927)
Capital Lease Obligations	(289,042)
Compensated Absences	(10,039,080)
Net Other Post Employment Benefit Obligation	(16,994,586)
Net Pension Liability	(20,801,238)
Termination Benefits	(180,678)
Accrued Bond Interest	(6,904,910)
Due to Third Party	(4,600,000)
Recognition of Deferred Inflows	<u>27,070,452</u>
	(522,809,750)

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

Deferred Inflows Related to Pensions	<u>(2,053,469)</u>
	(2,053,469)

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.

12,111,740

Net position of governmental activities (See Exhibit II-A-1) \$ 221,578,926

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Agricultural Preservation	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local property taxes	\$ 271,399,557	\$ -	\$ -	\$ 16,163	\$ 271,415,720
Local income taxes	195,202,656	- -	- -	- -	195,202,656
Other local taxes	19,281,812	2,607,606	5,613,136	1,333,667	28,836,221
Licenses and permits	4,094,070	- -	- -	- -	4,094,070
Grants from federal government	273,790	- -	3,909,533	13,117,909	17,301,232
Grants from state government	3,445,306	2,137,651	2,322,471	6,161,758	14,067,186
Charges for services	9,694,734	- -	13,864,369	1,515,386	25,074,489
Fines and forfeitures	87,555	- -	- -	314,788	402,343
Interest from loans	- -	- -	- -	2,201	2,201
Investment income	263,472	1,861,612	64,515	3,441	2,193,040
Build America bond subsidy	790,025	- -	485,190	- -	1,275,215
Miscellaneous	3,716,969	14,340	634,762	2,553,977	6,920,048
Total revenues	<u>508,249,946</u>	<u>6,621,209</u>	<u>26,893,976</u>	<u>25,019,290</u>	<u>566,784,421</u>
Expenditures					
Current:					
General government	39,351,179	- -	- -	2,164,287	41,515,466
Public safety	99,903,756	- -	- -	3,029,752	102,933,508
Public works	19,622,576	- -	- -	5,972,354	25,594,930
Health	5,218,116	- -	- -	1,189,376	6,407,492
Social services	10,812,094	- -	- -	2,147,370	12,959,464
Education	256,036,118	- -	- -	- -	256,036,118
Parks, recreation and culture	16,039,160	- -	- -	- -	16,039,160
Conservation of natural resources	650,855	5,658,638	- -	825,844	7,135,337
Community development and public housing	367,642	- -	- -	6,557,980	6,925,622
Economic development and opportunity	1,932,600	- -	- -	5,876,205	7,808,805
Miscellaneous	3,665,209	- -	- -	- -	3,665,209
Intergovernmental	4,876,200	- -	- -	- -	4,876,200
Debt service	36,993,979	5,757,110	11,563,622	181,812	54,496,523
Capital projects	- -	- -	45,349,937	- -	45,349,937
Total expenditures	<u>495,469,484</u>	<u>11,415,748</u>	<u>56,913,559</u>	<u>27,944,980</u>	<u>591,743,771</u>
Excess (deficiency) of revenues over expenditures	<u>12,780,462</u>	<u>(4,794,539)</u>	<u>(30,019,583)</u>	<u>(2,925,690)</u>	<u>(24,959,350)</u>
Other financing sources (uses)					
Transfers in from:					
General fund	- -	216,216	10,032,635	5,499,331	15,748,182
Internal service funds	3,235,721	- -	- -	- -	3,235,721
Transfers out to:					
Capital projects fund	(10,032,635)	- -	- -	- -	(10,032,635)
Special revenue funds	(5,715,547)	- -	- -	- -	(5,715,547)
Internal service funds	- -	- -	- -	(171,288)	(171,288)
Gain on sale of property	350,000	- -	- -	- -	350,000
Refunding bonds issued	51,136,827	- -	4,564,024	195,869	55,896,720
Payment to refunded bond escrow agent	(49,815,235)	- -	(4,536,759)	(194,639)	(54,546,633)
Payment to refunded lease escrow agent	(910,517)	- -	- -	- -	(910,517)
General obligation bonds issued	- -	- -	31,207,210	- -	31,207,210
Premium on debt	1,967,228	- -	408,432	- -	2,375,660
Installment purchase agreement	- -	1,981,492	- -	- -	1,981,492
Total other financing sources and (uses)	<u>(9,784,158)</u>	<u>2,197,708</u>	<u>41,675,542</u>	<u>5,329,273</u>	<u>39,418,365</u>
Net change in fund balances	<u>2,996,304</u>	<u>(2,596,831)</u>	<u>11,655,959</u>	<u>2,403,583</u>	<u>14,459,015</u>
Fund balances - beginning of year	<u>77,501,195</u>	<u>50,981,237</u>	<u>79,502,933</u>	<u>9,252,638</u>	<u>217,238,003</u>
Fund balances - end of year	<u>\$ 80,497,499</u>	<u>\$ 48,384,406</u>	<u>\$ 91,158,892</u>	<u>\$ 11,656,221</u>	<u>\$ 231,697,018</u>

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

Exhibit II-A-6

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, 2015

Net change in fund balances - total governmental funds (See Exhibit II-A-5) \$ 14,459,015

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	\$ 3,307,691
Depreciation Expense	(23,176,363)
Adjusted for Internal Service Fund Depreciation	<u>1,267,656</u> (18,601,016)

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

Additions to Construction in Progress	24,903,769
Asset Replacements, Retirements and Deletions	<u>(638,904)</u> 24,264,865

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

Income Taxes - Deferred in the Fund Statements	25,797,186
Income Taxes - Recognized as Income in the Prior Year	(16,575,486)
Other Revenues - Deferred in the Fund Statements	1,273,266
Other Revenues - Recognized as Income in the Prior Year	<u>(1,890,892)</u> 8,604,074

(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, 2015

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 government 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	\$ (1,981,492)
Issuance of General Obligation Bonds	(31,207,210)
Bond Premium	(2,375,660)
Deferred Loss on Bond and Capital Lease Refundings	(439,957)
Principal Payments on General Obligation Debt	32,585,398
Principal Payments on Notes Payable	265,725
Principal Payments on Capital Leases	275,388
Principal Payments on IPA's	3,154,400
Deferred Charge for Issuance Costs	-
Amortization of Bond Premiums	3,922,785
Amortization of Deferred Loss on Bonds	(4,007,411)
Build America Bond Subsidy	<u>(573)</u> \$ 191,393

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	4,457,258
Net Other Post Employment Benefit Obligation	1,002,959
Due to Third Party	(4,600,000)
Accrued Interest - Prior Year	7,379,257
Accrued Interest - Current Year	(6,904,910)
Compensated Absences Accrual	(536,817)
Termination Benefits Accrual	<u>(9,374)</u> 788,373

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

(2,575,900)

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

\$ 27,130,804

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, 2015

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Local property taxes				
Real property (inc. additions & abatements)	\$ 262,490,332	\$ 262,490,332	\$ 265,438,602	\$ 2,948,270
Public utilities	6,839,600	6,839,600	7,033,766	194,166
Payments in lieu of taxes	79,600	79,600	259,361	179,761
Total levy	<u>269,409,532</u>	<u>269,409,532</u>	<u>272,731,729</u>	<u>3,322,197</u>
Tax credit - state reimbursement	3,435,200	3,435,200	3,319,885	(115,315)
Homestead credit	(5,357,250)	(5,357,250)	(5,160,163)	197,087
Other tax credits and refunds	(573,800)	(573,800)	(452,594)	121,206
Interest - delinquent taxes	2,634,800	2,634,800	2,660,339	25,539
Discounts allowed on taxes	(1,686,600)	(1,686,600)	(1,699,639)	(13,039)
Total adjustments	<u>(1,547,650)</u>	<u>(1,547,650)</u>	<u>(1,332,172)</u>	<u>215,478</u>
Total local property taxes	<u>267,861,882</u>	<u>267,861,882</u>	<u>271,399,557</u>	<u>3,537,675</u>
Local income taxes				
	<u>182,535,800</u>	<u>182,535,800</u>	<u>195,202,656</u>	<u>12,666,856</u>
Other local taxes				
Recordation	16,030,073	16,030,073	17,702,621	1,672,548
911 fees - local	1,494,300	1,494,300	1,579,061	84,761
Security interest filing fees	300	300	130	(170)
Total other local taxes	<u>17,524,673</u>	<u>17,524,673</u>	<u>19,281,812</u>	<u>1,757,139</u>
Licenses and permits				
Alcoholic beverage licenses	259,800	259,800	374,911	115,111
Traders' licenses	201,600	201,600	233,753	32,153
Building permits	715,000	715,000	1,164,756	449,756
Electrical permits	467,800	467,800	634,713	166,913
Miscellaneous licenses and permits	1,199,600	1,199,600	1,685,937	486,337
Total licenses and permits	<u>2,843,800</u>	<u>2,843,800</u>	<u>4,094,070</u>	<u>1,250,270</u>
Grants from federal government				
	<u>293,000</u>	<u>293,000</u>	<u>273,790</u>	<u>(19,210)</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, 2015

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Grants from state government				
Police protection	\$ 1,048,642	\$ 1,048,642	\$ 1,035,133	\$ (13,509)
Aid for fire, rescue and ambulance services	360,000	427,259	427,259	-
Highway user revenues	1,307,861	1,795,543	1,678,525	(117,018)
Parks	-	-	123,399	123,399
County inmate housing	200,000	200,000	180,990	(19,010)
Total grants from state government	<u>2,916,503</u>	<u>3,471,444</u>	<u>3,445,306</u>	<u>(26,138)</u>
Charges for services				
Planning and zoning fees	527,678	544,298	1,119,240	574,942
Court costs, fees and charges	2,600	2,600	2,270	(330)
Scott Key Center	1,425,000	1,425,000	1,507,378	82,378
Other general government	222,200	222,200	287,862	65,662
Public safety	4,705,502	4,705,502	5,020,687	315,185
Public improvement inspections	10,000	10,000	193,326	183,326
Frederick County Developmental Center	10,000	10,000	9,267	(733)
Weed control	200,633	200,633	237,143	36,510
Municipal recoveries	150,000	150,000	87,974	(62,026)
Citizens services	-	6,106	7,363	1,257
Recreation	1,085,200	1,085,200	1,222,224	137,024
Total charges for services	<u>8,338,813</u>	<u>8,361,539</u>	<u>9,694,734</u>	<u>1,333,195</u>
Fines and forfeitures				
Court	58,200	58,200	47,245	(10,955)
Alcoholic beverages	14,300	14,300	24,950	10,650
Other fines and forfeitures	1,000	1,000	15,360	14,360
Total fines and forfeitures	<u>73,500</u>	<u>73,500</u>	<u>87,555</u>	<u>14,055</u>
Investment income	<u>300,000</u>	<u>300,022</u>	<u>263,472</u>	<u>(36,550)</u>
Build America Bond Subsidy	<u>721,526</u>	<u>721,526</u>	<u>790,025</u>	<u>68,499</u>
Miscellaneous revenues				
Rents and concessions	2,862,800	2,862,800	2,936,123	73,323
Contributions and donations	39,000	59,508	62,208	2,700
Sale of property	3,800,000	3,800,000	-	(3,800,000)
Other miscellaneous revenues	889,300	954,117	718,638	(235,479)
Total miscellaneous revenues	<u>7,591,100</u>	<u>7,676,425</u>	<u>3,716,969</u>	<u>(3,959,456)</u>
Total revenues	<u>491,000,597</u>	<u>491,663,611</u>	<u>508,249,946</u>	<u>16,586,335</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, 2015

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
General government				
Legislative and executive				
County commissioners/Executive/Council	\$ 1,187,785	\$ 1,402,602	\$ 1,259,513	\$ 143,089
County manager	498,787	501,287	506,064	(4,777)
Boards and commissions	5,189	5,189	4,771	418
Total legislative and executive	<u>1,691,761</u>	<u>1,909,078</u>	<u>1,770,348</u>	<u>138,730</u>
Judicial				
Circuit court	1,396,408	1,396,408	1,283,167	113,241
Orphans court	34,098	34,098	30,797	3,301
States attorney	6,026,641	6,026,641	5,996,425	30,216
Grand jury	97,395	97,395	66,371	31,024
Total judicial	<u>7,554,542</u>	<u>7,554,542</u>	<u>7,376,760</u>	<u>177,782</u>
Elections				
Board of supervisors of elections	<u>1,426,415</u>	<u>1,426,415</u>	<u>1,173,413</u>	<u>253,002</u>
Financial administration				
Accounting	2,264,861	2,264,861	2,252,961	11,900
Independent auditing	58,060	58,060	53,569	4,491
Budgeting	535,159	535,159	571,500	(36,341)
Procurement & contracting	1,101,562	1,101,562	989,332	112,230
Risk management	330,791	330,791	263,858	66,933
Treasury	1,176,059	1,176,059	1,136,191	39,868
Total financial administration	<u>5,466,492</u>	<u>5,466,492</u>	<u>5,267,411</u>	<u>199,081</u>
Legal				
County attorney	<u>1,218,628</u>	<u>1,218,628</u>	<u>1,240,701</u>	<u>(22,073)</u>
Personnel administration				
Personnel	<u>1,105,396</u>	<u>1,105,396</u>	<u>1,034,215</u>	<u>71,181</u>
Planning				
Permits & inspection	3,080,146	3,052,856	2,674,270	378,586
Planning & development review	2,446,815	2,463,435	2,371,296	92,139
Environmental sustainability	160,300	160,300	160,497	(197)
Total planning and zoning	<u>5,687,261</u>	<u>5,676,591</u>	<u>5,206,063</u>	<u>470,528</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, 2015

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Management services				
General services	\$ 1,953,884	\$ 2,010,111	\$ 1,739,606	\$ 270,505
Maintenance	9,298,543	9,367,906	8,637,067	730,839
Total management services	<u>11,252,427</u>	<u>11,378,017</u>	<u>10,376,673</u>	<u>1,001,344</u>
Other general government				
Interagency information technologies	8,039,657	8,044,063	7,414,248	629,815
Internal audit	251,536	251,536	258,075	(6,539)
Board of liquor license commissioners	397,969	397,969	374,127	23,842
Total other general government	<u>8,689,162</u>	<u>8,693,568</u>	<u>8,046,450</u>	<u>647,118</u>
Total general government	<u>44,092,084</u>	<u>44,428,727</u>	<u>41,492,034</u>	<u>2,936,693</u>
Public safety				
Sheriff	25,467,251	25,231,675	24,791,015	440,660
Detention center	13,297,600	13,297,600	13,324,034	(26,434)
Work release center	3,867,308	3,867,308	3,644,799	222,509
Ambulance billing	707,440	687,440	670,805	16,635
Emergency services sections	38,648,134	38,621,834	38,750,708	(128,874)
Emergency communications	6,215,635	6,215,635	6,295,024	(79,389)
Fire and rescue companies	6,116,897	6,220,171	5,948,244	271,927
Administrative services section	1,252,303	1,324,303	1,196,982	127,321
Fire and rescue services	1,340,132	1,250,132	1,197,225	52,907
Emergency management	384,629	384,629	355,638	28,991
Fire inspection	606,499	562,220	506,205	56,015
Fire/rescue state grant allocation	360,000	427,259	390,610	36,649
Public safety director	678,927	678,927	759,427	(80,500)
Division of emergency planning & management	286,547	286,547	244,085	42,462
Animal control	<u>1,884,239</u>	<u>1,894,344</u>	<u>1,870,357</u>	<u>23,987</u>
Total public safety	<u>101,113,541</u>	<u>100,950,024</u>	<u>99,945,158</u>	<u>1,004,866</u>
Public works				
Highways	12,658,387	15,406,052	14,650,821	755,231
Public works administration	292,195	292,195	287,945	4,250
Project management	1,718,676	1,664,726	1,222,754	441,972
Watershed management section	965,912	1,090,912	1,087,242	3,670
Transportation engineering	2,444,778	2,444,778	2,225,707	219,071
Total public works	<u>18,079,948</u>	<u>20,898,663</u>	<u>19,474,469</u>	<u>1,424,194</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, 2015

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Health				
County administrator	\$ 129,327	\$ 129,327	\$ 111,329	\$ 17,998
Core services	1,726,497	1,726,497	1,514,724	211,773
Detention center substance abuse	132,572	132,572	132,572	-
Mental health	421,533	421,533	416,050	5,483
Frederick County Developmental Center	3,105,946	3,105,946	3,003,459	102,487
Total health	<u>5,515,875</u>	<u>5,515,875</u>	<u>5,178,134</u>	<u>337,741</u>
Social services				
Contribution to department of social services	505,283	505,283	469,500	35,783
Scott Key Center	3,159,555	3,159,555	3,057,857	101,698
Department of aging	467,925	480,210	467,387	12,823
Office of children and families	97,180	97,180	97,180	-
Medical transportation services	111,926	111,926	22,546	89,380
Family partnership	292,228	292,228	292,583	(355)
Child advocacy center	280,280	288,503	272,127	16,376
Deinstitutionalization day care	11,514	11,514	11,514	-
Other social services	6,166,667	6,166,667	6,166,667	-
Total social services	<u>11,092,558</u>	<u>11,113,066</u>	<u>10,857,361</u>	<u>255,705</u>
Education				
Maryland School for the Blind	2,000	2,000	-	2,000
Frederick County Board of Education	244,347,423	244,347,423	241,491,204	2,856,219
Frederick Community College	14,533,897	14,533,897	14,544,914	(11,017)
Total education	<u>258,883,320</u>	<u>258,883,320</u>	<u>256,036,118</u>	<u>2,847,202</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, 2015

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Parks, recreation and culture				
Frederick County Public Libraries	\$ 10,114,085	\$ 10,114,085	\$ 9,971,810	\$ 142,275
Parks	6,213,290	6,356,682	6,067,350	289,332
Total parks, recreation and culture	<u>16,327,375</u>	<u>16,470,767</u>	<u>16,039,160</u>	<u>431,607</u>
Conservation of natural resources				
Extension service	338,278	338,278	331,672	6,606
Weed control	200,633	200,633	228,970	(28,337)
Soil conservation	79,335	79,335	77,463	1,872
Gypsy moth control	40,000	40,000	12,750	27,250
Total conservation of natural resources	<u>658,246</u>	<u>658,246</u>	<u>650,855</u>	<u>7,391</u>
Community development and public housing				
Housing administration	375,964	375,964	367,642	8,322
Total community development and public housing	<u>375,964</u>	<u>375,964</u>	<u>367,642</u>	<u>8,322</u>

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FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Economic development and opportunity				
Office of economic development	\$ 822,835	\$ 822,835	\$ 860,620	\$ (37,785)
Citizens services administration	387,675	387,675	359,890	27,785
Workforce services	570,515	570,515	572,883	(2,368)
Human relations	138,717	138,717	138,039	678
Commission for women	-	6,128	6,127	1
Total economic development and opportunity	<u>1,919,742</u>	<u>1,925,870</u>	<u>1,937,559</u>	<u>(11,689)</u>
Non-departmental				
Property and liability insurance	1,519,912	1,519,912	1,067,584	452,328
Employee benefits	959,374	808,003	237,438	570,565
Other employee benefits and taxes	1,000,000	1,000,000	1,000,000	-
Other various contingencies	3,249,420	756,957	618,453	138,504
Indirect cost recovery	(2,190,267)	(2,194,549)	(2,236,943)	42,394
Other miscellaneous	(54,393)	(111,893)	728,354	(840,247)
Total non-departmental	<u>4,484,046</u>	<u>1,778,430</u>	<u>1,414,886</u>	<u>363,544</u>
Intergovernmental				
Financial corporations grant to municipalities	50,000	50,000	49,273	727
SDAT	794,121	794,121	748,544	45,577
Tax rebate to municipalities	<u>4,078,384</u>	<u>4,078,384</u>	<u>4,078,383</u>	<u>1</u>
Total intergovernmental	<u>4,922,505</u>	<u>4,922,505</u>	<u>4,876,200</u>	<u>46,305</u>
Debt service				
Principal - general obligation debt	25,394,591	25,172,236	24,673,175	499,061
Principal - state loans	9,437	9,437	9,437	-
Principal - leases	742,370	742,370	275,388	466,982
Interest - general obligation debt	11,851,168	11,851,168	12,021,489	(170,321)
Interest - state loans	4,499	4,499	4,499	-
Interest - leases	<u>25,878</u>	<u>25,878</u>	<u>9,991</u>	<u>15,887</u>
Total debt service	<u>38,027,943</u>	<u>37,805,588</u>	<u>36,993,979</u>	<u>811,609</u>
Total expenditures	<u>505,493,147</u>	<u>505,727,045</u>	<u>495,263,555</u>	<u>10,463,490</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, 2015

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Other financing sources (uses)				
Transfers in from:				
CCRC construction fund	\$ 2,885,089	\$ 2,885,089	\$ 2,884,860	\$ (229)
Park development	1,000,000	1,000,000	1,000,000	-
Fleet services	6,500,000	6,500,000	3,500,000	(3,000,000)
Transfers out to:				
Grants special revenue fund	(5,933,657)	(6,009,001)	(5,276,976)	732,025
Agriculture preservation special revenue fund	(188,926)	(216,216)	(216,216)	-
Capital projects fund	(14,077,648)	(13,903,288)	(13,903,287)	1
Fleet services	-	(264,279)	(264,279)	-
Economic loan	-	(222,355)	(222,355)	-
Family farm impact	-	(14,208)	(14,208)	-
Gain on sale of property	-	-	350,000	350,000
Proceeds from refunding bonds	-	-	51,136,827	51,136,827
Premium on bonds	-	-	1,967,228	1,967,228
Payment to refunded bond escrow agent	-	-	(49,815,235)	(49,815,235)
Payment to refunded lease escrow agent	-	-	(910,517)	(910,517)
Total other financing sources (uses)	<u><u>(9,815,142)</u></u>	<u><u>(10,244,258)</u></u>	<u><u>(9,784,158)</u></u>	<u><u>460,100</u></u>
Budgeted use of fund balance	<u><u>\$ (24,307,692)</u></u>	<u><u>\$ (24,307,692)</u></u>	<u><u>\$ 3,202,233</u></u>	<u><u>\$ 27,509,925</u></u>
Change in fund balance			\$ 3,202,233	
Net change in reserves and adjustments to GAAP basis			(205,929)	
Fund balance - beginning of year			<u><u>77,501,195</u></u>	
Fund balance - end of year			<u><u>\$ 80,497,499</u></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, 2015

	Original Budget	Amended Budget	Actuals	Variance - Positive (Negative)
Revenues				
Other local taxes	\$ 2,845,876	\$ 2,845,876	\$ 2,607,606	\$ (238,270)
Grants from state government	500,000	6,621,706	2,137,651	(4,484,055)
Investment income	1,270,927	1,270,927	1,861,612	590,685
Miscellaneous	916,241	916,241	14,340	(901,901)
Total revenues	5,533,044	11,654,750	6,621,209	(5,033,541)
Expenditures				
Conservation of natural resources	3,653,603	11,813,204	5,658,638	6,154,566
Debt service	5,831,327	5,831,327	5,757,110	74,217
Total expenditures	9,484,930	17,644,531	11,415,748	6,228,783
Excess (deficiency) of revenues over expenditures	(3,951,886)	(5,989,781)	(4,794,539)	1,195,242
Other financing sources (uses)				
Appropriated fund balance	(391,440)	406,848	-	(406,848)
Transfer from General Fund	188,926	216,216	216,216	-
Installment purchase agreement	4,154,400	5,366,717	1,981,492	(3,385,225)
Total other financing sources (uses)	3,951,886	5,989,781	2,197,708	(3,792,073)
Net change in fund balances	\$ -	\$ -	(2,596,831)	\$ (2,596,831)
Net change in reserves and adjustment to GAAP basis				-
Fund balance - beginning			50,981,237	
Fund balance - ending			\$ 48,384,406	

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities-Enterprise Funds				
	Major Enterprise Funds		Nonmajor Enterprise Funds		Governmental Activities-Internal Service Funds
	Water and Sewer	Solid Waste Management	Bell Court Apartments	Total Enterprise Funds	
Assets					
Current assets:					
Cash	\$ 400	\$ 2,600	\$ -	\$ 3,000	\$ -
Equity in pooled invested cash	66,506,908	35,458,915	30,791	101,996,614	12,725,093
Restricted cash and cash equivalents	1,828,963	-	503,609	2,332,572	-
Total cash and cash equivalents	<u>68,336,271</u>	<u>35,461,515</u>	<u>534,400</u>	<u>104,332,186</u>	<u>12,725,093</u>
Short-term investments	3,060	1,140	-	4,200	-
Receivables, net of allowance for uncollectibles accounts	6,933,922	1,934,079	563	8,868,564	187,635
Due from component units	10,025	-	-	10,025	39
Inventories	139,055	-	-	139,055	428,206
Prepaid items	-	-	-	-	241,635
Total current assets	<u>75,422,333</u>	<u>37,396,734</u>	<u>534,963</u>	<u>113,354,030</u>	<u>13,582,608</u>
Noncurrent assets:					
Notes receivable	4,379,024	-	-	4,379,024	-
Long-term investments	7,000,000	10,000,000	-	17,000,000	-
Capital assets:					
Land	5,558,373	2,837,164	132,200	8,527,737	-
Buildings and improvements	143,663,861	50,820,971	1,877,880	196,362,712	1,833,133
Equipment	41,494,624	8,820,016	175,000	50,489,640	27,606,050
Other improvements	354,733,204	3,135,360	-	357,868,564	-
Accumulated depreciation	(127,076,974)	(37,907,901)	(1,143,556)	(166,128,431)	(23,626,458)
Construction in progress	150,932,461	263,749	-	151,196,210	-
Total noncurrent assets	<u>580,684,573</u>	<u>37,969,359</u>	<u>1,041,524</u>	<u>619,695,456</u>	<u>5,812,725</u>
Total assets	<u>656,106,906</u>	<u>75,366,093</u>	<u>1,576,487</u>	<u>733,049,486</u>	<u>19,395,333</u>
Deferred Outflows of Resources					
Deferred charge on refunding	5,577,394	1,066,989	-	6,644,383	-
Total deferred outflows of resources	<u>5,577,394</u>	<u>1,066,989</u>	<u>-</u>	<u>6,644,383</u>	<u>-</u>
Liabilities					
Current liabilities:					
Accounts payable	148,155	7,582	1,055	156,792	358,915
Payroll and benefit deductions	458,658	130,149	216	589,023	122,064
Accrued expenses	3,177,469	1,330,431	7,851	4,515,751	290,001
Unearned revenues	1,260,039	290,565	-	1,550,604	-
Security deposits	-	420	12,347	12,767	-
Other liabilities	1,772,354	16,731	-	1,789,085	-
Current portion landfill closure and postclosure liability	-	220,990	-	220,990	-
Current portion general obligation bonds and notes	13,553,057	2,997,254	-	16,550,311	-
Current portion of compensated absences	55,587	8,071	-	63,658	8,012
Total current liabilities	<u>20,425,319</u>	<u>5,002,193</u>	<u>21,469</u>	<u>25,448,981</u>	<u>778,992</u>
Noncurrent liabilities:					
Long term portion landfill closure and postclosure liability	-	14,111,175	-	14,111,175	-
Long term portion general obligation bonds and notes	148,855,594	18,058,951	-	166,914,545	-
Liability for compensated absences	597,978	158,685	-	756,663	141,333
Accrued termination benefits	17,043	3,563	-	20,606	-
Total noncurrent liabilities	<u>149,470,615</u>	<u>32,332,374</u>	<u>-</u>	<u>181,802,989</u>	<u>141,333</u>
Total liabilities	<u>169,895,934</u>	<u>37,334,567</u>	<u>21,469</u>	<u>207,251,970</u>	<u>920,325</u>
Net Position					
Net investment in capital assets	414,007,584	10,816,122	1,041,524	425,865,230	5,812,725
Restricted for:					
Capital projects	1,533,292	-	503,609	2,036,901	-
Unrestricted	76,247,490	28,282,393	9,885	104,539,768	12,662,283
Total net position	<u>\$ 491,788,366</u>	<u>\$ 39,098,515</u>	<u>\$ 1,555,018</u>	<u>\$ 532,441,899</u>	<u>\$ 18,475,008</u>

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds. 1,188,981

Net position of business-type activities \$ 533,630,880

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities Enterprise Funds				
				Nonmajor Enterprise Funds	Governmental Activities- Internal Service Funds
	Major Enterprise Funds		Water and Sewer	Solid Waste Management	
Operating revenues					
Service charges	\$ 27,838,558	\$ 24,896,995	\$ -	\$ 52,735,553	\$ 15,473,238
Rental charges	-	-	125,304	125,304	-
Total net charges for services	27,838,558	24,896,995	125,304	52,860,857	15,473,238
Delinquent fees collected	67,251	54,770	-	122,021	-
Other revenues	1,029,924	-	-	1,029,924	-
Total operating revenues	28,935,733	24,951,765	125,304	54,012,802	15,473,238
Operating expenses					
Personnel services	9,160,376	2,156,309	35,688	11,352,373	2,791,187
Operating expenses (including administrative overhead)	8,036,724	15,188,118	-	23,224,842	1,337,183
Prefunded loss & estimated claims	-	-	-	-	1,880,952
Insurance	314,504	52,750	2,591	369,845	1,087,072
Supplies	1,741,090	59,055	53,797	1,853,942	5,300,093
Repairs and maintenance	2,344,768	299,445	318	2,644,531	1,392,249
Depreciation expense	9,798,865	956,719	71,346	10,826,930	1,267,656
Total operating expenses	31,396,327	18,712,396	163,740	50,272,463	15,056,392
Operating income (loss)	(2,460,594)	6,239,369	(38,436)	3,740,339	416,846
Nonoperating revenues (expenses)					
Investment earnings	303,840	61,083	1,487	366,410	18,720
Miscellaneous income (expense)	-	(437,216)	-	(437,216)	7,959
Build America Bonds Subsidy	328,633	8,607	-	337,240	-
Insurance recovery	-	-	-	-	54,285
Interest expense	(3,570,328)	(692,892)	-	(4,263,220)	-
Gain (loss) on disposition of capital assets	(419,132)	-	-	(419,132)	38,897
Total nonoperating revenues (expenses)	(3,356,987)	(1,060,418)	1,487	(4,415,918)	119,861
Net income (loss) before contributions and transfers	(5,817,581)	5,178,951	(36,949)	(675,579)	536,707
Capital contributions	24,576,946	-	-	24,576,946	-
Transfers (out)	-	-	-	-	(3,064,433)
Total contributions and transfers	24,576,946	-	-	24,576,946	(3,064,433)
Change in net position	18,759,365	5,178,951	(36,949)	23,901,367	(2,527,726)
Net position - beginning of year	473,029,001	33,919,564	1,591,967		21,002,734
Net position - end of year	\$ 491,788,366	\$ 39,098,515	\$ 1,555,018		\$ 18,475,008
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.				46,706	
Change in net position of business-type activities (Exhibit II-A-2)				\$ 23,948,073	

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, 2015

	Business-type Activities Enterprise Funds				
				Nonmajor Enterprise Funds	Governmental Activities- Internal Service Funds
	Major Enterprise Funds		Bell Court Apartments	Total Enterprise Funds	
	Water and Sewer	Solid Waste Management	Bell Court Apartments	Total Enterprise Funds	
Cash flows from operating activities					
Cash received from residents and customers	\$ 32,090,798	\$ 25,081,609	\$ 125,587	\$ 57,297,994	\$ 15,450,848
Cash paid to suppliers	(15,326,665)	(16,151,068)	(57,275)	(31,535,008)	(10,913,199)
Cash paid to employees	(9,111,266)	(2,116,497)	(36,950)	(11,264,713)	(2,753,719)
Net cash provided (used) by operating activities	<u>7,652,867</u>	<u>6,814,044</u>	<u>31,362</u>	<u>14,498,273</u>	<u>1,783,930</u>
Cash flows from noncapital financing activities					
Transfers out	-	-	-	-	(3,064,433)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,064,433)</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(21,951,483)	(996,096)	-	(22,947,579)	(2,110,002)
Recoveries for damages	-	-	-	-	54,285
Proceeds from sale of capital assets	-	-	-	-	69,942
Proceeds from debt issues	11,617,990	1,288,079	-	12,906,069	-
Payment of bond and note principal	(20,159,026)	(3,895,954)	-	(24,054,980)	-
Interest paid on bonds	(3,572,586)	(836,514)	-	(4,409,100)	-
Contributed capital	25,489,389	-	-	25,489,389	-
Net cash used by capital & related financing activities	<u>(8,575,716)</u>	<u>(4,440,485)</u>	<u>-</u>	<u>(13,016,201)</u>	<u>(1,985,775)</u>
Cash flows from investing activities					
Purchase of investments	(7,000,000)	(10,000,000)	-	(17,000,000)	-
Proceeds from the sale of investments	3,001,111	5,000,000	-	8,001,111	-
Interest received on investments	291,185	55,283	1,826	348,294	12,130
Net cash provided by investing activities	<u>(3,707,704)</u>	<u>(4,944,717)</u>	<u>1,826</u>	<u>(8,650,595)</u>	<u>12,130</u>
Net increase in cash and cash equivalents	(4,630,553)	(2,571,158)	33,188	(7,168,523)	(3,254,148)
Cash and cash equivalents - beginning of year	72,966,824	38,032,673	501,212	111,500,709	15,979,241
Cash and cash equivalents - end of year	<u>\$ 68,336,271</u>	<u>\$ 35,461,515</u>	<u>\$ 534,400</u>	<u>\$ 104,332,186</u>	<u>\$ 12,725,093</u>

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Major Enterprise Funds			Nonmajor Enterprise Funds		
	Water and Sewer	Solid Waste Management	Bell Court Apartments	Total Enterprise Funds		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (2,460,594)	\$ 6,239,369	\$ (38,436)	\$ 3,740,339	\$ 416,846	
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	9,798,865	956,719	71,346	10,826,930	1,267,656	
Landfill closing costs	-	(226,481)	-	(226,481)	-	
Accrued termination benefits	3,004	2,003	-	5,007	-	
Miscellaneous non-operating income (expense)	-	(437,213)	-	(437,213)	14,549	
Change in assets and liabilities:						
(Increase) decrease:						
Accounts receivable	3,106,802	(141,101)	-	2,965,701	(36,939)	
Inventory	(7,298)	-	-	(7,298)	43,982	
Prepaid items	4122	-	-	4,122	(170,283)	
Increase (decrease):						
Accounts payable	(30,688)	(12,731)	898	(42,521)	58,986	
Accrued expenses	(2,577,127)	214,329	(2,446)	(2,365,244)	177,582	
Deferred revenues	91,551	264,126	-	355,677	-	
Liability for compensated leave	15,413	14,230	-	29,643	11,551	
Closure liability	-	(59,816)	-	(59,816)	-	
Other liabilities	(291,183)	610	-	(290,573)	-	
Net cash provided (used) by operating activities	\$ <u>7,652,867</u>	\$ <u>6,814,044</u>	\$ <u>31,362</u>	\$ <u>14,498,273</u>	\$ <u>1,783,930</u>	

Non-cash investing, capital, and financing activities:

Included in proceeds from debt issues is a non-cash adjustment to Notes Payable for \$273,746. Included in interest income in the Water and Sewer Fund is an unrealized loss of \$5,545. Included in interest income in the Solid Waste fund is an unrealized loss of \$5,494. Included in interest expense in the Water and Sewer fund is amortization of premium of \$1,066,048. Included in interest expense in the Solid Waste fund is amortization of premium of \$184,678.

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

Exhibit II-A-12

FREDERICK COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Pension Trust	Other Post Employment Benefits Trust	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 544,966	\$ -	\$ 535,855
Equity in pooled invested cash	152,107	2,600,418	7,225,448
Investments:			
Money markets	5,713,699	360,220	-
Fixed income securities	52,626,212	-	-
Equity securities	428,356,721	106,747,454	-
Accounts receivable	354	3,393	-
Interest receivable	558,979	-	-
Prepaid items	-	70,599	-
Total assets	<u>487,953,038</u>	<u>109,782,084</u>	<u>7,761,303</u>
LIABILITIES			
Accounts payable	453,734	10,261	-
Accrued payroll	6,414	-	-
Due to third parties	-	-	3,070,229
Performance deposits	-	-	4,691,074
Retirement benefit deductions	<u>178,270</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>638,418</u>	<u>10,261</u>	<u>7,761,303</u>
NET POSITION			
Net position held in trust for pension benefits and other purposes	<u>\$ 487,314,620</u>	<u>\$ 109,771,823</u>	<u>\$ -</u>

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

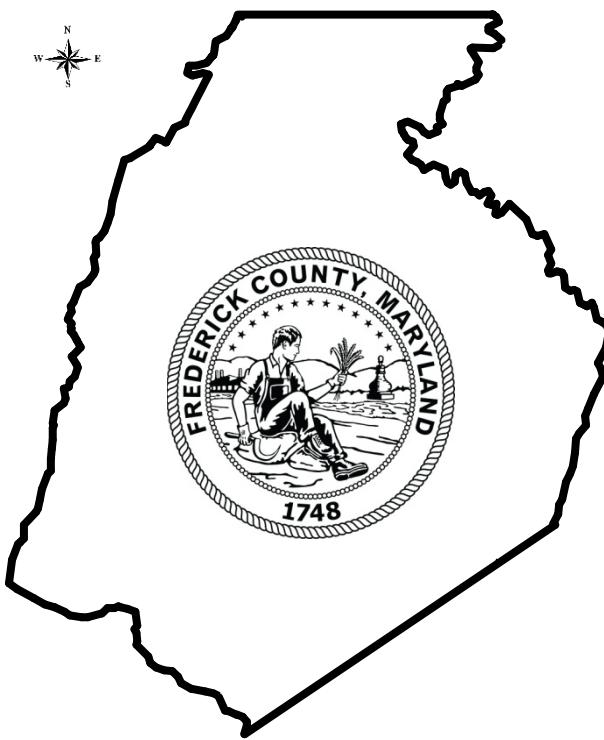
FREDERICK COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Pension Trust	Other Post Employment Benefits Trust
Additions		
Contributions		
Employer contributions	\$ 20,322,636	\$ 11,468,959
Member contributions	7,022,374	-
Member contributions for current benefits	-	1,456,110
Other	-	229,110
Total contributions	<u>27,345,010</u>	<u>13,154,179</u>
Investment income		
Net appreciation in fair value of plan investments	12,672,186	3,023,092
Interest and dividends	11,093,412	1,600,307
Investment expense	<u>(1,264,686)</u>	-
Net investment income	<u>22,500,912</u>	<u>4,623,399</u>
Total additions	<u>49,845,922</u>	<u>17,777,578</u>
Deductions		
Benefits and refunds	16,812,193	7,042,461
Administrative expenses	<u>793,080</u>	<u>57,035</u>
Total deductions	<u>17,605,273</u>	<u>7,099,496</u>
Change in net position	32,240,649	10,678,082
Net position - beginning of year	<u>455,073,971</u>	<u>99,093,741</u>
Net position - end of year	<u>\$ 487,314,620</u>	<u>\$ 109,771,823</u>

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

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NOTES TO FINANCIAL SECTION



NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
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FREDERICK COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

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

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

Joint Venture

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

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

NOTES TO FINANCIAL STATEMENTS

(Continued)

B. Government-wide and Fund Financial Statements

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

The County reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Agricultural Preservation Fund accounts for taxes on the transfer of agricultural properties that are legally restricted to providing funding for state or approved local agricultural land preservation programs. It also accounts for other revenue sources designated for agricultural land preservation.
- The Capital Projects Fund accounts for the purchase, construction or renovation of major capital assets. It is composed of the General Government Capital Projects Fund and accounts for additions of education facilities, roads and similar general government capital assets (other than those financed by the proprietary funds). 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.
- Development Road Improvement Fund – This fund accounts for building excise tax collections that are dedicated to road development.
- 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.
- Nursing Home Construction Fund – This fund accounted for recordation taxes dedicated to pay for the cost of building a new Citizens Care and Rehabilitation Center, a nursing home facility and Montevue Assisted Living Facility, as well as the related debt service. This fund was closed and the associated recordation taxes reverted back to the General Fund in FY 2015.
- Parks Acquisition and Development Fund – This fund accounts for recordation taxes dedicated for parkland acquisition and development.

NOTES TO FINANCIAL STATEMENTS
(Continued)

- School Construction Fund – This fund accounts for recordation taxes dedicated to pay a portion of the cost of school construction.

Nonmajor governmental funds include the following special revenue funds:

- Electric Lighting Tax Districts Fund – This fund accounts for property taxes that are legally restricted to paying for street lighting.
- Grants Fund – This fund accounts for Federal and State grant revenues and expenditures. This fund is a special revenue fund and receives revenues from Federal and State grants and expends these funds in accordance with the terms of the grants.
- Hotel Rental Tax Fund – This fund accounts for the hotel tax received from the local hotels as defined by the Hotel Tax Ordinance.
- Loan Activities Funds – These funds account for the loan activities associated with four loan funds – Housing Initiative Loans, Non-Profit Organization Loans, Fire/Rescue Loans and Economic Development Loans.
- Sheriff's/Judicial Activities Funds – These four funds account for activities such as the Sheriff's Drug Enforcement, Narcotics Task Force, 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.

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:

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

- Other Post Employment Benefits Trust Fund accounts for the activities of the Frederick County Retiree Health Benefit Plan, which accumulates resources for healthcare benefits to eligible retirees and, in certain instances, their eligible survivors and dependents.
- Pension Trust Fund accounts for the activities of the Frederick County Employee Retirement Plan, which accumulates resources for pension benefit payments to qualified employees.

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, Tax Agency 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 and Other Post Employment Benefits Trust Funds with original maturities of one year or less are stated at cost or amortized cost, which approximates fair value. Remaining investments are recorded at fair value. The investments in the County's Pension and Other Post Employment Benefits Trust Funds are recorded at fair value.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

public hearings regarding the intent to exceed. As a result of State legislation passed in 1979, the assessment of real property returned to a triennial system beginning in fiscal year 1981. Under the provisions of this legislation, the increase in established market value of the one-third of the properties reassessed each year is phased in over a three-year period.

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

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

Total assessed value on which levies were made for the year ended June 30, 2015, was \$26,317,431,443. 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 \$0.9340 and \$0.9302, respectively. In addition, taxes were levied in three lighting tax districts. The County collected 99.92 percent 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 \$195,752 and is included in total property taxes receivable of \$370,350 on the Statement of Net Position. This compares to the current portion of the prior year levy of \$524,087 included in the total property taxes of \$1,298,921 as of June 30, 2014.

3. Inventories and Prepays

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

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

4. Capital Assets

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

Most capital assets used in operations are depreciated using the straight-line method over their estimated useful lives. The County defines capital assets, other than infrastructure and internally generated software, as assets with an initial, individual cost of \$5,000 or more, and

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Bridges	50 years
Buildings	30 - 50 years
Improvements	10 - 30 years
Furniture, Machinery and Equipment	5 - 30 years
Vehicles	5 - 15 years
Water and Sewer Lines	25 - 75 years
Roads	30 years
Misc. Infrastructure	10 - 20 years
Computer Software	50 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 policies for BOE and FCPL are the same as the County. FCC's policy is to include those capital assets with a purchase price or fair value at donation of at least \$2,500. The following useful lives are used for depreciation purposes for the assets of these component units:

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

5. Deferred Outflows/Inflows

In addition to assets, the statement of net position includes two separate sections for deferred outflows/inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. Frederick County has two 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; and 2) changes in total pension liability arising 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 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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

In addition to liabilities, the balance sheet of the general fund includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Absences

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

7. Long-Term Obligations

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

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

8. Net Position/Fund Balances

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets, represents all capital assets, including infrastructure, reduced by accumulated depreciation and the outstanding debt directly attributable to the acquisition, construction or improvements of these assets. Restricted net position represents external restrictions by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. In the Water & Sewer Enterprise Fund, a portion of the unrestricted net position is reserved to represent the intent of the County's administration to use the unrestricted net position for specific purposes in the future. Data specific to these reserves is available in Note 3.G.6.

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

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

9. *Estimates*

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

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

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.
2. All departments submit their proposed operating budgets for the upcoming fiscal year (commencing the following July 1) to the Budget Officer.
3. All budget requests are compiled and reviewed by the Budget Office and, with direction from the County Executive, a draft budget is prepared, along with a Budget Message.
4. The County Executive must hold a second public hearing in March to receive comments on budget requests.
5. The County Executive submits a proposed Budget to the County Council no later than April 15 of each year.
6. At least one public hearing on the proposed Budget must be held by the County Council.
7. 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.
8. 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, notice and publication as required for a newly enacted Bill.
9. Adoption of the Budget Ordinance will (by the affirmative vote of not less than four members of the Council) occur no later than May 25. If the Council fails to adopt the Budget by May 25, then the proposed Budget submitted by the County Executive will become law.
10. 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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

11. The County Council adopts the budget for funds at various levels of budgetary control. However, the legal level of appropriations is the department level. Budgetary schedules in this document may display greater detail than the legal level of budget adoption.
12. 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.
13. 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.
14. Formal budgetary integration is employed as a management control device for all funds for which a budget is legally adopted, namely, the General, Special Revenue (except the Sheriff's Drug Enforcement, Sheriff's Office Fund, Narcotics Task Force, Inmates' Canteen, Fire/Rescue Loan, and Non-Profit Organizations Loan) Capital Projects, Enterprise, and Internal Service Funds. No budgets are in place for the Special Revenue Funds individually noted. Other Post Employment Benefit Trust and Pension Trust Funds' budgets are for management control only and are not adopted by the County Council.
15. During the operating 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.

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Reconciliation of Budgetary Basis to GAAP Basis

The General Fund and the Agricultural Preservation fund have legally adopted annual budgets. Exhibit II-A-7 and Exhibit II-A-8, the "Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual," are prepared on a basis consistent with these budgets. The budgets are prepared using encumbrance accounting where encumbrances are treated as expenditures of the current period. The reconciliation of Budget to GAAP, as presented on the "Statement of Revenues, Expenditures, and Changes in Fund Balances," – reflects adjustments as described below.

The "Statement of Revenues, Expenditures and Changes in Fund Balance" for all major governmental funds is prepared on a basis consistent with GAAP where encumbrances are treated as a reservation of fund balance.

General Fund				
	Revenues	Expenditures	Other Financing Sources (Uses)	Net change in Fund Balance
Budgetary Basis	\$ 508,249,946	\$ 495,263,555	\$ (9,784,158)	\$ 3,202,233
Basis Adjustments:				
Encumbrance adjustment	-	998,819	-	(998,819)
Inventory adjustment	-	(792,890)	-	792,890
Net affect of basis adjustments	-	205,929	-	(205,929)
GAAP Basis	<u><u>\$ 508,249,946</u></u>	<u><u>\$ 495,469,484</u></u>	<u><u>\$ (9,784,158)</u></u>	<u><u>\$ 2,996,304</u></u>

The following departments over expended their FY2015 budget:

	Amended Budget	Actual	Variance
County Attorney	\$ 1,218,628	\$ 1,240,701	\$ (22,073)
Internal Audit	251,536	258,075	(6,539)
Office of Economic Development	822,835	860,620	(37,785)
Emergency Management	6,886,811	6,894,747	(7,936)

The negative variance for County Attorney is due to the addition of legal staff and on-going litigation expenses. Internal Audit's negative variance was due to the component unit in-kind recovery not materializing. Office of Economic Development's negative variance occurred due to staff receiving health benefits that were not included in the FY15 budget process and severance pay to an employee. Emergency Management's negative variance was also due to staff receiving health benefits that were not included in the FY15 budget process and ensuring 24/7 staffing coverage during holidays, scheduled leave and weather related events.

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

At year-end, Frederick County's carrying amount of deposits was \$14,671,185 and the bank balance was \$15,862,729. 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)	\$ 355,903
Held by the government's agent, in the government's name	15,506,826
Total Bank Balance	<u>\$ 15,862,729</u>

The County's cash and investments as of June 30, 2015, totaled \$371,574,679 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	\$ 493,310
Equity in Pooled Invested Cash	192,190,852
Investments	156,121,931
Restricted Cash and Cash Equivalents	22,768,586
Total	<u>\$ 371,574,679</u>
Deposit & Investment Summary:	
Investments	\$ 367,969,190
Cash on Hand	18,041
Deposits	14,671,185
Less: Component Units and Agency Fund Cash Equivalents	
Pension Trust	(697,073)
OPEB Trust	(2,600,418)
Frederick County Public Libraries	(24,943)
Agency Funds	(7,761,303)
Total	<u>\$ 371,574,679</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

Pension Trust Fund

As of June 30, 2015, the carrying amount of the Pension Trust Fund's deposits was \$544,966 and the bank balance was \$1,698,265. The deposits of the Pension Trust Fund were not exposed to custodial risk as of June 30, 2015.

Component Units

Deposits and investments of the BOE, FCC and FCPL are governed by the same law governing the County's investments. As of June 30, 2015, BOE's cash on hand for petty cash was \$3,750. The carrying amount of the Board's deposits was \$14,030,817 and investments, including \$81,594,435 of fiduciary funds, were \$98,765,934. \$9,279 of cash and cash equivalents is restricted for debt service. The bank balance was \$17,096,143. The deposits of the Board were not exposed to custodial risk as of June 30, 2015.

As of June 30, 2015, FCC's cash on hand for petty cash was \$7,500. The carrying amount of the college's deposits was \$6,069,398 and cash equivalents were \$8,435,980. Cash and cash equivalents, as shown on the Statement of Net Position, include Frederick Community College Foundation, Inc. in the amount of \$670,646. The bank balance was \$6,532,371. The deposits of the college were not exposed to custodial risk as of June 30, 2015.

As of June 30, 2015, FCPL's cash on hand for petty cash was \$1,910. The carrying amount of FCPL's deposits was \$23,033, including \$20,000 of restricted cash. The bank balance was \$25,430. The deposits of the library were not exposed to custodial risk as of June 30, 2015.

2. Investments

Primary Government

As of June 30, 2015, Frederick County held the following investments and maturities. The government's investment balances were as follows:

Investment Type (All funds)	Fair Value	0-18 Month	18-24 Month	> 24 Month
		Maturities	Maturities	Maturities
U. S. Treasuries	\$ 42,088,841	\$ 2,635,977	\$ 5,247,680	\$ 34,205,184
MD Local Government Investment Pool	211,847,258	211,847,258	-	-
Money Market Funds	10,121	10,121	-	-
Federal Agency Securities	114,022,970	114,022,970	-	-
Total Fair Value	\$ 367,969,190	\$ 328,516,326	\$ 5,247,680	\$ 34,205,184

Interest Rate Risk – The County recognizes that interest rate risk can result from market price losses due to changes in interest rates. Portfolio diversification of maturities is employed as a way to control these risks. The County's investment policy limits General fund investments to maturities within eighteen months from the date of purchase. Up to one-half of Water and Sewer Fund investments may have maturities from

NOTES TO FINANCIAL STATEMENTS
(Continued)

two to ten years, with the remaining investments maturing within two years. In all funds, portfolio maturities are staggered to avoid undue concentration of assets in a specific maturity sector. The Maryland Local Government Investment Pool is managed to a Weighted Average Maturity (WAM) of a sixty day maximum to reduce their exposure to interest rate risk.

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

1. U. S. Treasury securities
2. Obligations of U. S. government agencies
3. Repurchase agreements (collateralized in an amount not less than 102 percent of the principal amount by an obligation of the U.S., its agencies or instrumentalities, provided the collateral is held by a custodian other than the seller and designated by the buyer)
4. Bankers' acceptances
5. Shares in an investment company or investment trust (limited to direct obligations of the U.S. government and to repurchase agreements fully collateralized by U. S. government obligations and the investment company or trust takes delivery of that collateral, either directly or through an authorized custodian)
6. Money market mutual funds that contain only securities of the organizations listed in items 1), 2), and 3) above
7. Certificates of deposit (collateralized within the guidelines of the Annotated Code of Maryland, State Finance and Procurement Article 6-202)
8. Maryland Local Government Investment Pool (MLGIP)

The County's investments have received the followings ratings:

Investment	Fair Value	Moody's	Standard & Poors	Fitch Ratings
MD Local Government Investment Pool	\$ 211,847,258	not rated	AAAm	not rated
Federal Home Loan Bank	59,013,020	AAA	AA+	not rated
Federal Home Loan Bank	10,000,300	not rated	not rated	not rated
Federal Agriculture Mortgage Corporation	15,009,500	not rated	not rated	not rated
Federal Farm Credit Bank	30,000,150	AAA	AA+	not rated

NOTES TO FINANCIAL STATEMENTS
(Continued)

The repurchase agreements are collateralized with Small Business Administration (SBA) securities and are explicitly guaranteed by the U.S. Government. All other investments are debt securities of the U.S. government or obligations of the U.S. government that are explicitly guaranteed by the U.S. government.

Concentration of Credit Risk – To reduce this risk, the County seeks to maintain a balanced portfolio by issuer or financial institution and class of security or money market instrument. 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>
U. S. Treasuries	\$ 42,088,841	11.438 %
MD Local Government Investment Pool (MLGIP)	211,847,258	57.572
Money Market Funds	10,121	0.003
Federal Home Loan Bank (FHLB)	69,013,320	18.755
Federal Agricultural Mortgage Corp.	15,009,500	4.079
Federal Farm Credit Bank	30,000,150	8.153
Total Fair Value	<u>\$ 367,969,190</u>	<u>100.000 %</u>

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

Pension Trust Fund

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

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

As of June 30, 2015, 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	\$ 5,713,699	\$ 5,713,699	\$ -	\$ -
Mutual Funds	222,923,994	222,923,994	-	-
U.S. Government Securities (Fixed Income)	25,154,571	-	-	25,154,571
Corporate Bonds and Notes (Fixed Income)	25,680,592	1,535,742	292,198	23,852,652
Other Government Agencies (Fixed Income)	1,791,049	296,068	-	1,494,981
Common Stocks	205,432,727	205,432,727	-	-
Total Fair Value	\$ 486,696,632	\$ 435,902,230	\$ 292,198	\$ 50,502,204

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

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

Equities

1. Common and preferred stocks listed on a major U.S. exchange or traded regularly on another established U.S. market or exchanges such as NASDAQ;
2. Securities convertible into common stocks;
3. Equity securities of non-U.S. incorporated entities; and
4. Other specialized asset classes, as authorized by the Retirement Plan Committee.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Fixed Income

All debt instruments except:

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

The money market funds are unrated, as are the mutual funds and common stocks used by the Plan. As of June 30, 2015, the Plan's fixed income investments had the following characteristics:

<u>Moody's Rating or Comparable</u>	<u>Fair Value</u>
AAA to A1	\$ 26,650,242
BAA3 to BA1	10,583,647
CAA2 to C	-
Not rated	<u>15,392,323</u>
Total Fair Value	<u><u>\$ 52,626,212</u></u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Foreign Currency Risk – The Plan's exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The Plan recognizes the value of global diversification and retains one investment manager for global and international equity investments. The Plan's investment policy does not establish any limitation related to foreign currency risk. The Plan did not have foreign currency risk as of June 30, 2015.

Other Post Employment Benefit (OPEB) Trust Fund

The County's OPEB Trust is one of two OPEB trusts that participate in the Frederick County Master Retiree Benefit Trust Agreement ("OPEB Master Trust"). The other OPEB Trust, which participates in the OPEB Master Trust, is the Retiree Benefit Trust of Frederick County Public Schools ("Public Schools OPEB Trust"). The OPEB Master Trust exists for the purpose of receiving, holding and managing the investment of funds contributed on behalf of both the Frederick County, Maryland Retiree Health Benefit Plan and the Frederick County Public Schools Retiree Health Benefit Plan, in connection with the funding of their OPEB obligations. Both of the OPEB trusts in the OPEB Master Trust have the same sole trustee and the same Investment Committee Members.

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 percent equities and 35 percent bonds. The minimum and maximum percentages for equities are 45 percent and 75 percent, respectively and for bonds are 25 percent and 55 percent, respectively.

As of June 30, 2015, 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	\$ 360,220	\$ 360,220	\$ -	\$ -
Mutual Funds	69,086,098	69,086,098	- -	- -
U.S. Government Securities (Fixed Income)	37,661,356	37,661,356	- -	- -
Total Fair Value	\$ 107,107,674	\$ 107,107,674	\$ - -	\$ - -

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

Credit Risk – The Plan's investment policy 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 and may allocate funds across managers to develop the most efficient and feasible investment structure for each asset class. Initially the assets have been invested in passively managed investment strategies. As the County OPEB Trust assets grow in size, actively managed investment strategies may be considered.

Foreign Currency Risk – The Plan's exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The Plan recognizes the value of global diversification and retains one investment manager for global and international equity investments. The Plan's investment policy does not establish any limitation related to foreign currency risk. The Plan's exposure to foreign currency risk is as follows:

Currency	Fair Value
European Monetary Unit (Euro)	\$ 3,194,292
Japanese Yen	2,435,580
UK Pound	2,153,070
Swiss Franc	972,734
Australian Dollar	730,888
Hong Kong Dollar	345,647
Swedish Krone	312,473
Danish Krone	175,499
Singapore Krone	149,816
US Dollar	89,890
Norwegian Krone	68,487
Israeli Shekel	58,856
New Zealand Dollar	13,912
	<u><u>\$ 10,701,144</u></u>

Component Units

The Board of Education's investments as of June 30, 2015 are categorized in the following table:

Investment Type	Fair Value	Investment Maturities (in Years)			Interest Rate as of June 30
		Less than 1	1-5	6-10	
MLGIP	\$ 5,139,875	\$ 5,139,875	\$ -	\$ -	0.07%
Money Market	15,508,770	15,508,770	-	-	0.01%
Certificates of Deposit	4,026	4,026	-	-	Various
Fixed Income Securities	27,361,061	27,361,061	-	-	0.00%
Equity Securities	50,752,202	50,752,202	-	-	2.38%
Totals	\$ 98,765,934	\$ 98,765,934	\$ -	\$ -	

NOTES TO FINANCIAL STATEMENTS
(Continued)

The above investment balances include fiduciary funds in the amount of \$81,594,435. Total net investment income per statement of activities as of June 30, 2015 was \$10,572.

FCC's investments as of June 30, 2015 were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			Interest Rate At June 30
		Less than 1	1-5	6-10	
MLGIP	<u>\$ 8,435,980</u>	<u>\$ 8,435,980</u>	\$ -	\$ -	0.07%

Total net investment income for FCC (excluding the FCC Foundation) as of June 30, 2015 was \$13,641. The Frederick Community College Foundation investments as of June 30, 2015 were:

Investment Type	June 30, 2015			June 30, 2014		
	Cost	Market	Unrealized Gains (Losses)	Cost	Market	Unrealized Gains (Losses)
USMF Fund	\$ 12,309,040	\$ 12,089,274	\$ (219,766)	\$ 12,068,135	\$ 11,753,671	\$ (314,464)
Charitable Remainder Trust	479,043	434,335	\$ (44,708)	479,043	427,872	(51,171)
Total Investments	<u>\$ 12,788,083</u>	<u>\$ 12,523,609</u>	<u>\$ (264,474)</u>	<u>\$ 12,547,178</u>	<u>\$ 12,181,543</u>	<u>\$ (365,635)</u>

As of June 30, 2015, the Foundation had 366,209.1608 units of the University System of Maryland Foundation, Inc. Unitized Investment Fund valued at \$31.01194 per unit with a value of \$12,089,274.

FCPL's investments as of June 30, 2015 were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			Interest Rate At June 30
		Less than 1	1-5	6-10	
MLGIP	\$ 256,428	\$ 256,428	\$ -	\$ -	0.06%
Certificates of Deposit	201,142	201,142	-	-	Various
Total Investments	<u>\$ 457,570</u>	<u>\$ 457,570</u>	<u>\$ -</u>	<u>\$ -</u>	

Investment income includes the following for the year ended June 30, 2015:

Total net investment income per statement of activities - \$1,476.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the BOE, FCC and FCPL will not be able to recover all or portion of the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2015, all of the component unit investments were insured or registered, or securities were held by the unit or its agent in the unit's name or were invested in the MLGIP.

Foreign Currency Risk – There are no investments in foreign currency by FCC or FCPL. The BOE's OPEB Plan has exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The Plan recognizes the value of global diversification and retains one investment manager for global and international equity investments. The Plan's investment policy does not establish any limitation related to foreign currency risk. The Plan's exposure to foreign currency risk is as follows:

Currency	Fair Value
European Monetary Unit (Euro)	\$ 2,330,874
Japanese Yen	1,777,243
UK Pound	1,571,095
Swiss Franc	709,804
Australian Dollar	533,329
Hong Kong Dollar	252,219
Swedish Krone	228,012
Danish Krone	128,062
Singapore Krone	109,321
US Dollar	65,681
Norwegian Krone	49,975
Israeli Shekel	42,947
New Zealand Dollar	10,152
	<u>\$ 7,808,714</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Receivables and Payables

1. *Accounts and Other Receivables*

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The associated allowance for doubtful accounts has been established in the following governmental and business-type funds: General Fund, \$168,645; Water and Sewer, \$1,002; and Solid Waste, \$22,278.

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, 2015, are reconciled as follows:

	BOE	FCC	FCPL	TOTAL
Due from component units per Primary Government	\$ 10,025	\$ 1,355	\$ -	\$ 11,380
Less: Not recorded as payable by component unit in FY14	<u>(10,025)</u>	<u>(1,355)</u>	<u>-</u>	<u>(11,380)</u>
Due to primary government per Component Units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Due to component units per Primary Government	\$ 2,338,062	\$ -	\$ 2,952,279	\$ 5,290,341
Less: Receivable recorded by component unit in FY 16	<u>(29,742)</u>	<u>-</u>	<u>-</u>	<u>(29,742)</u>
Due from primary government per Component Units	<u>\$ 2,308,320</u>	<u>\$ -</u>	<u>\$ 2,952,279</u>	<u>\$ 5,260,599</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Capital Assets

Capital Asset activity for the year ended June 30, 2015 is as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 89,741,361	\$ 4,323,120	\$ (137,200)	\$ 93,927,281
Construction in progress	17,145,491	24,783,311	(13,701,172)	28,227,630
Total capital assets at historical cost not being depreciated	<u>106,886,852</u>	<u>29,106,431</u>	<u>(13,838,372)</u>	<u>122,154,911</u>
Capital assets being depreciated:				
Buildings and improvements	255,396,605	3,797,753	(433,447)	258,760,911
Equipment	118,082,615	9,472,534	(3,660,837)	123,894,312
Infrastructure	355,942,448	1,646,214	-	357,588,662
Total capital assets at historical cost being depreciated	<u>729,421,668</u>	<u>14,916,501</u>	<u>(4,094,284)</u>	<u>740,243,885</u>
Less accumulated depreciation for:				
Buildings and improvements	82,443,030	7,649,334	(176,362)	89,916,002
Equipment	78,644,225	6,717,138	(3,384,873)	81,976,490
Infrastructure	206,880,610	8,809,891	-	215,690,501
Total accumulated depreciation	<u>367,967,865</u>	<u>23,176,363</u>	<u>(3,561,235)</u>	<u>387,582,993</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>361,453,803</u>	<u>(8,259,862)</u>	<u>(533,049)</u>	<u>352,660,892</u>
Governmental activities capital assets, net	<u>\$ 468,340,655</u>	<u>\$ 20,846,569</u>	<u>\$ (14,371,421)</u>	<u>\$ 474,815,803</u>
Depreciation expense was charged to governmental functions as follows:				
General government				\$ 2,397,322
Public safety				5,511,445
Public works				1,726,314
Health				179,947
Social services				1,216,311
Rec and culture				3,304,961
Conservation of Natural Resources				-
Economic Development and Opportunity				30,173
Infrastructure				8,809,890
Total depreciation expense				<u>\$ 23,176,363</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Primary Government				
	Beginning Balance	Increases	Adjustments/ Transfers	Deductions	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 8,527,737	\$ -	\$ -	\$ -	\$ 8,527,737
Construction in progress	145,884,914	21,915,791	-	(16,604,495)	151,196,210
Total capital assets at historical cost not being depreciated	<u>154,412,651</u>	<u>21,915,791</u>	<u>-</u>	<u>(16,604,495)</u>	<u>159,723,947</u>
Capital assets being depreciated:					
Buildings and improvements	198,361,117	92,332	(1,815,308)	(275,429)	196,362,712
Equipment	48,612,306	1,489,764	1,815,308	(1,427,738)	50,489,640
Infrastructure	342,538,119	15,330,445	-	-	357,868,564
Total capital assets at historical cost being depreciated	<u>589,511,542</u>	<u>16,912,541</u>	<u>-</u>	<u>(1,703,167)</u>	<u>604,720,916</u>
Less accumulated depreciation for:					
Buildings and improvements	64,732,154	4,069,922	(1,344,566)	(78,568)	67,378,942
Equipment	32,297,303	1,959,866	1,344,566	(1,202,964)	34,398,771
Infrastructure	59,553,576	4,797,142	-	-	64,350,718
Total accumulated depreciation	<u>156,583,033</u>	<u>10,826,930</u>	<u>-</u>	<u>(1,281,532)</u>	<u>166,128,431</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>432,928,509</u>	<u>6,085,611</u>	<u>-</u>	<u>(421,635)</u>	<u>438,592,485</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 587,341,160</u>	<u>\$ 28,001,402</u>	<u>\$ -</u>	<u>\$ (17,026,130)</u>	<u>\$ 598,316,432</u>
Depreciation expense was charged to business-type functions as follows:					
Bell Court					\$ 71,346
Solid Waste					956,719
Water & Sewer					9,798,865
Total depreciation expense					<u>\$ 10,826,930</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

Component units' capital asset activity for the year ended June 30, 2015 was as follows:

BOE	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets not being depreciated:				
Land	\$ 47,997,254	\$ 871,816	\$ -	\$ 48,869,070
Construction in progress	<u>32,250,121</u>	<u>21,734,744</u>	<u>(40,812,829)</u>	<u>13,172,036</u>
Total capital assets at historical cost not being depreciated	<u>80,247,375</u>	<u>22,606,560</u>	<u>(40,812,829)</u>	<u>62,041,106</u>
Capital assets being depreciated:				
Building and improvements	830,120,126	37,301,266	(4,351,211)	863,070,181
Furniture and equipment	<u>57,470,463</u>	<u>2,661,619</u>	<u>(8,535,582)</u>	<u>51,596,500</u>
Total capital assets at historical cost being depreciated	<u>887,590,589</u>	<u>39,962,885</u>	<u>(12,886,793)</u>	<u>914,666,681</u>
Less accumulated depreciation for:				
Building and improvements	281,299,618	23,330,918	(4,055,527)	300,575,009
Furniture and equipment	<u>36,594,946</u>	<u>3,110,350</u>	<u>(8,529,527)</u>	<u>31,175,769</u>
Total accumulated depreciation	<u>317,894,564</u>	<u>26,441,268</u>	<u>(12,585,054)</u>	<u>331,750,778</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>569,696,025</u>	<u>13,521,617</u>	<u>(301,739)</u>	<u>582,915,903</u>
BOE's capital assets, net of accumulated depreciation	<u>\$ 649,943,400</u>	<u>\$ 36,128,177</u>	<u>\$ (41,114,568)</u>	<u>\$ 644,957,009</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

FCC	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets not being depreciated:				
Land	\$ 271,620	\$ -	\$ -	\$ 271,620
Construction in progress	3,509,017	4,517,886	(3,049,845)	4,977,058
 Total capital assets at historical cost not being depreciated	 3,780,637	 4,517,886	 (3,049,845)	 5,248,678
 Capital assets being depreciated:				
Library collection	2,013,203	18,344	-	2,031,547
Building and improvements	91,789,852	8,921,052	-	100,710,904
Furniture and equipment	4,698,594	540,961	(68,995)	5,170,560
Site improvement	6,071,743	342,046	-	6,413,789
 Total capital assets at historical cost being depreciated	 104,573,392	 9,822,403	 (68,995)	 114,326,800
 Less accumulated depreciation for:				
Library collection	1,860,603	35,309	-	1,895,912
Building and improvements	27,986,065	2,567,922	-	30,553,987
Furniture and equipment	3,231,735	386,559	(68,632)	3,549,662
Site improvement	5,262,428	336,748	-	5,599,176
 Total accumulated depreciation	 38,340,831	 3,326,538	 (68,632)	 41,598,737
 Total capital assets being depreciated, net of accumulated depreciation	 66,232,561	 6,495,865	 (363)	 72,728,063
 FCC's capital assets, net of accumulated depreciation	 \$ 70,013,198	 \$ 11,013,751	 \$ (3,050,208)	 \$ 77,976,741

NOTES TO FINANCIAL STATEMENTS
(Continued)

FCPL	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets being depreciated:				
Library collection	\$ 8,453,363	\$ 1,136,645	\$ (1,400,535)	\$ 8,189,473
Furniture and equipment	295,792	28,213	(65,162)	258,843
Total capital assets at historical cost being depreciated	<u>8,749,155</u>	<u>1,164,858</u>	<u>(1,465,697)</u>	<u>8,448,316</u>
Less accumulated depreciation for:				
Library collection	6,580,007	1,197,177	(1,380,864)	6,396,320
Furniture and equipment	135,584	21,169	(32,765)	123,988
Total accumulated depreciation	<u>6,715,591</u>	<u>1,218,346</u>	<u>(1,413,629)</u>	<u>6,520,308</u>
FCPL's capital assets, net of accumulated depreciation	<u>\$ 2,033,564</u>	<u>\$ (53,488)</u>	<u>\$ (52,068)</u>	<u>\$ 1,928,008</u>

D. Interfund Receivables, Payables and Transfers

1. *Primary Government Interfund Receivables and Payable Balances*

Receivable Fund	Payable Fund		Total Due from Other Funds
	General Fund	Due from Other Funds	
Capital Projects	\$ 18,500,000	\$ 18,500,000	\$ 18,500,000
Total Due to Other Funds	<u>\$ 18,500,000</u>	<u>\$ 18,500,000</u>	<u>\$ 18,500,000</u>

Interfund balances due from the general fund include \$18,500,000 to the Capital Projects Fund. The amount due from the general fund was paid in July 2015.

2. *Interfund Transfers – Primary Government*

Interfund transfers for the year ended June 30, 2015 consists of the following:

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Transfers In					
	General Fund	Agricultural Preservation	Capital Projects	Nonmajor Governmental	Internal Service	Total Transfers To Other Funds
Transfers Out						
General Fund	\$ -	\$ 216,216	\$ 10,032,635	\$ 5,499,331	\$ -	\$ 15,748,182
Nonmajor Governmental	-	-	-	-	171,288	171,288
Internal Service	3,235,721	-	-	-	-	3,235,721
Total Transfers in from Other Funds	<u>\$ 3,235,721</u>	<u>\$ 216,216</u>	<u>\$ 10,032,635</u>	<u>\$ 5,499,331</u>	<u>\$ 171,288</u>	<u>\$ 19,155,191</u>

Primary activities include:

- Transfers of pay-go funding from the General Fund and various non-major governmental funds to the Capital Projects Fund;
- Transfers of matching County grants funding from the General Fund to the Grants Fund.

E. Operating Leases

Frederick County is committed under various leases for building and office space, the majority of which are cancelable. These leases are considered for accounting purposes to be operating leases. Operating lease expenditures for fiscal year 2015 were \$1,282,932.

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

Years Ending		
June 30,		Total Payment
2016		\$ 435,034
2017		359,668
2018		364,601
2019		369,682
2020		354,681
2021-2025		1,312,077
2026-2030		433,943
2031-2035		263,223
2036-2040		61,956
Total		<u>\$ 3,954,865</u>

The County subleases a portion of one of these buildings to other companies and government agencies; this does not, however release the County from the lease obligation. Lease revenues from subleases for fiscal year 2015 totaled \$131,508.

NOTES TO FINANCIAL STATEMENTS
(Continued)

The future minimum lease revenues for the subleases are \$22,008 for fiscal year 2016.

The County is committed under various rental lease agreements as lessor. All leases are considered for accounting purposes to be collectable leases. Lease revenues for fiscal year 2015 totaled \$2,693,641.

Future minimum lease revenues for these rentals are as follows:

Years Ending	June 30,	Total Payment
	2016	\$ 1,133,314
	2017	1,136,000
	2018	1,019,629
	2019	982,117
	2020	742,108
	2021-thereafter	<u>3,737,567</u>
		<u><u>\$ 8,750,735</u></u>

F. Non-Current Liabilities

1. Changes in Non-Current Liabilities

Primary Government:

	Balance	Principal			Balance	Due Within
	July 1, 2014	Additions	Repayments & Reductions	June 30, 2015		
Governmental Activities:						
Bonds Payable	\$ 416,154,820	\$ 87,103,931	\$ (80,150,610)	\$ 423,108,141	\$ 35,725,090	
Unamortized Premium on Bonds	17,034,224	2,375,660	(4,849,437)	14,560,447	3,420,291	
Installment Purchase Agreements	53,505,061	1,981,492	(3,154,400)	52,332,153	2,630,349	
Notes Payable	335,652	-	(265,725)	69,927	10,009	
Capital Lease Obligations	1,474,560	-	(1,185,518)	289,042	182,334	
Compensated Absences	9,490,713	12,219,546	(11,671,179)	10,039,080	528,435	
Net OPEB Obligation	17,997,545	-	(1,002,959)	16,994,586	-	
Net Pension Liability (7/1/14 - restated)	19,555,840	53,555,484	(52,310,086)	20,801,238	-	
Termination Benefits	171,304	-	9,374	180,678	-	
Total Governmental Activity- Long Term Liabilities	<u>\$ 535,719,719</u>	<u>\$ 157,236,113</u>	<u>\$ (154,580,540)</u>	<u>\$ 538,375,292</u>	<u>\$ 42,496,508</u>	

NOTES TO FINANCIAL STATEMENTS
(Continued)

Payments on the non-current liabilities above (excluding compensated absences), that pertain to the County's governmental activities are made by the General, Parks Acquisition and Development, Agricultural Preservation, Impact Fee, Economic Development Loan, School Construction and Hotel Rental Tax Funds. A portion of the notes payable are repaid to the County by private users, as discussed in this section under Note 3.F.5 (Notes Payable). The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund. The additions to the unamortized premium on bonds payable for governmental activities are recorded as an Other Financing Source in the respective funds.

The Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities related to the Internal Service Funds are included as part of the above totals for governmental activities. As of June 30, 2015, Internal Service Funds compensated absences totaling \$149,344 are included in the above amounts.

	Balance July 1, 2014	Additions	Principal		Balance June 30, 2015	Due Within One Year
			Repayments & Reductions			
Business-type Activities:						
Bonds Payable	\$ 117,655,182	\$ 12,906,069	\$ (19,134,392)		\$ 111,426,859	\$ 10,499,910
Unamortized Premium on Bonds	5,839,255	198,031	(1,186,831)		4,850,455	1,110,304
Notes Payable	71,834,384	273,746	(4,920,588)		67,187,542	4,940,097
Landfill Closure Costs	14,618,462	-	(286,297)		14,332,165	220,990
Compensated Absences	790,678	1,383,591	(1,353,948)		820,321	63,658
Termination Benefits	15,599	-	5,007		20,606	-
Total Business-type Activities - Long Term Liabilities	<u>\$ 210,753,560</u>	<u>\$ 14,761,437</u>	<u>\$ (26,877,049)</u>		<u>\$ 198,637,948</u>	<u>\$ 16,834,959</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

Component Units:

	Balance July 1, 2014	Net Changes	Balance June 30, 2015	Due Within One Year
Board of Education				
Capital lease obligations	\$ 13,722,434	\$ (538,588)	\$ 13,183,846	\$ 555,547
Compensated absences	7,248,063	16,763	7,264,826	4,780,113
Net OPEB liability	178,823,157	31,692,221	210,515,378	-
Termination benefits payable	21,704,911	(603,072)	21,101,839	2,754,503
Net pension liability	29,575,073	569,584	30,144,657	-
Board of Education - Long-term Liabilities	<u>\$ 251,073,638</u>	<u>\$ 31,136,908</u>	<u>\$ 282,210,546</u>	<u>\$ 8,090,163</u>
Frederick Community College				
Certificates of Participation	\$ 7,013,469	\$ (259,336)	\$ 6,754,133	\$ 270,000
Compensated absences	1,489,034	17,925	1,506,959	158,121
Net OPEB liability	159,495	14,514	174,009	-
Frederick Community College - Long-term Liabilities	<u>\$ 8,661,998</u>	<u>\$ (226,897)</u>	<u>\$ 8,435,101</u>	<u>\$ 428,121</u>
Frederick County Public Libraries				
Compensated absences	\$ 476,962	\$ (5,115)	\$ 471,847	\$ 29,922
Net OPEB liability	1,442,354	-	1,442,354	-
Frederick County Public Libraries - Long-term Liabilities	<u>\$ 1,919,316</u>	<u>\$ (5,115)</u>	<u>\$ 1,914,201</u>	<u>\$ 29,922</u>

2. General Obligation Bonds

Primary Government

Under the Commissioner form of government the County could not issue general obligation bonds and installment purchase agreements unless specific enabling legislation was passed by the Maryland General Assembly. As of June 30, 2015, there remains \$86,866,866 of authorization under the authority granted under Chapter 54 of the Laws of Maryland of 2012. Any indebtedness authorized by the General Assembly may not be issued until a resolution authorizing the same has been adopted by the County Council.

Pursuant to the Charter of Frederick County Maryland, future authorizations for general obligation borrowings will be granted by the County Council. Section 508 of the Charter sets limitations for general obligation borrowings. This debt limit is calculated at an amount not to exceed a total of five percent of the assessable basis of real property of the County and fifteen percent of the County's assessable basis of personal property and operating real property described in Section 8-109(c) of the Tax-Property Article of the Annotated Code of Maryland. As of June 30, 2015, the County Council has not granted any additional amounts for long-term borrowings.

NOTES TO FINANCIAL STATEMENTS
(Continued)

The debt limit for the primary government's general obligation borrowings as of June 30, 2015 was \$1,495,999,620 and the legal debt margin was \$909,132,467.

On July 8, 2014, the County issued variable rate bonds under the legal name of Frederick County General Obligation Public Facilities Refunding Bonds, Series 2014B, in the amount of \$34,495,000 to advance refund certain outstanding maturities totaling \$29,370,000. These bonds will mature on July 7, 2017 with an option for prepayment in whole or in part beginning on July 8, 2015. The Series 2014B Bond bears interest at a rate per annum equal to one (1)-month LIBOR plus an applicable spread of 90 basis points. The interest rate resets monthly and is payable on the 8th day of each month. The applicable spread shall be subject to adjustment (increase / decrease) upon rating action(s) taken with respect to the long-term underlying General Obligation Debt ratings of the county below "Aa1" by Moody's, "AA+" by Standard & Poor's or "AA+" by Fitch. Upon such rating(s) downgrade(s), the applicable spread shall then be equal to the number of basis points associated with the applicable rating category for the applicable level set forth below:

Level	Moody's	S&P	Fitch	Spread (bps)
1	Aa1 or above	AA+ or above	AA+ or above	90
2	Aa2	AA	AA	100
3	Aa3	AA-	AA-	110
4	A1	A+	A+	125
5	A2	A	A	150
6	A3	A-	A-	175
7	Baa1	BBB+	BBB+	200

The County's most recent credit ratings as of July, 2014 are Moody's – Aa1, 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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Government Activities	Date of Debt Issue	Date of Debt Maturity Due Serially to	Range of Interest Rates	Amount of Original Issue	Amount Outstanding 6/30/15
Pub Facilities Refunding Bonds of 1998A	10/15/1998	7/1/2015	3.30%-5.00%	\$ 19,346,419	\$ 2,254,479
Public Facilities Refunding Bonds of 2002, Series A	4/1/2002	7/1/2016	5.00%-5.25%	13,999,267	1,050,410
Pub Facility Refunding Bonds of 2005	5/1/2005	8/1/2015	3.00%-5.00%	91,781,972	9,136,932
Pub Facility Refunding Bonds of 2006	2/1/2006	11/1/2022	4.00%-5.25%	12,608,476	12,608,476
Public Facilities Bonds of 2007	5/15/2007	6/1/2017	4.00%-5.00%	49,238,675	4,950,522
Public Facilities Bonds of 2008	6/15/2008	6/1/2018	3.50%-5.00%	58,887,801	7,256,032
Public Facilities Bonds of 2010A	1/26/2010	2/1/2020	2.00%-5.00%	46,804,871	23,472,602
Pub Fac Bonds of 2010B (BAB)	1/26/2010	2/1/2030	4.90%-5.90%	71,261,044	63,241,044
Pub Fac Bonds of 2010C Refunding	4/27/2010	12/1/2020	2.00%-5.00%	57,287,230	34,314,341
Pub Fac Bonds of 2011B Refunding	8/4/2011	8/1/2017	2.00%-4.00%	9,909,092	6,333,647
Public Facilities Bonds of 2011	8/4/2011	8/1/2031	2.50%-5.00%	55,810,000	40,915,000
Pub Fac Bonds of 2012 Refunding	2/9/2012	8/1/2024	2.00%-4.00%	59,842,669	55,072,669
Pub Fac Bonds of 2012B - Refunding - Taxable	8/23/2012	8/1/2020	1.00%-1.66%	51,946,393	50,592,079
Public Facilities Bonds of 2013	5/2/2013	5/1/2033	2.00%-5.00%	26,800,000	24,805,978
Pub Fac Bonds of 2014B Refunding*	7/8/2014	7/7/2017	1.0875%*	34,495,000	34,495,000
Public Facilities Bonds of 2014, Series A	7/24/2014	8/1/2034	2.00%-5.00%	32,117,727	32,117,727
Pub Fac Bonds of 2014C Refunding	11/25/2014	6/1/2028	2.49%	12,429,335	12,429,335
Pub Fac Bonds of 2015A Refunding	3/19/2015	6/1/2027	2.25%	8,061,868	8,061,868
Total Bonds Outstanding				\$ 712,627,839	\$ 423,108,141

*Pub Fac Bonds of 2014B Refunding is a term bond with a maturity of 7/7/2017. In addition, it carries a variable interest rate of 1.0875% as of 6/30/2015.

The annual requirements to amortize governmental activities bond debt outstanding as of June 30, 2015 are as follows:

Years Ending June 30,	Principal	Interest	Total Requirement
2016	\$ 35,725,090	\$ 15,193,541	\$ 50,918,631
2017	34,511,793	13,891,886	48,403,679
2018	68,915,083	12,356,822	81,271,905
2019	36,205,798	11,067,608	47,273,406
2020	35,208,648	9,826,329	45,034,977
2021-2025	106,170,323	33,599,731	139,770,054
2026-2030	83,826,466	14,106,251	97,932,717
2031-2035	22,544,940	1,614,019	24,158,959
	\$ 423,108,141	\$ 111,656,187	\$ 534,764,328

NOTES TO FINANCIAL STATEMENTS
(Continued)

For the year ended June 30, 2015, total principal and interest incurred related to general obligation bonds was \$32,585,398 and \$15,811,470.

Business Type Activities	Date of Debt Issue	Date of Debt Maturity Due Serially to	Range of Interest Rates	Amount of Original Issue	Amount Outstanding 6/30/15
Pub Facilities Refunding Bonds of 1998A	10/15/1998	7/1/2015	3.30%-5.00%	\$ 9,143,581	\$ 1,065,521
Public Facilities Refunding Bonds of 2002, Series A	4/1/2002	7/1/2016	5.00%-5.25%	8,590,733	644,590
Pub Facility Refunding Bonds of 2005	5/1/2005	8/1/2015	3.00%-5.00%	15,233,028	1,488,068
Pub Facility Refunding Bonds of 2006	2/1/2006	11/1/2022	4.00%-5.25%	7,756,524	7,756,524
Public Facilities Bonds of 2007	5/15/2007	6/1/2017	4.00%-5.00%	38,990,000	3,649,478
Public Facilities Bonds of 2008	6/15/2008	6/1/2018	3.50%-5.00%	18,325,000	2,498,968
Public Facilities Bonds of 2010A	1/26/2010	2/1/2020	2.00%-5.00%	12,491,544	6,997,399
Pub Fac Bonds of 2010B (BAB)	1/26/2010	2/1/2030	4.90%-5.90%	18,853,956	18,853,956
Pub Fac Bonds of 2010C Refunding	4/27/2010	12/1/2020	2.00%-5.00%	21,578,717	12,955,659
Pub Fac Bonds of 2011B Refunding	8/4/2011	8/1/2017	2.00%-4.00%	6,095,907	3,896,353
Pub Fac Bonds of 2012 Refunding	2/9/2012	8/1/2024	4.00%	25,232,331	25,232,331
Pub Fac Bonds of 2012B - Refunding - Taxable	8/23/2012	8/1/2020	1.00%-1.66%	9,423,607	9,177,921
Public Facilities Bonds of 2013	5/2/2013	5/1/2033	2.00%-5.00%	4,650,000	4,304,022
Public Facilities Bonds of 2014, Series A	7/14/2014	8/1/2034	2.00%-5.00%	2,677,272	2,677,272
Pub Fac Bonds of 2014C Refunding	11/25/2014	6/1/2028	2.49%	4,285,665	4,285,665
Pub Fac Bonds of 2015A Refunding	3/19/2015	6/1/2027	2.25%	5,943,132	5,943,132
Total Bonds Outstanding				<u>\$ 209,270,997</u>	<u>\$ 111,426,859</u>

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2015 are as follows:

Years Ended June 30,	Principal	Interest	Total Requirement
2016	\$ 10,499,910	\$ 4,419,258	\$ 14,919,168
2017	9,973,207	4,000,046	13,973,253
2018	9,549,917	3,600,806	13,150,723
2019	10,354,202	3,206,012	13,560,214
2020	10,901,352	2,802,750	13,704,102
2021-2025	36,659,677	8,625,204	45,284,881
2026-2030	21,678,534	2,733,822	24,412,356
2031-2035	1,810,060	142,432	1,952,492
	<u>\$ 111,426,859</u>	<u>\$ 29,530,330</u>	<u>\$ 140,957,189</u>

For the year ended June 30, 2015, total principal and interest incurred related to business-type activities was \$9,979,602 and \$4,763,779.

NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Agricultural Preservation Installment Purchase Agreements

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

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

Year Ending June 30,	Principal	Interest	Total Requirement
2016	\$ 2,630,349	\$ 2,462,632	\$ 5,092,981
2017	5,297,534	2,415,821	7,713,355
2018	870,918	2,041,075	2,911,993
2019	1,491,857	2,019,008	3,510,865
2020	3,194,665	1,999,824	5,194,489
2021-2025	16,340,507	8,212,457	24,552,964
2026-2030	15,849,863	3,817,980	19,667,843
2031-2035	6,656,460	636,229	7,292,689
	<u>\$ 52,332,153</u>	<u>\$ 23,605,026</u>	<u>\$ 75,937,179</u>

For the year ended June 30, 2015, total principal and interest incurred related to agricultural land preservation installment was \$3,154,400 and \$2,556,309, respectively. These agreements have interest rates that vary from 2.65 percent to 5.73 percent.

4. Capital Lease Obligations

Primary Government

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

Asset:	
Equipment	\$ 15,522,055
Less: Accumulated depreciation	<u>(11,662,580)</u>
Total:	<u>\$ 3,859,475</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

<u>Years Ending June 30,</u>	<u>Total Payment</u>
2016	\$ 185,714
2017	107,403
2018	-
	<u>293,117</u>
Less: amount representing interest	(4,075)
Present value-net minimum lease payments	<u><u>\$ 289,042</u></u>

Component Unit

The BOE entered into a lease agreement, as lessee, for a new central office building in the amount of \$16,700,000. Financing was completed in December 2007. The BOE refinanced the central office lease agreement in fiscal year 2013. The terms of the refinanced lease agreement lowered the interest rate from 4.62% to 3.1%. Principal and interest payments were adjusted under the refinanced lease agreement but the agreement still terminates on September 1, 2032. Payments including interest during fiscal year 2015 were \$955,635.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Building	\$ 16,361,159
Machinery and equipment	8,338,154
Less: Accumulated depreciation	(7,364,436)
Total	<u><u>\$ 17,334,877</u></u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

As of June 30, 2015, the minimum obligation under capital leases was as follows:

Years Ending June 30,	Governmental Activities
2016	\$ 955,635
2017	955,635
2018	955,635
2019	955,635
2020	955,635
2021-2025	4,778,175
2026-2030	4,778,175
2031-2033	<u>2,866,905</u>
Total Obligations	17,201,430
Less: Portion representing interest at 3.1%	(4,017,584)
Present value of lease obligation	<u><u>\$ 13,183,846</u></u>

5. Certificates of Participation

Component Unit

FCC issued Certificates of Participation in December 2010 to finance a new parking garage and a portion of the enrollment services building. Manufactures and Traders Trust Company serves as trustee for the transaction and there is a term of twenty-five years. Principal payments began in FY2013.

The annual requirements to amortize the certificates of participation as of June 30, 2015 are as follows:

Years Ending June 30,	Certificates of Participation			
	Principal	Less Discount	Net	Interest
2016	\$ 270,000	\$ 5,664	\$ 264,336	\$ 446,612
2017	275,000	5,664	269,336	436,353
2018	285,000	5,664	279,336	424,528
2019	295,000	5,664	289,336	410,278
2020	275,000	5,202	269,798	395,525
2021-2025	1,510,000	26,003	1,483,997	1,732,398
2026-2030	1,785,000	26,003	1,758,997	1,207,095
2031-2035	2,165,000	26,003	2,138,997	500,250
	<u><u>\$ 6,860,000</u></u>	<u><u>\$ 105,867</u></u>	<u><u>\$ 6,754,133</u></u>	<u><u>\$ 5,553,039</u></u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

6. *Notes Payable*

Primary Government

Governmental Activity:

Maryland Industrial Land Act Loans

The County has an outstanding loan from the Department of Business and Economic Development of the State (DBED) in the original amount of \$181,059 under the Maryland Industrial Land Act, Article 83A, Section 5-401 et. seq. of the Maryland Code. The outstanding balance of this loan as of June 30, 2015 was \$69,927. The proceeds of this loan have been reloaned by the County to State Farm Insurance to assist in the financing of certain street and site improvements within the County. The loan is a full faith and credit obligation of the County.

	<u>Paying Fund</u>	<u>Amount of Original Issue</u>	<u>Date of Debt Issue</u>	<u>Date of Debt Maturity</u>	<u>Annual Rate/ Payment Frequency</u>	<u>Amount Outstanding 06/30/15</u>
Governmental Activity:						
MD Industrial Land Act Loan - State Farm	General	181,059	05/12/94	05/12/21	5.93%/Quarterly	69,927
Total Notes Payable		<u>\$ 181,059</u>				<u>\$ 69,927</u>

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

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>		
2016	\$ 10,009	\$ 3,927
2017	10,616	3,320
2018	11,260	2,676
2019	11,942	1,994
2020	12,666	1,270
2021	13,434	502
	<u>\$ 69,927</u>	<u>\$ 13,689</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

Business Type Activities:

Maryland Department of the Environment Loans

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

The County has been a participant in the MDE's loan program since fiscal year 1992. As of June 30, 2015, the County has authorized and approved borrowings in an aggregate principal amount of \$95,456,559 for ten water and sewer loans. The County has also authorized and approved borrowings in an aggregate principal amount of \$23,083,532 for three solid waste loans. As of June 30, 2015, \$92,922,684 of the water and sewer loan proceeds and \$23,083,532 of the solid waste loan proceeds have been drawn. The outstanding principal balance on these loans as of June 30, 2015 is \$67,187,542. These loans have interest rates of 0.08 – 4.56 percent.

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

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

As of June 30, 2005, the Site A landfill was 100 percent to capacity. Total capacity of Site A is 3,228,000 tons. In fiscal year 2015, \$226,481 of operating activities such as leachate treatment and well testing related to Site A were incurred. The liability for Site A closure was decreased \$104,009 to reflect the variance between estimated and actual costs. The total remaining estimated costs for closure and post closure care of Site A are \$2,615,990 as of June 30, 2015. This entire amount is reported as a liability for Site A.

As of June 30, 2015, the Site B landfill had capacity used of 2,243,339 tons, which is 54.44 percent 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 \$21,840,301. The resulting liability is \$11,716,176 with \$9,806,962 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 \$14,332,165 as of June 30, 2015. 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)

8. Current Year Defeasance of Debt

Public Facilities Refunding Bonds, Series 2014B

On July 8, 2014, the County issued its Taxable General Obligation Public Facilities Refunding Bond, Series 2014B in the amount of \$34,495,000. The Series 2014B Bond bears interest at a rate per annum equal to one (1)-month LIBOR plus an applicable spread of 90 basis points and will mature on July 7, 2017 with an option for prepayment beginning on July 8, 2015. The Series 2014B Bonds were issued to advance refund certain maturities of the outstanding bonds listed below:

Bond Issue	Par Amount	Maturity Dates	Call Date
2008 Tax-Exempt GO Bonds	\$ 3,015,000	6/1/2015 - 6/1/2028	6/1/2018
2010A Tax-Exempt GO Bonds	3,490,000	2/1/2015 - 2/1/2020	N/A
2010B Taxable BAB's	8,020,000	2/1/2021 - 2/1/2030	2/1/2020
2010C Tax-Exempt Refunding Bonds	435,000	12/1/2014 - 12/1/2020	N/A
2011A Tax-Exempt GO Bonds	11,210,000	8/1/2014 - 8/1/2031	8/1/2021
2012 Tax-Exempt Refunding Bonds	3,200,000	8/1/2018 - 8/1/2024	8/1/2022
Total Refunded Bonds	<u>\$ 29,370,000</u>		

This refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4.20 million. This difference is reported in the accompanying financial statements as a Deferred Outflow of Resources and is being charged to operations through the maturity date of the refunding bonds (July 7, 2017). The County uses the straight line method to amortize this deferred outflow of resources. The County issued these bonds as part of a remediation plan with the Internal Revenue Service. The refunded bonds financed facilities that had been converted to a private activity use.

Public Facilities Bonds, Series 2014A

On July 24, 2014, Frederick County issued its Tax-Exempt General Obligation Public Facility Bonds, Series 2014A, in the amount of \$34,795,000. The gross proceeds of \$37.37 million (including premium) were used to finance project costs (\$36.45 million) and payoff a portion of the FY2012 capital lease (\$0.92 million). The capital lease refinancing was required because the secured equipment was no longer in compliance and traded in on equipment that met current regulations. As a result, \$0.91 million of the total FY2012 capital lease has been removed from the government-wide statement of net assets.

This refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$387. This immaterial difference was recorded in the financial statements as an expenditure. As a result of this refunding the County's debt service payments decreased through fiscal year 2017 by \$9,246 and produced an economic gain of \$13,601.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Public Facilities Refunding Bonds, Series 2014C

On November 25, 2014, Frederick County issued its Tax-Exempt General Obligation Public Facilities Refunding Bond, Series 2014C, in the amount of \$16,715,000 (including premium) to advance refund certain maturities of the 2008 Tax Exempt General Obligation bonds. The Series 2014C Bond bears interest at a rate of 2.49% per annum. The principal amount of the Series 2014C Bond is payable June 1, 2019 through 2028.

This refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$ 2.19 million. This difference is reported in the accompanying financial statements as a Deferred Outflow of Resources and is being charged to operations through fiscal year 2028 using the straight line amortization method. The County completed the refunding to reduce its total debt service payments through fiscal year 2028 by \$1.37 million, and to obtain an economic gain of \$1.34 million.

Public Facilities Refunding Bonds, Series 2015

On March 19, 2015, Frederick County issued its Tax-Exempt General Obligation Public Facilities Refunding Bond, Series 2015, in the amount of \$14,005,000 to advance refund certain maturities of the 2007 Tax Exempt General Obligation bonds. The Series 2015 Bond bears interest at a rate of 2.25% per annum. The principal amount of the Series 2015 Bond is payable June 1, 2017 through 2027.

This refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1.21 million. This difference is reported in the accompanying financial statements as a Deferred Outflow of Resources and is being charged to operations through fiscal year 2027 using the straight line amortization method. The County completed the refunding to reduce its total debt service payments through fiscal year 2027 by \$1.78 million, and to obtain an economic gain of \$1.59 million.

As of June 30, 2015, there remains \$53,795,000 of outstanding defeased bonds.

NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Fund Balances/Net Position

1. *Governmental Funds - Nonspendable*

	General Fund	Agricultural Preservation	Nonmajor Governmental Funds	Total Governmental Funds
Inventory	\$ 1,543,942	\$ -	\$ -	\$ 1,543,942
Prepaid	442,583	-	-	442,583
Long-term receivables	119,541	-	7,245,162	7,364,703
Agricultural compliance monitoring	-	199,067	-	199,067
Total nonspendable fund balances	<u>\$ 2,106,066</u>	<u>\$ 199,067</u>	<u>\$ 7,245,162</u>	<u>\$ 9,550,295</u>

2. *Governmental Funds – Restricted*

	General Fund	Agricultural Preservation	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Debt service	\$ 1,914,392	\$ -	\$ -	\$ -	\$ 1,914,392
Liquor board	27,802	-	-	-	27,802
Forfeitures - Circuit Court	41,422	-	-	-	41,422
Indemnity escrow deposit	300,750	-	-	-	300,750
School and library construction	-	-	17,265,036	-	17,265,036
Parks construction	-	-	231,678	-	231,678
Roads and bridges construction	-	-	9,311,469	-	9,311,469
General government/other construction	-	-	2,268,813	-	2,268,813
Municipal construction	-	-	548,914	-	548,914
Sheriff's/Judicial activities	-	-	-	159,254	159,254
Agricultural Preservation	-	151,608	-	-	151,608
Rural Legacy	-	1,675,219	-	-	1,675,219
Total restricted fund balances	<u>\$ 2,284,366</u>	<u>\$ 1,826,827</u>	<u>\$ 29,625,910</u>	<u>\$ 159,254</u>	<u>\$ 33,896,357</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

3. *Governmental Funds – Committed*

	General Fund	Agricultural Preservation	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Bond rating enhancement	\$ 2,700,000	\$ -	\$ -	\$ -	\$ 2,700,000
Enabling legislation	24,763,178	-	-	-	24,763,178
Length of Service Award Program	258,996	-	-	-	258,996
FY16 Budget	17,883,347	-	-	-	17,883,347
FY16 Budget Contingency	2,000,000	-	-	-	2,000,000
FY17 Budget	23,054,531	-	-	-	23,054,531
Fuel Reserve	41,265	-	-	-	41,265
School and library construction	-	-	15,948,224	-	15,948,224
Parks construction	-	-	11,143,437	-	11,143,437
Roads and bridges construction	-	-	10,054,666	-	10,054,666
General government/other construction	-	-	21,457,889	-	21,457,889
Watershed restoration	-	-	2,782,694	986	2,783,680
Municipal construction	-	-	146,072	-	146,072
Grant activities	-	-	-	1,354,970	1,354,970
Electric lighting	-	-	-	3,808	3,808
Sheriff's/Judicial activities	-	-	-	552,728	552,728
Loan activities	-	-	-	2,339,313	2,339,313
Agricultural Preservation	-	2,316,157	-	-	2,316,157
Installment purchase agreements	-	44,042,355	-	-	44,042,355
Total committed fund balances	<u>\$ 70,701,317</u>	<u>\$ 46,358,512</u>	<u>\$ 61,532,982</u>	<u>\$ 4,251,805</u>	<u>\$ 182,844,616</u>

* Section 2-7-1(a) (2) of the Frederick County, Maryland Code of Ordinances provides for the County to maintain a committed General Fund balance equal to 5 percent of General Fund expenditures and transfers to the Board of Education and Frederick Community College on a budgetary basis. As of June 30, 2015 the required balance is \$24,763,178. 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 5 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

	General Fund
Encumbrances	\$ 1,872,123
Income taxes	2,883,627
FY16 Budget - Property held for sale	<u>350,000</u>
Total assigned fund balances	<u><u>\$ 5,105,750</u></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, 2015, 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:

	Governmental Activities	Business-type Activities
Restricted by Enabling Legislation	\$ 125,834,496	\$ -
Other Amounts Restricted by Third Parties	<u>19,508,143</u>	<u>2,036,901</u>
Total Restricted Net Position	<u>\$ 145,342,639</u>	<u>\$ 2,036,901</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, 2015, the calculation of these reserves is \$73,507,140 (detailed below). These reserves are a part of the \$491,788,366 net position balance.

Reserved for:	
Operating Reserves	\$ 5,399,364
3 R Reserves	2,221,489
Tap Credits	2,496,219
Cash Funding of Capital Projects	5,744,781
System Development	<u>57,645,287</u>
Total Water and Sewer Reserves	73,507,140
Excess reserves	<u>2,740,350</u>
Unrestricted net position	<u><u>\$ 76,247,490</u></u>

8. Net Investment in Capital Assets

As of June 30, 2015, net investment in capital assets in the Government-Wide Statement of Net Position was calculated as follows:

	Governmental Activities	Business-type Activities
Capital Assets (Exhibit II-A-1)	\$ 474,815,803	\$ 598,316,432
Debt related to Capital Assets	(232,178,006)	(173,984,494)
Unspent bond proceeds included in debt related to capital assets	<u>16,815,986</u>	<u>1,533,292</u>
Net Investment in Capital Assets (Exhibit II-A-1)	<u><u>\$ 259,453,783</u></u>	<u><u>\$ 425,865,230</u></u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 4. OTHER INFORMATION

A. Commitments and Contingencies

1. Construction Commitments

As of June 30, 2015, the County had the following commitments with respect to unfinished capital projects:

	Total Project Budget	Total Expenditures	Amount Funded	Required Future Funding
General government	\$ 55,245,837	\$ 8,660,569	\$ 29,962,457	\$ 25,283,380
Roads and Bridges	71,323,064	42,529,741	42,594,305	28,728,759
Board of Education	60,863,551	37,369,582	37,419,867	23,443,684
Frederick Community College	38,947,331	29,253,510	28,713,641	10,233,690
Parks and Recreation	16,374,192	2,182,883	11,695,427	4,678,765
Watershed Restoration	4,096,140	1,641,641	4,096,140	-
Municipal	2,398,771	796,700	1,491,686	907,085
	<u>\$ 249,248,886</u>	<u>\$ 122,434,626</u>	<u>\$ 155,973,523</u>	<u>\$ 93,275,363</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 Programs, Section 8 Housing, Capital Projects, and State Homeland Security Programs. Audits of these programs are conducted according to the Federal Office of Management and Budget Circular A-133. The Single Audit Report for the year ended June 30, 2015 is issued under separate cover.

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

3. Pending Litigation

There are several pending lawsuits in which the County is involved. The County Attorney estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County as of June 30, 2015, except for the following matter:

NOTES TO FINANCIAL STATEMENTS

(Continued)

The County is involved in litigation over the Asset Purchase Agreement (APA) and related contracts entered into with Aurora Holdings VII, LLC (Aurora) on May 1, 2014. The APA involves the County's sale of the Citizens Care and Rehabilitation Center and Montevue Assisted Living facilities to Aurora. A group of citizens has filed a lawsuit to prevent the County from completing this sale. Aurora has also brought a lawsuit against the County concerning certain payments for the continued assisted living care of County subsidized residents at the Montevue facility. The County has committed to paying for the care of these subsidized residents but Aurora and the County disagree about the terms of these payments. All parties are participating in a mediation process with a nationally-recognized mediator in an effort to resolve all of these matters. The County is optimistic that this mediation process will result in an amicable resolution of these matters and will require only the expenditure of already budgeted County funds.

4. Economic Dependency

One enterprise fund is financially dependent upon certain major revenue sources that contribute more than ten percent of the fund's total operating revenues.

The Solid Waste Enterprise Fund has three customers which account for 20.65 percent of total operating revenues. Two commercial haulers accounted for \$3,697,883 or 14.82 percent of the fiscal year 2015 operating revenues. A single municipality accounted for \$1,455,740 or 5.83 percent of the fiscal year 2015 operating revenues. Should the revenues from any of these customers decrease significantly, certain variable operating expenses, such as transfer expense and closure and post closure care costs would decrease.

5. Risk Management

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

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

6. Contingent Liability

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

On June 20, 2013 the County entered into two loan agreements with the Maryland Department of the Environment (MDE) for the purpose of replacing the aging water distribution system located in the Village of Rosemont. The principal amount approved for the first loan to be repaid to MDE is \$202,455, maturing on February 1, 2036. The second loan was approved in the amount of \$1,500,000. At any time prior to June 20,

NOTES TO FINANCIAL STATEMENTS
(Continued)

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. As of June 30, 2015, \$202,455 of the first loan and \$1,417,182 of the second loan have been drawn.

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, 2015.

C. Conduit Debt

1. *Community Development Authority (Special Tax) Financing*

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

The County authorized a Community Development Authority district for the Aspen North area of the County. Taxes have been levied on the Aspen North properties, but the debt was not issued. The Aspen North Community Development Authority was terminated on November 20, 2014.

2. *Tax Increment Financing*

Frederick County has issued Tax Increment Financing Bonds to finance a portion of the infrastructure needed in the Dudrow Industrial Park, Center Park, Jefferson Technology Park, and Oakdale-Lake Linganore Development Districts. The County surrenders its tax revenues on the incremental increase in property taxes within the districts to pay the debt service on these bonds. Cash and the related liability to bondholders are accounted for in an Agency Fund. These are limited obligation bonds and as such, do not pledge the full faith and credit of the County. More recent series of these bonds are supported by additional special tax assessments within the CDA, if needed.

On March 6, 2015, the former Board of County Commissioners enacted ordinances and adopted resolutions creating the Oakdale-Lake Linganore Development District, authorizing the issuance of up to \$75 million aggregate principal amount of special obligation bonds to finance infrastructure costs within the District, pledging certain incremental tax revenues to the payment of debt service on such bonds, and authorizing the levy of special taxes within the District to pay debt service on such bonds. As of June 30, 2015, no debt had been issued. These bonds were issued on November 14, 2014, as draw down bonds. As of June 30, 2015, the developer has drawn \$159,921 of the Series A bonds and \$96,426 of the Series B bonds.

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 6/30/2015
Toys'R-Us	TIF-Serial	\$ 1,890,094	09/26/96	09/15/18	8.160%	\$ 615,389
Lake Linganore - Series 2001A	CDA-Term	1,957,000	02/05/01	07/01/20	5.600%	1,957,000
Lake Linganore - Series 2001A	CDA-Term	4,285,000	02/05/01	07/01/29	5.700%	4,285,000
Lake Linganore - Series 2007A	CDA-Loan	3,114,000	09/20/07	07/01/29	0.000%	2,265,969
Lake Linganore - Series 2007B	CDA-Loan	3,232,142	09/20/07	03/01/28	0.000%	2,268,142
Urbana CDA - Series 2010A	CDA-Serial	30,440,000	09/23/10	07/01/25	2.00-5.00%	24,895,000
Urbana CDA - Series 2010A	CDA-Term	20,455,000	09/23/10	07/01/30	4.400%	20,455,000
Urbana CDA - Series 2010A	CDA-Term	26,780,000	09/23/10	07/01/40	4.700%	26,780,000
Urbana CDA - Series 2010B	CDA-Term	20,020,000	09/23/10	07/01/40	5.500%	20,020,000
Jefferson Technology Park - Series 2013A	CDA-Serial	6,640,000	08/06/13	07/01/43	7.250%	6,640,000
Jefferson Technology Park - Series 2013B	TIF/CDA-Serial	33,360,000	08/06/13	07/01/43	7.125%	33,360,000
Oakdale-Lake Linganore - Series 2014A	CDA-Serial	15,750,000	11/14/14	07/01/44	2.000%	159,921
Oakdale-Lake Linganore - Series 2014B	TIF/CDA-Serial	7,750,000	11/14/14	07/01/44	2.000%	96,426
						<u>\$ 143,797,847</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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Retirement and Pension Programs

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

1. Single-Employer Pension Plan

Plan Description

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

County employees hired prior to July 1, 1993, 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.

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

The type and number of employees covered as of June 30, 2015, was as follows:

	<u>Uniformed</u>	<u>Non-Uniformed</u>	<u>Non-Vested Terminations</u>	<u>Vested Terminations</u>
Retirees and beneficiaries currently receiving benefits	162	656	-	-
Terminated employees entitled to benefits	-	-	213	258
Active employees	601	1,109	-	-

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

Non-Uniformed Employees hired on or before June 30, 2011 may retire at the earlier of age 60 or 25 years of service and are 100 percent vested after five years of service. Non-Uniformed Employees hired on or after July 1, 2011 through June 30, 2012 may retire at age 65 or 30 years of service and are 100 percent vested after five years of service. Non-Uniformed Employees hired on or after July 1, 2012 may retire at age 65 or 30 years of service and are 100 percent vested after ten years of service. Retirement benefits are calculated by formula which provides a

NOTES TO FINANCIAL STATEMENTS
(Continued)

retirement income of approximately 50 percent to 60 percent 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

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

Funding for the plan provides for periodic contributions based upon actuarial valuations. The recommended contribution is based on a policy of maintaining the County's minimum contribution rate at 18.6 percent of pay as long as that amortizes cumulative gains/losses and assumption changes over a period that satisfies Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans. Required contributions under the plan that are not funded by employee contributions are funded entirely by the County. Costs of administering the plan are financed on a current funding basis.

As of July 1, 2000, uniformed employees contribute eight percent of their base pay under the plan and non-uniformed employees contribute four percent. As of July 1, 2012, uniformed employees contribute nine percent of their base pay under the plan and non-uniformed employees contribute six percent. The County's required payroll contribution in FY2015 was 18.7 percent.

Net Pension Liability

The components of the net pension liability of the County at June 30, 2015, were as follows:

Total pension liability	\$ 508,115,858
Plan fiduciary net position	<u>(487,314,620)</u>
County's net pension liability	<u>\$ 20,801,238</u>
Plan fiduciary net position as a percentage of the total pension liability	95.91%

NOTES TO FINANCIAL STATEMENTS
(Continued)

Annual Pension Cost

During the fiscal year ending June 30, 2015 contributions to the plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2014.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2014 rolled forward to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Rates vary by participant service
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Mortality rates for healthy participants and beneficiaries were based on the RP-2000 Combined Healthy tables with generational projection by Scale AA. While uniformed participants are actively employed, the RP-2000 Combined Healthy table is used with a Blue Collar adjustment and generational projection by Scale AA. For members who suffered a catastrophic disability, the Retirement Protection Act Post-1994 disabled mortality table was used. The PBGC Disabled Life Mortality Tables (III & IV) were used for all other disabled members.

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the July 1, 2014 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 expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3%). The best estimates of arithmetic real rates of return for each major asset class are summarized below:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.90%
International Equity	6.90%
Fixed Income	0.75%
Cash	0.00%
Inflation	2.50%

NOTES TO FINANCIAL STATEMENTS
(Continued)

Rate of Return

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of expense, was 17.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

The following presents the net pension liability of the County, calculated using the discount rate of 7.0%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

County's net pension liability	1%	Current	1%
	Decrease	Discount	Increase
	6%	Rate	8%
	\$ 91,214,312	\$ 20,801,238	\$ (37,454,234)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2014	\$ 474,629,811	\$ 455,073,971	\$ 19,555,840
Changes for the year:			
Service cost	20,126,744	-	20,126,744
Interest	32,635,660	-	32,635,660
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(122,955)	-	(122,955)
Changes of assumptions	(2,341,209)	-	(2,341,209)
Contributions - employer	-	20,322,636	(20,322,636)
Contributions - member	-	7,022,374	(7,022,374)
Net investment income	-	22,500,912	(22,500,912)
Benefit payments, including refunds of member contributions	(16,812,193)	(16,812,193)	-
Administrative expense	-	(793,080)	793,080
Net Changes	33,486,047	32,240,649	1,245,398
Balances as of June 30, 2015	\$ 508,115,858	\$ 487,314,620	\$ 20,801,238

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

At June 30, 2015, 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	\$ -	\$ 102,462
Changes of assumptions	- -	1,951,007
Net difference between projected and actual earnings on pension plan investments	7,756,125	-
Total	\$ 7,756,125	\$ 2,053,469

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

Year ended June 30	Total
2016	\$ 1,528,336
2017	1,528,336
2018	1,528,336
2019	1,528,337
2020	(410,689)
Thereafter	-

2. Employer Sponsored Defined Contribution Retirement Plan

Plan Description

The Frederick County Maryland Defined Contribution Plan was established on July 1, 2012 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 defined contribution retirement plan (the "Plan") was established for employees of Frederick County Government classified as "grant funded" hired or rehired by the County on and after July 1, 2012. Employees contribute four percent of base pay and the County contributes four percent of base pay. Vesting begins after two years of service; employees are 100 percent vested at six years of service. Normal retirement age is age 65.

NOTES TO FINANCIAL STATEMENTS

(Continued)

Funding Policy

The County funding of this plan is solely based on a 4% employer contribution determined by the payroll associated with employees classified as "grant funded" and hired on or after July 1, 2012. In fiscal year 2015 there were 127 total participants in the Defined Contribution Plan. This total includes 46 active participants and 81 terminated participants with a balance.

3. Component Units

The employees at the BOE are covered under one of four defined benefit retirement plans. These systems are part of the Maryland State Retirement and Pension Systems and are cost sharing multiple-employer public employee retirement systems. Total contributions were \$32,836,193 in fiscal year 2015. This contribution was recognized as both revenue and expenditures for BOE.

As of June 30, 2015, the BOE reported a liability of approximately \$30.1 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, 2014, 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, 2015, the Board's proportion for ERS was .17%, which was substantially the same from its proportion measured as of June 30, 2014. For the year ended June 30, 2015, the Public Schools recognized pension expense for ERS of approximately \$3.4 million. Detailed retirement plan information for the BOE is available in their current year audited financial statements.

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 2015, the Superintendent of Schools was the only participant in the Defined Contribution Plan. There are no contribution requirements of the employee or the BOE. The Plan has received a favorable determination letter from the Internal Revenue Service indicating that it qualifies as a tax-qualified "profit-sharing" plan. It is intended to be a "governmental plan" within the meaning of Internal Revenue Code Section 414. During the year ended June 30, 2015 a \$20,000 contribution was made to the Plan by 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.

Substantially all permanent employees of FCC are covered by four plans, two of which are cost-sharing multiple-employer pension/retirement plans provided directly by the State and two are non-State plans as options for employees who either do not qualify for the State plans or opt not to participate in the State plans. The employer funding for eligible FCC employees is provided directly by the State for the two State plans. State contributions for the fiscal year totaled \$1,479,245 for these plans. This amount has been recorded as a revenue and expenditure in the financial statements. The other retirement plans are provided through TIAA/CREF and Fidelity. The TIAA/CREF plan is an option for permanent employees of the College who are not eligible for the State plans. The Fidelity plan is an option for professional employees of the College as a choice in lieu of participating in the State's retirement plans. The employer contributions toward these plans totaled \$907,505. These non-State plans are defined contribution plans requiring an employer contribution of 7.25 percent of employees' base salary. Employee contributions to the non-State plans are not mandatory.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Substantially all employees of the FCPL are covered under the Maryland State Teachers' Retirement System or the Maryland State Teachers' Pension System. Plan members on December 31, 1979, are members of the Teachers' Retirement System unless they elected to join the Pension System. No new Retirement System members were accepted after December 31, 1979. A member of the Teachers' Retirement System may retire with full benefits at age 60 or with 30 years of service. A member of the Teachers' Pension System may retire with full benefits with 30 years of service or at age 62 or older with specified years of service. For both systems, vesting starts after five years of service. Benefits under both plans are established under Titles 22 and 23 of the State Personnel and Pensions Article of the Annotated Code of Maryland. Obligations to contribute to the plans were established under the above-referenced article of the Maryland Code. Members of the Retirement System and the Pension System contribute seven percent and five percent of their gross employee compensation, respectively. The FCPL's share of contributions for its employees is primarily the responsibility of the State. During the fiscal year ended June 30, 2015, the State paid \$745,594 in retirement costs on its behalf. This amount has been shown as grant revenue and current expenditures for the FCPL.

E. Post-Employment Benefits Plans

1. Length of Service Awards Program

In 1985, the County created the Length of Service Awards Program (LOSAP). In fiscal year 2015, LOSAP provided 223 annuities to former volunteer members of the County's fire companies or rescue squads who met certain age and service criteria. Benefits and life insurance premiums totaling \$719,667 in fiscal year 2015 also include survivor annuities and lump-sum death benefits and are reported in the Primary Government's General Fund on a "pay-as-you-go" basis.

2. Retiree Health Benefit Plan

Plan Description

The Frederick County Retiree Health Benefit Plan is a single-employer defined benefit healthcare plan administered by the County in a separate trust fund. The Plan provides healthcare benefits to eligible retirees of both Frederick County and Frederick County Public Library and, in certain instances, their eligible survivors and dependents. The 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.

Membership of the Plan consisted of the following at July 1, 2013 the date of the May 9, 2014 actuarial valuation report:

Retirees and beneficiaries receiving benefits	609
Terminated plan members entitled to but not yet receiving benefits	N/A
Active plan members	<u>1,576</u>
Total	<u><u>2,185</u></u>

NOTES TO FINANCIAL STATEMENTS
*(Continued)**Summary of Significant Accounting Policies*

Basis of Accounting: The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

Funding Policy and Contributions

Benefits are based on the employee's hire date. For employees hired on or before July 1, 1992, the County pays approximately 84 percent of the cost of premiums for medical and hospitalization costs. Employees hired after July 1, 1992 and before August 1, 2008, also must have worked for the County for a minimum of ten years; these employees pay 50 percent of the cost of premiums. Employees hired after August 1, 2008, also must have worked for the County for a minimum of ten consecutive years; these employees will pay 75 percent of the cost of the premium with 10 to 14.9 years of service, 65 percent with 15 to 19.9 years, 55 percent with 20 to 24.9 years and 45 percent with over 25 years of service. If a retiree elects to discontinue coverage at the time of retirement or later, they have the option of re-enrolling in the County plan. Therefore, the number of retirees participating in the plan varies throughout the year. For fiscal year 2015, the County contributed \$11,468,959 to the Plan, including \$5,586,351 for current premiums (approximately 81 percent of total premiums including the implicit subsidy) and an additional \$5,882,608 to prefund benefits. Plan members receiving benefits contributed \$1,456,110 approximately 21 percent of the total premium. Administrative costs are financed through investment earnings.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 10,309,000
Interest on net OPEB obligation	1,458,000
Amortization of net OPEB obligation	<u>(1,301,000)</u>
Annual OPEB cost	10,466,000
Contribution made	<u>(11,468,959)</u>
Decrease in net OPEB obligation	(1,002,959)
Net OPEB obligation - beginning of year	19,439,899
Net OPEB obligation - end of year	<u><u>\$ 18,436,940</u></u>
Recorded in the Primary Government	\$ 16,994,586
Recorded in the FCPL Component Unit	1,442,354
Total Net OPEB obligation - end of year	<u><u>\$ 18,436,940</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (asset) for 2015, 2014, and 2013 were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation (Asset)
2015	\$ 10,466,000	109.50%	\$ 18,436,940
2014	14,655,000	100.00%	19,439,899
2013	14,192,000	129.57%	19,440,149

NOTES TO FINANCIAL STATEMENTS
(Continued)

Status and Funding Progress

The funded status of the plan for the past three years is as follows:

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Actuarial Value of Plan Assets as a Percentage of the Actuarial Accrued Liability (a/b)		Unfunded Actuarial Liability (b-a)	Annual Covered Payroll (c)	Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll ((b-a)/c)
07/01/14	\$ 99,093,741	\$ 176,930,000	56.0%		\$ 77,836,259	\$ 99,555,466	78.1%
07/01/13	76,811,388	188,928,000	40.6%		112,116,612	100,298,314	111.8%
07/01/12	55,592,953	175,466,000	31.6%		119,873,047	101,379,283	118.2%

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

Actuarial Methods and Assumptions

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

In the May 9, 2014, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included: a) 7.5 percent investment rate (net of administrative expense), b) an annual healthcare cost trend rate of 7.5 percent Pre-Medicare and 6.00 percent Post-Medicare initially, reduced by decrements to an ultimate rate of 5.43 percent Pre-Medicare and 5.04 percent Post-Medicare by the year 2049, c) an inflation rate of 2.5 percent, and d) a level percentage of payroll amortization factor. The actuarial valuation method to determine the actuarial value of assets was fair market value. The unfunded actuarial accrued liability is being amortized over a closed 30-year period.

3. Component Units

The FCPS Retiree Health Benefit Plan (the “Plan”) is a single-employer defined benefit plan administered by the Board of Education. The Plan provides medical, dental, vision, and life insurance benefits to eligible participants (covered retirees, covered survivors, and with respect to certain benefits, their eligible dependents). As of June 30, 2015 there were 1,783 retirees (of which 425 had dependent coverage) and 5,040 active benefited employees in the Plan. The Board of Education has the authority to establish and amend post-employment benefits.

NOTES TO FINANCIAL STATEMENTS

(Continued)

The Board of Education negotiates the contribution percentage between the FCPS and the employees through union contracts and personnel policy. The required contribution is based on projected "pay-as-you-go" financing requirements. For fiscal year 2015, the Board contributed \$12,136,779 to the plan. Of this amount \$9,094,966 was for FCPS' share of retiree premiums and \$3,041,813 was placed into a 115 Trust account (the Trust), which was established on May 29, 2008 for the purpose of pre-funding a portion of retiree health benefits in the future. Plan members receiving benefits contributed \$8,410,092 or approximately 41 percent of the total premiums. The rates for fiscal year 2015 were based on the length of service of the retiree (two tiers), the age of the retiree (non-Medicare eligible or Medicare eligible), and the type of insurance (medical Choice Plus, 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. For fiscal year 2015, retirees paid approximately \$27,000 in premiums. 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 E.2 above.

F. Deferred Compensation

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

The deferred compensation plan is available to all regular employees or temporary employees, to whom compensation is paid. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. During the fiscal year 2015 approximately 28.8 percent of the County's eligible employees elected to participate in the plan.

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Joint Venture

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

Northeast Maryland Waste Disposal Authority (NMWDA)

NMWDA is a body politic and corporate and a public instrumentality of the State of Maryland. NMWDA was established to assist the political subdivisions in the Northeast Maryland Region and the private sector in waste management and the development of waste disposal facilities adequate to accommodate the region's requirements for disposal of solid waste. NMWDA has the following eight member jurisdictions from the State of Maryland: 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 2015 membership dues and fees for services amounting to \$174,562.

H. Change in Accounting Principle

Net position of governmental activities have been restated by negative \$19,555,840 due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pension* and related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB Statement No. 68* in recording the beginning net pension liability and the deferred beginning deferred outflow/inflow of resources, contribution subsequent to the measurement date, for all the defined benefit pension plans.

Frederick County Public Schools: During the year ended June 30, 2015, the Board adopted GASB Statement 68, Accounting and Financial Reporting for Pension and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. This pronouncement required the restatement of the June 30, 2014 net position of the Public Schools by a negative \$29,575,073

I. Subsequent Events

The County is involved in several lawsuits concerning the operation and sale of the Citizens Care & Rehabilitation Center and Montevue Assisted Living facilities. The County entered into an Asset Purchase Agreement and other contracts with Aurora Holdings, VII, LLC effective May 1, 2014 to sell the facilities to Aurora. Since that time, the County has been involved in extensive negotiations in an effort to resolve all litigation. The parties reached a tentative settlement of all matters on October 9, 2015. Should this settlement be completed, the amount would not be considered material to the basic financial statements as a whole.

NOTES TO FINANCIAL STATEMENTS
(Continued)

J. New Governmental Accounting Standards Board (GASB) Standard

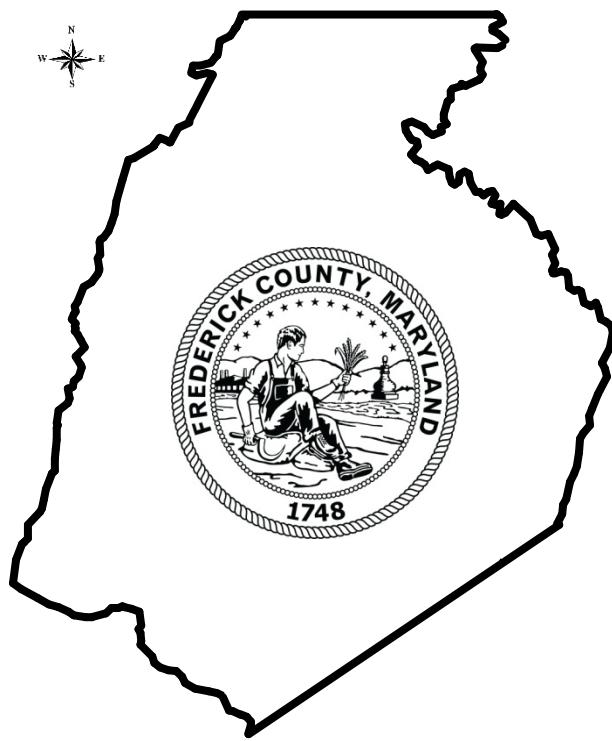
The County has adopted the provision of Governmental Accounting Standard Board (GASB Statement No. 68, entitled *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*). As part of GASB 68 the County is required to record its net funded pension liability.

GASB also issued Statement No. 69, entitled *Government Combinations and Disposals of Government Operation*, and GASB Statement No. 70, entitled *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Both statements were adopted this fiscal year but had no effect on these accompanying financial statements.

The, GASB has issued Statement No. 72, entitled *Fair Value Measurement and Application*; Statement No. 73, entitled, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to certain Provisions of GASB Statements 67 and 68*; GASB Statement No. 74 entitled, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No. 75, entitled, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; GASB Statement No. 76; entitled, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*; and GASB Statement No. 77; entitled, *Tax Abatement Disclosures*, which will require adoption in the future, if applicable. These statements may or will have a material effect on the County's financial statements once implemented.

The County will be analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

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
(Dollar Amounts in Thousands)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total pension liability										
Service cost	\$ 20,127	\$ 21,309								
Interest	32,636	30,170								
Changes of benefit terms	-	-								
Differences between expected and actual experience	(124)	-								
Changes of assumptions	(2,341)	-								
Benefit payments, including refunds of member contributions	(16,812)	(15,671)								
Net change in total pension liability	<u>33,486</u>	<u>35,808</u>								
Total pension liability - beginning	<u>474,630</u>	<u>438,822</u>								
Total pension liability - ending	<u>\$ 508,116</u>	<u>\$ 474,630</u>								
Plan fiduciary net position										
Contributions - employer	20,323	21,260								
Contributions - member	7,022	6,880								
Net investment income	22,501	67,022								
Benefit payments, including refunds of member contributions	(16,812)	(15,671)								
Administrative expense	(793)	(930)								
Other	-	-								
Net change in plan fiduciary net position	<u>32,241</u>	<u>78,561</u>								
Plan fiduciary net position - beginning	<u>455,074</u>	<u>376,513</u>								
Plan fiduciary net position - ending	<u>\$ 487,315</u>	<u>\$ 455,074</u>								
Net position liability - ending	<u>\$ 20,801</u>	<u>\$ 19,556</u>								
Plan fiduciary net position as a percentage of the total pension liability	95.91%	95.88%								
Covered-employee payroll	\$ 106,983	\$ 106,397								
Net pension liability as a percentage of covered-employee payroll	19.44%	18.38%								
Expected average remaining service years of all participants	6	6								
Average money-weighted rate of return, net of investment expense	5.18%	18.04%								

Changes of assumptions: For FY15, results reflect the recommended assumptions from the July 1, 2009 through June 30, 2013 experience study.

FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Dollar Amounts in Thousands)

	Fiscal Year								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 18,721	\$ 18,687							Information for FY2013 and earlier is not available
Contributions in relation to the actuarially determined contribution	<u>20,323</u>	<u>21,260</u>							
Contribution deficiency (excess)	<u>\$ (1,602)</u>	<u>\$ (2,573)</u>							
Covered-employee payroll	<u>\$ 106,983</u>	<u>\$ 106,397</u>							
Contributions as a percentage of covered employee payroll	19.00%	19.98%							

Notes to Schedule

Valuation date:

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	Entry Age Normal
Amortization method	Level percentage of payroll
Remaining amortization period	15 years for cumulative gains, losses and assumption changes (open), 30 years for prior plan changes
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	Rates vary by participant age and service
Investment rate of return	7.0% gross of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	For healthy participants and beneficiaries, the RP-2000 Combined Healthy tables set tables back one year with generational projection by Scale AA. Combined Healthy tables forward 10 years with generational projection by Scale AA.

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

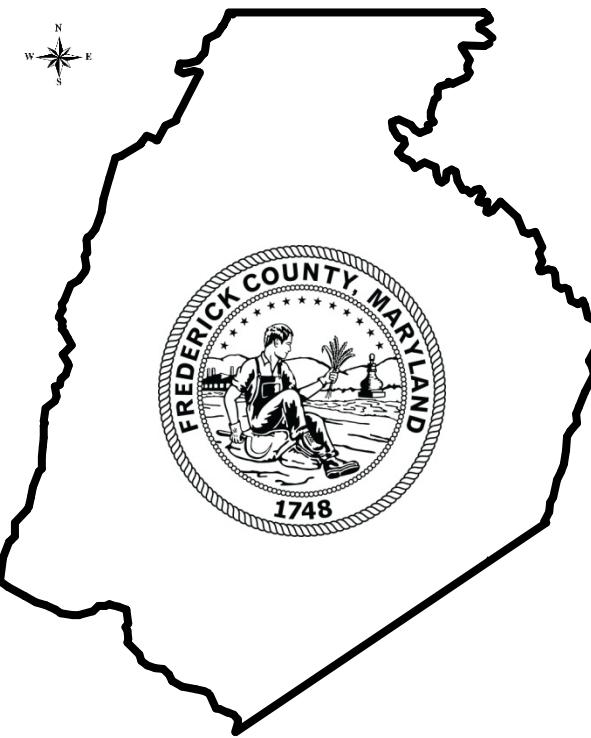
Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Actuarial Value of Plan Assets as a Percentage of the Actuarial Accrued Liability	Unfunded Actuarial Liability	Annual Covered Payroll	Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll
07/01/09	\$ 15,499,400	\$ 189,613,000	8.2 %	\$ 174,113,600	\$ 111,777,209	155.8 %
07/01/10	25,171,478	211,958,000	11.9	186,786,522	108,101,751	172.8
07/01/11	37,696,695	195,525,000	19.3	157,828,305	100,902,862	156.4
07/01/12	55,592,953	175,466,000	31.6	119,873,047	101,379,283	118.2
07/01/13	76,811,388	188,928,000	40.6	112,116,612	100,298,314	111.8
07/01/14	99,093,741	176,930,000	56.0	77,836,259	99,555,466	78.1

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

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

<u>Fiscal Years</u>	<u>Annual Required Contribution (ARC)</u>	<u>Contribution Recognized in Plan Financial Statements</u>	<u>Percentage Contributed</u>
2011	\$ 20,626,000	\$ 11,729,902	57 %
2012	19,252,000	19,252,000	100
2013	13,924,000	18,389,186	132
2014	14,423,000	14,655,250	102
2015	10,309,000	11,468,959	111

FUND STATEMENTS AND SCHEDULES



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

FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds						Total Non Major Governmental Funds (See Exhibit II-A-3)
	Grants	Watershed Protection & Restoration	Electric Lighting Tax Districts	Hotel Rental Tax	Sheriff's/ Judicial Activities	Loan Activities	
Assets							
Cash	\$ 3,023	\$ -	\$ 4,637	\$ -	\$ 113,253	\$ -	\$ 116,276
Equity in pooled invested cash	-	985	4,637	108,881	692,319	2,380,509	3,187,331
Total cash and cash equivalents	3,023	985	4,637	108,881	805,572	2,380,509	3,303,607
Receivables, net of allowance for uncollectibles:							
Property taxes	-	-	20	-	-	-	20
Accounts	345,675	1	-	157,395	19,255	-	522,326
Intergovernmental	3,657,594	-	-	-	-	-	3,657,594
Prepaid items	125,485	-	-	-	-	12	125,497
Long term receivables, net of allowance for uncollectibles:							
Non-profit organization loans	-	-	-	2,601,108	-	-	2,601,108
Small business loans	-	-	-	-	-	37,298	37,298
Housing loans	2,656,084	-	-	-	-	4,251,780	6,907,864
Other long term receivables	300,000	-	-	-	-	-	300,000
Total assets	<u>\$ 7,087,861</u>	<u>\$ 986</u>	<u>\$ 4,657</u>	<u>\$ 2,867,384</u>	<u>\$ 824,827</u>	<u>\$ 6,669,599</u>	<u>\$ 17,455,314</u>
Liabilities and fund balance							
Liabilities							
Accounts payable	\$ 313,343	\$ -	\$ -	\$ 125,906	\$ 37,582	\$ -	\$ 476,831
Accrued liabilities	221,020	-	849	140,370	-	-	362,239
Payroll and benefit deductions	525,000	-	-	-	-	-	525,000
Due to third parties	-	-	-	-	75,263	-	75,263
Due to general fund	163,058	-	-	-	-	-	163,058
Due to other governmental units	52,109	-	-	-	-	-	52,109
Other liabilities	580,394	-	-	-	-	41,208	621,602
Unearned revenues	921,883	-	-	2,601,108	-	-	3,522,991
Total liabilities	<u>2,776,807</u>	<u>-</u>	<u>849</u>	<u>2,867,384</u>	<u>112,845</u>	<u>41,208</u>	<u>5,799,093</u>
Fund balances							
Nonspendable	2,956,084	-	-	-	-	4,289,078	7,245,162
Restricted	-	-	-	-	159,254	-	159,254
Committed	1,354,970	986	3,808	-	552,728	2,339,313	4,251,805
Total fund balance	<u>4,311,054</u>	<u>986</u>	<u>3,808</u>	<u>-</u>	<u>711,982</u>	<u>6,628,391</u>	<u>11,656,221</u>
Total liabilities and fund balance	<u>\$ 7,087,861</u>	<u>\$ 986</u>	<u>\$ 4,657</u>	<u>\$ 2,867,384</u>	<u>\$ 824,827</u>	<u>\$ 6,669,599</u>	<u>\$ 17,455,314</u>

FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
SHERIFF'S/ JUDICIAL ACTIVITIES - SPECIAL REVENUE FUNDS
JUNE 30, 2015

	Sheriff's Drug Enforcement	Narcotics Task Force	State Attorney Law Enforcement Aid	Inmates' Canteen	Total Sheriff's/Judicial Activities (See Exhibit II-B-1)
Assets					
Cash	\$ 16,407	\$ 7,830	\$ 13,753	\$ 75,263	\$ 113,253
Equity in pooled invested cash	<u>5,333</u>	<u>249,065</u>	<u>-</u>	<u>437,921</u>	<u>692,319</u>
Total cash and cash equivalents	<u>21,740</u>	<u>256,895</u>	<u>13,753</u>	<u>513,184</u>	<u>805,572</u>
Receivables, net of allowance for uncollectibles:					
Accounts	-	-	-	19,255	19,255
Total assets	<u>\$ 21,740</u>	<u>\$ 256,895</u>	<u>\$ 13,753</u>	<u>\$ 532,439</u>	<u>\$ 824,827</u>
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ -	\$ 60	\$ -	\$ 37,522	\$ 37,582
Due to third parties	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,263</u>	<u>75,263</u>
Total liabilities	<u>-</u>	<u>60</u>	<u>-</u>	<u>112,785</u>	<u>112,845</u>
Fund balances					
Restricted	5,165	154,089	-	-	159,254
Committed	<u>16,575</u>	<u>102,746</u>	<u>13,753</u>	<u>419,654</u>	<u>552,728</u>
Total fund balance	<u>21,740</u>	<u>256,835</u>	<u>13,753</u>	<u>419,654</u>	<u>711,982</u>
Total liabilities and fund balance	<u>\$ 21,740</u>	<u>\$ 256,895</u>	<u>\$ 13,753</u>	<u>\$ 532,439</u>	<u>\$ 824,827</u>

FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
LOAN ACTIVITIES - SPECIAL REVENUE FUNDS
JUNE 30, 2015

	Housing Initiative	Non-Profit Organizations Loans	Fire/Rescue Loans	Economic Development Loans	Total Loan Activities (See Exhibit II-B-1)
Assets					
Equity in pooled invested cash	\$ 1,904,659	\$ 20,000	\$ 193,131	\$ 262,719	\$ 2,380,509
Total cash and cash equivalents	1,904,659	20,000	193,131	262,719	2,380,509
Prepaid items	12	-	-	-	12
Long term receivables, net of allowance for uncollectibles:					
Small business loans	-	-	-	37,298	37,298
Housing loans	4,251,780	-	-	-	4,251,780
Total assets	<u>\$ 6,156,451</u>	<u>\$ 20,000</u>	<u>\$ 193,131</u>	<u>\$ 300,017</u>	<u>\$ 6,669,599</u>
Liabilities and fund balance					
Liabilities					
Other liabilities	\$ 39,250	\$ -	\$ -	\$ 1,958	\$ 41,208
Total liabilities	<u>39,250</u>	<u>-</u>	<u>-</u>	<u>1,958</u>	<u>41,208</u>
Fund balances					
Nonspendable	4,251,780	-	-	37,298	4,289,078
Committed	1,865,421	20,000	193,131	260,761	2,339,313
Total fund balance	<u>6,117,201</u>	<u>20,000</u>	<u>193,131</u>	<u>298,059</u>	<u>6,628,391</u>
Total liabilities and fund balance	<u>\$ 6,156,451</u>	<u>\$ 20,000</u>	<u>\$ 193,131</u>	<u>\$ 300,017</u>	<u>\$ 6,669,599</u>

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Special Revenue Funds						Total Nonmajor Governmental Funds (See Exhibit II-A-5)
	Grants	Watershed Protection & Restoration	Electric Lighting Tax Districts	Hotel Rental Tax	Sheriff's/ Judicial Activities	Loan Activities	
Revenues							
Storm Water Mediation Fee	\$ -	\$ 494	\$ -	\$ -	\$ -	\$ -	\$ 494
Lighting tax levy	-	-	15,669	-	-	-	15,669
Other local taxes	-	-	-	1,333,667	-	-	1,333,667
Grants from federal government	13,117,909	-	-	-	-	-	13,117,909
Grants from state government	6,161,758	-	-	-	-	-	6,161,758
Charges for services	986,136	-	-	-	529,250	-	1,515,386
Fines and forfeitures	-	-	-	-	314,788	-	314,788
Interest from loans	-	-	-	-	-	2,201	2,201
Investment earnings	19	1	11	93	973	2,344	3,441
Miscellaneous revenue	439,050	-	-	180,473	4,028	1,930,426	2,553,977
Total revenues	<u>20,704,872</u>	<u>495</u>	<u>15,680</u>	<u>1,514,233</u>	<u>849,039</u>	<u>1,934,971</u>	<u>25,019,290</u>
Expenditures							
General government	2,129,476	-	-	34,811	-	-	2,164,287
Public safety	2,321,338	-	-	-	708,414	-	3,029,752
Public works	5,957,266	-	15,088	-	-	-	5,972,354
Health	1,189,376	-	-	-	-	-	1,189,376
Social services	2,147,370	-	-	-	-	-	2,147,370
Conservation of natural resources	825,844	-	-	-	-	-	825,844
Community development and public housing	6,213,375	-	-	-	-	344,605	6,557,980
Economic development and opportunity	4,577,365	-	-	1,298,840	-	-	5,876,205
Debt service	-	-	-	181,812	-	-	181,812
Total expenditures	<u>25,361,410</u>	<u>-</u>	<u>15,088</u>	<u>1,515,463</u>	<u>708,414</u>	<u>344,605</u>	<u>27,944,980</u>
Excess (deficiency) of revenues over expenditures	<u>(4,656,538)</u>	<u>495</u>	<u>592</u>	<u>(1,230)</u>	<u>140,625</u>	<u>1,590,366</u>	<u>(2,925,690)</u>
Other financing sources (uses)							
Transfers in from General Fund	5,276,976	-	-	-	-	222,355	5,499,331
Transfers out to Fleet Services	(171,288)	-	-	-	-	-	(171,288)
Refunding bonds issued	-	-	-	195,869	-	-	195,869
Payment to refunded bond escrow agent	-	-	-	(194,639)	-	-	(194,639)
Total other financing sources (uses)	<u>5,105,688</u>	<u>-</u>	<u>-</u>	<u>1,230</u>	<u>-</u>	<u>222,355</u>	<u>5,329,273</u>
Net change in fund balances	449,150	495	592	-	140,625	1,812,721	2,403,583
Fund balance - beginning of year	<u>3,861,904</u>	<u>491</u>	<u>3,216</u>	<u>-</u>	<u>571,357</u>	<u>4,815,670</u>	<u>9,252,638</u>
Fund balance - end of year	<u>\$ 4,311,054</u>	<u>\$ 986</u>	<u>\$ 3,808</u>	<u>\$ -</u>	<u>\$ 711,982</u>	<u>\$ 6,628,391</u>	<u>\$ 11,656,221</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, 2015

	Sheriff's Drug Enforcement	Narcotics Task Force	State Attorney Law Enforcement Aid	Inmates' Canteen	Total Sheriff's/Judicial Activities (See Exhibit II-B-4)
Revenues					
Charges for services	\$ -	\$ -	\$ -	\$ 529,250	\$ 529,250
Fines and forfeitures	2,181	308,242	4,365	-	314,788
Investment earnings	37	264	-	672	973
Miscellaneous revenue	-	4,028	-	-	4,028
Total revenues	<u>2,218</u>	<u>312,534</u>	<u>4,365</u>	<u>529,922</u>	<u>849,039</u>
Expenditures					
Public safety	51,348	140,619	25,029	491,418	708,414
Total expenditures	<u>51,348</u>	<u>140,619</u>	<u>25,029</u>	<u>491,418</u>	<u>708,414</u>
Net change in fund balances	(49,130)	171,915	(20,664)	38,504	140,625
Fund balance - beginning of year	<u>70,870</u>	<u>84,920</u>	<u>34,417</u>	<u>381,150</u>	<u>571,357</u>
Fund balance - end of year	<u>\$ 21,740</u>	<u>\$ 256,835</u>	<u>\$ 13,753</u>	<u>\$ 419,654</u>	<u>\$ 711,982</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, 2015

	Housing Initiative	Non-Profit Organizations Loans	Fire/Rescue Loans	Economic Development Loans	Total Loan Activities (See Exhibit II-B-4)
Revenues					
Grants from state government	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Interest from loans	122	-	-	2,079	2,201
Investment earnings	1,995	-	268	81	2,344
Miscellaneous revenue	1,930,101	-	-	325	1,930,426
Total revenues	1,932,218	-	268	2,485	1,934,971
Expenditures					
Community development and public housing	344,605	-	-	-	344,605
Total expenditures	344,605	-	-	-	344,605
Excess (deficiency) of revenues over expenditures	1,587,613	-	268	2,485	1,590,366
Other financing sources (uses)					
Transfer in from general fund	-	-	-	222,355	222,355
Total other financing sources (uses)	-	-	-	222,355	222,355
Net change in fund balances	1,587,613	-	268	224,840	1,812,721
Fund balance - beginning of year	4,529,588	20,000	192,863	73,219	4,815,670
Fund balance - end of year	\$ 6,117,201	\$ 20,000	\$ 193,131	\$ 298,059	\$ 6,628,391

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, 2015

	Grants			Housing Initiative			School Construction		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues									
Lighting tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,909,900	\$ 4,317,816	\$ 407,916
Other local taxes									
Grants from federal government	18,481,614	13,117,909	(5,363,705)	-	-	-	-	-	-
Grants from state government	9,233,105	6,161,758	(3,071,347)	-	-	-	-	-	-
Charges for services	988,427	986,136	(2,291)	-	-	-	-	-	-
Interest from loans	-	-	-	-	122	122	-	-	-
Investment earnings	19	19	-	2,150	1,995	(155)	23,000	18,116	(4,884)
Build America Bonds Subsidy	-	-	-	-	-	-	477,549	481,181	3,632
Miscellaneous revenue	689,658	439,050	(250,608)	755,407	1,996,040	1,240,633	-	-	-
Total revenues	<u>29,392,823</u>	<u>20,704,872</u>	<u>(8,687,951)</u>	<u>757,557</u>	<u>1,998,157</u>	<u>1,240,600</u>	<u>4,410,449</u>	<u>4,817,113</u>	<u>406,664</u>
Expenditures									
General government	2,583,775	2,129,476	454,299	-	-	-	-	-	-
Public safety	4,449,564	2,321,338	2,128,226	-	-	-	-	-	-
Public works	9,094,770	5,957,266	3,137,504	-	-	-	-	-	-
Health	1,414,235	1,189,376	224,859	-	-	-	-	-	-
Social services	2,844,409	2,147,370	697,039	-	-	-	-	-	-
Conservation of natural resources	2,252,568	825,844	1,426,724	-	-	-	-	-	-
Community development and public housing	7,898,346	6,511,523	1,386,823	1,468,999	885,672	583,327	-	-	-
Economic development and opportunity	5,799,796	4,577,365	1,222,431	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	4,058,669	4,009,267	49,402
Total expenditures	<u>36,337,463</u>	<u>25,659,558</u>	<u>10,677,905</u>	<u>1,468,999</u>	<u>885,672</u>	<u>583,327</u>	<u>4,058,669</u>	<u>4,009,267</u>	<u>49,402</u>
Excess (deficiency) of revenues over expenditures	<u>(6,944,640)</u>	<u>(4,954,686)</u>	<u>1,989,954</u>	<u>(711,442)</u>	<u>1,112,485</u>	<u>1,823,927</u>	<u>351,780</u>	<u>807,846</u>	<u>456,066</u>
Other financing sources (uses)									
Appropriated fund balance	1,073,761	824,931	(248,830)	711,442	671,746	(39,696)	(351,780)	-	351,780
Transfers in from general fund	6,009,001	5,276,976	(732,025)	-	-	-	-	-	-
Transfers in from housing initiative fund	33,166	-	(33,166)	-	-	-	-	-	-
Transfers out to capital projects fund	-	-	-	-	-	-	-	-	-
Transfers out to general fund	-	-	-	-	-	-	-	-	-
Transfers out to fleet services	(171,288)	(171,288)	-	-	-	-	-	-	-
Transfers out to grants fund	-	-	-	-	-	-	-	-	-
Proceeds from refunding bonds	-	-	-	-	-	-	-	723,768	723,768
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(719,527)	(719,527)
Premium on public facilities bonds	-	-	-	-	-	-	-	113,384	113,384
Total other financing sources (uses)	<u>6,944,640</u>	<u>5,930,619</u>	<u>(1,014,021)</u>	<u>711,442</u>	<u>671,746</u>	<u>(39,696)</u>	<u>(351,780)</u>	<u>117,625</u>	<u>469,405</u>
Net change in fund balances	<u>\$ -</u>	<u>975,933</u>	<u>\$ 975,933</u>	<u>\$ -</u>	<u>1,784,231</u>	<u>\$ 1,784,231</u>	<u>\$ -</u>	<u>925,471</u>	<u>\$ 925,471</u>
Fund balance - beginning of year	3,861,904				4,529,588				
Net change in reserves and adjustments to GAAP basis		<u>(526,783)</u>			<u>(196,618)</u>			<u>(925,471)</u>	
Fund balance - end of year	<u>\$ 4,311,054</u>				<u>\$ 6,117,201</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, 2015

	Impact Fees			Development Road Improvement			Electric Lighting Tax Districts		
	Final Amended Budget	Impact Fees Actual	Variance - Positive (Negative)	Final Amended Budget	Development Road Improvement Actual	Variance - Positive (Negative)	Final Amended Budget	Electric Lighting Tax Districts Actual	Variance - Positive (Negative)
Revenues									
Lighting tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,453	\$ 15,669	\$ 216
Other local taxes	-	-	-	-	-	-	-	-	-
Grants from federal government	-	-	-	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-	-	-	-
Charges for services	10,922,932	13,864,369	2,941,437	-	-	-	-	-	-
Interest from loans	-	-	-	-	-	-	-	-	-
Investment earnings	90,248	26,796	(63,452)	-	4,477	4,477	-	11	11
Build America Bonds Subsidy	3,978	4,009	31	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-
Total revenues	<u>11,017,158</u>	<u>13,895,174</u>	<u>2,878,016</u>	<u>-</u>	<u>4,477</u>	<u>4,477</u>	<u>15,453</u>	<u>15,680</u>	<u>227</u>
Expenditures									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	15,200	15,088	112
Health	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-	-	-	-
Community development and public housing	-	-	-	-	-	-	-	-	-
Economic development and opportunity	-	-	-	-	-	-	-	-	-
Debt service	7,552,107	7,473,109	78,998	-	-	-	-	-	-
Total expenditures	<u>7,552,107</u>	<u>7,473,109</u>	<u>78,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,200</u>	<u>15,088</u>	<u>112</u>
Excess (deficiency) of revenues over expenditures	<u>3,465,051</u>	<u>6,422,065</u>	<u>2,957,014</u>	<u>-</u>	<u>4,477</u>	<u>4,477</u>	<u>253</u>	<u>592</u>	<u>339</u>
Other financing sources (uses)									
Appropriated fund balance	(2,175,051)	-	2,175,051	-	-	-	(253)	-	253
Transfers in from general fund	14,208	14,205	(3)	-	-	-	-	-	-
Transfers out to capital projects fund	(1,290,000)	(1,290,000)	-	-	-	-	-	-	-
Transfers out to general fund	-	-	-	-	-	-	-	-	-
Proceeds from refunding bonds	-	3,840,256	3,840,256	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	(3,817,233)	(3,817,233)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(3,450,843)</u>	<u>(1,252,772)</u>	<u>2,198,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(253)</u>	<u>-</u>	<u>253</u>
Net change in fund balances	<u>\$ 14,208</u>	<u>\$ 5,169,293</u>	<u>\$ 5,155,085</u>	<u>\$ -</u>	<u>4,477</u>	<u>\$ 4,477</u>	<u>\$ -</u>	<u>592</u>	<u>\$ 592</u>
Fund balance - beginning of year	-	-	-	-	-	-	-	3,216	-
Net change in reserves and adjustments to GAAP basis	\$ <u>(5,169,293)</u>				\$ <u>(4,477)</u>			\$ <u>3,808</u>	
Fund balance - end of year	<u>\$ -</u>				<u>\$ -</u>			<u>\$ 3,808</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, 2015

	Parks Acquisition & Development			Hotel Rental Tax			Nursing Home Construction		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Lighting tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	\$ 1,172,940	\$ 1,295,320	\$ 122,380	\$ 1,331,506	\$ 1,333,667	\$ 2,161	\$ -	\$ -	\$ -
Grants from federal government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants from state government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest from loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	\$ 25,000	\$ 15,126	\$ (9,874)	\$ 500	\$ 93	\$ (407)	\$ -	\$ -	\$ -
Build America Bonds Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ 183,436	\$ 180,473	\$ (2,963)	\$ -	\$ -	\$ -
Total revenues	\$ 1,197,940	\$ 1,310,446	\$ 112,506	\$ 1,515,442	\$ 1,514,233	\$ (1,209)	\$ -	\$ -	\$ -
Expenditures									
General government	\$ -	\$ -	\$ -	\$ 34,753	\$ 34,811	\$ (58)	\$ -	\$ -	\$ -
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public works	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Social services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Conservation of natural resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community development and public housing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development and opportunity	\$ -	\$ -	\$ -	\$ 1,297,253	\$ 1,298,840	\$ (1,587)	\$ -	\$ -	\$ -
Debt service	\$ 80,987	\$ 81,017	\$ (30)	\$ 183,436	\$ 181,812	\$ 1,624	\$ -	\$ 229	\$ (229)
Total expenditures	\$ 80,987	\$ 81,017	\$ (30)	\$ 1,515,442	\$ 1,515,463	\$ (21)	\$ -	\$ 229	\$ (229)
Excess (deficiency) of revenues over expenditures	\$ 1,116,953	\$ 1,229,429	\$ 112,476	\$ -	\$ (1,230)	\$ (1,230)	\$ -	\$ (229)	\$ (229)
Other financing sources (uses)									
Appropriated fund balance	\$ 365,047	\$ -	\$ (365,047)	\$ -	\$ -	\$ -	\$ 2,885,089	\$ -	\$ (2,885,089)
Transfers in from general fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out to capital projects fund	\$ (482,000)	\$ (482,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out to general fund	\$ (1,000,000)	\$ (1,000,000)	\$ -	\$ -	\$ -	\$ -	\$ (2,885,089)	\$ (2,884,860)	\$ 229
Transfers out to grants fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from bond refunding	\$ -	\$ -	\$ -	\$ -	\$ 195,869	\$ 195,869	\$ -	\$ -	\$ -
Payment to refunded bond escrow agent	\$ -	\$ -	\$ -	\$ -	\$ (194,639)	\$ (194,639)	\$ -	\$ -	\$ -
Premium on public facilities bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ (1,116,953)	\$ (1,482,000)	\$ (365,047)	\$ -	\$ 1,230	\$ 1,230	\$ -	\$ (2,884,860)	\$ (2,884,860)
Net change in fund balances	\$ -	\$ (252,571)	\$ (252,571)	\$ -	\$ -	\$ -	\$ -	\$ (2,885,089)	\$ (2,885,089)
Fund balance - beginning of year (restated)	\$ -								
Net change in reserves and adjustments to GAAP basis	\$ 252,571								
Fund balance - end of year	\$ -								

(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, 2015

Exhibit II-B-7
(continued)

Economic Development Loans			
	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues			
Lighting tax levy	\$ -	\$ -	-
Other local taxes	-	-	-
Grants from federal government	-	-	-
Grants from state government	-	-	-
Charges for services	30,890	-	(30,890)
Interest from loans	14,420	2,079	(12,341)
Investment earnings	-	81	81
Miscellaneous revenue	-	325	325
Total revenues	<u>45,310</u>	<u>2,485</u>	<u>(42,825)</u>
Expenditures			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health	-	-	-
Social services	-	-	-
Conservation of natural resources	-	-	-
Community development and public housing	-	-	-
Economic development and opportunity	222,605	-	222,605
Debt service	<u>45,310</u>	<u>-</u>	<u>45,310</u>
Total expenditures	<u>267,915</u>	<u>-</u>	<u>267,915</u>
Excess (deficiency) of revenues over expenditures	<u>(222,605)</u>	<u>2,485</u>	<u>225,090</u>
Other financing sources (uses)			
Appropriated fund balance	250	-	250
Transfers in from general fund	222,355	222,355	-
Transfers in from capital projects fund	-	-	-
Transfers in from fire/rescue tax district fund	-	-	-
Transfers out to capital projects fund	-	-	-
Transfers out to general fund	-	-	-
Transfers out to grants fund	-	-	-
Total other financing sources (uses)	<u>222,605</u>	<u>222,355</u>	<u>250</u>
Net change in fund balances	<u>\$ -</u>	<u>224,840</u>	<u>224,840</u>
Fund balance - beginning of year		73,219	
Net change in reserves and adjustments to GAAP basis		\$ 298,059	
Fund balance - end of year		<u>298,059</u>	

Explanation of Budget to GAAP Differences:

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

FREDERICK COUNTY, MARYLAND
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Project Budget</u>	<u>Current Year Actual</u>	<u>Total To Date</u>	<u>Variance - Positive (Negative)</u>
Revenues				
Grants from federal government				
Highways	\$ 14,408,901	\$ 3,909,533	\$ 4,589,874	\$ (9,819,027)
Miscellaneous grants	496,810	-	-	(496,810)
Grants from state government:				
Highways	2,414,119	-	1,824,000	(590,119)
Program open space	302,545	345,583	-	(302,545)
Education	12,258,797	1,976,888	532,633	(11,726,164)
Other	3,279,009	634,762	3,062,614	(216,395)
Total revenues	<u>33,160,181</u>	<u>6,866,766</u>	<u>10,009,121</u>	<u>(23,151,060)</u>
Expenditures				
General government	55,245,837	10,663,946	8,660,569	46,585,268
Roads and bridges	71,323,064	11,891,389	42,529,741	28,793,323
Board of Education	60,863,551	11,542,344	37,369,582	23,493,969
Frederick Community College	38,947,331	5,045,703	29,253,510	9,693,821
Parks and recreation	16,374,192	3,194	2,182,883	14,191,309
Watershed restoration	4,096,140	1,008,998	1,641,641	2,454,499
Municipal	2,398,771	369,120	796,700	1,602,071
Total expenditures	<u>249,248,886</u>	<u>40,524,694</u>	<u>122,434,626</u>	<u>126,814,260</u>
Excess (deficiency) of revenues over expenditures	<u>(216,088,705)</u>	<u>(33,657,928)</u>	<u>(112,425,505)</u>	<u>103,663,200</u>
Other financing sources (uses)				
Transfers in from general fund	46,701,514	13,903,290	46,701,514	-
Transfers in from impact fees fund	5,077,946	1,290,000	5,077,946	-
Transfers in from parks acquisition & development fund	12,392,521	482,000	12,392,521	-
Transfers in from development road improvement fund	7,736,730	-	7,736,730	-
Transfers in from school construction fund	3,312,852	-	3,312,852	-
Transfers in from economic development loan fund	300,000	-	300,000	-
Transfers in from water and sewer fund	25,401	-	901	(24,500)
General obligation bonds issued	132,246,692	31,207,210	70,146,889	(62,099,803)
Premium on debt	295,049	295,049	295,049	-
Capital leases	8,000,000	-	-	(8,000,000)
Total other financing sources (uses)	<u>216,088,705</u>	<u>47,177,549</u>	<u>145,964,402</u>	<u>(70,124,303)</u>
Net change in fund balances	<u>\$ -</u>	<u>13,519,621</u>	<u>\$ 33,538,897</u>	<u>\$ 33,538,897</u>
Net change in reserves and adjustment to GAAP basis		(1,863,662)		
Fund balance - beginning of year		79,502,933		
Fund balance - end of year		<u>\$ 91,158,892</u>		

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

	Worker's Compensation	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-9)
Assets				
Current assets:				
Equity in pooled invested cash	\$ 2,319,636	\$ 1,032,002	\$ 9,373,455	\$ 12,725,093
Total cash and cash equivalents	2,319,636	1,032,002	9,373,455	12,725,093
Receivables, net of allowance for uncollectible accounts	37,230	96,931	53,474	187,635
Due from component units	-	39	-	39
Inventories	-	-	428,206	428,206
Prepaid items	-	72,833	168,802	241,635
Total current assets	<u>2,356,866</u>	<u>1,201,805</u>	<u>10,023,937</u>	<u>13,582,608</u>
Noncurrent assets:				
Capital assets:				
Buildings and improvements	-	-	1,833,133	1,833,133
Equipment	-	1,753,447	25,852,603	27,606,050
Accumulated depreciation	-	(1,639,510)	(21,986,948)	(23,626,458)
Total noncurrent assets	<u>-</u>	<u>113,937</u>	<u>5,698,788</u>	<u>5,812,725</u>
Total assets	<u>2,356,866</u>	<u>1,315,742</u>	<u>15,722,725</u>	<u>19,395,333</u>
Liabilities				
Current liabilities:				
Accounts payable	-	69,127	289,788	358,915
Payroll and benefit deductions	-	25,687	96,377	122,064
Accrued expenses	106,822	-	183,179	290,001
Current portion of compensated absences	-	2,912	5,100	8,012
Total current liabilities	<u>106,822</u>	<u>97,726</u>	<u>574,444</u>	<u>778,992</u>
Noncurrent liabilities:				
Liability for compensated absences	-	23,040	118,293	141,333
Total noncurrent liabilities	<u>-</u>	<u>23,040</u>	<u>118,293</u>	<u>141,333</u>
Total liabilities	<u>106,822</u>	<u>120,766</u>	<u>692,737</u>	<u>920,325</u>
Net position				
Net investment in capital assets	-	113,937	5,698,788	5,812,725
Unrestricted	\$ 2,250,044	\$ 1,081,039	\$ 9,331,200	\$ 12,662,283
Total net position	<u>\$ 2,250,044</u>	<u>\$ 1,194,976</u>	<u>\$ 15,029,988</u>	<u>\$ 18,475,008</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, 2015

	<u>Worker's Compensation</u>	<u>Voice Services</u>	<u>Fleet Services</u>	Total Internal Service Funds <u>(See Exhibit II-A-10)</u>
Operating revenues				
Service charges	\$ 4,383,624	\$ 1,149,733	\$ 9,939,881	\$ 15,473,238
Total operating revenues	<u>4,383,624</u>	<u>1,149,733</u>	<u>9,939,881</u>	<u>15,473,238</u>
Operating expenses				
Personnel services	-	582,335	2,208,852	2,791,187
Other operating expenses (including administrative overhead)	111,784	418,607	806,792	1,337,183
Prefunded loss & estimated claims	1,880,952	-	-	1,880,952
Insurance	1,087,072	-	-	1,087,072
Supplies	-	3,493	5,296,600	5,300,093
Repairs and maintenance	-	211,212	1,181,037	1,392,249
Depreciation	-	67,530	1,200,126	1,267,656
Total operating expenses	<u>3,079,808</u>	<u>1,283,177</u>	<u>10,693,407</u>	<u>15,056,392</u>
Operating income (loss)	<u>1,303,816</u>	<u>(133,444)</u>	<u>(753,526)</u>	<u>416,846</u>
Nonoperating revenues (expenses)				
Investment earnings	2,711	1,460	14,549	18,720
Miscellaneous income	-	-	7,959	7,959
Insurance recovery	-	-	54,285	54,285
Gain (loss) on disposition of capital assets	-	-	38,897	38,897
Total nonoperating revenues (expenses)	<u>2,711</u>	<u>1,460</u>	<u>115,690</u>	<u>119,861</u>
Net income (loss) before contributions and transfers	<u>1,306,527</u>	<u>(131,984)</u>	<u>(637,836)</u>	<u>536,707</u>
Transfers in (out)	-	-	(3,064,433)	(3,064,433)
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>(3,064,433)</u>	<u>(3,064,433)</u>
Change in net position	<u>1,306,527</u>	<u>(131,984)</u>	<u>(3,702,269)</u>	<u>(2,527,726)</u>
Net position - beginning of year	<u>943,517</u>	<u>1,326,960</u>	<u>18,732,257</u>	<u>21,002,734</u>
Net position - end of year	<u>\$ 2,250,044</u>	<u>\$ 1,194,976</u>	<u>\$ 15,029,988</u>	<u>\$ 18,475,008</u>

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Worker's Compensation	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-11)
Cash flows from operating activities				
Cash received from residents and customers	\$ 4,364,764	\$ 1,138,449	\$ 9,947,635	\$ 15,450,848
Cash paid to suppliers	(2,972,986)	(603,430)	(7,336,783)	(10,913,199)
Cash paid to employees	-	(579,841)	(2,173,878)	(2,753,719)
Net cash provided by operating activities	<u>1,391,778</u>	<u>(44,822)</u>	<u>436,974</u>	<u>1,783,930</u>
Cash flows from noncapital financing activities				
Transfers in (out)	-	-	(3,064,433)	(3,064,433)
Net cash provided (used) by noncapital financing activities	-	-	(3,064,433)	(3,064,433)
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	-	-	(2,110,002)	(2,110,002)
Recoveries for damages	-	-	54,285	54,285
Proceeds from sale of capital assets	-	-	69,942	69,942
Net cash provided (used) by capital & related financing activities	-	-	(1,985,775)	(1,985,775)
Cash flows from investing activities				
Interest received on investments	<u>2,711</u>	<u>1,460</u>	<u>7,959</u>	<u>12,130</u>
Net cash provided by investing activities	<u>2,711</u>	<u>1,460</u>	<u>7,959</u>	<u>12,130</u>
Net increase (decrease) in cash and cash equivalents	<u>1,394,489</u>	<u>(43,362)</u>	<u>(4,605,275)</u>	<u>(3,254,148)</u>
Cash and cash equivalents - beginning of year	<u>925,147</u>	<u>1,075,364</u>	<u>13,978,730</u>	<u>15,979,241</u>
Cash and cash equivalents - end of year	<u>\$ 2,319,636</u>	<u>\$ 1,032,002</u>	<u>\$ 9,373,455</u>	<u>\$ 12,725,093</u>

(continued)

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Worker's Compensation</u>	<u>Voice Services</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds</u> <u>(See Exhibit II-A-11)</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 1,303,816	\$ (133,444)	\$ (753,526)	\$ 416,846
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation	-	67,530	1,200,126	1,267,656
Miscellaneous non-operating income	-	-	14,549	14,549
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(18,860)	(11,284)	(6,795)	(36,939)
Inventory	-	-	43,982	43,982
Prepaid items	-	(1,481)	(168,802)	(170,283)
Increase (decrease) in:				
Accounts payable	-	31,363	27,623	58,986
Accrued expenses	106,822	3,310	67,450	177,582
Liability for compensated leave	-	(816)	12,367	11,551
Net cash provided by operating activities	\$ <u>1,391,778</u>	\$ <u>(44,822)</u>	\$ <u>436,974</u>	\$ <u>1,783,930</u>
Noncash investing, capital, and financing activities:				
None				

FREDERICK COUNTY, MARYLAND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Tax Agency Fund				
Assets				
Cash and cash equivalents	\$ 292,414	\$ 3,842,956	\$ 3,618,933	\$ 516,437
Equity in pooled invested cash	<u>1,472,334</u>	<u>7,236,604</u>	<u>6,538,828</u>	<u>2,170,110</u>
Total Assets	<u><u>\$ 1,764,748</u></u>	<u><u>\$ 11,079,560</u></u>	<u><u>\$ 10,157,761</u></u>	<u><u>\$ 2,686,547</u></u>
Liabilities				
Due to third parties	<u><u>\$ 1,764,748</u></u>	<u><u>\$ 7,063,905</u></u>	<u><u>\$ 6,142,106</u></u>	<u><u>\$ 2,686,547</u></u>
Subdivision and Driveway Deposits Fund				
Assets				
Equity in pooled invested cash	<u><u>\$ 5,979,711</u></u>	<u><u>\$ 2,068,162</u></u>	<u><u>\$ 2,992,535</u></u>	<u><u>\$ 5,055,338</u></u>
Liabilities				
Due to third parties	<u><u>\$ 31,803</u></u>	<u><u>\$ 332,461</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 364,264</u></u>
Performance deposits	<u><u>5,947,908</u></u>	<u><u>2,068,162</u></u>	<u><u>3,324,996</u></u>	<u><u>4,691,074</u></u>
Total Liabilities	<u><u><u>\$ 5,979,711</u></u></u>	<u><u><u>\$ 2,400,623</u></u></u>	<u><u><u>\$ 3,324,996</u></u></u>	<u><u><u>\$ 5,055,338</u></u></u>
Work Release Fund				
Assets				
Cash and cash equivalents	<u><u>\$ 17,140</u></u>	<u><u>\$ 556,463</u></u>	<u><u>\$ 554,185</u></u>	<u><u>\$ 19,418</u></u>
Liabilities				
Due to third parties	<u><u>\$ 17,140</u></u>	<u><u>\$ 556,463</u></u>	<u><u>\$ 554,185</u></u>	<u><u>\$ 19,418</u></u>
Tax Incremental Financing Bond Fund				
Assets				
Cash and cash equivalents	\$ 519	\$ 38,923	\$ 39,442	\$ -
Accounts receivable	<u>38,923</u>	<u>-</u>	<u>38,923</u>	<u>-</u>
	<u><u>\$ 39,442</u></u>	<u><u>\$ 38,923</u></u>	<u><u>\$ 78,365</u></u>	<u><u>\$ -</u></u>
Liabilities				
Due to third parties	<u><u>\$ 39,442</u></u>	<u><u>\$ 38,923</u></u>	<u><u>\$ 78,365</u></u>	<u><u>\$ -</u></u>
Totals - All Agency funds				
Assets				
Cash and cash equivalents	\$ 310,073	\$ 4,438,342	\$ 4,212,560	\$ 535,855
Accounts receivable	<u>38,923</u>	<u>-</u>	<u>38,923</u>	<u>-</u>
Equity in pooled invested cash	<u>7,452,045</u>	<u>9,304,766</u>	<u>9,531,363</u>	<u>7,225,448</u>
Total assets	<u><u>\$ 7,801,041</u></u>	<u><u>\$ 13,743,108</u></u>	<u><u>\$ 13,782,846</u></u>	<u><u>\$ 7,761,303</u></u>
Liabilities				
Due to third parties	<u><u>\$ 1,853,133</u></u>	<u><u>\$ 7,991,752</u></u>	<u><u>\$ 6,774,656</u></u>	<u><u>\$ 3,070,229</u></u>
Performance deposits	<u><u>5,947,908</u></u>	<u><u>2,068,162</u></u>	<u><u>3,324,996</u></u>	<u><u>4,691,074</u></u>
Total liabilities	<u><u><u>\$ 7,801,041</u></u></u>	<u><u><u>\$ 10,059,914</u></u></u>	<u><u><u>\$ 10,099,652</u></u></u>	<u><u><u>\$ 7,761,303</u></u></u>

FREDERICK COUNTY, MARYLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE (1)
JUNE 30, 2015

	2015
Governmental funds capital assets	
Land and improvements	\$ 132,357,421
Buildings	218,497,638
Equipment	96,288,262
Infrastructure	357,588,662
Construction in progress	28,227,630
Total governmental funds capital assets	<u>\$ 832,959,613</u>

Investment in governmental funds capital assets by source	
Capital projects fund (2)	\$ 681,253,637
General fund	23,131,968
Special revenue funds	89,324,243
Donations	39,249,765
Total governmental funds capital assets	<u>\$ 832,959,613</u>

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$29,439,183 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, 2015

<u>Function</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
General government	\$ 6,646,297	\$ 47,988,665	\$ 16,460,100	\$ -	\$ -	\$ 71,095,062
Public safety	7,109,578	62,400,922	62,743,723	-	-	132,254,223
Public works	4,587,775	10,299,131	10,230,952	-	-	25,117,858
Public health	-	7,584,601	52,772	-	-	7,637,373
Social services	531,519	40,579,721	2,565,628	-	-	43,676,868
Recreation and culture	40,723,371	48,586,598	4,112,118	-	-	93,422,087
Conservation of natural resources	72,540,912	-	100,288	-	-	72,641,200
Economic Development and Opportunity	217,969	1,058,000	22,681	-	-	1,298,650
Infrastructure	-	-	-	357,588,662	-	357,588,662
Construction in progress	-	-	-	-	28,227,630	28,227,630
Total governmental funds capital assets	\$ 132,357,421	\$ 218,497,638	\$ 96,288,262	\$ 357,588,662	\$ 28,227,630	\$ 832,959,613

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$29,439,183 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.

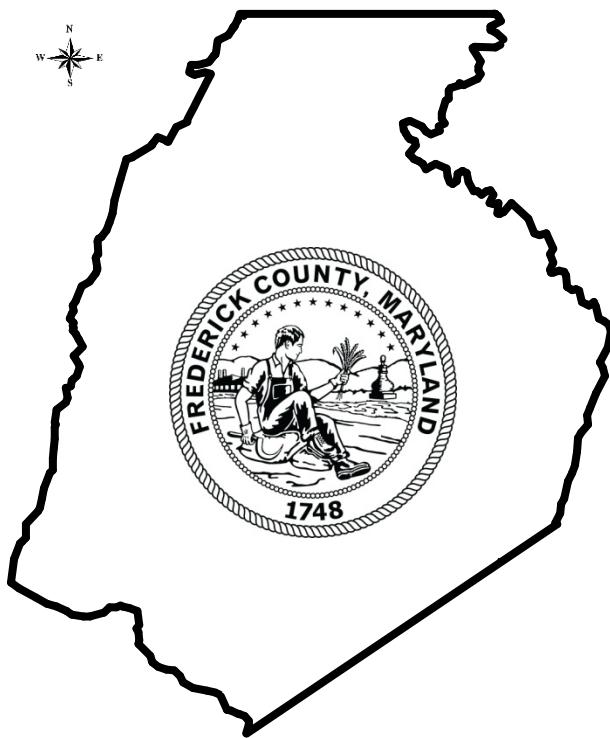
FREDERICK COUNTY, MARYLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION (1)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Function</u>	<u>Governmental Funds Capital Assets July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2015</u>
General government	\$ 70,886,015	\$ 1,495,458	\$ 1,286,411	\$ 71,095,062
Public safety	127,336,165	6,594,255	1,676,197	132,254,223
Public works	25,164,184	6,657	52,983	25,117,858
Public health	7,637,373	-	-	7,637,373
Social services	43,532,611	144,257	-	43,676,868
Recreation and culture	90,596,353	2,974,696	148,962	93,422,087
Conservation of natural resources	68,373,417	4,267,783	-	72,641,200
Economic Development and Opportunity	1,298,650	-	-	1,298,650
Infrastructure	355,942,448	1,646,214	-	357,588,662
Construction in progress	<u>17,145,491</u>	<u>24,783,311</u>	<u>13,701,172</u>	<u>28,227,630</u>
Total governmental funds capital assets	<u>\$ 807,912,707</u>	<u>\$ 41,912,631</u>	<u>\$ 16,865,725</u>	<u>\$ 832,959,613</u>

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$29,439,183 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



STATISTICAL TABLE OF CONTENTS

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	144 - 149
Revenue Capacity These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	150 - 153
Debt Capacity These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	154 - 157
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	158 - 159
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	160 - 164

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

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

	2015	2014	2013 (4)	2012	2011	2010	2009	2008	2007 (3)	2006 (3)
Governmental activities										
Net Investment in capital assets	\$ 259,453,783	\$ 254,191,895	\$ 275,015,641	\$ 261,682,219	\$ 282,853,416	\$ 273,493,228	\$ 242,888,896	\$ 223,296,140	\$ 220,485,887	\$ 216,474,001
Restricted (1)	145,342,639	138,179,573	180,302,326	146,940,466	143,503,406	184,828,765	147,016,541	133,032,506	157,734,585	123,851,893
Unrestricted (Deficit) (2)	(183,217,496)	(178,367,506)	(238,490,895)	(191,281,325)	(228,733,110)	(288,083,336)	(167,092,969)	(59,630,068)	(62,896,588)	(56,507,349)
Total governmental activities net position	<u>221,578,926</u>	<u>214,003,962</u>	<u>216,827,072</u>	<u>217,341,360</u>	<u>197,623,712</u>	<u>170,238,657</u>	<u>222,812,468</u>	<u>296,698,578</u>	<u>315,323,884</u>	<u>283,818,545</u>
Business-type activities										
Net Investment in capital assets	425,865,230	401,049,591	385,175,447	354,046,472	338,311,974	312,459,077	291,788,577	232,785,591	214,474,800	193,225,382
Restricted	2,036,901	1,326,742	2,401,597	456,221	4,371,265	9,714,241	679,335	15,750,610	24,851,353	3,206,982
Unrestricted (Deficit)	105,728,749	107,306,474	101,996,356	101,593,763	98,317,538	77,554,957	80,856,215	96,536,501	87,412,069	104,778,749
Total business-type activities net position	<u>533,630,880</u>	<u>509,682,807</u>	<u>489,573,400</u>	<u>456,096,456</u>	<u>441,000,777</u>	<u>399,728,275</u>	<u>373,324,127</u>	<u>345,072,702</u>	<u>326,738,222</u>	<u>301,211,113</u>
Primary government										
Net Investment in capital assets	685,319,013	655,241,486	660,191,088	615,728,691	621,165,390	585,952,305	534,677,473	456,081,731	434,960,687	409,699,383
Restricted (1)	147,379,540	139,506,315	182,703,923	147,396,687	147,874,671	194,543,006	147,695,876	148,783,116	182,585,938	127,058,875
Unrestricted (Deficit) (2)	(77,488,747)	(71,061,032)	(136,494,539)	(89,687,562)	(130,415,572)	(210,528,379)	(86,236,754)	36,906,433	24,515,481	48,271,400
Total primary government net position	<u>\$ 755,209,806</u>	<u>\$ 723,686,769</u>	<u>\$ 706,400,472</u>	<u>\$ 673,437,816</u>	<u>\$ 638,624,489</u>	<u>\$ 569,966,932</u>	<u>\$ 596,136,595</u>	<u>\$ 641,771,280</u>	<u>\$ 642,062,106</u>	<u>\$ 585,029,658</u>

(1) Due to the implementation of GASB Statement No. 46 in fiscal year 2006, higher restricted net position is being reported than in previous years.

(2) 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.

(3) Restated

(4) Restated due to the implementation of GASB Statement No. 65 in fiscal year 2014 required a Restatement of unrestricted net position

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007 (1)	2006 (1)
Expenses										
Governmental activities:										
General government	\$ 60,751,789	\$ 52,314,050	\$ 51,175,746	\$ 46,806,905	\$ 47,444,418	\$ 47,426,759	\$ 48,336,652	\$ 47,365,230	\$ 44,608,747	\$ 41,402,131
Public safety	102,524,827	102,479,766	97,785,269	94,646,502	94,014,597	96,002,101	98,638,171	92,368,561	82,346,886	68,737,205
Public works	37,487,379	36,262,384	35,874,382	38,137,648	38,082,578	42,608,184	45,639,681	36,272,941	33,363,952	30,839,056
Health	6,087,893	6,618,902	5,722,861	6,165,458	7,389,079	8,666,393	8,430,003	8,350,521	12,022,712	20,318,327
Social services	13,667,150	8,618,986	8,505,272	7,570,218	8,607,518	8,699,974	9,079,466	9,034,819	7,433,791	7,248,599
Education	271,936,166	269,815,733	249,689,186	253,445,819	255,092,160	296,413,864	317,246,467	280,571,794	234,952,181	236,655,998
Parks, recreation and culture	19,604,270	19,424,328	18,636,699	18,460,120	18,294,771	17,106,503	17,984,081	16,540,827	13,027,882	11,619,119
Conservation of natural resources	3,782,468	2,451,626	2,654,878	4,007,350	2,514,717	3,203,584	5,920,062	5,284,255	2,018,025	3,771,639
Community development and public housing	6,906,365	7,065,314	6,979,175	6,632,923	7,068,638	6,124,692	5,313,485	5,532,210	4,692,471	3,195,154
Economic development and opportunity	7,782,637	7,128,852	7,440,036	7,558,114	12,777,129	14,318,099	14,367,112	13,586,428	12,368,074	11,485,801
Interest on long term debt	17,826,278	18,608,011	19,465,343	19,546,097	15,104,694	17,983,300	17,384,242	15,180,615	13,236,202	9,858,697
Total governmental activities expenses	<u>548,357,222</u>	<u>530,787,952</u>	<u>503,928,847</u>	<u>502,977,154</u>	<u>506,390,299</u>	<u>558,553,453</u>	<u>588,339,422</u>	<u>530,088,201</u>	<u>460,070,923</u>	<u>445,131,726</u>
Business-type activities:										
Water and sewer	34,933,323	34,528,670	32,464,763	31,926,579	29,622,835	28,894,767	27,858,760	25,789,356	23,082,586	21,623,009
Solid waste management	19,829,130	19,474,982	18,365,946	17,878,124	19,949,545	20,467,049	22,543,435	20,989,211	20,649,798	17,615,883
Nursing homes	-	21,928,222	22,407,711	20,203,892	19,217,797	19,389,965	18,720,204	17,961,626	15,862,296	14,691,041
Public housing	163,740	194,866	168,096	149,510	143,837	174,279	138,883	121,973	127,423	106,859
Permitting and development review	-	-	-	4,287,265	5,080,138	5,840,521	6,586,058	6,866,402	6,244,552	4,761,715
Total business-type activities expenses	<u>54,926,193</u>	<u>76,126,740</u>	<u>73,406,516</u>	<u>74,445,370</u>	<u>74,014,152</u>	<u>74,766,581</u>	<u>75,847,340</u>	<u>71,728,568</u>	<u>65,966,655</u>	<u>58,798,507</u>
Total primary government expenses	<u>\$ 603,283,415</u>	<u>\$ 606,914,692</u>	<u>\$ 577,335,363</u>	<u>\$ 577,422,524</u>	<u>\$ 580,404,451</u>	<u>\$ 633,320,034</u>	<u>\$ 664,186,762</u>	<u>\$ 601,816,769</u>	<u>\$ 526,037,578</u>	<u>\$ 503,930,233</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 19,555,583	\$ 16,430,929	\$ 15,442,981	\$ 8,208,837	\$ 7,755,507	\$ 9,934,491	\$ 7,107,680	\$ 6,123,458	\$ 10,002,667	\$ 13,070,811
Public safety	6,895,014	5,543,192	6,143,618	7,356,176	6,456,180	6,808,959	6,332,060	6,000,432	5,501,706	4,259,470
Public works	937,256	1,048,985	758,458	747,519	785,085	657,612	681,480	798,599	699,799	838,845
Health	239,230	293,068	253,721	271,307	43,167	1,895,940	1,770,050	1,955,859	2,571,249	3,575,509
Social services	1,514,741	1,334,066	1,870,902	1,532,062	1,388,107	1,309,912	1,427,143	1,359,191	1,199,006	1,143,596
Parks, recreation and culture	1,222,224	1,249,899	1,235,612	1,161,925	1,045,575	859,500	796,378	727,658	640,439	554,694
Conservation of natural resources	237,143	229,566	190,724	181,256	183,549	-	183,704	193,410	198,663	213,945
Community development and public housing	-	-	104,050	174,436	-	-	-	-	-	-
Economic development and opportunity	-	287,303	18,644	30,247	65,258	94,066	131,241	75,736	250,412	353,402
Operating grants and contributions:	<u>23,553,216</u>	<u>20,861,610</u>	<u>20,368,814</u>	<u>18,668,608</u>	<u>22,050,865</u>	<u>23,530,387</u>	<u>35,124,152</u>	<u>37,093,647</u>	<u>35,352,838</u>	<u>40,427,661</u>
Capital grants and contributions:	<u>8,130,387</u>	<u>3,673,967</u>	<u>8,845,948</u>	<u>10,060,341</u>	<u>8,006,580</u>	<u>7,425,608</u>	<u>18,624,294</u>	<u>4,480,176</u>	<u>4,884,031</u>	<u>3,018,316</u>
Total governmental activities program revenues	<u>\$ 62,284,794</u>	<u>\$ 50,952,585</u>	<u>\$ 55,233,472</u>	<u>\$ 48,392,714</u>	<u>\$ 47,779,873</u>	<u>\$ 52,516,475</u>	<u>\$ 72,178,182</u>	<u>\$ 58,808,166</u>	<u>\$ 61,300,810</u>	<u>\$ 67,456,249</u>

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007 (1)	2006 (1)
Business-type activities:										
Charges for services:										
Water and sewer	\$ 28,935,733	\$ 26,515,370	\$ 24,453,219	\$ 24,539,136	\$ 24,274,317	\$ 20,874,838	\$ 20,716,900	\$ 19,879,735	\$ 19,651,077	\$ 20,315,028
Solid waste management	24,951,765	23,837,722	25,066,503	24,502,144	24,584,906	23,313,156	23,140,754	19,286,726	17,255,845	15,028,960
Nursing homes	-	16,261,305	18,594,578	14,241,647	14,185,948	13,869,981	13,016,338	12,276,779	12,277,443	11,101,735
Public housing	125,304	120,875	114,488	108,478	94,815	94,164	94,347	95,121	88,299	84,584
Permitting and development review	-	-	-	3,838,228	4,350,081	5,216,087	5,184,792	5,647,636	6,106,718	4,590,651
Operating grants and contributions:	-	-	-	-	-	25,000	-	5,159,639	10,418,677	12,951,233
Capital grants and contributions:	24,576,946	25,481,073	36,011,030	15,481,330	40,907,293	27,684,963	32,266,084	12,881,554	13,869,468	21,425,241
Total business-type activities program revenues	78,589,748	92,216,345	104,239,818	82,710,963	108,397,360	91,078,189	94,419,215	75,227,190	79,667,527	85,497,432
Total primary government program revenues	\$ 140,874,542	\$ 143,168,930	\$ 159,473,290	\$ 131,103,677	\$ 156,177,233	\$ 143,594,664	\$ 166,597,397	\$ 134,035,356	\$ 140,968,337	\$ 152,953,681
Net (Expense)/Revenue										
Governmental activities	\$ (486,072,428)	\$ (479,835,367)	\$ (448,695,375)	\$ (454,584,440)	\$ (458,610,426)	\$ (506,036,978)	\$ (516,161,240)	\$ (471,280,035)	\$ (398,770,113)	\$ (377,675,477)
Business-type activities	23,663,555	16,089,605	30,833,302	8,265,593	34,383,208	16,311,608	18,571,875	3,498,622	13,700,872	26,698,925
Total primary government net expense	\$ (462,408,873)	\$ (463,745,762)	\$ (417,862,073)	\$ (446,318,847)	\$ (424,227,218)	\$ (489,725,370)	\$ (497,589,365)	\$ (467,781,413)	\$ (385,069,241)	\$ (350,976,552)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Local property taxes	\$ 271,031,681	\$ 267,892,085	\$ 259,687,605	\$ 280,654,804	\$ 289,330,130	\$ 289,144,746	\$ 271,247,190	\$ 244,968,090	\$ 220,103,311	\$ 202,355,103
Local income taxes	204,424,356	177,325,988	163,761,716	161,879,620	165,839,265	143,208,402	137,509,451	164,716,995	153,232,580	149,588,132
Other local taxes	27,257,030	25,883,856	26,244,396	19,886,169	21,938,991	23,080,409	23,393,903	31,601,856	41,284,492	49,031,997
Intergovernmental	-	-	-	3,200,000	3,676,983	-	-	-	-	-
Build America Bonds Subsidy	1,274,642	1,274,184	1,325,054	1,374,895	1,374,892	591,969	-	-	-	-
Grants & contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	-
Investment earnings	2,213,961	1,911,117	(945,754)	8,637,707	1,758,640	4,904,974	7,900,842	15,484,565	15,415,259	8,787,443
Miscellaneous	7,006,950	6,008,732	3,525,720	4,681,823	7,903,103	914,146	7,630,745	3,270,163	3,904,920	2,722,004
Gain / (Loss) on disposal of assets	(5,388)	-	230,352	-	-	-	-	-	-	-
Transfers	-	(3,283,705)	(2,782,241)	(6,012,930)	(5,826,523)	(8,381,479)	(5,407,001)	(7,386,940)	(3,665,110)	(6,310,538)
Total governmental activities	513,203,232	477,012,257	451,046,848	474,302,088	485,995,481	453,463,167	442,275,130	452,654,729	430,275,452	406,174,141
Business-type activities:										
Build America Bonds Subsidy	337,240	337,121	341,630	363,764	363,764	156,620	-	-	-	-
Investment earnings	366,410	382,050	469,201	447,281	642,203	892,586	4,244,887	6,719,219	7,525,143	4,226,175
Miscellaneous	-	16,926	19,585	6,111	56,804	661,855	27,662	729,699	635,984	240,664
Gain / (Loss) on disposal of assets	(419,132)	-	(215,886)	-	-	-	-	-	-	-
Transfers	-	3,283,705	2,782,241	6,012,930	5,826,523	8,381,479	5,407,001	7,386,940	3,665,110	6,310,538
Total business-type activities	284,518	4,019,802	3,396,771	6,830,086	6,889,294	10,092,540	9,679,550	14,835,858	11,826,237	10,777,377
Total primary government	\$ 513,487,750	\$ 481,032,059	\$ 454,443,619	\$ 481,132,174	\$ 492,884,775	\$ 463,555,707	\$ 451,954,680	\$ 467,490,587	\$ 442,101,689	\$ 416,951,518
Change in Net Position										
Governmental activities	\$ 27,130,804	\$ (2,823,110)	\$ 2,351,473	\$ 19,717,648	\$ 27,385,055	\$ (52,573,811)	\$ (73,886,110)	\$ (18,625,306)	\$ 31,505,339	\$ 28,498,664
Business-type activities	23,948,073	20,109,407	34,230,073	15,095,679	41,272,502	26,404,148	28,251,425	18,334,480	25,527,109	37,476,302
Total primary government	\$ 51,078,877	\$ 17,286,297	\$ 36,581,546	\$ 34,813,327	\$ 68,657,557	\$ (26,169,663)	\$ (45,634,685)	\$ (290,826)	\$ 57,032,448	\$ 65,974,966

(1) Restated

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

	2015	2014	2013	2012	2011	2010(1)	2009(1)	2008(1)	2007(1)	2006(1)
General Fund										
Nonspendable	\$ 2,106,066	\$ 875,623	\$ 1,448,707	\$ 1,245,845	\$ 1,648,689	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,284,366	1,789,157	3,075,002	1,481,720	1,748,141	-	-	-	-	-
Committed	70,701,317	28,937,617	25,194,232	22,808,337	21,460,449	-	-	-	-	-
Assigned	5,105,750	45,598,798	64,137,601	74,564,269	59,868,123	-	-	-	-	-
Unassigned	300,000	300,000	500,000	500,000	500,000	-	-	-	-	-
Total General Fund	<u>80,497,499</u>	<u>77,501,195</u>	<u>94,355,542</u>	<u>100,600,171</u>	<u>85,225,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
All other Governmental Funds										
Nonspendable										
Special revenue funds	7,444,229	6,752,481	5,721,414	5,890,746	5,527,435	-	-	-	-	-
Restricted										
Capital project funds	29,625,910	22,756,077	40,695,165	26,378,793	15,301,345	-	-	-	-	-
Special revenue funds	1,986,081	1,729,249	1,730,552	2,216,834	1,885,830	-	-	-	-	-
Committed										
Capital project funds	61,532,982	56,746,856	51,814,834	39,012,874	28,461,553	-	-	-	-	-
Special revenue funds	50,610,317	46,106,305	45,795,195	49,323,414	49,659,195	-	-	-	-	-
Assigned										
Special revenue funds	-	5,645,840	6,279,023	11,286,926	5,915,306	-	-	-	-	-
Total all other governmental funds	<u>151,199,519</u>	<u>139,736,808</u>	<u>152,036,183</u>	<u>134,109,587</u>	<u>106,750,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General Fund										
Reserved	-	-	-	-	-	2,712,109	2,808,056	3,105,738	3,394,405	3,825,762
Unreserved	-	-	-	-	-					
Designated	-	-	-	-	-	34,083,914	28,147,175	46,788,577	79,230,104	51,885,900
Undesignated	-	-	-	-	-	20,360,666	21,364,533	20,973,351	18,339,726	53,857,163
Total General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,156,689</u>	<u>52,319,764</u>	<u>70,867,666</u>	<u>100,964,235</u>	<u>109,568,825</u>
All other Governmental Funds										
Reserved	-	-	-	-	-	60,726,010	30,439,539	25,902,551	34,693,529	26,349,699
Unreserved										
Designated	-	-	-	-	-	77,153,427	64,476,579	59,773,405	52,212,007	59,411,063
Special revenue funds	-	-	-	-	-					
Undesignated	-	-	-	-	-	11,442,860	17,869,398	97,993,054	70,046,722	12,503,245
Capital project funds	-	-	-	-	-	23,122,490	27,235,110	24,370,105	25,313,519	25,958,899
Special revenue funds	-	-	-	-	-	172,444,787	140,020,626	208,039,115	182,265,777	124,222,906
Total all other governmental funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,444,787</u>	<u>140,020,626</u>	<u>208,039,115</u>	<u>182,265,777</u>	<u>124,222,906</u>
Total Governmental Fund Balance	<u>\$ 231,697,018</u>	<u>\$ 217,238,003</u>	<u>\$ 246,391,725</u>	<u>\$ 234,709,758</u>	<u>\$ 191,976,066</u>	<u>\$ 229,601,476</u>	<u>\$ 192,340,390</u>	<u>\$ 278,906,781</u>	<u>\$ 283,230,012</u>	<u>\$ 233,791,731</u>

(1) Prior year restatement of fund balances for GASB #54 is not possible due to lack of available records for the earlier years. Effort required outweighs the benefit of any resulting comparisons.

(2) Restated

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Local property taxes	\$ 271,415,720	\$ 267,862,169	\$ 259,514,346	\$ 280,559,892	\$ 289,635,356	\$ 288,983,632	\$ 271,101,871	\$ 245,072,399	\$ 220,049,674	\$ 202,393,241
Local income taxes	195,202,656	174,145,880	176,068,392	169,760,329	157,826,635	146,332,338	158,356,951	161,633,784	154,536,579	144,199,778
Other local taxes	28,836,221	27,401,993	27,730,818	21,465,211	23,529,980	25,219,644	24,774,769	38,844,848	43,622,707	50,893,829
Licenses and permits	4,094,070	3,360,551	2,974,589	532,074	517,020	508,039	529,307	525,736	555,708	831,982
Grants from federal government	17,301,232	14,384,629	15,412,690	16,645,496	20,508,653	20,900,126	16,018,557	14,972,920	14,435,041	12,950,308
Grants from state government	14,067,186	8,004,219	11,107,191	9,017,538	9,542,786	9,684,799	23,509,031	26,645,876	25,809,335	30,450,610
Intergovernmental	-	-	-	3,200,000	3,676,983	-	-	-	-	-
Charges for services	25,074,489	22,750,120	21,688,995	15,866,215	15,401,850	18,437,255	15,897,927	9,084,044	18,069,358	21,341,057
Fines and forfeitures	402,343	266,718	502,583	212,745	272,540	225,230	399,997	428,472	304,985	308,518
Interest from loans	2,201	23,312	23,219	25,632	26,130	36,243	39,347	59,566	89,802	19,512
Investment income	2,193,040	1,862,271	(996,954)	8,575,492	1,696,828	4,829,617	7,647,654	15,251,373	15,188,001	8,700,804
Build America bond subsidy	1,275,215	1,265,591	1,374,894	1,374,895	1,393,990	-	-	-	-	-
Miscellaneous	6,920,048	8,261,245	3,851,416	4,402,651	3,700,464	2,621,349	7,373,952	2,643,364	3,695,581	2,635,249
Total revenues	<u>566,784,421</u>	<u>529,588,698</u>	<u>519,252,179</u>	<u>531,638,170</u>	<u>527,729,215</u>	<u>517,778,272</u>	<u>525,649,363</u>	<u>515,162,382</u>	<u>496,356,771</u>	<u>474,724,888</u>
Expenditures										
Current										
General government	41,515,466	38,637,465	37,810,525	32,732,501	31,033,301	31,630,270	33,547,085	33,788,704	27,818,998	24,306,561
Public safety	102,933,508	96,852,558	96,758,110	91,044,159	86,282,410	91,382,456	91,228,627	91,745,100	74,193,200	64,500,424
Public works	25,594,930	24,590,164	22,335,990	23,097,616	22,071,591	26,459,278	26,114,555	23,592,543	19,905,496	18,984,178
Health	6,407,492	6,446,902	5,936,409	5,999,958	6,553,649	7,959,216	7,581,629	8,290,898	11,767,833	20,145,681
Social services	12,959,464	7,420,761	6,861,672	6,836,930	7,339,050	7,862,659	8,120,521	8,371,921	6,665,331	6,476,583
Education	256,036,118	255,444,856	251,123,285	243,014,146	241,906,846	243,159,708	252,074,877	241,164,441	213,329,178	196,563,412
Parks, recreation and culture	16,039,160	15,791,538	15,142,891	14,645,090	13,977,415	14,161,782	14,143,791	14,549,408	11,885,934	10,528,919
Conservation of natural resources	7,135,337	5,311,395	4,249,374	5,617,846	9,155,146	11,438,864	7,976,051	14,124,430	5,194,359	2,397,091
Community development and public housing	6,925,622	7,063,243	6,997,550	6,648,743	7,033,746	6,078,956	5,273,431	5,541,941	4,687,912	3,191,585
Economic development and opportunity	7,808,805	7,137,461	7,524,458	7,589,188	11,815,100	13,469,494	13,755,107	14,655,342	12,488,625	11,583,440
Miscellaneous	3,665,209	2,967,580	5,824,185	1,104,915	1,322,468	1,451,118	1,349,087	1,471,497	6,376,131	4,229,897
Intergovernmental	4,876,200	4,812,532	5,077,122	8,768,154	7,451,352	6,651,041	7,442,704	6,630,971	6,062,188	5,454,453
Debt service										
Principal	36,280,911	33,334,242	33,334,244	30,689,502	27,242,262	25,866,128	25,866,128	22,966,196	20,179,909	15,432,931
Interest	18,215,612	20,791,313	19,402,391	21,317,629	23,543,184	18,123,755	18,464,996	16,335,094	14,295,744	11,056,416
Capital projects	45,349,937	30,550,542	16,655,781	45,867,283	68,903,882	97,440,556	99,230,793	81,621,365	63,431,403	82,714,041
Total expenditures	<u>591,743,771</u>	<u>557,152,552</u>	<u>535,033,987</u>	<u>544,973,660</u>	<u>565,631,402</u>	<u>603,135,281</u>	<u>612,169,382</u>	<u>584,849,851</u>	<u>498,282,241</u>	<u>477,565,612</u>
Excess of revenues over expenditures	<u>(24,959,350)</u>	<u>(27,563,854)</u>	<u>(15,781,808)</u>	<u>(13,335,490)</u>	<u>(37,902,187)</u>	<u>(85,357,009)</u>	<u>(86,520,019)</u>	<u>(69,687,469)</u>	<u>(1,925,470)</u>	<u>(2,840,724)</u>

(continued)

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Other Financing Sources (Uses)										
Transfers in from:										
General Fund	\$ 15,748,182	\$ 14,146,422	\$ 23,076,713	\$ 16,548,559	\$ 9,055,525	\$ 7,373,865	\$ 22,704,374	\$ 36,198,005	\$ 46,308,521	\$ 31,721,340
Special Revenue Funds	-	-	7,222,796	400,000	696,364	3,025,753	3,486,070	11,894,630	30,331,520	10,556,300
Capital Projects Fund	-	-	-	-	4,500,000	2,691,419	-	-	-	-
Enterprise Funds	-	-	1,410,316	-	-	38,360	-	-	-	-
Internal Service Funds	3,235,721	300,000	51,300	-	1,674,000	1,000,000	997,039	-	-	-
Transfer out to:	-	-	(6,987,796)	-	(5,047,695)	(2,487,108)	-	-	-	-
General Fund	-	-	(6,987,796)	-	(5,047,695)	(2,487,108)	-	-	-	-
Special Revenue Funds	(5,715,547)	(5,402,015)	(14,240,588)	(7,044,110)	(5,972,843)	(8,862,176)	(8,247,105)	(11,748,149)	(8,009,101)	(8,429,500)
Capital Projects Fund	(10,032,635)	(8,744,407)	(9,071,125)	(9,904,449)	(3,231,351)	(1,741,753)	(17,943,339)	(36,344,486)	(68,630,940)	(33,848,140)
Enterprise Funds	-	(2,583,705)	(4,192,557)	(6,012,930)	(5,735,201)	(8,481,582)	(5,592,335)	(7,459,195)	(3,941,258)	(6,682,958)
Internal Service Funds	(171,288)	-	-	-	(129,592)	(250,648)	(15,527)	(976,979)	(796,768)	(1,690,917)
Gain on sale of property	350,000	-	-	-	-	-	-	-	-	-
Proceeds from public facilities and refunding bonds	87,103,930	-	78,746,393	120,557,832	-	173,041,815	-	61,055,000	49,856,000	82,958,476
Payment to refunded bond escrow agent	(54,546,633)	-	(51,773,701)	(81,114,121)	-	(59,789,074)	-	-	-	(13,710,975)
Payment to refunded lease escrow agent	(910,517)	-	-	-	-	-	-	-	-	-
Bond premium on public facilities and refunding bonds	2,375,660	-	3,222,024	18,317,929	-	10,503,504	-	2,385,238	919,527	4,751,327
Installment purchase agreement	1,981,492	693,837	-	1,587,605	4,467,570	6,509,802	2,437,428	7,948,699	-	-
Proceeds of capital lease	-	-	-	2,679,047	-	-	2,120,000	2,394,000	5,325,000	731,000
Sale of capital assets	-	-	-	53,820	-	45,918	7,023	17,475	1,250	14,550
Total other financing sources (uses)	<u>39,418,365</u>	<u>(1,589,868)</u>	<u>27,463,775</u>	<u>56,069,182</u>	<u>276,777</u>	<u>122,618,095</u>	<u>(46,372)</u>	<u>65,364,238</u>	<u>51,363,751</u>	<u>66,370,503</u>
Net change in fund balances	<u>\$ 14,459,015</u>	<u>\$ (29,153,722)</u>	<u>\$ 11,681,967</u>	<u>\$ 42,733,692</u>	<u>\$ (37,625,410)</u>	<u>\$ 37,261,086</u>	<u>\$ (86,566,391)</u>	<u>\$ (4,323,231)</u>	<u>\$ 49,438,281</u>	<u>\$ 63,529,779</u>
Total expenditures	\$ 591,743,771	\$ 557,152,552	\$ 535,033,987	\$ 544,973,660	\$ 565,631,402	\$ 603,135,281	\$ 612,169,382	\$ 584,849,851	\$ 498,282,241	\$ 477,565,612
Less: Capital outlay	(3,307,691)	(4,692,445)	(167,076)	(4,331,574)	(6,402,058)	(16,999,763)	(3,395,622)	(9,772,187)	(12,420,057)	(5,398,071)
Noncapital expenditures	<u>\$ 588,436,080</u>	<u>\$ 552,460,107</u>	<u>\$ 534,866,911</u>	<u>\$ 540,642,086</u>	<u>\$ 559,229,344</u>	<u>\$ 586,135,518</u>	<u>\$ 608,773,760</u>	<u>\$ 575,077,664</u>	<u>\$ 485,862,184</u>	<u>\$ 472,167,541</u>
Debt service	<u>\$ 54,496,523</u>	<u>\$ 54,125,555</u>	<u>\$ 52,736,635</u>	<u>\$ 52,007,131</u>	<u>\$ 50,785,446</u>	<u>\$ 43,989,883</u>	<u>\$ 44,331,124</u>	<u>\$ 39,301,290</u>	<u>\$ 34,475,653</u>	<u>\$ 26,489,347</u>
Debt service as a percentage of noncapital expenditures	9.26%	9.80%	9.86%	9.62%	9.08%	7.51%	7.28%	6.83%	7.10%	5.61%

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	
	Real Property Taxable Assessed Value			Total Real Property	Direct Tax Rate (1)	Public Utilities		Taxable Assessed Value	Direct Tax Rate (1)(2)	Taxable Assessed Value	Direct Tax Rate (1)(3)
	Residential Property	Commercial Property	Industrial Property			Taxable Assessed Value	Direct Tax Rate (1)(2)				
2015	\$ 20,062,491,947	\$ 4,672,981,701	\$ 1,279,373,375	\$ 26,014,847,023	1.060	\$ 302,584,420	2.34	\$ 26,317,431,443	1.075		
2014	19,696,121,250	4,509,960,797	1,259,675,094	25,465,757,141	1.064	299,508,700	2.34	25,765,265,841	1.079		
2013	19,711,683,572	4,482,673,576	1,279,054,781	25,473,411,929	0.936	298,056,050	2.34	25,771,467,979	0.952		
2012	20,114,709,447	4,638,038,491	1,259,251,162	26,011,999,100	0.936	294,258,800	2.34	26,306,257,900	0.952		
2011	20,722,341,796	4,626,661,711	1,260,344,245	26,609,347,752	0.936	295,566,800	2.34	26,904,914,552	0.951		
2010	20,475,208,672	4,559,184,750	1,278,493,699	26,312,887,121	0.936	298,307,100	2.34	26,611,194,221	0.952		
2009	19,217,525,707	4,241,998,936	1,189,531,827	24,649,056,470	0.936	297,661,810	2.34	24,946,718,280	0.953		
2008	17,735,691,123	3,760,048,362	1,067,271,382	22,563,010,867	0.936	327,415,720	2.34	22,890,426,587	0.956		
2007	15,874,860,776	3,366,315,419	937,566,786	20,178,742,981	0.936	342,190,640	2.34	20,520,933,621	0.959		
2006	14,300,899,383	3,093,387,029	851,597,799	18,245,884,211	1.000	340,388,820	2.50	18,586,273,031	1.027		

Source: County Treasurer's Office and Maryland State Department of Assessments and Taxation

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

(1) 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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Direct Real Property Tax Rates										
Frederick County (1)	\$ 1.060	\$ 1.064	\$ 0.936	\$ 0.936	\$ 0.936	\$ 0.936	\$ 0.936	\$ 0.936	\$ 0.936	\$ 1.000
Total Direct Real Property Tax Rates	<u>\$ 1.060</u>	<u>\$ 1.064</u>	<u>\$ 0.936</u>	<u>\$ 1.000</u>						
Overlapping real property tax rates										
<u>Fire and lighting tax districts</u>										
Suburban Fire/Rescue	\$ -	\$ -	\$ 0.080	\$ 0.080	\$ 0.080	\$ 0.080	\$ 0.080	\$ 0.080	\$ 0.080	\$ 0.080
Urban Fire/Rescue	-	-	0.128	0.128	0.128	0.128	0.128	0.128	0.128	0.135
Braddock lighting tax district	0.018	0.018	0.010	0.010	0.006	0.006	0.006	0.006	0.012	0.016
Libertytown lighting tax district	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.013	0.018	0.021
New Addition lighting tax district	0.013	0.013	0.090	0.010	0.007	0.007	0.007	0.007	0.012	0.014
State	0.112	0.112	0.112	0.112	0.112	0.112	0.112	0.112	0.112	0.132
<u>Municipalities</u>										
Brunswick	0.462	0.462	0.462	0.462	0.462	0.422	0.422	0.432	0.452	0.452
Burkittsville	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140
Emmitsburg	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360
Frederick (2)	0.731	0.731	0.732	0.650	0.650	0.650	0.650	0.670	0.690	0.690
Middletown	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.232
Mt. Airy	0.170	0.170	0.170	0.170	0.170	0.165	0.165	0.174	0.183	0.188
Myersville (3)	0.391	0.391	0.391	0.274	0.274	0.274	0.274	0.274	0.274	0.274
New Market	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120
Rosemont	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Thurmont	0.310	0.309	0.308	0.260	0.260	0.260	0.270	0.280	0.265	0.270
Walkersville	0.150	0.150	0.170	0.170	0.156	0.156	0.156	0.156	0.156	0.166
Woodsboro	0.127	0.128	0.128	0.130	0.120	0.120	0.120	0.120	0.129	0.138

(1) In FY2015, 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: 0.9292

County's Myersville tax differential rate: 0.9290

(2) Frederick City increased its tax rate because of lowered county tax differential rate charged to customers.

(3) Town of Myersville increased its tax rate because of lowered county tax differential rate charged to customers.

Source: County Treasurer's Office

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

<u>Name of Taxpayer</u>	<u>Fiscal Year 2015</u>				<u>Fiscal Year 2006</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	\$ 157,846,260	1	0.60 %		\$ 141,794,420	1	0.76 %	
RIV 402, LLC	96,614,967	2	0.37		-	-	-	
PR Financing Limited Partnership	77,727,270	3	0.30		63,902,032	3	0.34	
Verizon	53,569,520	4	0.20		106,296,530	2	0.57	
Medimmune, Inc.	51,825,900	5	0.20		-	-	-	
River X, LLC	49,260,100	6	0.19		-	-	-	
Costco Wholesale Corporation	44,711,400	7	0.17		-	-	-	
Washington Gas Light Company	40,390,250	8	0.15		37,556,950	5	0.20	
Toys R Us, Inc.	40,354,000	9	0.15		26,848,666	8	0.14	
Frederick Westview Properties, LLC	39,277,067	10	0.15		-	-	-	
State Farm Mutual Auto Insurance	-		-		40,982,700	4	0.22	
Fannie Mae	-		-		34,830,676	6	0.19	
First Real Estate Investment Trust	-		-		27,217,200	7	0.15	
WRIT Frederick Crossing Land, LLC	-		-		24,637,066	9	0.13	
ABP MD (Baltimore), LLC	-		-		24,376,132	10	0.13	
Totals	\$ 651,576,734		2.48 %		\$ 528,442,372		2.84 %	

Source: County Treasurer's Office

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		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		Amount	Percentage of Adjusted Levy
2015	\$ 261,968,145	\$ (1,625,791)	\$ 260,342,354	\$ 260,153,968	99.93 %	\$ -	\$ 260,153,968	99.93 %
2014	258,299,607	(1,435,910)	256,863,697	256,652,511	99.92	88,327	256,740,838	99.95
2013	226,706,549	(1,468,868)	225,237,681	224,912,437	99.86	206,720	225,119,157	99.95
2012	240,261,872	(1,868,202)	238,393,670	238,135,801	99.89	123,587	238,259,388	99.94
2011	245,857,629	(2,208,994)	243,648,635	243,347,532	99.88	204,472	243,552,004	99.96
2010	243,164,858	(1,913,319)	241,251,539	240,846,665	99.83	348,122	241,194,787	99.98
2009	227,624,313	(1,559,310)	226,065,003	225,751,007	99.86	292,837	226,043,844	99.99
2008	207,783,675	(2,264,381)	205,519,294	205,408,797	99.95	107,305	205,516,102	100.00
2007	184,843,834	(718,504)	184,125,330	183,777,116	99.81	344,999	184,122,115	100.00
2006	172,329,130	(847,822)	171,481,308	171,131,906	99.80	323,229	171,455,135	99.98

Source: County Treasurer's Office

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

(1) For fiscal year 2005 "adjustments" included additions, abatements and new construction bills. For fiscal years 2006 through 2015, only additions and abatements are included in this column.

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

Governmental Activities						
Fiscal Year	General Obligation Bonds (1)	Capital Leases	Notes Payable	Agricultural Preservation Installment Purchase Agreements	Total Governmental Activities	
2015	\$ 437,668,588	\$ 289,042	\$ 69,927	\$ 52,332,153	\$ 490,359,710	
2014	433,189,044	1,474,560	335,652	53,505,061	488,504,317	
2013	448,464,372	2,260,619	375,438	53,783,983	504,884,412	
2012	443,447,989	3,516,894	1,244,870	54,611,083	502,820,836	
2011	415,119,045	4,071,505	2,092,380	53,023,478	474,306,408	
2010	442,861,027	5,850,235	2,922,118	48,555,908	500,189,288	
2009	344,027,778	7,775,416	3,699,879	42,046,106	397,549,179	
2008	368,253,623	7,842,795	4,429,258	39,608,678	420,134,354	
2007	325,845,687	7,628,193	5,923,287	31,659,979	371,057,146	
2006	293,854,568	4,235,122	6,640,103	20,751,405	325,481,198	

Business-Type Activities						
Fiscal Year	General Obligation Bonds (1)	Notes Payable	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
2015	\$ 116,277,314	\$ 67,187,542	\$ 183,464,856	\$ 673,824,566	N/A	\$ 2,765
2014	123,494,437	71,834,384	195,328,821	683,833,138	N/A	2,839
2013	126,747,752	65,748,564	192,496,316	697,380,728	5.9%	2,926
2012	136,436,986	51,144,933	187,581,919	690,402,755	5.8%	2,919
2011	147,577,338	44,100,674	191,678,012	655,984,420	6.0%	2,829
2010	158,045,900	31,250,960	189,296,860	679,224,221	6.4%	2,910
2009	135,081,028	29,576,033	164,657,061	556,777,435	5.5%	2,375
2008	145,047,601	28,293,975	173,341,576	593,475,930	5.8%	2,550
2007	134,931,759	29,688,011	164,619,770	535,676,916	5.4%	2,318
2006	99,409,177	29,602,176	129,011,353	454,492,551	4.8%	1,986

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 refunding through Fiscal Year 2013. With the implementation of GASB 65 in Fiscal Year 2014, the general obligation bonds are presented net of unamortized premium/discount only. Deferred Loss on bond refunding is no longer considered part of outstanding debt.

(2) See Exhibit III-A-13 for personal income and population data. (All information updated as of June 30, 2015)

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

Fiscal Year	General Obligation Debt (1)	Installment Purchase Agreements (2)	Less Amounts to be Paid with Other Resources	Total Net General Obligation Debt Outstanding	Percentage of Total Estimated Actual Value of Taxable Property (3)	Per Capita (4)
2015	\$ 553,945,902	\$ 52,332,153	\$ (273,164,518)	\$ 333,113,537	1.27%	\$ 1,367
2014	556,683,481	53,505,061	(309,578,617)	300,609,925	1.17%	1,248
2013	575,212,124	53,783,983	(305,011,397)	323,984,710	1.26%	1,359
2012	579,884,975	54,611,083	(332,208,152)	302,287,906	1.15%	1,278
2011	562,696,383	53,023,478	(334,248,799)	281,471,062	1.05%	1,196
2010	600,906,927	48,555,908	(346,222,700)	303,240,135	1.14%	1,299
2009	479,108,806	42,046,106	(267,621,157)	253,533,755	1.02%	1,082
2008	513,301,224	39,608,678	(279,834,495)	273,075,407	1.19%	1,174
2007	460,777,446	31,659,979	(241,586,012)	250,851,413	1.22%	1,085
2006	393,263,745	20,751,405	(187,272,256)	226,742,894	1.22%	991

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 ourstanding debt.
- (2) Installment Purchase Agreements are included because they require the County's bond authority to be issued.
- (3) See Exhibit III-A-5 for real property tax values.
- (4) See Exhibit III-A-13 for population data.

*Percentages have been restated.

FREDERICK COUNTY, MARYLAND
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015

<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	\$ <u>490,359,709</u>	100%	\$ <u>490,359,709</u>
Overlapping Debt:			
Component Units:			
Frederick County Public Schools	13,183,846	100%	13,183,846
Frederick Community College	6,754,133	100%	6,754,133
Towns, Cities and Villages:			
Brunswick	440,597	100%	440,597
Emmitsburg	334,899	100%	334,899
Frederick City	59,489,566	100%	59,489,566
Middletown	713,129	100%	713,129
Myersville	4,277,410	100%	4,277,410
Subtotal Overlapping:	<u>85,193,580</u>		<u>85,193,580</u>
Totals	\$ <u>575,553,289</u>		\$ <u>575,553,289</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

	2014 (3)	2013	2012	2011	2010	2009	2008	2007	2006
Debt limitation - 6% of total assessed value	\$ 1,545,915,950	\$ 1,546,288,079	\$ 1,578,375,474	\$ 1,614,294,873	\$ 1,596,671,653	\$ 1,496,803,097	\$ 1,373,425,595	\$ 1,231,256,017	\$ 1,115,175,382
Total debt applicable to limit (2)	<u>195,328,821</u>	<u>192,126,399</u>	<u>185,262,503</u>	<u>184,227,695</u>	<u>183,492,836</u>	<u>159,150,084</u>	<u>171,077,180</u>	<u>155,779,337</u>	<u>123,521,133</u>
Legal debt margin	<u>\$ 1,350,587,129</u>	<u>\$ 1,354,161,680</u>	<u>\$ 1,393,112,971</u>	<u>\$ 1,430,067,178</u>	<u>\$ 1,413,178,817</u>	<u>\$ 1,337,653,013</u>	<u>\$ 1,202,348,415</u>	<u>\$ 1,075,476,680</u>	<u>\$ 991,654,249</u>
Total net debt applicable to the limit as a percentage of debt limit	12.64%	12.43%	11.74%	11.41%	11.49%	10.63%	12.46%	12.65%	11.08%

Legal debt margin calculation for Fiscal Year 2015 (4)

Assessable Basis - Real Property (1)	\$ 29,012,239,140
Debt limitation - 5% of assessable basis in real property (1)	<u>\$ 1,450,611,957</u>
Assessable Basis - Personal Property (public utilities)	302,584,420
Debt limitation - 15% of assessable basis in personal property	<u>45,387,663</u>
Total Debt Limit	1,495,999,620
Amount of Debt Applicable to Debt Limit:	
Total Bonds Payable	534,535,000
Total Installment Purchase Agreements	<u>52,332,153</u>
Total debt applicable to limit	<u>586,867,153</u>
Legal debt margin	<u>\$ 909,132,467</u>

Total net debt applicable to the limit as a percentage of debt limit	39.23%
--	--------

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

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

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

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

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

Year	Population(1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (2)	Public School Enrollment (3)	Community College Academic State FTE (4)			Unemployment Rate (5)
					Credit	Non- Credit	Total	
2015	243,692	N/A	N/A	40,757	3,582	560	4,142	5.0%
2014	240,911	N/A	N/A	40,715	3,672	529	4,201	5.4
2013	238,345	\$ 11,736,462	\$ 48,617	40,527	3,798	534	4,332	6.6
2012	236,551	11,869,821	48,774	40,487	3,842	571	4,413	5.9
2011	235,400	11,034,674	47,645	40,484	4,055	553	4,608	6.5
2010	233,385	10,582,394	46,610	40,210	4,068	319	4,387	6.6
2009	234,400	10,200,248	44,742	40,155	3,723	318	4,041	6.8
2008	232,700	10,182,523	44,951	40,566	3,322	358	3,680	3.8
2007	231,100	9,875,134	43,894	40,315	3,197	382	3,579	3.2
2006	228,900	9,278,747	41,792	39,741	3,011	432	3,443	3.4

Sources: (1) Frederick County Planning and Permitting Division Population Estimates
 (2) US Bureau of Economic Analysis (All data updated as of June 30, 2013)
 (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>	2015			2006			<u>Percentage of Total County Employment</u> *
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u> *	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u> *	
Fort Detrick	9,100 *	1	9.32 %	7,900 *	1	8.47 %	
Frederick County Board of Education	5,650	2	5.78	4,982	2	5.34	
Frederick Memorial Healthcare System	2,232	3	2.28	2,350	3	2.52	
Frederick County Government	1,937	4	1.98	2,174	4	2.33	
Leioids Biomedical (formerly SAIC-Frederick)	1,836	5	1.88	1,670	6	1.79	
Wells Fargo Home Mortgage	1,742	6	1.78	1,650	7	1.77	
Bechtel Corporation (formerly Bechtel Power)	n/a	-	-	2,050	5	2.20	
Frederick Community College	992	7	1.02	1,141	9	1.22	
Frederick City Government	842	8	0.86	712	11	0.76	
State Farm Insurance	832	9	0.85	950	10	1.02	
United Health Care (formerly MAMSI)	635	10	0.65	1,600	8	1.72	
	<u><u>25,798</u></u>		<u><u>26.40 %</u></u>	<u><u>27,179</u></u>		<u><u>29.14 %</u></u>	

* Includes military personnel

Source: Frederick County Business Development & Retention Division, Frederick County Board of Education, Frederick County Division of Finance, and City of Frederick

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

<u>Function/Program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General government	291	287	294	303	332	356	378	384	350	335
Public safety	819	808	810	820	801	831	864	846	762	704
Public works	370	343	359	376	407	422	443	421	395	383
Health	158	157	316	298	318	326	333	337	316	313
Social services	97	97	101	105	109	138	149	141	136	126
Parks, recreation and culture	45	48	46	45	46	46	48	50	49	50
Library	107	111	111	114	119	117	123	121	116	108
Conservation of natural resources	7	8	7	7	5	7	7	7	7	7
Community dev. & public housing	9	9	9	9	9	11	11	11	8	7
Economic dev. & opportunity	33	28	31	31	33	114	119	114	104	111
Total	<u>1,936</u>	<u>1,896</u>	<u>2,084</u>	<u>2,108</u>	<u>2,179</u>	<u>2,368</u>	<u>2,475</u>	<u>2,432</u>	<u>2,243</u>	<u>2,144</u>

Source: Division of Finance

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

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Human Resources										
Employment announcements issued	228	220	219	256	180	110	133	272	265	182
Employment applications received/reviewed	12,219	12,500	9,392	8,993	7,515	4,698	5,127	7,968	6,989	6,000
Finance/Accounting										
Accounts payable checks generated	19,160	20,163	20,766	21,056	22,310	21,580	22,719	29,216	23,557	28,000
Procurement & Contracting										
Formal bids, RFP's, sole source & emergencies	265	223	185	211	204	203	210	204	207	225
Treasurer										
Invoices prepared	1,953	2,183	2,063	2,148	2,573	2,413	2,318	2,291	2,235	1,920
Property tax bills/delinquent notices mailed	106,460	104,890	102,348	107,045	106,612	101,345	103,892	101,648	106,403	87,207
Building Maintenance										
Buildings	162	155	149	147	142	145	145	136	121	116
Work orders/service requests	3,700	4,064	4,331	5,888	5,815	4,231	5,043	4,040	3,767	4,486
Square feet of properties managed	1,527,176	1,462,965	1,316,994	1,313,488	1,300,120	1,250,119	1,250,119	1,232,121	1,212,276	1,183,434
Facility Services										
Number of leases managed	28	30	35	39	33	41	39	37	35	37
Square feet of leased property managed	100,238	110,238	136,860	148,257	141,742	161,996	159,227	169,258	166,769	155,303
Pieces of outgoing U.S. mail	231,078	406,924	291,304	298,733	326,858	334,375	400,976	415,488	425,899	400,560
Elections										
Registered voters	152,913	149,393	149,312	141,136	136,014	135,264	132,866	127,227	124,000	124,000
Liquor Board										
Regular liquor licenses	310	306	307	304	304	284	300	299	294	298
Liquor inspections	9,747	7,323	7,216	5,399	5,864	4,449	3,463	3,652	3,260	3,260
Internal Audit										
Internal Audits performed (1)	10	7	2	4	4	6	5	9	8	16
Circuit Court										
New cases filed	9,756	9,704	10,333	10,710	10,431	12,499	12,429	11,168	10,053	9,303
Public Safety										
Housing units permitted (2)	1,276	1,296	1,006	845	581	788	665	738	1,143	2,087
Sheriff's Office										
Administration Bureau										
Civil Process papers served	23,970	23,181	22,972	19,440	20,648	28,286	30,993	24,771	21,596	25,200
Courthouse Security										
Prisoners handled: adult/juvenile	4,608	4,149	3,846	4,332	4,241	4,535	4,684	4,844	5,336	5,200
Operations: Law Enforcement										
Arrests: adult/juvenile	3,770	3,372	3,189	3,520	3,826	3,892	4,226	4,197	4,376	4,961
Calls for service	90,251	95,223	89,428	98,876	99,047	101,728	96,469	88,434	68,159	58,687
Adult Detention Center										
Average daily population	407	360	382	395	442	416	425	484	498	464
Emergency Communications (3)										
Fire/EMS dispatches	33,324	32,114	32,614	32,199	32,453	30,457	27,674	26,642	26,378	25,591
Police dispatches	240,922	208,541	134,084	145,206	144,489	150,634	144,158	131,355	109,285	102,598
911 calls	100,162	107,321	126,042	140,973	132,231	117,346	109,111	107,353	109,601	107,127
Animal Control (3)										
Calls for service	11,700	11,154	10,858	11,322	10,657	9,373	9,022	8,110	7,771	7,061

(1) The drop in the number of audits from FY08 to FY09 was due to a change in the type of audits conducted. The Internal Audit Division increased its performance audits, which require more time to complete.

The decrease after FY10 is due to the majority of the Internal Audit function being outsourced and a resulting decrease in staff. Two in-house FTEs remain, and in-house audits are still performed. Two contractors began performing audit work in FY13. FY14 and FY15 include special projects, agreed upon procedure reports, reviews and audits.

(2) For FY04-FY12, the data represents housing units constructed. For FY13 - FY14 the data represents housing units permitted.

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

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

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Public Works										
Water facilities										
Customers	21,926	21,213	21,113	20,763	20,549	20,263	20,062	20,131	20,081	19,692
Annual production (1,000 gals.)	2,414,284	2,395,882	2,032,866	2,036,251	1,846,545	1,612,900	1,733,200	1,712,670	1,952,000	1,952,328
Sewer facilities										
Customers	30,201	29,454	29,398	28,550	28,221	27,874	27,559	25,923	25,890	24,787
Fleet Services										
Work orders	5,700	5,516	5,160	5,429	5,716	5,613	6,066	5,507	5,372	4,277
Vehicles maintained	981	874	926	961	967	1,045	1,016	994	959	888
Highway Operations										
County roads - mileage maintained	1,273	1,272	1,270	1,271	1,264	1,264	1,264	1,258	1,257	1,256
Tar and chip maintenance (miles)	44	8	12	11	21	12	32	41	59	95
Usage of salt & anti-skid (tons)	30,307	37,222	17,911	7,268	15,263	16,998	14,793	22,911	24,144	25,000
Transportation Engineering										
Bridges inspected	103	145	103	138	116	136	114	170	170	170
Road overlay (miles)	13	49	17	26	3	37	48	32	25	26
Construction Management										
CIP and developer funded subdivision projects completed	26	40	23	23	41	74	69	106	77	193
Transit										
Passenger trips	761,088	839,297	864,013	909,804	835,880	786,711	791,961	737,974	709,701	651,306
Revenue vehicle miles	1,108,172	1,059,840	1,129,546	1,147,211	1,173,086	1,196,533	1,218,305	1,112,748	1,096,130	1,053,170
Revenue vehicle hours	78,603	77,365	79,904	81,995	83,154	86,305	85,770	85,829	83,467	80,541
Health										
Health Department										
Public health nursing contacts	19,641	20,535	22,068	21,130	21,499	22,632	25,575	25,839	35,046	31,379
Mental health visits	11,902	13,498	12,220	12,165	10,724	10,133	10,182	10,691	10,803	5,958
Substance abuse visits	21,581	39,755	35,827	25,764	26,464	28,860	29,630	30,474	32,063	10,932
Dental visits for children	3,970	3,897	3,983	3,899	4,242	4,384	4,851	5,056	4,410	4,486
Environmental health reviews/inspections	12,478	12,437	13,458	14,304	14,799	14,668	16,684	14,664	15,132	14,041
School health program										
Children served	40,757	40,715	40,527	39,293	40,484	40,210	40,155	40,566	40,315	39,741
Health room visits	331,992	317,079	320,884	289,766	304,730	307,925	270,234	271,815	248,626	160,000
Developmental Center										
Infants & Toddlers Program children served	607	555	528	697	638	583	548	529	533	*
School-based services visits	14,000	14,810	14,113	13,959	14,378	14,734	12,442	11,512	10,551	*
School-based assessments	220	*	*	*	*	*	*	*	*	*
Audiology services visits	786	778	793	767	809	835	801	877	860	969
Social Services										
Social Services										
Child & Adult Care Food Program										
Home visits	850	850	800	855	843	825	900	900	900	1,344
Department of Aging										
Home delivered meals served to elderly	51,951	41,003	51,282	50,305	50,220	45,490	44,624	50,042	52,141	20,000
Congregate meals served	10,366	9,485	11,795	13,474	15,522	15,338	16,936	16,638	16,656	19,000

*Information not available

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

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Parks, recreation and culture										
Parks & Recreation										
Parks acres maintained	2,096	2,074	2,066	2,066	2,066	2,066	1,792	1,572	1,534	1,534
Recreation center attendance	125,254	107,052	101,069	99,106	95,135	99,247	90,645	77,138	76,844	54,718
Conservation of natural resources										
Agriculture										
Farms	1,308	1,308	1,442	1,442	1,442	1,442	1,442	1,273	1,273	1,273
Acreage	181,512	181,512	202,087	202,087	202,087	202,087	202,087	195,827	195,827	195,827
Preserved land										
Farms	426	413	405	397	390	376	355	298	274	244
Acreage	57,198	55,542	54,365	53,572	52,802	50,946	47,538	40,163	37,807	33,836
Community development and public housing										
Bell Court housing project (28 units)										
Occupancy rate	100%	99%	99%	100%	100%	100%	100%	100%	99%	99%
Economic development and opportunity										
Workforce Services										
One - stop services - customers served	5,324	5,511	5,009	4,538	6,547	5,122	2,744	2,365	2,507	2,310
One - stop services - youth customers served	255	237	220	212	242	214	200	330	*	*
Job openings received	3,968	3,073	3,178	3,743	4,446	2,761	1,765	2,116	*	*
Customized training provided (trainees)	n/a	n/a	Program Ended	1,044	1,413	998	2,319	1,663	*	*
Frederick Business works projects (trainees)	91	n/a	n/a	Grant Ended	351	187	190	310	*	*
Recruitment for business	80	91	44	60	32	90	81	*	*	*
Customized & onsite recruitment events	415	454	359	454	364	18	28	31	*	*
Website unique visitors	50,380	68,344	82,257	93,875	82,422	79,697	55,605	21,774	*	*
Business Development and Retention Division										
Average web hits per month	413,000	396,800	421,502	420,018	422,119	390,112	370,934	365,115	326,761	280,396
Inquiries	2,100	2,100	2,100	2,001	2,590	3,847	3,943	3,343	3,273	2,507
Prospects	150	185	140	128	150	164	311	440	405	482
Projects	500	410	503	499	513	541	513	422	396	137
Companies visited	350	348	325	308	311	348	429	424	455	486
Companies assisted	300	275	313	290	270	272	335	418	360	244

*Information not available

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

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

<u>Function/Program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government										
Building maintenance										
Buildings managed	162	155	149	147	142	145	145	136	121	116
Public Safety										
Fire/rescue stations	30	30	30	30	30	30	30	30	30	30
Adult Detention Center average daily population	407	360	382	395	442	416	425	484	498	464
Public Works										
County roads - mileage	1,273	1,272	1,270	1,271	1,264	1,264	1,264	1,258	1,257	1,256
Water facilities										
Plants/Distribution Systems	13	13	12	12	12	12	12	14	14	14
Daily capacity (1,000 gals.)	17,282	18,124	18,124	18,124	18,124	12,432	12,432	12,432	10,193	10,193
Miles of water mains	314	308	306	302	293	290	289	284	271	253
Hydrants	2,783	2,689	2,665	2,602	2,482	2,453	2,428	2,357	2,259	2,085
Sewer facilities										
Plants/Collection Systems	12	13	14	14	15	15	16	16	16	17
Daily capacity (1,000 gals.)	16,043	8,533	8,677	8,677	8,677	8,677	7,727	7,677	7,677	7,707
Miles of sewer mains	373	371	367	363	357	353	352	344	339	327
Bridges										
Bridges (over 20' spans)	218	219	219	219	219	219	219	215	215	214
Fleet services										
Vehicles	987	940	926	961	967	1,045	1,016	994	959	888
Parks, Recreation and Culture										
County park acreage	2,096	2,074	2,066	2,066	2,066	2,066	1,792	1,572	1,534	1,534
County facilities	37	37	36	36	36	36	31	30	30	29

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