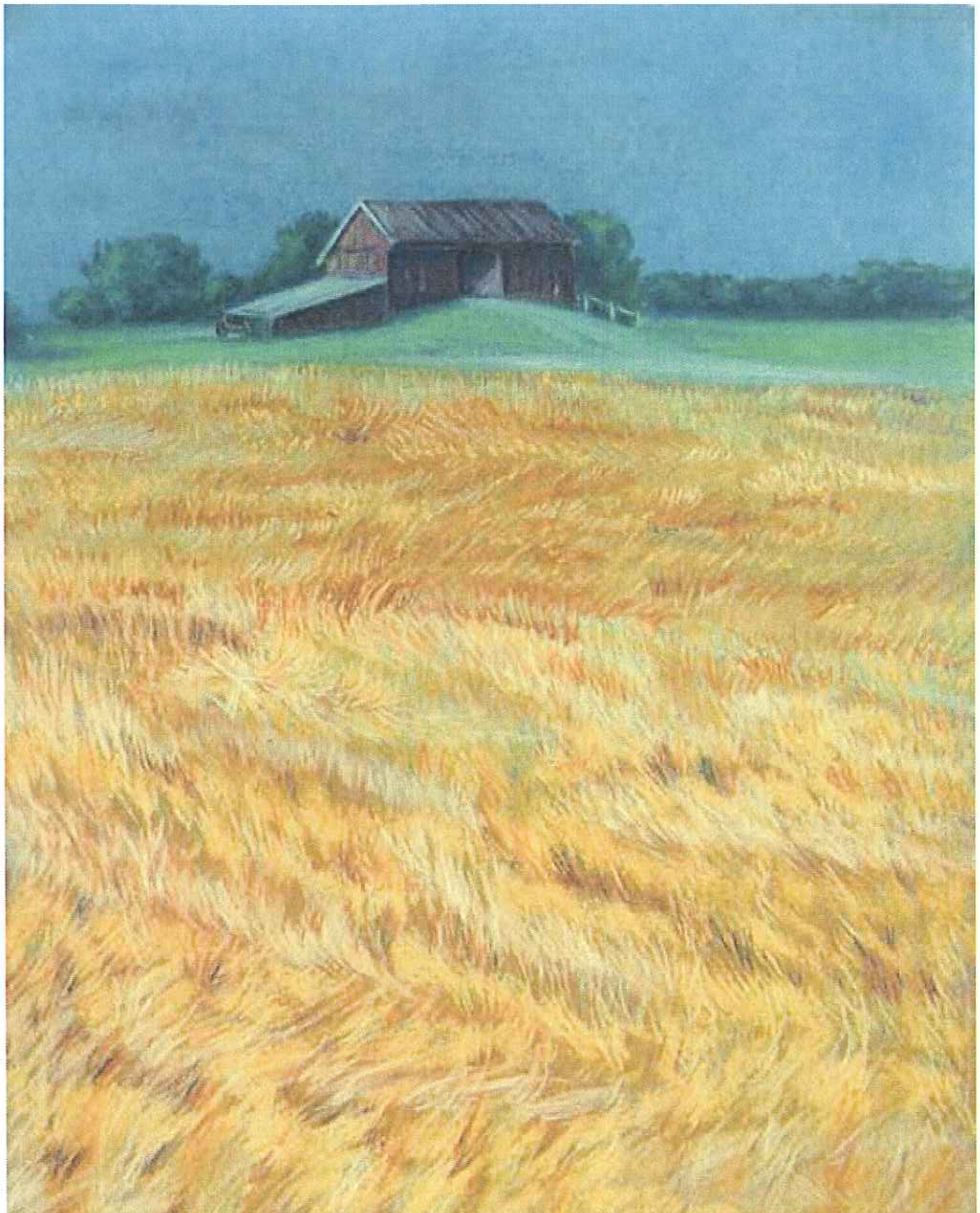
Frederick County
Maryland



Barnstormer *Linda Harrison-Parsons*

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

Front Cover: "Barnstormer" by Linda Harrison-Parsons, Frederick, MD. Sole-proprietor, Wild at heART, wildlife and nature artist. The historic barn is located off Route 15 North near Emmitsburg, MD. Each year artists are invited to participate in a barnstorming to document these historic buildings.

Frederick County photos were provided by the Parks and Recreation Division of Frederick County.

Frederick County, Maryland

Comprehensive Annual Financial Report

Fiscal Year 2009

July 1, 2008 – June 30, 2009

Prepared by the Finance Division

OUR MISSION

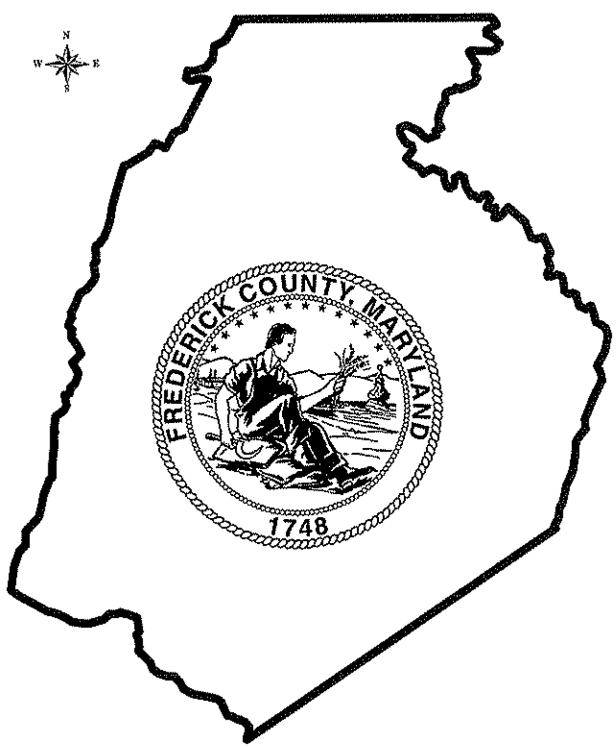
To
preserve and enhance
the quality of life for all
citizens by ensuring optimum
services, open government,
and creative use of
community resources.

FREDERICK COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

FREDERICK COUNTY, MARYLAND
TABLE OF CONTENTS

INTRODUCTORY SECTION



FINANCE DIVISION
FREDERICK COUNTY, MARYLAND

Winchester Hall • 12 East Church Street • Frederick, Maryland 21701
301-600-1117 • FAX 301-600-2302 • TTY Use Maryland Relay
www.FrederickCountyMD.gov

December 8, 2009

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

I am pleased to present this Comprehensive Annual Financial Report (CAFR) of Frederick County, Maryland (the "County") for the fiscal year ended June 30, 2009.

Formal Transmittal of the CAFR

This report was prepared by the County's Finance Division in cooperation with the finance departments of the County's component unit organizations in conformity with accounting principles generally accepted in the United States (GAAP). This report includes the independent auditor's opinion of the Board of County Commissioners' (the "Board") appointed certified public accounting firm pursuant to Section 2-7-68 of the Frederick County Code.

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

The financial statements of Frederick County, Maryland have been audited by Linton Shafer Warfield & Garrett, P.A. (LSWG), a firm of licensed certified public accountants. LSWG has issued an unqualified opinion on the County's financial statements as of and for the fiscal year ended June 30, 2009. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and estimates made by management, and evaluating the overall financial statement presentation. The auditor's report is located at the beginning of the financial section of this report.

The County is also required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1996 and 2003) and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations.* Information related to this Single Audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs will be included in a separately issued single audit report.

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

Profile of Frederick County

Frederick County, founded in 1748, originally included the present Maryland counties of Garrett, Allegany, Washington, Carroll and Montgomery. It is located in the north central part of Maryland, is 664 square miles in area, and serves an estimated population of 234,400. Frederick County, Maryland, is bordered on the north by the Commonwealth of Pennsylvania, on the west by Washington County, Maryland, on the east by Howard and Carroll Counties, both in Maryland, and on the south by Montgomery County, Maryland and the Commonwealth of Virginia.

There are twelve incorporated municipalities within Frederick County. The County seat and largest city is the City of Frederick, which has an estimated population of 62,200. The City of Frederick is located approximately 45 miles northwest of Washington, D.C. and 45 miles west of Baltimore, Maryland.

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

The Board may exercise only such powers as are expressly conferred on it: (1) by the Maryland General Assembly as codified in the Maryland Code, and (2) by public local laws enacted by the Maryland General Assembly, which apply only to Frederick County and are codified as Part II of the Frederick County Code, 2004, as amended (the "County Code"). Part II of the Frederick County Code is known as the Code of Public Local Laws of Frederick County, 1979.

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

- The Reporting Entity

The County provides a full range of services, including fire and rescue; law enforcement; sanitation services; construction and maintenance of highways, streets, and infrastructure; recreational activities; and general government activities. Bell Court Apartments, the Solid Waste Management, and Water and Sewer Enterprise Funds are supported through user fees. The Citizens Care and Rehabilitation Center and the Division of Permitting and Development Review are primarily supported through user fees with supplemental support from the General Fund. Montevue Home is more heavily subsidized by General Fund contributions. Incorporated municipalities within Frederick County provide some or all of the following services within their boundaries which relieves the County from providing these services in those areas: highway and street maintenance, parks and recreation, planning services, and police protection. The County is also financially accountable for legally separate entities, which are reported separately within the County's financial statements. The entities, known as component units, that meet these criteria are the Frederick County Board of Education, the Frederick Community College, and the Frederick County Public Libraries. The County has no blended component units. Additional information on the component units can be found in Note 1 in Exhibit II-A-14.

- Budgetary Overview

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

The General Fund budget is prepared and submitted to the Board by the Budget Officer based on estimated revenues and expenditures of operations submitted by the County departments and agencies for the ensuing fiscal year. When submitted to the Board, the General Fund budget must contain: the prior fiscal year's fund balance in excess of five percent of the General Fund expenditures and transfers to the Board of Education and Frederick Community College on a budgetary basis for the prior fiscal year, if any; estimates of taxes and other revenue sources at a rate sufficient to balance the budget;

recommended appropriations for current expenditures for each department or agency, and for other purposes; and amounts sufficient to meet all general obligation debt service requirements for the next fiscal year, including portions of the Capital Program to be financed out of current revenues during the fiscal year.

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

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

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

Information to Assess Economic Condition

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

Local Economy - The economic condition and outlook of the County have substantially improved during the past ten years. According to census records, the population of the County has grown from 150,208 in 1990 to 195,277 in 2000, with an estimated population of 234,400 as of July 2009, a 56.1 percent increase from 1990. The Division of Planning and Zoning estimates the County growth will be steady through calendar year 2020, when the population will reach an estimated 287,900.

Frederick County had the sixth highest number of new jobs created in the State of Maryland for calendar year 2004 to calendar year 2008, for a total of 4,450 new jobs created. The civilian labor force in the County was estimated at 125,600 in June 2009. Of this number, 117,447 were employed, resulting in an unemployment rate for the County of 6.5 percent. This rate is substantially lower than the statewide unemployment rate of 7.4 percent and the national unemployment rate of 9.5 percent. (Source: Maryland Department of Labor, Licensing and Regulation) While the County's involvement in the nation-wide recession had not reached its full extent at the end of the fiscal year, we anticipate that the County will hold its comparative standing within the State of Maryland.

The County's estimated taxable assessed real property value has increased $9.9 billion since 2004 or 65.7 percent. As of June 30, 2009, taxable assessed value totaled $24.9 billion. The growth in the taxable assessable base from FY2008 to FY2009 was 9.0 percent. The continued emphasis on economic development within the County should result in assessable base growth in the foreseeable future although residential housing construction and resale of existing homes has been slowing as evidenced by the decrease in recordation taxes from FY2008 to FY2009 in the amount of $7.1 million, or 26.9 percent. The commercial market does not appear to have been as directly affected by the drop in the residential market as evidenced by its continued strong growth.

Fort Detrick, a military installation primarily dedicated to medical research, is an economic engine for the County as well as the State of Maryland. Federal biodefense expansion and Base Realignment and Closure (BRAC) 2005 changes at Fort Detrick have resulted in $373 million in ongoing construction happening now and another $2 billion in total projects over the next three years representing an additional 1,112 jobs from 2010 through 2018. In related bioscience research expansions, the National Cancer Institute (NCI) and Science Applications International Corporation (SAIC) - Frederick, Inc. broke ground in November 2008 on an advanced technology research facility which will provide 330,000 square feet for offices and state-of-the art laboratories for cancer and AIDS research, and will be the cornerstone for a research campus facility at this site.

Long-term Financial Planning - Major initiatives during FY2009 were predominately in the Capital Budget area. Major general governmental projects approved in the six year Capital Improvements Program (fiscal years 2009-2014) include:

- Adult Detention Center (Expansion)
- Health Department (Expansion)
- Public Safety Training Facility (Expansion)
- Communications Systems Improvements
- Brunswick Branch Library
- Walkersville Library
- Myersville Library

Additional projects to expand and improve park facilities and construct water and wastewater infrastructure to serve the growing population are included in the plan. The entire Capital Improvements Plan totals $755 million for fiscal years 2009 to 2014.

Frederick County concluded the fiscal year ended June 30, 2009 with a General Fund unreserved fund balance of $49.5 million. Section 2-7-1(a) of the Frederick County Code provides that "the County must maintain an unappropriated undesignated General Fund balance equal to 5 percent of General Fund expenditures and transfers to the Board of Education and the Frederick Community College." Expenditures and transfers to component units measured on a budgetary basis totaled $427.3 million. The required balance of the reserve was $21.4 million, an increase of $0.4 million over FY2008. The actual unreserved fund balance decreased $18.3 million from the unreserved fund balance at June 30, 2008. Therefore, the June 30, 2009 unreserved fund balance of $49.5 million provides $28.1 million of excess fund balance above the required 5 percent requirement. Accordingly, this amount is available and legislatively mandated for use in funding future budgets. Of this amount, $15.3 million and $10.9 million have been designated for the FY2010 and FY2011 budgets, respectively.

The major rating agencies have recognized Frederick County's strong financial management skills and practices. During the latest general obligation bond issuance process (June 2008), Standard & Poor's Credit Market Services increased the County's rating from AA to AA+ and Moody's Investors Service, Inc. increased its Aa2 outlook from "Stable" to "Positive." Fitch Ratings maintained its rating of AA+. The rating upgrades 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. At the time of the release of this financial report the County is planning a general obligation bond sale for approximately $145 million and expects a January 5, 2010 sale date.

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

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

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

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

Cash Management Policies and Practices - In accordance with State law, Frederick County has adopted an investment policy that provides the legal framework for the County's investment and cash management operation. Within this framework, the County maintains a conservative cash management and investment program in order to achieve maximum financial return on available funds without undue risk. Idle cash is pooled and invested on a daily basis at the best obtainable rates. Investments are generally limited to federal obligations and fully collateralized repurchase agreements. General Fund earnings from these programs totaled $2.9 million during FY2009.

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

Risk Management - The County continues to work to keep safety programs and loss control operations working effectively. The Office of Risk Management is tasked with protecting the assets of Frederick County from unnecessary and controllable losses. The primary goal is to reduce losses by providing a safe workplace for our employees and eliminating hazards to the public on County property. The continuing Safety and Loss Control programs combined with ongoing analysis of exposures continue to reduce our overall losses and the associated cost. As liaison to the appointed insurance committee, the County's Risk Manager is to act in an advisory capacity to aid in obtaining the best insurance coverage possible for the most economical premiums available. The broad knowledge base of the Insurance Committee assists the County in negotiating premiums lower than that of the standard market. The County's workers' compensation policy at full premium would be $4.2 million. After a combination of discount factors which include drug free work place credits and loss experience, the final premium is $2.0 million which represents a savings of $2.2 million. The County's modified duty policy, which returns injured workers back to the workplace during recuperation, saves in lost work time and increases productivity. The Office of Risk Management is instrumental in the review of contracts and leases to ensure that adequate levels of insurance are obtained from third party providers to protect the County from unreasonable liability.

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, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

The preparation of this report could not have been accomplished without the dedicated team effort of the staff of the County's Finance Division. Each member of the Division has my sincere appreciation for the contributions made in preparation of this report. Special recognition is given to the Director of Accounting, Erin White, and the Accounting Team Leaders, Carol Abramson, Susan Blum, Regina Howell, and Rob Reilly, along with their staffs; and the Director of Treasury, Lori Decker, and her staff who administer the County's property tax and revenue collection systems. Administration of the budget process, without which the accounting and financial reporting could not exist, is in the capable hands of Michael Gastley, Budget Officer, and his staff. A special thanks goes to them as well. A sincere note of appreciation goes to Sherry Stull and Heidi Keeney who assume the production process of this document. Lastly, I express my appreciation to Richard Duthoy, Deputy Director of Finance, for his oversight of the Division, and to County Manager, Ronald Hart, and the Board of County Commissioners and their staffs for their continuing 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 (See Departments; Budget [for other information] and Treasury [for other information]). In addition, copies of this report are placed in the County Library System for use by the general public.

Respectfully submitted,

John R. Kroll
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Frederick County Maryland

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008

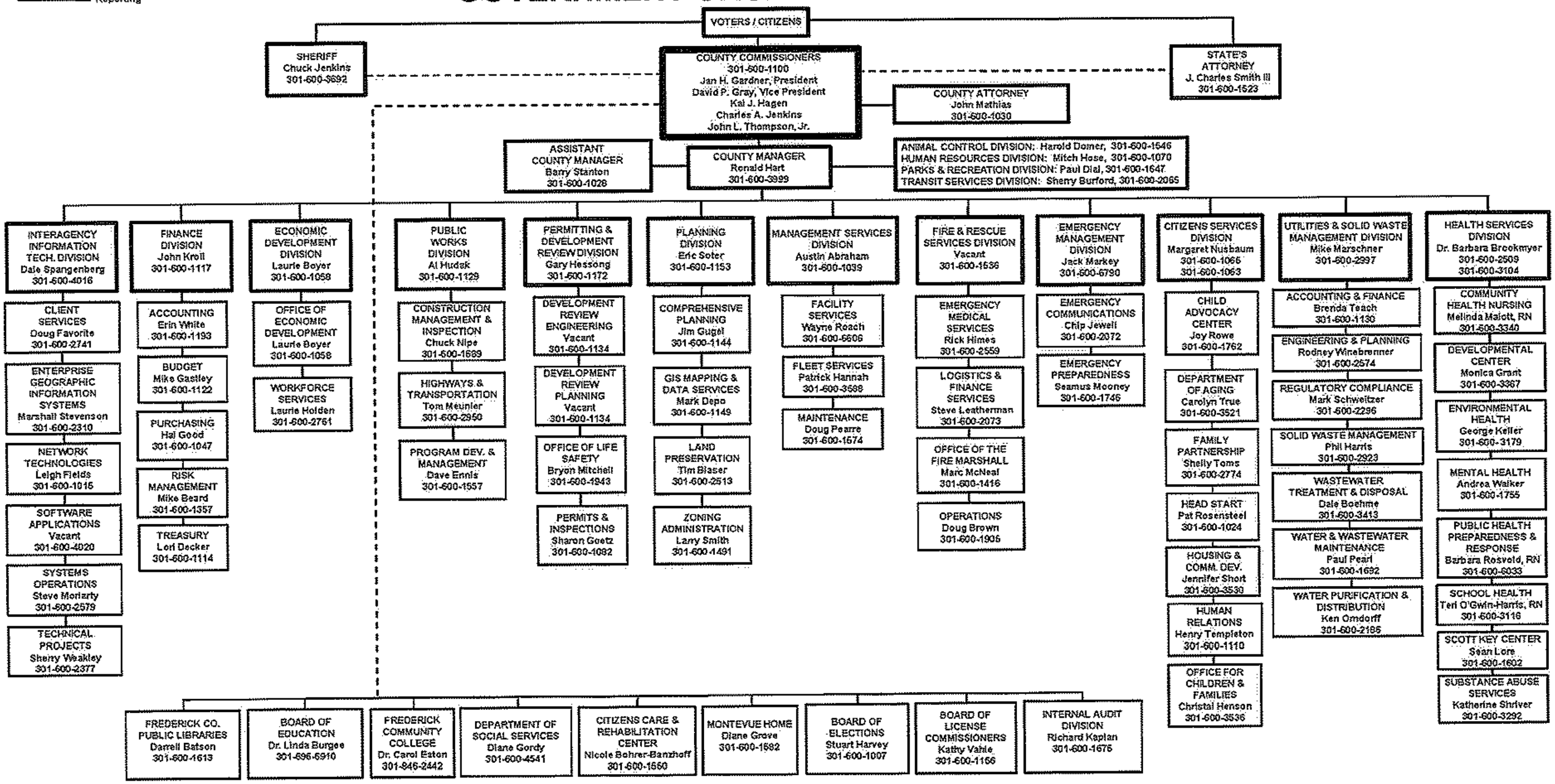
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

President

Executive Director

FREDERICK COUNTY, MARYLAND
GOVERNMENT ORGANIZATION CHART

Key
- - - - - - Coordination
———— Reporting



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

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

Standing from left
Commissioner Charles A. Jenkins and Commissioner John. L. Thompson, Jr.
(Photo by C. Kurt Holter)

Frederick County, Maryland

Summary of Elected and Appointed Officials

Board of County Commissioners

Jan H. Gardner, *President*
David P. Gray, *Vice President*
Kai J. Hagen
Charles A. Jenkins
John L. Thompson, Jr.

Sheriff

Charles A. "Chuck" Jenkins

State's Attorney

J. Charles Smith III, Esquire

Appointed Officials

County Attorney	John S. Mathias, Esquire
County Manager	Ronald A. Hart
Animal Control Division Director	Harold L. Domer, Jr.
Citizens Care and Rehabilitation Center Administrator	Nicole M. Bohrer-Banzhoff, LNHA
Citizens Services Division Director	Margaret L. Nusbaum
Economic Development Division Director	Laurie M. Boyer
Emergency Management Division Director	John E. "Jack" Markey
Finance Division Director	John R. Kroll
Fire and Rescue Services Acting Division Director	Barry L. Stanton
Health Services Division – Health Officer	Barbara A. Brookmyer, MD, MPH
Human Resources Division Director	Mitchell L. Hose
Interagency Information Technologies Division Director	Dale R. Spangenberg
Internal Audit Division Director	Richard A. Kaplan
Management Services Division Director	Austin S. Abraham
Montevue Home Administrator	Diane L. Grove, RN
Parks and Recreation Division Director	W. Paul Dial
Permitting & Development Review Division Director	Gary W. Hessong
Planning Division Director	Eric E. Soter
Public Works Division Director	Alan J. Hudak, P.E.
Transit Services Division Director	Sherry C. Burford
Utilities and Solid Waste Management Division Director	Michael G. Marschner

Component Units

Board of Education

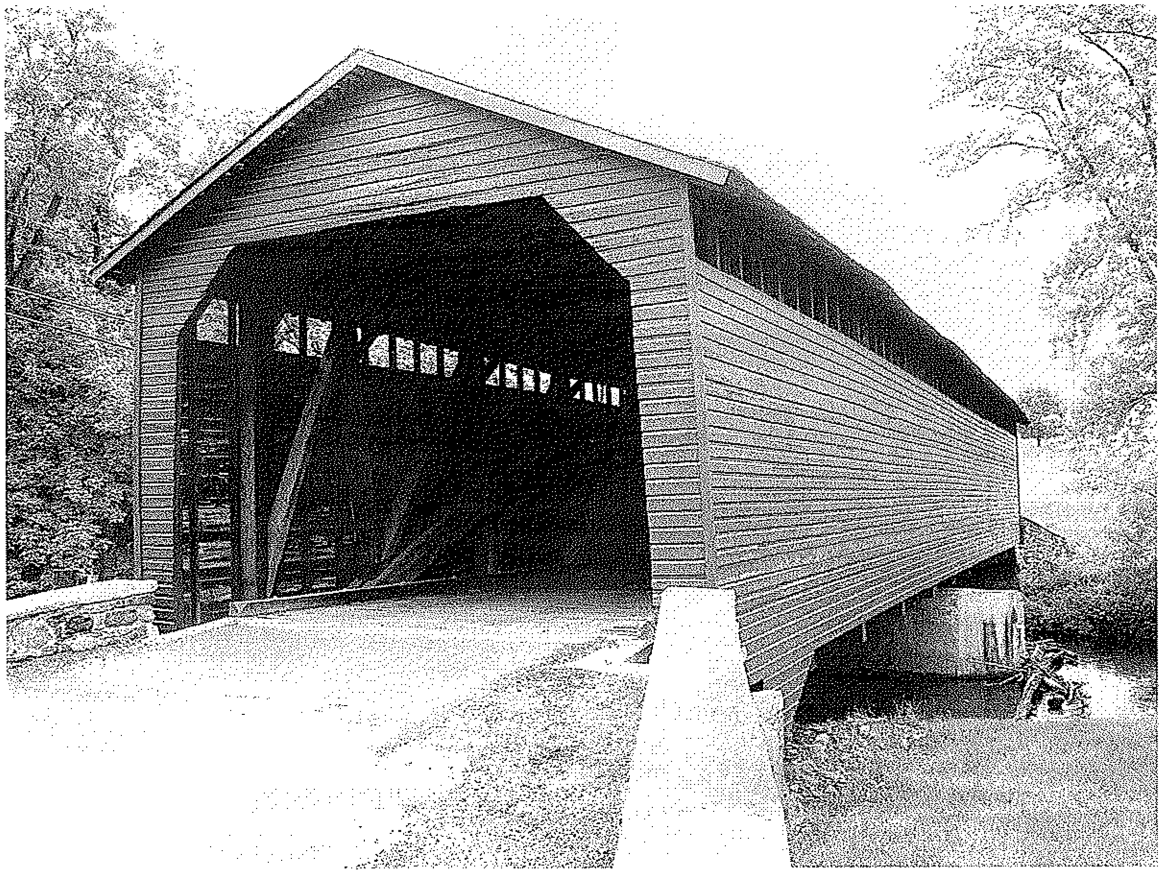
President	Jean A. Smith
Vice-President	Bonnie M. Borsa, Ph.D.
Member	Daryl A. Boffman
Member	Donna J. Crook
Member	Angie L. Fish
Member	Kathryn B. Groth
Member	Michael E. Schaden, VMD
Student Member	K. Alex Eckard
Superintendent	Linda D. Burgee, Ed.D.

Frederick Community College

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

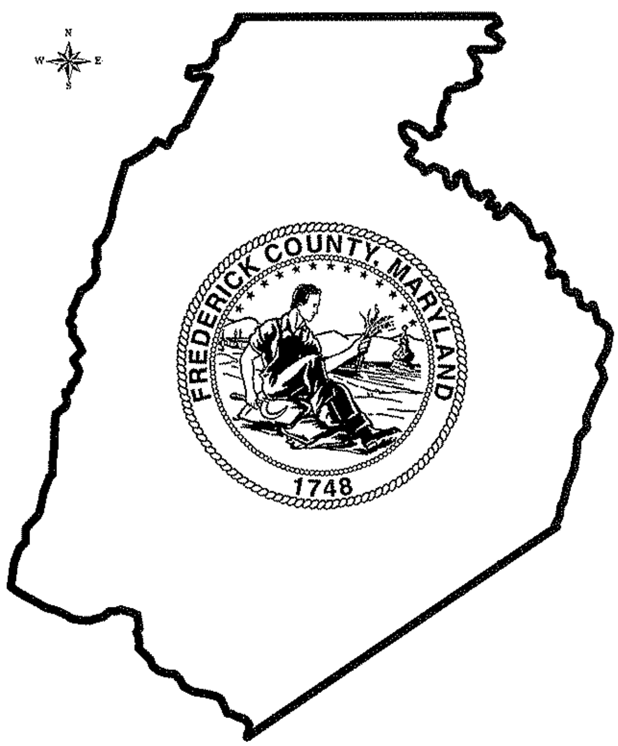
Frederick County Public Library

President	Thomas C. Kutz
Vice-President	Michael Kurtianyk
Secretary/Treasurer	Tina B. Prensky
Member	Eric S. Larson
Member	Blanca Poteat
Member	Shirley M. Sandage
Member	Perlyn S. Staggers, Ph.D.
Public Libraries Director	Darrell L. Batson



Loy's Station Covered Bridge, which crosses over Owens Creek, used to be a major thoroughfare between Frederick and Emmitsburg. The bridge was badly burned in 1991 by arsonists. Enough of the original material was salvaged and restored for the bridge to remain on the national register of historic places.

FINANCIAL SECTION



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

Edward T. Garrett, CPA
Meredith C. Harshman, CPA
Paul D. Hemme, CPA
Kevin R. Hessler, CPA
Donald C. Linton, CPA, CFP, PFS
Joseph M. McCathran, CPA
Brian E. Rippeon, CPA
Barbara Cline-Roman, CPA
Ronald W. Shafer, CPA
Douglas C. Warfield, CPA, CVA

Report of Independent Certified Public Accountants
On Basic Financial Statements

To the Board of County Commissioners
Frederick County, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Frederick County, Maryland as of and for the year ended June 30, 2009, which collectively comprise Frederick County, Maryland's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Frederick County, Maryland's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Frederick County Board of Education and Frederick Community College, which represent 99% and 98%, respectively, of total assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included in Frederick County Board of Education and Frederick Community College, is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison for the General Fund and the aggregate remaining fund information of Frederick County, Maryland as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

201 Thomas Johnson Drive • Frederick, Maryland 21702 • 301-662-9200 • FAX 301-663-3876
FREDERICK • ROCKVILLE • ANNAPOLIS
www.lswgcpa.com

In accordance with *Government Auditing Standards,* we have also issued our report dated December 7, 2009 on our consideration of Frederick County, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. That report will be issued under separate cover with the Frederick County Single Audit Reports.

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

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

Linton Shafer Warfield & Garrett, P.A.

December 7, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Frederick County Government's (the "County") discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activity, (c) identify changes in the County's financial position (it's ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page 1) and the County's financial statements (beginning on page 32).

FINANCIAL HIGHLIGHTS

- The assets of Frederick County Government exceeded its liabilities at the close of this fiscal year by $596.1 million (net assets), approximately 62.6 percent of which is attributable to the County's business-type activities. Of total net assets, $537.1 million is invested in capital assets, net of related debt, and $147.7 million is restricted for specific purposes (restricted net assets). The County's unrestricted net assets are a negative $88.7 million. This total unrestricted net asset amount includes a balance of $78.4 million from business-type activities, offset by a deficit balance in unrestricted net assets from governmental activities of $167.1 million. This deficit balance in unrestricted net assets is the result of the County issuing debt to fund construction for the Frederick County Board of Education and Frederick Community College, both component units. The school buildings that are constructed through the County's financial support are assets of the Frederick County Board of Education and Frederick Community College, and therefore are not shown as assets of Frederick County Primary Government. Included in the County's liabilities at year-end is approximately $215.9 million of bonds payable, the proceeds of which have been used to fund school and college construction.

- The County's overall financial position experienced a planned reduction since the prior fiscal year. Total net assets decreased by $45.6 million or 7.1 percent. The governmental net assets decreased by $73.9 million almost all of which is attributed to the Capital Projects Fund which had a reduction of fund balance totaling $76.9 million. Of this amount, expenditures that were not capitalized totaled $76.4 million resulting in a direct reduction of net assets at the Government-wide level. The General Fund had a decrease in fund balance of $18.5 million. The Agricultural Preservation Special Revenue Fund (a Major Fund) has an increase in fund balance totaling $2.7 million primarily due to an increase in installment purchase agreements. The remaining special revenue funds had total increases of $6.2 million accumulated in the normal course of operations. Property taxes increased by $26.3 million but income taxes decreased by $27.2 million resulting in a net decrease of $0.9 million from FY2008 to FY2009 for these two revenue sources. The remaining difference resulted from Government-wide to GAAP Fund Balance reconciliations as noted in Exhibit II-A-6. The business-type net assets increased by $28.2 million or 8.2 percent, primarily the result of operating and capital contributions in the Water and Sewer Fund.

- The governmental activities revenue totaled $519.9 million or 84.0 percent of total revenue and the net results from governmental activities was a decrease of $73.9 million.

- The business-type activities revenue totaled $98.7 million or 16.0 percent of total revenue and the net assets from business-type activities increased by $28.2 million.

- The total cost of all County programs was $664.2 million.

- The Frederick County Government General Fund (the primary operating fund) reflected on a current financial resource basis, reports a decrease in fund balance of $18.5 million. The original FY2009 budget provided for a decrease in fund balance of $30.8 million. The actual reduction was only $18.3 million resulting from $24.4 million savings in expenditures (spread throughout all functions of government), $1.1 savings in other financing sources and uses (primarily transfers to grants) offset by an unfavorable variance in revenues (primarily recordation taxes, income taxes, State grants, and investment income) of $13.0 million. At the close of the current fiscal year, unreserved and undesignated fund balance for the General Fund was $21.4 million, or 5.0 percent of total General Fund expenditures. This total unreserved amount is a legislatively mandated set-aside. Designated fund balance of the General Fund was $28.1 million, or 56.8 percent of the total unreserved fund balance.

- As of June 30, 2009, the County's governmental funds reported a combined fund balance of $192.3 million, a decrease of $86.5 million. Included in this decreased fund balance is a decrease in the General Fund of $18.5 million (as noted above), a decrease in the Capital Projects Fund of $76.9 million and an increase in the Agricultural Preservation Special Revenue Fund of $2.7 million and an increase in the Nonmajor Governmental Funds of $6.2 million. The decrease in the General Fund actually strengthened the financial condition of the government as the BOCC budgeted a $30.8 million use of fund balance for the year and only used $18.3 million. The Net Change in Reserves and Adjustments reduced the actual use of fund balance to $18.5 million. A major contributor to the total decrease in governmental funds fund balance is the fact that there was no bond issue during FY2009 to fund capital projects expenditures. Capital project spending was facilitated by a June 2008 issue. The increase in the fund balance of the nonmajor governmental funds is a result of increased property taxes in the Fire Tax Districts Special Revenue Fund without appreciable increases in expenditures; the School Construction Special Revenue Fund continues to build fund balances in anticipation of supporting general obligation debt for school construction; the Parks Acquisition & Development Special Revenue Fund increased its fund balance in order to fund a major capital project in FY2010.

- Frederick County's total bonded debt decreased by $32.5 million during the current fiscal year. As noted earlier, there were no bond issues during FY2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The basic financial statements are comprised of three components:

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

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

Government-Wide Financial Statements

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

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

The Governmental Activities reflects the County's basic services, including general government, public safety, public works, health, social services, education, parks/recreation/culture, conservation of natural resources, community development/public housing, economic development and interest on long term debt. Local property, income, and other local taxes, along with charges for services, and grants finance the majority of these services. The Business-type Activities reflect private sector type operation including water and sewer services, solid waste management, nursing homes, public housing and permitting & development review, where the fee for service typically covers all or most of the cost of operation, including depreciation.

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

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

The Government-Wide Financial Statements can be found on pages 32-34 of this report.

Fund Financial Statements

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

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

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

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

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

Proprietary Funds: Frederick County maintains two different types of proprietary funds, Enterprise funds and Internal Service funds. Enterprise funds are used to report the same functions as business-type activities in the Government-Wide Financial Statements. Frederick County has six individual enterprise funds: the Water & Sewer Fund, the Solid Waste Management Fund, the Citizens Care & Rehabilitation Center Fund, the Montevue Home Fund, the Bell Court Apartments Fund, and the Permitting and Development Review Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among Frederick County's various functions and activities. Frederick County uses internal service funds to account for fleet services and voice services operations. Because the services of these funds benefit both the governmental and business-type functions, the change in net assets is included in both the governmental activities and business-type activities in the Government-Wide Financial Statements. The basic proprietary fund financial statements are presented in Exhibits II-A-9, II-A-10, and II-A-11.

Fiduciary Funds: The Fund Financial Statements also allow the government to address its Fiduciary Funds, (See Exhibits II-A-12 and II-A-13). Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The County's Fiduciary Funds include the Pension Trust Fund, the Other Post Employment Benefits Trust Fund, and various Agency Funds. While the Fiduciary Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements. The basis of accounting used for the Fiduciary Funds is much like that used for Proprietary Funds.

While the total column on the Business-type Fund Financial Statements (see Exhibits II-A-9 and II-A-10) may be the same as the Business-type column on the Government-Wide Financial Statements (after consideration of the "Internal Balances" account), the Governmental Activities total columns require reconciliations because of the different measurement focus (current financial resources versus total economic resources) which are reflected on Exhibits II-A-4 and II-A-6. The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column in the Government-Wide Financial Statements.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements are part of the basic financial statements and are presented in Exhibit II-A-14.

Other Information

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

Infrastructure Assets

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

As noted earlier, changes in net assets may serve over time as a useful indicator of a government's overall financial condition and position. In the case of Frederick County, assets exceeded liabilities by $596.1 million at the close of the fiscal year. Frederick County's net assets are divided into three categories, invested in capital assets net of related debt, restricted net assets and unrestricted net assets. The largest portion of the County's net assets, $537.1 million or 90.1 percent, reflects its investment in capital assets net of depreciation (e.g., land, buildings, equipment, infrastructure, construction in progress, and improvements), less any unmatured debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Restricted net assets represent 24.8 percent of total net assets. Restricted net assets are resources that are subject to external restrictions on how they may be used. Unrestricted net assets of the government have a negative balance of $88.7 million. The unrestricted net assets for business-type activities have a balance of $78.4 million.

The County issues long-term debt to finance the construction of public schools. These public schools are considered capital assets of the Board of Education and 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 schools being financed by the County as assets, has a cumulative adverse impact on the County's unrestricted net assets. This is the situation generally in all counties in Maryland and is not unique to Frederick County.

The result of these basic current year calculations is that the County's overall financial position has diminished somewhat from FY2008 to FY2009. However, this reduction was planned in three major areas. First, the General Fund had a planned budgeted reduction of $30.8 million of which $18.3 million was used. This will be explained more in the discussion of the performance of the General Fund. Secondly, $57.6 million in funding was transferred to the Board of Education capital program without any new planned resources on the County's part. Lastly, the County continued with its own capital program in the amount of $41.6 million with only $22.7 million in new revenues and transfers to support the program.

Statement of Net Assets

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

	Governmental Activities		Business-type Activities		Primary Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 269,311	$ 384,156	$ 125,046	$ 173,268	$ 394,357	$ 557,424
Capital assets	409,260	389,961	447,150	382,890	856,410	772,851
Total assets	678,571	774,117	572,196	556,158	1,250,767	1,330,275
Current and other liabilities	43,073	47,866	21,139	22,344	64,212	70,210
Long-term debt outstanding	412,685	429,553	177,733	188,741	590,418	618,294
Total Liabilities	455,758	477,419	198,872	211,085	654,630	688,504
Net Assets:						
Invested in capital assets, net of debt	242,889	223,296	294,245	232,786	537,134	456,082
Restricted	147,016	133,033	679	15,751	147,695	148,784
Unrestricted (deficit)	(167,093)	(59,631)	78,400	96,536	(88,693)	36,905
Total net assets	$ 222,812	$ 296,698	$ 373,324	$ 345,073	$ 596,136	$ 641,771

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

As noted earlier, the government's net assets decreased by $45.6 million during the fiscal year. Net assets of governmental activities decreased $73.9 million in FY2009. The increase in net assets of business-type activities was $28.2 million in FY2009.

For more detailed information see the Statement of Net Assets (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 assets for these two fiscal years.

	Governmental Activities		Business-type Activities		Primary Government	
	2009	2008	2009	2008	2009	2008
REVENUES						
Program revenues						
Charges for services	$ 18,430	$ 17,234	$ 62,153	$ 57,186	$ 80,583	$ 74,420
Operating grants and contributions	35,124	37,094	-	-	35,124	37,094
Capital grants and contributions	18,624	4,480	32,266	18,041	50,890	22,521
General revenues						
Local property taxes	271,247	244,968	-	-	271,247	244,968
Local income taxes	137,509	164,717	-	-	137,509	164,717
Other local taxes	23,394	31,602	-	-	23,394	31,602
Investment earnings	7,901	15,485	4,245	6,719	12,146	22,204
Miscellaneous	7,631	3,270	27	730	7,658	4,000
Total revenues	519,860	518,850	98,691	82,676	618,551	601,526
EXPENSES						
Program Activities						
Primary Government						
Governmental Activities:						
General government	48,337	47,366	-	-	48,337	47,366
Public safety	98,638	92,368	-	-	98,638	92,368
Public works	45,640	36,273	-	-	45,640	36,273
Health	8,430	8,351	-	-	8,430	8,351
Social services	9,079	9,035	-	-	9,079	9,035
Education	317,246	280,572	-	-	317,246	280,572
Parks, recreation, and culture	17,984	16,541	-	-	17,984	16,541
Conservation of natural resources	5,920	5,284	-	-	5,920	5,284
Community development and public housing	5,314	5,532	-	-	5,314	5,532
Economic development and opportunity	14,367	13,586	-	-	14,367	13,586
Interest on long term debt	17,384	15,181	-	-	17,384	15,181
Business-type Activities:						
Water and sewer	-	-	27,859	25,789	27,859	25,789
Solid waste management	-	-	22,543	20,989	22,543	20,989
Non-major proprietary funds	-	-	25,445	24,950	25,445	24,950
Total expenses	588,339	530,089	75,847	71,728	664,186	601,817
Incr. (decr.) in net assets before transfers	(68,479)	(11,239)	22,844	10,948	(45,635)	(291)
Transfers	(5,407)	(7,387)	5,407	7,387	-	-
Increase (decrease) in net assets	(73,886)	(18,626)	28,251	18,335	(45,635)	(291)
Net Assets - beginning of year	296,698	315,324	345,073	326,738	641,771	642,062
Net Assets - ending of year	$ 222,812	$ 296,698	$ 373,324	$ 345,073	$ 596,136	$ 641,771

Governmental Activities: Governmental activities decreased Frederick County's net assets by $73.9 million. A key element of this overall decrease is due to a budgeted use of General Fund fund balance of $30.8 million, of which $18.3 million was actually used, and the decrease in the Capital Project fund of $76.9 million (as a result of $76.4 million in expenditures that were not capitalized resulting in a direct reduction of net assets in the Government-wide statements), an increase in the Agricultural Preservation Special Revenue Fund of $2.7 million and an increase in the Nonmajor Governmental Funds of $6.2 million. Total tax revenue decreased by $9.1 million or 2.1 percent, during FY2009. Property tax increases of $26.3 million were offset by income tax decreases of $27.2 million and reductions in other local taxes of $8.2 million, primarily recordation taxes. Overall, revenues increased by $1.0 million while expenses and transfers increased by $56.3 million, facilitating the planned use of fund balances.

Business-type Activities: Business-type activities increased Frederick County's net assets by $28.2 million. The key element of this increase relates to contributions from developers. Capital grants and contributions continue to provide a major revenue source for the Water and Sewer Fund during the current fiscal year, producing $32.3 million in revenue.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds: The focus of Frederick County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Frederick County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Frederick County's governmental funds reported combined ending fund balances of $192.3 million. Approximately 82.7 percent of this total amount ($159.1 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period ($27.8 million), (2) for inventories ($1.4 million), (3) for long-term receivables ($3.5 million) or (4) dedicated for other restricted purposes ($.5 million). The reserved fund balance, at 17.3 percent of total fund balance, does not significantly affect the availability of fund resources for future use.

The General Fund is the chief operating fund of Frederick County. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was $21.4 million, while total fund balance reached $52.3 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 11.6 percent of total General Fund expenditures, while total fund balance represents 12.3 percent of that same amount.

Frederick County's General Fund fund balance decreased by $18.5 million during the current fiscal year. This decrease is due primarily to a budgeted use of fund balance totaling $30.8 million of which $18.3 million was actually used.

The Agricultural Preservation Fund has a total fund balance of $43.7 million. $26.2 million is designated for debt service related to the Installment Purchase Agreements and $2.2 million is designated for the payments related to the Rural Legacy program.
The Capital Projects Fund has a total fund balance of $43.6 million. The total decrease in fund balance was $76.8 million. This decrease is primarily due to continued spending on the capital project program without the benefit of issuing general obligation bonds during the fiscal year and the spend down of bonds issued in June 2008.

Proprietary Funds*:* Frederick County's proprietary fund statements provide the same type of information found in the Government-Wide Financial Statements, but in more detail. Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to $68.5 million and unrestricted net assets in the Solid Waste Management Fund totaled $7.2 million. The Permitting and Development Review Fund had unrestricted net assets totaling $2.2 million.

General Fund Budgetary Highlights

The final expenditure and transfers budgets for the General Fund was increased $2.8 million over the original budget. During the year, revenues were less than budgetary estimates by $13.0 million and expenditures were less than budgetary estimates by $24.4 million, partially eliminating the need to draw upon the appropriated fund balance of $30.8 million. The major variances between the final budget and the actual amounts are summarized as follows:

- Local property tax revenue fell short of the budgeted amount by $.5 million. This is primarily due to the fact that the estimate of property assessments (upon which the tax rate is set) was higher than the final actual property tax assessments by $642.9 million. This assessment estimate is provided by the State Department of Assessments and Taxation.

- Local income tax distributions were less than the budgeted amount by $4.9 million. This resulted from a slow reaction to recession warnings and resulted in a 3.0 percent variance.

- Other local taxes, primarily recordation tax collections, were less than budgeted amounts by $3.5 million. The recordation tax shortfall was $2.8 million.

- State grants were less than the budgeted amount by $2.5 million and investment earnings were less than budget by $2.1 million. The investment shortfall was due to poorer than expected investment rates and lower than expected account balances.

- Various departmental under spending of appropriations resulted in total expenditures being under budget by $24.4 million generally throughout all functions of government. The largest contribution to this savings was $15.0 million in miscellaneous non-departmental expenditures, primarily contingencies and fringe benefits. Details of the variances can be found on Exhibit II-A-7.

Capital Asset and Debt Administration

Capital Assets: Frederick County Government's investments in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of June 30, 2009 and 2008, amount to $856.4 million and $772.8 million, respectively. This investment in capital assets includes land, easements, buildings, improvements, machinery and equipment, vehicles, roads, water and sewer lines, highways and bridges and construction in progress. The total increase in Frederick County's investment in capital assets for the current fiscal year was 10.8 percent.

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	$ 67,511	$ 61,446	$ 7,088	$ 6,953	$ 74,599	$ 68,399
Construction in prog.	17,380	24,122	101,875	80,296	119,255	104,418
Buildings, impr. & equip.	261,944	237,600	173,799	147,966	435,743	385,566
Infrastructure	324,448	308,393	277,822	253,012	602,270	561,405
Depreciation	(262,023)	(241,600)	(113,434)	(105,337)	(375,457)	(346,937)
Total	$ 409,260	$ 389,961	$ 447,150	$ 382,890	$ 856,410	$ 772,851

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

	Governmental Activities	Business-type Activities	Total
Beginning Balance	$ 389,961	$ 382,890	$ 772,851
Additions	73,340	125,701	199,041
Depreciation	(23,142)	(8,950)	(32,092)
Retirement*	(30,899)	(52,491)	(83,390)
Ending Balance	$ 409,260	$ 447,150	$ 856,410

*Net of accumulated depreciation related to asset retirement.

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

Governmental Activities:

- Construction costs were incurred for the following major projects:

o Pavement Management	$9.5 million
o Brunswick/Jefferson District Park	1.9 million
o Thurmont Regional Library	1.3 million
o Scott Key Center	1.1 million
o Fountain Rock Park	770 thousand
o Spectrum Drive Improvements	730 thousand
o Mussetter Road	680 thousand
o Old Mill Bridge Road	660 thousand

- The following transfers were made to the Frederick County Board of Education for school construction:

o Linganore High School	$19.9 million
o West Frederick Middle School	19.0 million
o Oakdale High School	7.4 million
o Earth Space Science Lab	1.4 million

Business-type Activities:

- Construction costs were incurred for the following major projects:

o New Design Water Treatment Plant Expansion	$43.8 million
o Lake Linganore Water & Sewer Improvements	13.3 million
o McKinney Wastewater Treatment Plant	7.1 million

Debt Outstanding

As of year-end, the County had $473.7 million in bonded debt outstanding compared to a total of $506.2 million last year, a 6.4 percent net decrease. This decrease results from issuing no new General Obligation Debt while retiring $32.5 million of General Obligation Debt.

The County maintains a debt affordability index to determine its self-imposed limits for issuing long-term debt. This debt affordability index is a blend of ratios to determine the maximum debt each year and in total for its 6-year capital program. The County's financial advisor reviews this index periodically.

	Balance June 30, 2009	Balance June 30, 2008
Governmental Activities:		
Bonds and notes payable:		
General obligation bonds	$ 340,404	$ 363,377
Installment purchase agreements	42,046	39,609
Other notes payable	3,700	4,429
	386,150	407,415
Add remaining original issue premium	10,824	12,808
Less deferred amount on bond refundings	(7,200)	(7,931)
Total bonds and notes payable	389,774	412,292
Other liabilities:		
Capital lease obligations	7,775	7,843
Compensated absences	9,879	9,190
Net OPEB obligation (Asset)	5,045	(2,642)
Termination benefits	212	227
Total other liabilities	22,911	14,618
Governmental activities long-term liabilities	$ 412,685	$ 426,910
Business-type Activities:		
Bonds and notes payable:		
General obligation bonds	$ 133,276	$ 142,783
Other notes payable	25,874	28,294
	159,150	171,077
Add remaining original issue premium	3,519	4,169
Less deferred amount on bond refundings	(1,715)	(1,904)
Total bonds and notes payable	160,954	173,342
Other liabilities:		
Landfill closure costs	13,324	13,870
Compensated absences	1,663	1,529
Net OPEB obligation	1,747	-
Termination benefits	45	-
Total other liabilities	16,779	15,399
Business-type activities long-term liabilities	$ 177,733	$ 188,741

June 15, 2008 was the most recent time the County issued the General Obligation Public Facilities Bonds. The rating agencies provided the following ratings to that debt issue:

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

Principal payments and reductions of long-term debt in the amounts of $34.2 million and $16.0 million were made in the governmental and business-type activities, respectively. Additional information on the County's long-term debt can be found in Note 3.F. on pages 85-98 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S PROPERTY TAX RATES

The following summarizes some economic factors and trends:

- As of June 2009 the average unemployment rate for the County is 6.5 percent, while the average unemployment rate for the State of Maryland is 7.4 percent.
- The total percentage of increase in the number of new jobs from 2004 through 2008 was 5.0 percent (4,400 jobs) compared to the State of Maryland percentage increase of 3.1 percent for the same period. The County's five-year average employment growth rate is 1.0 percent annually.
- The FY2010 property tax remained at $.936 per $100 of assessed valuation. The tax rate is based on a full market value taxable assessment of $25,949,700,000.

FINANCIAL CONTACT

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

BASIC FINANCIAL STATEMENTS

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

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries
Assets						
Cash	$ 811,125	$ 6,085,899	$ 6,897,024	$ 2,036,946	$ 12,874,563	$ 8,876
Equity in pooled invested cash	144,743,896	15,826,190	160,570,086	-	3,562	-
Total cash and cash equivalents	145,555,021	21,912,089	167,467,110	2,036,946	12,878,125	8,876
Investments	48,586,357	88,846,731	137,433,088	29,622,234	4,211,318	423,822
Receivables, net of allowance for uncollectibles:						
Property taxes	641,976	-	641,976	-	-	-
Accounts	5,010,447	11,660,833	16,671,280	2,359,079	1,073,573	20,342
Intergovernmental	46,077,882	-	46,077,882	2,457,260	5,304,733	-
Internal balances	(1,820)	1,820	-	-	-	-
Due from primary government	-	-	-	10,880,617	-	2,781,878
Due from component units	11,325	-	11,325	-	-	-
Inventories	1,646,801	209,161	1,855,962	833,386	580,105	-
Prepaid items	149,259	-	149,259	54,542	82,044	5,782
Deferred charges	2,094,356	758,192	2,852,548	-	-	-
Long-term receivables, net of allowance for uncollectibles	5,656,633	-	5,656,633	-	-	-
Cash and cash equivalents - restricted	13,882,675	1,656,974	15,539,649	15,655,491	-	20,000
Beneficial interest in charitable remainder trust	-	-	-	-	260,592	-
Capital assets:						
Land	67,510,912	7,088,479	74,599,391	36,949,670	271,620	-
Buildings and improvements	170,120,550	130,847,288	300,967,838	578,159,380	55,370,434	-
Equipment	91,823,311	42,951,410	134,774,721	67,355,601	3,428,898	173,683
Library collection	-	-	-	-	1,858,222	10,204,781
Infrastructure	324,448,002	277,822,294	602,270,296	-	-	-
Construction in progress	17,380,446	101,874,869	119,255,315	162,385,751	15,108,973	-
Accumulated depreciation	(262,023,522)	(113,433,800)	(375,457,322)	(238,532,145)	(25,840,129)	(7,801,701)
Total assets	678,570,611	572,196,340	1,250,766,951	670,217,812	74,588,508	5,837,463

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries
Liabilities						
Accounts payable	$ 1,317,252	$ 656,909	$ 1,974,161	$ 21,895,372	$ 3,587,559	$ 32,569
Accrued liabilities	10,456,650	6,636,126	17,092,776	341,845	121,873	-
Payroll and benefit deductions	9,435,622	2,011,477	11,447,099	9,173,968	329,666	461,630
Property taxes payable	256,004	-	256,004	-	-	-
Due to third parties	1,345,747	-	1,345,747	-	218,073	-
Due to other governmental units	509,202	-	509,202	-	-	-
Due to component units	13,662,259	-	13,662,259	-	-	-
Due to fiduciary funds				82,575	-	-
Unearned revenues	4,231,171	4,237,638	8,468,809	125,980	1,005,117	147,676
Performance and security deposits	-	8,921	8,921	-	-	-
Other liabilities	1,858,662	7,588,239	9,446,901	-	-	-
Noncurrent liabilities:						
Due within one year	27,293,529	12,898,724	40,192,253	6,417,382	12,309	16,759
Due in more than one year	385,392,045	164,834,179	550,226,224	80,355,557	1,605,234	922,092
Total liabilities	455,758,143	198,872,213	654,630,356	118,392,679	6,879,831	1,580,726
Net Assets						
Investment in capital assets, net of related debt	242,888,896	294,245,226	537,134,122	600,886,583	50,198,018	2,576,763
Restricted for:						
School and library construction	21,489,765	-	21,489,765	-	-	-
Additional or expanded road facilities	8,799,785	-	8,799,785	-	-	-
Capital Projects	44,235,521	277,838	44,513,359	-	-	-
Agricultural preservation	36,718,906	-	36,718,906	-	-	-
Fire and rescue services	12,982,236	-	12,982,236	-	-	-
County code required set-aside	21,364,533	-	21,364,533	-	-	-
Other purposes	1,425,795	401,497	1,827,292	15,655,491	5,952,506	655,342
Unrestricted (Deficit)	(167,092,969)	78,399,566	(88,693,403)	(64,716,941)	11,558,153	1,024,632
Total net assets	$ 222,812,468	$ 373,324,127	$ 596,136,595	$ 551,825,133	$ 67,708,677	$ 4,256,737

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, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets — Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Board of Education	Component Units: Community College	Component Units: Public Libraries
Primary government:										
Governmental activities:										
General government	$ 48,336,652	$ 7,107,680	$ 1,497,265	$ 3,127,632	$ (36,604,075)	$ -	$ (36,604,075)	$ -	$ -	$ -
Public safety	98,638,171	6,332,060	5,124,025	452,099	(86,729,987)	-	(86,729,987)	-	-	-
Public works	45,639,681	681,480	14,459,482	12,597,357	(17,901,362)	-	(17,901,362)	-	-	-
Health	8,430,003	1,770,050	637,899	-	(6,022,054)	-	(6,022,054)	-	-	-
Social services	9,079,466	1,427,143	818,594	-	(6,833,729)	-	(6,833,729)	-	-	-
Education	317,246,467	-	-	135,651	(317,110,816)	-	(317,110,816)	-	-	-
Parks, recreation and culture	17,984,081	796,378	130,646	2,311,555	(14,745,502)	-	(14,745,502)	-	-	-
Conservation of natural resources	5,920,062	183,704	1,920,184	-	(3,816,174)	-	(3,816,174)	-	-	-
Community development and public housing	5,313,485	-	4,830,890	-	(482,595)	-	(482,595)	-	-	-
Economic development and opportunity	14,367,112	131,241	5,705,167	-	(8,530,704)	-	(8,530,704)	-	-	-
Interest on long term debt	17,384,242	-	-	-	(17,384,242)	-	(17,384,242)	-	-	-
Total governmental activities	588,339,422	18,429,736	35,124,152	18,624,294	(516,161,240)	-	(516,161,240)	-	-	-
Business-type activities:										
Water and sewer	27,858,760	20,716,900	-	32,262,584	-	25,120,724	25,120,724	-	-	-
Solid waste management	22,543,435	23,140,754	-	3,500	-	600,819	600,819	-	-	-
Nursing homes	18,720,204	13,016,338	-	-	-	(5,703,866)	(5,703,866)	-	-	-
Public housing	138,883	94,347	-	-	-	(44,536)	(44,536)	-	-	-
Permitting & development review	6,586,058	5,184,792	-	-	-	(1,401,266)	(1,401,266)	-	-	-
Total business-type activities	75,847,340	62,153,131	-	32,266,084	-	18,571,875	18,571,875	-	-	-
Total primary government	$ 664,186,762	$ 80,582,867	$ 35,124,152	$ 50,890,378	(516,161,240)	18,571,875	(497,589,365)	-	-	-
Component Units:										
Board of Education	$ 538,706,876	$ 9,671,793	$ 338,765,204	$ 77,089,567	-	-	-	(113,180,312)	-	-
Community College	48,492,450	18,002,681	30,071,302	12,225,894	-	-	-	-	11,807,427	-
Public Libraries	13,392,289	568,598	10,858,226	-	-	-	-	-	-	(1,965,465)
Total Component Units	$ 600,591,615	$ 28,243,072	$ 379,694,732	$ 89,315,461	-	-	-	(113,180,312)	11,807,427	(1,965,465)
General Revenues:										
Local property taxes					271,247,190	-	271,247,190	-	-	-
Local income taxes					137,509,451	-	137,509,451	-	-	-
Recordation taxes					19,229,314	-	19,229,314	-	-	-
Excise taxes					1,190,925	-	1,190,925	-	-	-
Hotel rental tax					1,096,144	-	1,096,144	-	-	-
Admission and amusement tax					827,599	-	827,599	-	-	-
Agriculture transfer tax					1,049,921	-	1,049,921	-	-	-
Grants and contributions not restricted to specific programs					-	-	-	151,341,230	-	-
Investment earnings					7,900,842	4,244,887	12,145,729	1,336,370	(1,419,327)	9,093
Miscellaneous					7,630,745	27,662	7,658,407	1,889,847	2,856,360	-
Transfers					(5,407,001)	5,407,001	-	-	-	-
Total general revenues and transfers					442,275,130	9,679,550	451,954,680	154,567,447	1,437,033	9,093
Change in net assets					(73,886,110)	28,251,425	(45,634,685)	41,387,135	13,244,460	(1,956,372)
Net assets - beginning of year					296,698,578	345,072,702	641,771,280	510,437,998	54,464,217	6,213,109
Total net assets - end of year					$ 222,812,468	$ 373,324,127	$ 596,136,595	$ 551,825,133	$ 67,708,677	$ 4,256,737

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

FREDERICK COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Agricultural Preservation	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash	$ 586,363	$ -	$ -	$ 224,762	$ 811,125
Equity in pooled invested cash	37,384,020	18,704,973	32,689,132	49,238,099	138,016,224
Total cash and cash equivalents	37,970,383	18,704,973	32,689,132	49,462,861	138,827,349
Investments	20,081,450	26,544,542	-	1,960,365	48,586,357
Receivables, net of allowance for uncollectibles:					
Property taxes	571,053	-	-	70,923	641,976
Accounts	3,461,369	8,405	137,110	1,217,842	4,824,726
Intergovernmental	42,557,362	-	550,325	2,970,197	46,077,884
Prepaids	75,261	-	-	36,000	111,261
Due from other funds	721,250	-	-	-	721,250
Due from component units	11,148	-	-	-	11,148
Inventories	1,374,136	-	-	-	1,374,136
Long-term receivables, net of allowance for uncollectibles:					
Employee salary advances	99,253	-	-	-	99,253
MILA/MICRF loans	-	-	-	395,865	395,865
Fire/Rescue loans	-	-	-	221,891	221,891
Non profit organization loans	100,364	-	-	1,764,412	1,864,776
Small business loans	-	-	-	98,915	98,915
Housing loans	-	-	-	2,975,933	2,975,933
Cash and cash equivalents - restricted	-	-	13,190,327	692,348	13,882,675
Total assets	$ 107,023,029	$ 45,257,920	$ 46,566,894	$ 61,867,552	$260,715,395
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 676,688	$ 35	$ 255,168	$ 229,550	$ 1,161,441
Accrued liabilities	482,303	249	1,739,203	2,666,636	4,888,391
Payroll and benefit deductions	8,288,236	12,797	96,213	1,038,376	9,435,622
Property taxes payable	256,004	-	-	-	256,004
Due to third parties	664,626	-	-	681,121	1,345,747
Due to other governmental units	-	6,565	-	502,637	509,202
Due to component units	13,629,285	-	-	-	13,629,285
Other liabilities	-	-	873,766	984,896	1,858,662
Deferred revenue	30,706,123	1,585,634	-	2,998,894	35,290,651
Total liabilities	54,703,265	1,605,280	2,964,350	9,102,110	68,375,005
Fund balances:					
Reserved	2,808,056	178,945	25,733,146	4,527,448	33,247,595
Unreserved:					
Designated for:					
Subsequent year's expenditures - General fund	28,047,175	-	-	-	28,047,175
Subsequent year's expenditures - Special revenue funds	-	-	-	1,321,623	1,321,623
Other purposes - General fund	100,000	-	-	-	100,000
Other purposes - Special revenue funds	-	28,413,665	-	34,741,291	63,154,956
Undesignated:					
General fund	21,364,533	-	-	-	21,364,533
Capital projects fund	-	-	17,869,398	-	17,869,398
Special revenue funds	-	15,060,030	-	12,175,080	27,235,110
Total fund balances	52,319,764	43,652,640	43,602,544	52,765,442	192,340,390
Total liabilities and fund balances	$ 107,023,029	$ 45,257,920	$ 46,566,894	$ 61,867,552	$260,715,395

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

FREDERICK COUNTY, MARYLAND
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total fund balance - governmental funds (See Exhibit II-A-3)		$ 192,340,390
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds (includes Capital Assets of the internal service fund).		
Land	$ 67,510,912	
Buildings and Improvements	170,120,550	
Equipment	91,823,311	
Infrastructure	324,448,002	
Construction in Progress	17,380,446	
Less Accumulated Depreciation	(262,023,522)	409,259,699
Contributions made to the Other Post Employment Benefits Trust in excess of the annual required contributions are recognized as expenditures in the fund statements, but are recognized as a receivable in the government-wide statements.		
Long-term liabilities related to governmental activities are not due and payable in the current period and therefore are not reported in the funds (includes long-term liabilities of the internal service fund).		
Bonds Payable, net of Deferred Loss on Bond Refunding	(333,204,045)	
Accrued Bond Interest	(5,327,182)	
Installment Purchase Agreements	(42,046,106)	
Notes Payable	(3,699,879)	
Capital Lease Obligations	(7,775,416)	
Unamortized Premium on Bonds Payable	(10,823,733)	
Compensated Absences	(9,879,125)	
Termination Benefits	(211,992)	
Net Other Post Employment Benefit Obligation	(5,045,278)	
Recognition of Deferred Revenue	31,059,480	(386,953,276)
Costs from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred in the government-wide statements.		
Deferred Issuance Costs - General Obligation Bonds	1,792,115	
Deferred Issuance Costs - IPAs	250,630	
Deferred Issuance Costs - Capital Leases	51,611	2,094,356
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of an internal service fund are included in governmental activities in the statement of net assets. This balance is net of Capital Assets and Long-term liabilities included above.		6,071,299
Net assets of governmental activities (See Exhibit II-A-1)		$ 222,812,468

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General	Agricultural Preservation	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local property taxes	$ 236,321,168	$ -	$ -	$ 34,780,703	$ 271,101,871
Local income taxes	158,356,951	-	-	-	158,356,951
Other local taxes	12,623,568	3,453,434	-	8,697,767	24,774,769
Licenses and permits	529,307	-	-	-	529,307
Grants from federal government	-	966,500	2,389,647	12,662,410	16,018,557
Grants from state government	14,780,400	855,643	1,512,256	6,360,732	23,509,031
Charges for services	4,726,334	-	-	11,171,593	15,897,927
Fines and forfeitures	175,756	-	-	224,241	399,997
Interest from loans	-	-	-	39,347	39,347
Investment earnings	2,919,562	2,368,330	-	2,359,762	7,647,654
Miscellaneous	5,364,456	858,523	909,835	241,138	7,373,952
Total revenues	435,797,502	8,502,430	4,811,738	76,537,693	525,649,363
Expenditures					
Current:					
General government	31,396,092	-	-	2,150,993	33,547,085
Public safety	53,079,315	-	-	38,149,312	91,228,627
Public works	20,204,593	-	-	5,909,962	26,114,555
Health	6,670,375	-	-	911,254	7,581,629
Social services	6,184,878	-	-	1,935,643	8,120,521
Education	252,074,877	-	-	-	252,074,877
Parks, recreation and culture	14,143,791	-	-	-	14,143,791
Conservation of natural resources	650,312	6,990,563	-	335,176	7,976,051
Community development and public housing	414,358	-	-	4,859,073	5,273,431
Economic development and opportunity	2,569,055	-	-	11,186,052	13,755,107
Miscellaneous	1,349,087	-	-	-	1,349,087
Intergovernmental	7,442,704	-	-	-	7,442,704
Debt service	30,866,297	1,775,793	401,824	11,287,210	44,331,124
Capital projects	-	-	99,230,793	-	99,230,793
Total expenditures	427,045,734	8,766,356	99,632,617	76,724,675	612,169,382
Excess (deficiency) of revenues over expenditures	8,751,768	(263,926)	(94,820,879)	(186,982)	(86,520,019)
Other financing sources (uses)					
Transfers in from:					
General fund	-	511,377	14,457,269	7,735,728	22,704,374
Special revenue funds	-	-	3,486,070	-	3,486,070
Internal service funds	997,039	-	-	-	997,039
Transfers out to:					
Capital projects fund	(14,457,269)	-	-	(3,486,070)	(17,943,339)
Special revenue funds	(8,247,105)	-	-	-	(8,247,105)
Enterprise funds	(5,592,335)	-	-	-	(5,592,335)
Internal service funds	-	-	-	(15,527)	(15,527)
Installment purchase agreement	-	2,437,428	-	-	2,437,428
Capital leases	-	-	-	2,120,000	2,120,000
Sale of capital assets	-	-	-	7,023	7,023
Total other financing sources and (uses)	(27,299,670)	2,948,805	17,943,339	6,361,154	(46,372)
Net change in fund balances	(18,547,902)	2,684,879	(76,877,540)	6,174,172	(86,566,391)
Fund balances - beginning of year	70,867,666	40,967,761	120,480,084	46,591,270	278,906,781
Fund balances - end of year	$ 52,319,764	$ 43,652,640	$ 43,602,544	$ 52,765,442	$ 192,340,390

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

FREDERICK COUNTY, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds (See Exhibit II-A-5)		$ (86,566,391)
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	$ 3,395,622	
Depreciation Expense	(23,141,961)	
Adjusted for Internal Service Fund Depreciation	3,225,225	(16,521,114)
The net effect of various miscellaneous transactions involving capital assets is to increase net assets.		
Donation of Capital Assets	14,306,116	
Additions to Construction in Progress	22,814,342	
Asset Replacements, Retirements and Deletions	(1,978,039)	35,142,419
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	28,694,070	
Income Taxes - Recognized as Income in the Prior Year	(49,541,570)	
Other Revenues - Deferred in the Fund Statements	2,365,410	
Other Revenues - Recognized as Income in the Prior Year	(1,928,550)	(20,410,640)

(continued)

FREDERICK COUNTY, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

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

Issuance of General Obligation Bonds	$ -	
Issuance of IPAs	(2,437,428)	
Capital Lease Financing	(2,120,000)	
Bond Premiums	-	
Deferred Charge for Issuance Costs	39,054	
Principal Payments on General Obligation Debt	22,973,192	
Principal Payments on Notes Payable	729,379	
Principal Payments on Capital Leases	2,187,379	
Amortization of Bond Premiums	1,983,742	
Amortization of Issuance Costs	(916,550)	$ 22,438,768

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

Accrued Interest - Prior Year	5,317,942	
Accrued Interest - Current Year	(5,327,182)	
Net Other Post Employment Benefit Obligation	(7,557,864)	
Compensated Absences Accrual	(662,846)	
Termination Benefits Accrual	15,124	(8,214,826)
Internal service funds are used by management to charge the costs of motor pool services to individual funds.		245,674
Change in net assets of governmental activities (See Exhibit II-A-2)		$ (73,886,110)

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, 2009

	Original Budget	Amended Budget	Actual	Variance-Positive (Negative)
Local property taxes				
Real property (inc. additions & abatements)	$ 279,080,782	$ 279,080,782	$ 277,996,348	$ (1,084,434)
Public utilities	8,000,000	8,000,000	7,024,791	(975,209)
Payments in lieu of taxes	50,000	50,000	91,034	41,034
Total levy	287,130,782	287,130,782	285,112,173	(2,018,609)
Tax credit - state reimbursement	2,500,000	2,500,000	2,951,100	451,100
Homestead credit	(49,722,402)	(49,722,402)	(48,981,964)	740,438
Other tax credits and refunds	(3,439,000)	(3,439,000)	(3,811,879)	(372,879)
Interest - delinquent taxes	1,700,000	1,700,000	2,485,767	785,767
Discounts allowed on taxes	(1,300,000)	(1,300,000)	(1,434,029)	(134,029)
Total adjustments	(50,261,402)	(50,261,402)	(48,791,005)	1,470,397
Total local property taxes	236,869,380	236,869,380	236,321,168	(548,212)
Local income taxes	163,282,000	163,282,000	158,356,951	(4,925,049)
Other local taxes				
Admission and amusement	893,000	893,000	827,599	(65,401)
Recordation	13,250,000	13,250,000	10,415,103	(2,834,897)
911 fees - local	1,850,000	1,850,000	1,280,706	(569,294)
Trailer parks	82,000	82,000	99,580	17,580
Security interest filing fees	1,000	1,000	580	(420)
Total other local taxes	16,076,000	16,076,000	12,623,568	(3,452,432)
Licenses and permits				
Alcoholic beverage licenses	212,000	212,000	225,341	13,341
Traders' licenses	204,000	204,000	221,918	17,918
Animal licenses	31,000	31,000	50,212	19,212
Marriage fees	14,000	14,000	12,920	(1,080)
Miscellaneous licenses and permits	9,000	14,627	18,916	4,289
Total licenses and permits	470,000	475,627	529,307	53,680

(continued)

Exhibit II-A-7
(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, 2009

	Original Budget	Amended Budget	Actual	Variance-Positive (Negative)
Grants from state government				
Police protection	$ 1,025,000	$ 1,025,000	$ 1,049,293	$ 24,293
Aid for fire, rescue and ambulance services	360,000	360,000	364,519	4,519
County inmate housing	2,100,000	2,100,000	1,664,830	(435,170)
Highway user revenues	13,696,000	13,696,000	11,571,112	(2,124,888)
Parks	84,000	84,000	130,646	46,646
Total grants from state government	17,265,000	17,265,000	14,780,400	(2,484,600)
Charges for services				
Planning and zoning fees	96,700	96,700	33,920	(62,780)
Court costs, fees and charges	2,300	2,300	2,822	522
Scott Key Center	1,332,641	1,332,641	1,424,780	92,139
Other general government	133,000	133,000	115,761	(17,239)
Public safety	457,000	459,865	603,204	143,339
Public improvement inspections	182,500	182,500	45,092	(137,408)
Workforce services	70,000	70,000	49,348	(20,652)
Frederick County Developmental Center	43,000	43,000	32,224	(10,776)
Mental health	1,803,150	1,803,150	1,622,806	(180,344)
Recreation	691,000	691,000	796,378	105,378
Total charges for services	4,811,291	4,814,156	4,726,335	(87,821)
Fines and forfeitures				
Court	75,000	75,000	76,881	1,881
Alcoholic beverages	5,000	5,000	21,600	16,600
Other fines and forfeitures	102,500	102,500	77,275	(25,225)
Total fines and forfeitures	182,500	182,500	175,756	(6,744)
Investment earnings	5,005,000	5,005,000	2,919,562	(2,085,438)
Miscellaneous revenues				
Rents and concessions	1,329,360	1,329,360	1,360,180	30,820
Contributions and donations	-	2,726,593	2,729,947	3,354
Sale of property	10,000	10,000	14,722	4,722
Other miscellaneous revenues	768,500	807,955	1,259,606	451,651
Total miscellaneous revenues	2,107,860	4,873,908	5,364,455	490,547
Total revenues	446,069,031	448,843,571	435,797,502	(13,046,069)

(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, 2009

	Original Budget	Amended Budget	Actual	Variance-Positive (Negative)
General government				
Legislative and executive				
County commissioners	$ 715,448	$ 715,448	$ 695,519	$ 19,929
County manager	1,244,108	1,244,108	1,130,415	113,693
Boards and commissions	16,398	16,398	13,075	3,323
Total legislative and executive	1,975,954	1,975,954	1,839,009	136,945
Judicial				
Circuit court	1,081,419	1,081,419	1,058,114	23,305
Orphans court	27,219	27,219	26,596	623
States attorney	5,215,401	5,215,401	5,193,773	21,628
Grand jury	87,623	87,623	73,365	14,258
Other judicial	500	500	500	-
Total judicial	6,412,162	6,412,162	6,352,348	59,814
Elections				
Board of supervisors of elections	1,368,408	1,368,408	1,249,746	118,662
Financial administration				
Accounting	2,448,535	2,448,535	2,311,973	136,562
Independent auditing	39,900	48,400	51,591	(3,191)
Budgeting	509,898	509,898	505,004	4,894
Purchasing	917,258	917,258	909,450	7,808
Risk Management	371,637	371,637	366,832	4,805
Treasury	1,028,614	1,028,614	932,818	95,796
Total financial administration	5,315,842	5,324,342	5,077,668	246,674
Legal				
County attorney	925,960	925,960	901,933	24,027
Personnel administration				
Personnel	969,469	986,469	938,917	47,552
Planning and zoning				
Planning	2,330,715	2,330,715	2,165,814	164,901
Board of zoning appeals	11,625	11,625	6,342	5,283
Total planning and zoning	2,342,340	2,342,340	2,172,156	170,184

(continued)

Exhibit II-A-7
(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, 2009

	Original Budget	Amended Budget	Actual	Variance-Positive (Negative)
Management services				
General services	$ 201,554	$ 201,554	$ 155,838	$ 45,716
Logistical services	307,225	307,225	307,351	(126)
Maintenance	8,097,030	8,073,030	7,124,911	948,119
Custodial services	2,434,330	2,437,490	2,363,263	74,227
Total management services	11,040,139	11,019,299	9,951,363	1,067,936
Other general government				
Internal audit	610,225	512,678	502,623	10,055
Interagency Information Technologies	7,153,446	7,466,517	7,474,068	(7,551)
Board of liquor license commissioners	258,984	264,611	269,457	(4,846)
Total other general government	8,022,655	8,243,806	8,246,148	(2,342)
Total general government	38,372,929	38,598,740	36,729,288	1,869,452
Public safety				
Sheriff	23,824,037	23,825,733	22,175,518	1,650,215
Fire protection	947,372	1,033,487	962,334	71,153
Fire/rescue state grant allocation	360,000	360,000	363,247	(3,247)
Fire inspection	551,845	551,845	496,996	54,849
Fire and rescue services	5,559,091	5,622,000	4,869,486	752,514
Advanced life support	548,946	-	-	-
Detention center	13,013,002	12,890,348	12,092,615	797,733
Work release center	2,538,985	2,538,985	2,447,969	91,016
Alternative sentencing	781,282	781,282	779,891	1,391
Emergency preparedness	624,301	475,304	413,694	61,610
Division of Emergency Planning & Management	280,447	280,447	262,361	18,086
Animal control	1,617,173	1,623,838	1,580,965	42,873
Emergency communications	4,767,576	4,767,576	4,624,171	143,405
Public safety director	449,052	449,052	434,483	14,569
Total public safety	55,863,109	55,199,897	51,503,730	3,696,167
Public works				
Highways	13,132,237	13,132,237	12,937,072	195,165
Public works administration	325,314	325,314	326,433	(1,119)
Project management	502,257	502,257	401,373	100,884
Construction management	2,002,433	2,002,433	1,490,779	511,654
Watershed management section	643,237	580,643	575,113	5,530
Program development and management	502,145	502,145	491,647	10,498
Transportation engineering	1,362,293	3,974,571	3,794,214	180,357
Total public works	18,469,916	21,019,600	20,016,631	1,002,969

(continued)

Exhibit II-A-7
(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, 2009

	Original Budget	Amended Budget	Actual	Variance- Positive (Negative)
Health				
County administrator	$ 119,010	$ 119,010	$ 122,194	$ (3,184)
Core services	3,242,330	3,242,330	2,745,793	496,537
Detention center substance abuse	132,572	132,572	42,630	89,942
Mental health	1,382,545	1,382,545	1,229,549	152,996
Mosquito control	8,000	8,000	3,418	4,582
Frederick County Developmental Center	2,257,332	2,271,982	1,996,756	275,226
ARC of Frederick County	39,000	39,000	39,000	-
Counseling services	24,000	24,000	24,000	-
Mental Health Association hotline	60,000	60,000	60,000	-
Child Abuse Prevention-Mental Health Association	6,500	6,500	6,500	-
Alzheimer's Association of Frederick County	13,000	13,000	13,000	-
Central Maryland Catholic Charities	23,400	23,400	23,400	-
Hepatitis Clinic	20,000	20,000	20,000	-
Total health	7,327,689	7,342,339	6,326,240	1,016,099
Social services				
Contribution to Department of Social Services	1,437,611	1,437,611	1,343,767	93,844
Department of Aging	444,427	442,383	337,416	104,967
Office of Children and Families	162,978	162,978	138,343	24,635
Medical transportation services	205,921	205,921	95,064	110,857
Family Partnership	312,394	312,394	306,265	6,129
Child Advocacy Center	297,930	267,930	173,448	94,482
Deinstitutionalization day care	11,514	11,514	11,514	-
Community Agency School Services	48,000	48,000	48,000	-
Daybreak Adult Daycare Center	28,750	28,750	28,750	-
Advocates for the Homeless	25,000	25,000	25,000	-
The Volunteer Center - United Way	20,000	20,000	20,000	-
Community Action Agency	120,000	120,000	120,000	-
Up-County Family Center	14,250	14,250	14,250	-
Character Counts	3,500	3,500	3,500	-
Emergency food/fuel/shelter	227,000	227,000	227,000	-
Big Brothers and Big Sisters	23,646	23,646	23,646	-
Healthy Family/Heartly House	35,000	35,000	35,000	-
CASA of Frederick County	6,000	6,000	6,000	-
Scott Key Center	3,019,752	3,019,752	2,858,127	161,625
Other social services	148,000	148,000	148,000	-
Total social services	6,591,673	6,559,629	5,963,090	596,539
Education				
Maryland School for the Blind	2,000	2,000	-	2,000
Frederick County Board of Education	237,970,413	237,890,599	237,474,944	415,655
Frederick Community College	14,696,046	14,650,769	14,599,933	50,836
Total education	252,668,459	252,543,368	252,074,877	468,491

(continued)

Exhibit II-A-7
(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, 2009

	Original Budget	Amended Budget	Actual	Variance-Positive (Negative)
Parks, recreation and culture				
Frederick County Public Libraries	$ 9,271,143	$ 9,283,500	$ 9,078,985	$ 204,515
Parks and recreation	5,284,971	5,284,971	4,820,343	464,628
Recreation grants	40,000	40,000	40,000	-
Historical Society of Frederick County	12,530	12,530	12,530	-
American Legion Council	1,000	1,000	1,000	-
National Museum of Civil War Medicine	10,000	10,000	10,000	-
Delaplaine Visual Arts Center	10,000	10,000	10,000	-
Weinberg Center for the Arts	10,000	10,000	10,000	-
Community libraries	1,589	1,589	1,589	-
Total parks, recreation and culture	14,641,233	14,653,590	13,984,447	669,143
Conservation of natural resources				
Extension service	349,154	349,154	341,490	7,664
Soil conservation	212,137	212,137	213,557	(1,420)
Gypsy moth control	80,000	80,000	80,000	-
Forestry Board	2,000	2,000	2,000	-
Western Maryland Resources Conservation and Development Council	500	500	500	-
Total conservation of natural resources	643,791	643,791	637,547	6,244
Community development and public housing				
Housing administration	385,903	402,935	399,466	3,469
Total community development and public housing	385,903	402,935	399,466	3,469

(continued)

Exhibit II-A-7
(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, 2009

	Original Budget	Amended Budget	Actual	Variance-Positive (Negative)
Economic development and opportunity				
Office of Economic Development	$ 1,030,521	$ 1,030,521	$ 998,678	$ 31,843
Citizens Services Administration	348,943	348,943	350,688	(1,745)
Workforce Services	681,425	681,425	634,151	47,274
Hood College	150,000	150,000	150,000	-
Head Start	55,951	55,951	55,009	942
Human relations	151,079	151,079	149,045	2,034
Jeanne Bussard Center	40,000	40,000	40,000	-
Commission for Women	4,858	4,858	4,858	-
Goodwill Ambassador Fund	5,000	5,000	-	5,000
Commission for Disabilities	1,450	1,450	1,437	13
Seton Center	50,000	50,000	50,000	-
Emmitsburg Child Care Center	30,000	30,000	30,000	-
Child Care Consortium	30,000	30,000	30,000	-
FMH Prenatal Clinic	25,000	25,000	25,000	-
Total economic development and opportunity	2,604,227	2,604,227	2,518,866	85,361
Non-departmental				
Property and liability insurance	1,563,500	1,555,000	691,371	863,629
Other post employment benefits	4,356,219	3,571,820	3,571,820	-
Other employee benefits and taxes	1,366,740	1,382,035	468,765	913,270
Other various contingencies	2,829,000	2,562,835	11,873	2,550,962
Indirect cost recovery	(4,900,000)	(4,900,000)	(5,552,806)	652,806
Other miscellaneous	(336,299)	9,629,028	(363,552)	9,992,580
Total non-departmental	4,879,160	13,800,718	(1,172,529)	14,973,247
Intergovernmental				
Financial corporations grant to municipalities	50,000	50,000	49,273	727
Tax rebate to municipalities	7,393,431	7,393,431	7,393,431	-
Total intergovernmental	7,443,431	7,443,431	7,442,704	727
Debt service				
Principal - general obligation debt	18,258,731	18,258,731	18,215,804	42,927
Principal - state loans	705,558	705,558	705,558	-
Interest - general obligation debt	11,859,786	11,709,786	11,698,076	11,710
Interest - state loans	246,860	246,860	246,860	-
Total debt service	31,070,935	30,920,935	30,866,298	54,637
Total expenditures	440,962,455	451,733,200	427,290,655	24,442,545

(continued)

Exhibit II-A-7
(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, 2009

	Original Budget	Amended Budget	Actual	Variance- Positive (Negative)
Other financing sources (uses)				
Transfers in from				
Fire/rescue special revenue fund	$ -	$ 474,000	$ 474,000	$ -
Housing initiatives special revenue fund	-	32,295	-	(32,295)
Fleet services internal service fund	-	1,000,000	1,000,000	-
Transfers out to				
Grants special revenue fund	(8,599,320)	(8,850,717)	(7,684,627)	1,166,090
Agriculture preservation special revenue fund	(506,964)	(506,964)	(506,964)	-
Capital projects fund	(21,300,940)	(14,457,269)	(14,457,269)	-
Enterprise fund - Citizens Care & Rehabilitation Center	(2,663,581)	(3,087,136)	(3,087,136)	-
Enterprise fund - Montevue Home	(2,025,266)	(2,104,749)	(2,104,749)	-
Enterprise fund - Permitting and Development Review	(804,085)	(400,450)	(400,450)	-
Fleet services internal service fund	-	(2,961)	(2,961)	-
Total other financing sources (uses)	(35,900,156)	(27,903,951)	(26,770,156)	1,133,795
Budgeted use of fund balance	$ (30,793,580)	$ (30,793,580)	$ (18,263,309)	$ 12,530,271
Change in fund balance			$ (18,263,309)	
Net change in reserves and adjustments to GAAP basis			(284,593)	
Fund balance - beginning of year			70,867,666	
Fund balance - end of year			$ 52,319,764	

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, 2009

	Original Budget	Amended Budget	Actuals	Variance - Positive (Negative)
Revenues				
Other local taxes	$ 4,083,211	$ 4,083,211	$ 3,453,434	$ (629,777)
Grants from federal government	-	1,004,500	966,500	(38,000)
Grants from state government	-	3,197,138	855,643	(2,341,495)
Investment earnings	1,470,649	1,485,584	2,368,330	882,746
Miscellaneous	850,000	850,000	858,523	8,523
Total revenues	6,403,860	10,620,433	8,502,430	(2,118,003)
Expenditures				
Conservation of natural resources	5,126,793	14,674,114	6,986,150	7,687,964
Debt Service	2,333,274	2,355,709	1,775,793	579,916
Total expenditures	7,460,067	17,029,823	8,761,943	8,267,880
Excess (deficiency) of revenues over expenditures	(1,056,207)	(6,409,390)	(259,513)	6,149,877
Other financing sources (uses)				
Appropriated fund balance	(1,450,757)	2,335,916	979,224	(1,356,692)
Transfer from General Fund	506,964	506,964	506,964	-
Installment purchase agreement	2,000,000	3,566,510	2,437,428	(1,129,082)
Total other financing sources (uses)	1,056,207	6,409,390	3,923,616	(2,485,774)
Net change in fund balances	$ -	$ -	3,664,103	$ 3,664,103
Net change in reserves and adjustment to GAAP basis			(979,224)	
Fund balance - beginning			40,967,761	
Fund balance - ending			$ 43,652,640	

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Business-type Activities-Enterprise Funds				
	Water and Sewer	Solid Waste Management	Total Nonmajor Enterprise Funds	Total	Governmental Activities-Internal Service Funds
Assets					
Current assets:					
Cash	$ 6,000,500	$ 2,600	$ 82,799	$ 6,085,899	$ -
Equity in pooled invested cash	3,121,644	5,572,956	7,131,590	15,826,190	6,727,672
Total cash and cash equivalents	9,122,144	5,575,556	7,214,389	21,912,089	6,727,672
Restricted cash and cash equivalents	986,839	277,839	392,296	1,656,974	-
Short-term investments	34,218,851	23,126,318	-	57,345,169	-
Receivables, net of allowance for uncollectibles accounts					
Accounts	7,552,913	1,558,434	2,549,486	11,660,833	185,721
Due from other funds	683,554	-	-	683,554	-
Due from component units	-	-	-	-	177
Inventories	168,365	-	40,796	209,161	272,665
Prepaid items	-	-	-	-	37,998
Total current assets	52,732,666	30,538,147	10,196,967	93,467,780	7,224,233
Noncurrent assets:					
Long-term investments	26,231,897	5,269,665	-	31,501,562	-
Due from other funds	3,018,792	-	-	3,018,792	-
Capital Assets:					
Land	3,605,173	2,837,164	646,142	7,088,479	-
Buildings and improvements	66,780,812	50,351,174	13,715,302	130,847,288	1,833,133
Equipment	34,819,014	5,793,690	2,338,706	42,951,410	28,558,917
Other improvements	277,822,294	-	-	277,822,294	-
Accumulated depreciation	(74,962,040)	(30,863,718)	(7,608,042)	(113,433,800)	(15,528,536)
Construction in progress	100,435,881	1,438,988	-	101,874,869	-
Deferred bond issue expense	581,929	148,008	28,255	758,192	-
Total noncurrent assets	438,333,752	34,974,971	9,120,363	482,429,086	14,863,514
Total assets	491,066,418	65,513,118	19,317,330	575,896,866	22,087,747
Liabilities					
Current liabilities:					
Accounts payable	366,163	238,724	52,022	656,909	155,811
Payroll and benefit deductions	711,564	165,792	1,134,121	2,011,477	166,978
Accrued expenses	4,449,267	1,813,085	373,774	6,636,126	74,099
Due to other funds	-	683,554	721,250	1,404,804	-
Deferred revenues	673,748	15,774	3,548,116	4,237,638	-
Security deposits	-	-	8,921	8,921	-
Other liabilities	6,717,166	801,425	69,648	7,588,239	-
Current portion landfill closure and postclosure liability	-	329,324	-	329,324	-
Current portion general obligation bonds and notes	9,105,837	2,995,804	380,300	12,481,941	-
Current portion of compensated absences	17,245	7,298	62,916	87,459	2,066
Total current liabilities	22,040,990	7,050,780	6,351,068	35,442,838	398,954
Noncurrent liabilities:					
Long term portion landfill closure and postclosure liability	-	12,994,868	-	12,994,868	-
Long term portion general obligation bonds and notes	107,402,370	34,988,691	6,081,713	148,472,774	-
Liability for compensated absences	668,151	142,896	764,275	1,575,322	155,980
Net other post employee benefit obligation	476,277	162,884	1,107,407	1,746,568	128,901
Accrued termination benefits	14,617	9,745	20,285	44,647	-
Due to other funds	-	3,018,792	-	3,018,792	-
Total noncurrent liabilities	108,561,415	51,317,876	7,973,680	167,852,971	284,881
Total liabilities	130,602,405	58,368,656	14,324,748	203,295,809	683,835
Net Assets					
Invested in capital assets, net of related debt	291,992,927	(377,796)	2,630,095	294,245,226	14,863,514
Restricted for:					
Capital projects	-	277,838	-	277,838	-
Other purposes	-	9,201	392,296	401,497	-
Unrestricted	68,471,086	7,235,219	1,970,191	77,676,496	6,540,398
Total net assets	$ 360,464,013	$ 7,144,462	$ 4,992,582	372,601,057	$ 21,403,912
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.				723,070	
Net assets of business-type activities				$ 373,324,127	

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

Exhibit II-A-10

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Water and Sewer	Solid Waste Management	Total Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
Operating revenues					
Service charges	$ 20,233,419	$ 23,070,696	$ -	$ 43,304,115	$ 13,029,678
Charges for health care services, net of contractual adjustments	-	-	12,940,711	12,940,711	-
License and permit revenue	-	-	3,328,106	3,328,106	-
Fee revenue	-	-	1,804,811	1,804,811	-
Rental charges	-	-	138,432	138,432	-
Total net charges for services	20,233,419	23,070,696	18,212,060	61,516,175	13,029,678
Delinquent fees collected	58,564	70,058	-	128,622	-
Other revenues	424,917	-	83,417	508,334	-
Total operating revenues	20,716,900	23,140,754	18,295,477	62,153,131	13,029,678
Operating expenses					
Personnel services	8,545,477	2,605,492	18,670,353	29,821,322	2,772,489
Operating expenses (including administrative overhead)	6,482,768	14,041,770	4,307,634	24,832,172	1,596,629
Supplies	735,710	3,083,987	1,248,715	5,068,412	3,893,207
Repairs and maintenance	1,503,916	245,169	90,062	1,839,147	641,189
Depreciation expense	6,738,461	1,324,493	886,497	8,949,451	3,225,225
Total operating expenses	24,006,332	21,300,911	25,203,261	70,510,504	12,128,739
Operating income (loss)	(3,289,432)	1,839,843	(6,907,784)	(8,357,373)	900,939
Nonoperating revenues (expenses)					
Donations	-	-	27,663	27,663	-
Investment earnings	3,111,060	1,016,119	117,708	4,244,887	213,842
Miscellaneous income (expense)	(386,348)	-	-	(386,348)	31,683
Interest expense	(3,364,201)	(1,328,849)	(261,850)	(4,954,900)	-
Gain (loss) on disposition of capital assets	(189,006)	33,250	-	(155,756)	38,051
Total nonoperating revenues (expenses)	(828,495)	(279,480)	(116,479)	(1,224,454)	283,576
Net income (loss) before contributions and transfers	(4,117,927)	1,560,363	(7,024,263)	(9,581,827)	1,184,515
Capital contributions	32,262,584	3,500	-	32,266,084	24,525
Transfers in	-	-	5,592,335	5,592,335	(997,039)
Transfers out	(46,424)	(99,025)	(39,886)	(185,335)	200,862
Total contributions and transfers	32,216,160	(95,525)	5,552,449	37,673,084	(771,652)
Change in net assets	28,098,233	1,464,838	(1,471,814)	28,091,257	412,863
Net assets - beginning of year	332,365,780	5,679,624	6,464,396		20,991,049
Net assets - end of year	$ 360,464,013	$ 7,144,462	$ 4,992,582		$ 21,403,912
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.				160,168	
Change in net assets of business-type activities				$ 28,251,425	

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, 2009

	Business-type Activities-Enterprise Funds				
	Water and Sewer	Solid Waste Management	Total Nonmajor Enterprise Funds	Total	Governmental Activities-Internal Service Funds
Cash flows from operating activities					
Cash received from residents and customers	$ 20,832,789	$ 23,290,715	$ 18,226,531	$ 62,350,035	$ 13,023,951
Cash received from (paid to) interfund services	-	-	(600,098)	(600,098)	-
Cash paid to suppliers	(12,279,941)	(17,990,237)	(5,315,235)	(35,585,413)	(6,443,236)
Cash paid to employees	(7,904,037)	(2,380,369)	(17,422,702)	(27,707,108)	(2,590,957)
Other	-	-	14,435	14,435	-
Net cash provided (used) by operating activities	648,811	2,920,109	(5,097,069)	(1,528,149)	3,989,758
Cash flows from noncapital financing activities					
Transfers in		3,702,346	5,592,335	9,294,681	(796,177)
Cash received from donations	-	-	18,521	18,521	-
Transfers out	(3,702,346)	-	-	(3,702,346)	-
Cash received from patient and resident funds	-	-	15,453	15,453	-
Cash paid to memorial and employee funds	-	-	18	18	-
Net cash provided (used) by noncapital financing activities	(3,702,346)	3,702,346	5,626,327	5,626,327	(796,177)
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(69,864,483)	(1,535,440)	(4,842)	(71,404,765)	(4,007,605)
Recoveries for damages	-	-	-	-	11,997
Payment of bond issue expense	(583)	-	-	(583)	187,049
Proceeds from debt issues	18,078,505	1,205,485	-	19,283,990	-
Payment of bond and note principal	(9,120,735)	(2,832,030)	(338,354)	(12,291,119)	-
Gain on disposal of capital assets	4,770	33,250	-	38,020	-
Interest paid on bonds	(3,585,666)	(1,387,767)	(291,718)	(5,265,151)	-
Contributed capital	32,216,160	(99,025)	-	32,117,135	-
Net cash provided (used) by capital & related financing activities	(32,272,032)	(4,615,527)	(634,914)	(37,522,473)	(3,808,559)
Cash flows from investing activities					
Purchase of investments	(156,310,388)	(36,818,292)	(43,954)	(193,172,634)	-
Proceeds from the sale of investments	194,469,327	36,313,107	2,400	230,784,834	-
Interest received on investments	3,349,634	972,801	119,714	4,442,149	213,842
Net cash provided (used) by investing activities	41,508,573	467,616	78,160	42,054,349	213,842
Net increase (decrease) in cash and cash equivalents	6,183,006	2,474,544	(27,496)	8,630,054	(401,136)
Cash and cash equivalents - beginning of year	2,939,138	3,101,012	7,241,885	13,282,035	7,128,808
Cash and cash equivalents - end of year	$ 9,122,144	$ 5,575,556	$ 7,214,389	$ 21,912,089	$ 6,727,672

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities-Enterprise Funds				
	Water and Sewer	Solid Waste Management	Total Nonmajor Enterprise Funds	Total	Governmental Activities-Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ (3,289,432)	$ 1,839,843	$ (6,907,784)	$ (8,357,373)	$ 900,939
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	6,738,461	1,324,493	886,497	8,949,451	3,225,225
Landfill closing costs	-	(305,040)	-	(305,040)	-
Unfunded other post employee benefit obligation	476,277	162,884	1,107,407	1,746,568	-
Accrued termination benefits	14,617	9,745	20,285	44,647	-
Miscellaneous non operating income	(386,347)	-	-	(386,347)	-
Change in assets and liabilities:					
(Increase) decrease:					
Accounts receivable	722,330	147,789	(438,524)	431,595	(5,727)
Bad debt allowance	-	6,528	41,759	48,287	-
Inventory	16,359	-	(166)	16,193	-
Prepaid items	-	-	540	540	(8,504)
Increase (decrease):					
Accounts payable	(1,898,141)	194,433	27,758	(1,675,950)	(274,747)
Accrued expenses	(444,222)	(239,864)	154,342	(529,744)	(2,319)
Deferred revenues	(220,094)	2,172	609,508	391,586	-
Liability for compensated leave	62,888	17,943	52,693	133,524	25,990
Due to other funds	-	-	(644,273)	(644,273)	-
Closure liability	-	(240,817)	-	(240,817)	-
Other liabilities	(1,143,885)	-	(7,111)	(1,150,996)	128,901
Net cash provided (used) by operating activities	$ 648,811	$ 2,920,109	$ (5,097,069)	$ (1,528,149)	$ 3,989,758

Noncash investing, capital, and financing activities:
Included in interest income in the Water and Sewer Fund is an unrealized gain of $403,754. Included in interest income in the Solid Waste Fund is an unrealized gain of $171,479.

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

Exhibit II-A-12

FREDERICK COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009

	Pension Trust	Other Post Employment Benefits Trust	Agency Funds
ASSETS			
Cash and cash equivalents	$ 41,579	$ -	$ 159,471
Equity in pooled invested cash	767,279	1,131,084	4,110,802
Investments:			
Money markets	3,823,467	19,173	-
Fixed income securities	29,956,366	-	-
Equity securities	152,936,496	14,151,633	-
Accounts receivable	-	205,086	-
Interest receivable	305,279	-	-
Total assets	187,830,466	15,506,976	$ 4,270,273
LIABILITIES			
Accounts payable	182,749	7,576	$ -
Accrued payroll	1,887	-	-
Due to third parties	-	-	665,563
Performance deposits	-	-	3,604,710
Retirement benefit deductions	60,485	-	-
Total liabilities	245,121	7,576	$ 4,270,273
NET ASSETS			
Assets held in trust for pension benefits and other purposes	$ 187,585,345	$ 15,499,400	

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

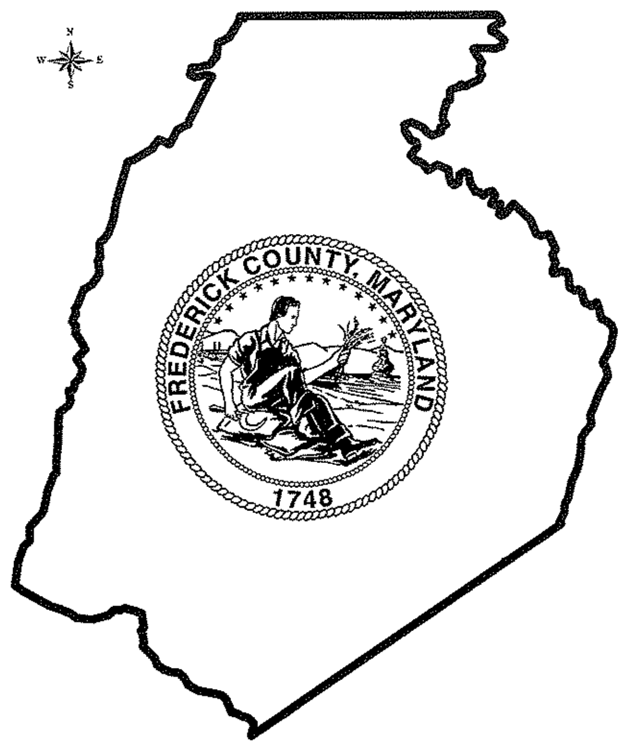
Exhibit II-A-13

FREDERICK COUNTY , MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Pension Trust	Other Post Employment Benefits Trust
Additions		
Contributions		
Employer contributions	$ 20,360,404	$ 7,218,260
Member contributions	5,943,872	-
Member contributions for current benefits	-	585,091
Other	-	205,000
Total contributions	26,304,276	8,008,351
Investment income		
Net appreciation (depreciation) in fair value of plan investments	(33,263,135)	(1,366,170)
Interest and dividends	4,187,113	498,364
Investment expense	(668,514)	(1,539)
Net investment income	(29,744,536)	(869,345)
Total additions	(3,440,260)	7,139,006
Deductions		
Benefits and refunds	7,045,362	4,928,265
Administrative expenses	574,682	39,233
Total deductions	7,620,044	4,967,498
Change in net assets	(11,060,304)	2,171,508
Net assets - beginning of year	198,645,649	13,327,892
Net assets - end of year	$ 187,585,345	$ 15,499,400

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

NOTES TO FINANCIAL STATEMENTS



Frederick County, Maryland

Directory For

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

FREDERICK COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

For financial reporting purposes, in conformance with GAAP, the reporting entity includes the Board of County Commissioners of Frederick County (the primary government) and its component units. The concept of "financial accountability" determines which organizations are included in the reporting entity and how they are reported. The primary government, or the separately elected governing body, is the nucleus of the financial reporting entity. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the primary government.

Component Units

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

The Board of Education of Frederick County (BOE) is a legally separate organization created by State Law to operate the County's school system. Day-to-day management of the schools is under the control of the BOE, with final decision-making authority held by the State Board of Education. The BOE's budget is subject to approval by the Board of County Commissioners of Frederick County. The BOE submits a funding request by major categories of expenditure; the Board of County Commissioners can reduce the BOE request and appropriate a lesser amount in total and/or redistribute funds between major categories. The Board of County Commissioners also must approve budget amendments between major categories. The State Board of Education, through the State Department of Education, reviews the BOE's budget to ensure that the Board of County Commissioners funds a minimum budget as a condition for State funding. However, this review is considered ministerial, and not substantive in nature.

The Board of Trustees of Frederick Community College oversees the day-to-day management of Frederick Community College (FCC). FCC is also legally separate under State Law. The Governor appoints FCC board members. FCC's budget is subject to approval by the Board of County Commissioners of Frederick County. FCC requests a single amount to fund its operations; the Board of Commissioners can reject FCC's request and appropriate a lesser amount, but it does not have the ability to modify the individual line item amounts in FCC's requested budget. Financial data related to FCC also includes its component unit, Frederick Community College Foundation, Inc. (the Foundation).

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

Board of Education of Frederick County
7630 Hayward Road
Frederick, Maryland 21702

Frederick Community College
7932 Opossumtown Pike
Frederick, Maryland 21702

Joint Venture

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements, which include the Statement of Net Assets and the Statement of Activities, report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity, for the most part, and all fiduciary activity have been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate *component units* for which the primary government is financially

NOTES TO FINANCIAL STATEMENTS
(Continued)

accountable or for which their relationship with the County is of such significance that exclusion would cause the County's financial statements to be misleading.

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

The County reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Agricultural Preservation Fund* accounts for taxes on the transfer of agricultural properties that are legally restricted to providing funding for state or approved local agricultural land preservation programs. It also accounts for other revenue sources designated for agricultural land preservation.

The *Capital Projects Fund* accounts for the purchase, construction or renovation of major capital assets. It is composed of the General Government Capital Projects Fund and accounts for additions of education facilities, roads and similar general government capital assets (other than those financed by the proprietary funds).

Nonmajor governmental funds include the following special revenue funds:

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

- *Sheriff's Activities Fund* – These four funds account for activities such as the Sheriff's Drug Enforcement, Sheriff's Office, Narcotics Task Force, and Inmates' Canteen.

- *Loan Activities* – These funds accounts for the loan activities associated with four loan funds – Housing Initiative Loans, Non-Profit Organization Loans, Fire/Rescue Loans and Economic Development Loans.

The County reports the following major proprietary funds:

- *Water and Sewer Enterprise Fund* – This fund accounts for the acquisition and operation of utility systems providing water and sewer service to certain sections of the County.

- *Solid Waste Management Enterprise Fund* – This fund accounts for the capital outlay, operation and maintenance of the County's recycling program and the County's landfill, providing solid waste disposal service to County residents through commercial haulers.

Nonmajor proprietary funds include the following enterprise funds:

- *Citizens Care and Rehabilitation Center Fund* accounts for operations of Citizens Care and Rehabilitation Center of Frederick County, a nursing home facility.

- *Montevue Home Fund* accounts for operations of an assisted living facility.

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

- *Permitting and Development Review Fund* accounts for the operations related to the issuing and administration of building and other permits and for the approval process for contractor development plans.

Additionally, the County reports the following fund types:

- *Internal Service Funds* account for fleet and voice related services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

- *Agency Funds* are used to account for monies received and held by the County as an agent for such activities as sales of property for delinquent tax bills, deposits for subdivisions, work release, and servicing tax increment financing bonds.

- *Pension Trust Fund* accounts for the activities of the Frederick County Employee Retirement Plan, which accumulates resources for pension benefit payments to qualified employees.

- *Other Post Employment Benefits Trust Fund* accounts for the activities of the Frederick County Retiree Health Benefit Plan, which accumulates resources for healthcare benefits to eligible retirees and, in certain instances, their eligible survivors and dependents.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Pooled Cash and Investments

The County operates a centralized cash receipt and disbursement function for all funds except the Pension Trust Funds, Tax Agency Fund, Work Release Fund and the Tax Incremental Financing Board Fund; which maintain their own cash accounts. Individual fund equity in pooled invested cash is reported as an asset on the balance sheets of those funds participating in the centralized cash receipt and disbursement function. Investment earnings accrue to those funds reporting equity in pooled invested cash.

"Cash and Cash Equivalents" includes currency on hand, demand deposits, and investments with original maturities of three months or less at the time of purchase.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Property Taxes Receivable

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

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

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

Total assessed value on which levies were made for the year ended June 30, 2009, was $24,649,056,470. The Countywide property tax rate was $.936 per $100 of assessed value. In addition, taxes were levied in two fire tax districts and three lighting tax districts. The County collected 99.82 percent of taxes levied in the current year. The receivable portion of the current year property tax levy, including fire and lighting tax districts and public utility tax, is $519,678 and is included in total property taxes receivable $641,976 on the Statement of Net Assets. This compares to the current portion of the prior year levy of $672,479 included in the total property taxes of $723,213 as of June 30, 2008.

3. Inventories and Prepaids

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

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

4. Capital Assets

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

Most capital assets used in operations are depreciated using the straight-line method over their estimated useful lives. The County defines capital assets, other than infrastructure, as assets with an initial, individual cost of $5,000 or more, and an estimated useful life in excess of one year. Infrastructure is defined as capital assets with an initial cost of $100,000 or more, and an estimated useful life in excess of one year. The County has included infrastructure acquired prior to fiscal years ended after June 30, 1980 in capital assets. The estimated useful lives for assets depreciated using the straight-line method are as follows:

Bridges	50	years
Buildings	30 – 50	years
Improvements	10 – 30	years
Machinery and Equipment	5 – 30	years
Vehicles	5 – 15	years
Water and Sewer Lines	25 – 75	years
Roads	30	years
Misc. Infrastructure	10 – 20	years

Certain solid waste assets are depreciated using the activity method. Depreciation is based on capacity used of the new Site B landfill in order to match depreciation expense with the landfill usage and revenues. The basis for calculating landfill capacity used is 3,959,910 tons for Site B.

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

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

5. Compensated Absences

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Long-Term Obligations

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

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

7. Net Assets/Fund Balances

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Invested in capital assets, net of related debt, represents all capital assets, including infrastructure, reduced by accumulated depreciation and the outstanding debt directly attributable to the acquisition, construction or improvements of these assets. Restricted net assets represent external restrictions by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. In the Water & Sewer Enterprise Fund, a portion of the unrestricted net assets are reserved to represent the intent of the County's administration to use the unrestricted net assets for specific purposes in the future. Data specific to these reserves is available in Note 3.G.4.

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

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

8. Estimates

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

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

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January 15, the Budget Officer requests all departments to submit their proposed operating budgets for the fiscal year commencing the following July 1.

2. All budget requests are compiled by the Budget Office and, after making departmental reviews of the request, a recommended budget is presented to the Board of County Commissioners for review and appeal.

3. Public hearings are required by law to be scheduled by the Budget Officer with approval of the Board of County Commissioners.

4. Prior to the commencement of the fiscal year, the property tax rate is set and the budget is legally enacted through the passage of an ordinance.

5. The Board of County Commissioners adopts the budget for all funds, except the General Fund, at the fund level of budgetary control. The General Fund budget is adopted at the department level. Budgetary schedules in this document may display greater detail then the legal level of budget adoption.

6. Supplemental appropriations are allowed only to provide for the award of federal and state grants and other restricted revenues during the year. Supplemental appropriations were not material in relation to the budget originally appropriated.

7. Appropriations lapse at the end of the fiscal year for all funds, except the Capital Projects Fund and certain federal and state grants that do not have a year-end date of June 30.

8. Formal budgetary integration is employed as a management control device for all funds for which a budget is legally adopted, namely, the General, Special Revenue (except the Sheriff's Drug Enforcement, Sheriff's Office Fund, Narcotics Task Force, Inmates' Canteen, Fire/Rescue Loan and Non-Profit Organizations Loan), Capital Projects, Enterprise Funds, Internal Service Funds, Pension Trust Fund, and Other Post Employment Benefits Trust Fund. No budgets are in place for the Special Revenue Funds individually noted.

9. During the operating year, inter-departmental budget transfers must be approved by the Board of County Commissioners.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

- Encumbrances are treated as expenditures for budgetary accounting purposes. Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.
- Inventories are recorded as expenditures at the time of purchase.
- Reclass of OPEB expenditures (originally budgeted for based on payroll expense; for GAAP purposes, allocation to departments was based on benefited employees).

B. Reconciliation of Budgetary Basis to GAAP Basis

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

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

	General Fund			
	Revenues	Expenditures	Other Financing Sources (Uses)	Net change in Fund Balance
Budgetary Basis	$ 435,797,502	$ 427,290,655	$ (26,770,156)	$ (18,263,309)
Basis Adjustments:				
Encumbrance adjustment	-	392,270	-	(392,270)
Inventory adjustment	-	(107,677)	-	107,677
OPEB adjustment	-	(529,514)	(529,514)	-
Net affect of basis adjustments	-	(244,921)	(529,514)	(284,593)
GAAP Basis	$ 435,797,502	$ 427,045,734	$ (27,299,670)	$ (18,547,902)

NOTES TO FINANCIAL STATEMENTS
(Continued)

The following departments over expended their FY2009 budgets:

	Amended Budget	Actual	Negative Variance
Interagency Information Technologies	$ 7,466,517	$ 7,474,068	$ (7,551)
Board of Liquor License Commissioners	264,611	269,457	(4,846)

The variance in Interagency Information Technologies was due to the timing of some software licenses. The Board of Liquor Commissioners was over budget due to additional retirement costs that were not budgeted for.

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 $2,547,798 and the bank balance was $10,077,369. 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)	$ 1,918,458
National Credit Union Administration (NCUA)	1,058
Held by the government's agent, in the government's name	7,092,105
Unspent lease proceeds held in escrow	1,065,748
Total Bank Balance	$ 10,077,369

Certain lease proceeds of the County's fire/rescue tax district and general funds are classified as restricted cash and cash equivalents on the balance sheet because their use is limited and they are maintained in a separate bank account.

NOTES TO FINANCIAL STATEMENTS
(Continued)

The County's cash and investments as of June 30, 2009, totaled $320,439,847 as presented in the Statement of Net Assets. Restricted cash and cash equivalents represent unspent bond proceeds and lease proceeds held in escrow, as mentioned above. The following table reconciles the County's deposits and investments to the Statement of Net Assets:

Total Primary Government - Exhibit II-A-1	
Cash	$ 6,897,024
Equity in Pooled Invested Cash	160,570,086
Investments	137,433,088
Restricted Cash and Cash Equivalents	15,539,649
Total	$ 320,439,847
Deposit & Investment Summary:	
Investments	$ 324,118,655
Cash on Hand	12,483
Deposits	2,547,798
Less: Component Units and Agency Fund Cash Equivalents	
Retirement Fund	(1,131,084)
OPEB Trust	(808,858)
Frederick County Public Libraries	(28,875)
Agency Funds	(4,270,272)
Total	$ 320,439,847

Pension Trust Fund

At the year-end, the carrying amount of the Pension Trust Fund's deposits was $41,579 and the bank balance was $524,795. The deposits of the Pension Trust Fund were not exposed to custodial risk at June 30, 2009.

Component Units

Deposits and investments of the BOE, FCC and FCPL are governed by the same law governing the County's investments. At June 30, 2009, BOE's cash on hand for petty cash was $13,445. The carrying amount of the Board's deposits was $20,123,603 and the bank balance was $22,958,712. The deposits of the Board were not exposed to custodial risk at June 30, 2009.

At June 30, 2009, FCC's cash on hand for petty cash was $5,550. The carrying amount of the College's deposits was $3,812,526 and the bank balance was $4,198,590. The deposits of the College were not exposed to custodial risk at June 30, 2009.

At June 30, 2009, the carrying amount and bank balance of FCPL's deposits was $8,876.

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. *Investments*

Primary Government

As of June 30, 2009, 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 Maturities	18 - 24 Month Maturities	> 24 Month Maturities
U. S. Treasuries	$ 37,693,629	$ 11,158,049	$ 3,009	$ 26,532,571
Repurchase Agreements	6,089,982	6,089,982	-	-
MD Local Government Investment Pool	137,636,233	137,636,233	-	-
Money Market Funds	11,769,887	11,769,887	-	-
Federal Agency Securities	130,928,924	118,154,714	12,774,210	-
Total Fair Value	$ 324,118,655	$ 284,808,865	$ 12,777,219	$ 26,532,571

Interest Rate Risk – The County recognizes that interest rate risk can result from market price losses due to changes in interest rates. Portfolio diversification of maturities is employed as a way to control these risks. The County's investment policy limits General fund investments to maturities within eighteen months from the date of purchase. Up to one-half of Water and Sewer Fund investments may have maturities from two to ten years, with the remaining investments maturing within two years. In all funds, portfolio maturities are staggered to avoid undue concentration of assets in a specific maturity sector. The Maryland Local Government Investment Pool is managed to a Weighted Average Maturity (WAM) of a sixty day maximum to reduce their exposure to interest rate risk.

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

1. U. S. Treasury securities
2. Obligations of U. S. government agencies
3. Repurchase agreement (collateralized in an amount not less than 102 percent of the principal amount by an obligation of the U.S., its agencies or instrumentalities, provided the collateral is held by a custodian other than the seller designated by the buyer)
4. Bankers' acceptances
5. Shares in an investment company or investment trust (limited to direct obligations of the U.S government and to repurchased agreements fully collateralized by U. S. government obligations and the investment company or trust takes delivery of that collateral, either directly or through an authorized custodian)

NOTES TO FINANCIAL STATEMENTS
(Continued)

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 & Poor's	Fitch Ratings
MLGIP	$ 137,636,233		AAAm	
Repurchase Agreement	6,089,982	Aa2	A+	A+
FHLB	46,538,600	Aaa	AAA	
FNMA	40,245,426	Aaa	AAA	AAA
FHLMC	4,041,798	Aaa	AAA	AAA
Farm Credit	40,103,100	Aaa	AAA	AAA

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

Concentration of Credit Risk – To reduce this risk, the County seeks to maintain a balanced portfolio by issuer or financial institution and class of security or money market instrument. A portion of the portfolio shall be invested in marketable U. S. Treasury bills at all times. More than 5 percent of the County's portfolio is invested in the Maryland Local Government Investment Pool (MLGIP) and federal agency securities. The MLGIP may invest in instruments rated only Tier 1 by at least one Nationally Recognized Securities Rating Organization (NRSRO). They have maximum exposure limits per issuer to maintain a diversified portfolio.

Investment Type	Fair Value	% of Portfolio
U. S. Treasuries	$ 37,693,629	11.630 %
Repurchase Agreements	6,089,982	1.879
MD Local Government Investment Pool (MLGIP)	137,636,233	42.465
Money Market Funds	11,769,887	3.631
Federal Home Loan Bank (FHLB)	46,538,600	14.359
Federal National Mortgage Assoc. (FNMA)	40,245,426	12.417
Federal Home Loan Mortgage Corp (FHLMC)	4,041,798	1.247
Federal Farm Credit Bank	40,103,100	12.372
Total Fair Value	$ 324,118,655	100.000 %

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Pension Trust Fund

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

Investments – The Plans investment policy includes an asset allocation plan for investments. The target allocation is 60 percent equities and 40 percent bonds. The minimum and maximum percentages for equities are 35 percent and 75 percent, respectively, and for bonds are 25 percent and 50 percent, respectively.

As of June 30, 2009, 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	$ 3,823,467	$ 3,823,467	$ -	$ -
Mutual Funds	78,440,851	78,440,851	-	-
U.S. Government Securities (Fixed Income)	14,474,907	174,879	243,784	14,056,244
Corporate Bonds and Notes (Fixed Income)	15,481,459	623,951	334,937	14,522,571
Common Stocks	74,495,645	74,495,645	-	-
Total Fair Value	$ 186,716,329	$ 157,558,793	$ 578,721	$ 28,578,815

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Equities

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

Fixed Income

All debt instruments except:

1. Tax-exempt municipal bonds;
2. Securities of the assert manager, their parent or subsidiaries (excluding money market funds and publicly available market funds);
3. Common stock;
4. Inverse floaters;
5. CLOs (Collateralized Loan Obligations);
6. CBOs (Collateralized Bond Obligations);
7. Capped floaters;
8. Interest-only MBS (Mortgage Backed Securities) securities;
9. Principal-only MBS (Mortgage Backed Securities) securities;
10. Support CMO (Collateralized Mortgage Obligation) or Support MBS (Mortgage Backed Securities) tranches;

NOTES TO FINANCIAL STATEMENTS
(Continued)

11. Swap contracts; and

12. Derivative securities including, futures, options, swaps, and high risk mortgage derivatives (not permitted for active investment managers; permitted for index fund managers).

The money market funds are unrated, as are the mutual funds and common stocks used by the Plan. As of June 30, 2009, the Plan's fixed income investments had the following characteristics:

Moody's Rating or Comparable	Fair Value
AAA to A1	$ 16,678,094
BAA3 to BA1	2,961,638
CAA2 to C	-
Not rated	10,316,634
Total Fair Value	$ 29,956,366

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

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

Currency	Fair Value
Australian Dollar	$ 264,368
Austrian Schilling	150,833
Bermuda Dollar	90,150
British Pound Sterling	2,808,071
Canadian Dollar	225,898
Chinese Yuan	169,867
Danish Krone	721,906
Euro Currency	4,048,425
Hong Kong Dollar	409,185
Japanese Yen	2,242,415
Singapore Dollar	108,502
Swedish Krona	102,674
Swiss Franc	641,997
US	928,463
Total Fair Value	$ 12,912,754

NOTES TO FINANCIAL STATEMENTS
(Continued)

Component Units

The Board of Education's investments at June 30, 2009 are categorized in the following table:

Investment Type	Fair Value	Investment Maturities (in Years) Less than 1	1-5	6-10	Interest Rate At June 30
State Investment Pool	$ 26,685,656	$ 26,685,656	$ -	$ -	0.52%
Certificates of Deposit	11,401	11,401	-	-	Various
Muni	2,934,578	2,934,578	-	-	0.60%
Fixed Income Securities	7,345,043	7,345,043	-	-	6.06%
Equity Securities	6,307,877	6,307,877	-	-	(26.23)%
Totals	$ 43,284,555	$ 43,284,555	$ -	$ -	

Investment income includes the following for the year ended June 30, 2009:

Total net investment income per statement of activities at June 30, 2009 was $1,336,370

FCC's investments at June 30, 2009 were as follows:

Investment Type	Fair Value	Investment Maturities (in Years) Less than 1	1-5	6-10	Interest Rate At June 30
State Investment Pool	$ 8,377,079	$ 8,377,079	$ -	$ -	0.52%

Investment income includes the following for the year ended June 30, 2009:

Total net investment income for FCC (excluding the FCC Foundation) at June 30, 2009 was $184,705.

NOTES TO FINANCIAL STATEMENTS
(Continued)

The Frederick Community College Foundation investments at June 30, 2009 are:

	June 30, 2009			June 30, 2008		
	Cost	Market	Unrealized Gains (Losses)	Cost	Market	Unrealized Gains (Losses)
Total Investments	$ 5,947,249	$ 4,211,318	$ (1,735,931)	$ 6,251,438	$ 6,103,038	$ (148,400)

During the fiscal year ending June 30, 2009, the Foundation restructured its investments and changed from investments in specific debt and equity securities to investment in an external investment pool maintained by the University System of Maryland Foundation, Inc. On June 30, 2009, the Foundation had 207,973.9380 units of the University System of Maryland Foundation, Inc. Unitized Investment Fund valued at $20.2493 per unit.

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

FCPL's investments at June 30, 2009 were as follows:

Investment Type	Fair Value	Investment Maturities (in Years) Less than 1	1-5	6-10	Interest Rate At June 30
State Investment Pool	$ 257,592	$ 257,592	$ -	$ -	0.52%
Certificates of Deposit	186,230	186,230	-	-	Various
Total Investments	$ 443,822	$ 443,822	$ -	$ -	

Investment income includes the following for the year ended June 30, 2009:

Total net investment income per statement of activities - $9,093

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the BOE, FCC and FCPL will not be able to recover all or portion of the value of its investments or collateral securities that are in possession of an outside party. At June 30, 2009, all of the component unit investments were insured or registered, or securities were held by the unit or its agent in the unit's name or were invested in the MLGIP.

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

B. Receivables and Payables

1. Accounts and Other Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The associated allowance for doubtful accounts has been established in the following governmental and business-type funds:

Fire/Rescue Tax Districts	$83,130
Water and Sewer	1,092
Solid Waste	58,344
Citizen's Nursing Home	275,955
Montevue Home	79,143

2. Due To/From Primary Government and Component Units

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

	BOE	FCC	FCPL	TOTAL
Due from component units per Primary Government	$ 131	$ 11,194	$ -	$ 11,325
Less: Recorded as payable by component unit in FY10	(131)	(11,194)	-	(11,325)
Due to primary government per Component Units	$ -	$ -	$ -	$ -
Due to component units per Primary Government	$ 10,880,381	$ -	$ 2,781,878	$ 13,662,259
Plus: Receivables recorded by component unit in FY09	236	-	-	236
Due from primary government per Component Units	$ 10,880,617	$ -	$ 2,781,878	$ 13,662,495

C. Capital Assets

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

Capital Asset activity for the year ended June 30, 2009 is as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 61,446,093	$ 6,923,342	$ (858,523)	$ 67,510,912
Construction in progress	24,122,004	22,814,342	(29,555,900)	17,380,446
Total capital assets at historical cost not being depreciated	85,568,097	29,737,684	(30,414,423)	84,891,358
Capital assets being depreciated:				
Buildings and improvements	153,376,158	16,744,392	-	170,120,550
Equipment	84,223,808	10,802,563	(3,203,060)	91,823,311
Infrastructure	308,392,749	16,055,253	-	324,448,002
Total capital assets at historical cost being depreciated	545,992,715	43,602,208	(3,203,060)	586,391,863
Less accumulated depreciation for:				
Buildings and improvements	45,515,914	5,178,424	(2)	50,694,336
Equipment	41,789,429	9,167,011	(2,718,448)	48,237,992
Infrastructure	154,294,668	8,796,526	-	163,091,194
Total accumulated depreciation	241,600,011	23,141,961	(2,718,450)	262,023,522
Total capital assets being depreciated, net of accumulated depreciation	304,392,704	20,460,247	(484,610)	324,368,341
Governmental activities capital assets, net	$ 389,960,801	$ 50,197,931	$ (30,899,033)	$ 409,259,699

Depreciation expense was charged to governmental functions as allows:

General government	$ 3,047,595
Public works	1,846,371
Social services	1,189,624
Health	254,291
Rec and culture	2,357,028
Public safety	5,650,524
Infrastructure	8,796,528
Total depreciation expense	$ 23,141,961

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 6,953,179	$ 135,300	$ -	$ 7,088,479
Construction in progress	80,296,280	73,806,372	(52,227,783)	101,874,869
Total capital assets at historical cost not being depreciated	87,249,459	73,941,672	(52,227,783)	108,963,348
Capital assets being depreciated:				
Buildings and improvements	112,800,798	18,274,900	(228,410)	130,847,288
Equipment	35,164,500	8,673,909	(886,999)	42,951,410
Infrastructure	253,012,133	24,810,161	-	277,822,294
Total capital assets at historical cost being depreciated	400,977,431	51,758,970	(1,115,409)	451,620,992
Less accumulated depreciation for:				
Buildings and improvements	48,372,281	2,900,801	(85,927)	51,187,155
Equipment	21,771,442	2,488,465	(766,681)	23,493,226
Infrastructure	35,193,233	3,560,185	1	38,753,419
Total accumulated depreciation	105,336,956	8,949,451	(852,607)	113,433,800
Total capital assets being depreciated, net of accumulated depreciation	295,640,475	42,809,519	(262,802)	338,187,192
Business-type activities capital assets, net of accumulated depreciation	$ 382,889,934	$ 116,751,191	$ (52,490,585)	$ 447,150,540

Depreciation expense was charged to business-type functions as follows:

Citizens Nursing Home	$ 242,472
Montevue Home	194,967
Bell Court	62,596
Permitting & Development Review	386,462
Solid Waste	1,324,493
Water & Sewer	6,738,461
Total depreciation expense	$ 8,949,451

NOTES TO FINANCIAL STATEMENTS
(Continued)

Component units' capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets not being depreciated:				
Land	$ 36,034,551	$ 1,186,739	$ -	$ 37,221,290
Construction in progress	124,937,262	89,385,959	(36,828,497)	177,494,724
Total capital assets at historical cost not being depreciated	160,971,813	90,572,698	(36,828,497)	214,716,014
Capital assets being depreciated:				
Library collection	13,647,788	1,374,945	(2,959,730)	12,063,003
Building and improvements	600,295,974	33,233,840	-	633,529,814
Furniture and equipment	67,941,945	6,089,758	(3,073,521)	70,958,182
Total capital assets at historical cost being depreciated	681,885,707	40,698,543	(6,033,251)	716,550,999
Less accumulated depreciation for:				
Library collection	9,220,571	195,726	-	9,416,297
Building and improvements	195,259,781	17,058,832	-	212,318,613
Furniture and equipment	47,670,476	5,722,924	(2,954,335)	50,439,065
Total accumulated depreciation	252,150,828	22,977,482	(2,954,335)	272,173,975
Total capital assets being depreciated, net of accumulated depreciation	429,734,879	17,721,061	(3,078,916)	444,377,024
Component units' capital assets, net of accumulated depreciation	$ 590,706,692	$ 108,293,759	$ (39,907,413)	$ 659,093,038

NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Interfund Receivables, Payables and Transfers

1. *Primary Government Interfund Receivables and Payable Balances*

Receivable Fund	Payable Fund: Nonmajor Proprietary	Total Due from Other Funds
General Fund	$ 721,250	$ 721,250
Total Due to Other Funds	$ 721,250	$ 721,250

Interfund balances due from the nonmajor proprietary funds include $721,250 from Citizens Care and Rehabilitation Center. The amount due from Citizens Care and Rehabilitation Center is primarily the additional cash amounts needed during the year ended June 30, 2009, to fund the operations of the center. This amount due will be repaid to the General Fund through improved operating results of the center expected in subsequent years.

2. *Interfund Transfers – Primary Government*

Interfund transfers for the year ended June 30, 2009 consists of the following:

	Transfers In							
	General Fund	Capital Projects	Nonmajor Governmental	Water and Sewer	Solid Waste	Nonmajor Enterprise	Internal Service Funds	Total Transfers to Other Funds
Transfers Out								
General Fund	$ -	$ 14,457,269	$ 8,247,105	$ -	$ -	$ 5,592,335	$ -	$ 28,296,709
Capital projects	-	-	-	-	-	-	-	-
Nonmajor governmental	-	3,486,070	-	-	-	-	15,527	3,501,597
Water and Sewer	-	-	-	-	-	-	46,424	46,424
Solid Waste	-	-	-	-	-	-	99,025	99,025
Nonmajor enterprise	-	-	-	-	-	-	39,886	39,886
Internal service funds	997,039	-	-	-	-	-	-	997,039
Total Transfers in from Other Funds	$ 997,039	$ 17,943,339	$ 8,247,105	$ -	$ -	$ 5,592,335	$ 200,862	$ 32,980,680

NOTES TO FINANCIAL STATEMENTS
(Continued)

Primary activities include:

- Transfers of pay-go funding from the General Fund and various non-major governmental funds to the Capital Projects Fund;
- Transfers of matching County grants funding from the General Fund to the Grants Fund and;
- Transfers to the enterprise funds of the Citizens Care and Rehabilitation Center and Montevue Home for operating purposes from the General Fund.

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 2009 were approximately $2,783,000.

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

Fiscal Year	Total Payment
2010	$ 850,676
2011	848,905
2012	849,644
2013	811,108
2014	403,432
2015-2019	1,711,392
2020-2024	1,514,512
2025-2029	500,976
2030-2034	283,376
2035-2039	122,797
Total	$ 7,896,818

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 2009 totaled $140,537.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Years Ending June 30,		
2010	$	121,759
2011		120,780
2012		123,139
2013		126,217
2014		21,122
2015-thereafter		-
	$	513,017

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 2009 totaled $256,202.

Future minimum lease revenues for these rentals are as follows:

Years Ending June 30,		
2010	$	254,476
2011		236,925
2012		124,517
2013		34,802
2014		-
2015-thereafter		-
	$	650,720

NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Non-Current Liabilities

1. Changes in Non-Current Liabilities

	Balance July 1, 2008	Additions	Principal Repayments & Reductions	Balance June 30, 2009	Due Within One Year
Governmental Activities:					
Bonds Payable	$ 363,376,795	-	$ (22,973,192)	$ 340,403,603	$ 23,112,182
Unamortized Premium on Bonds	12,807,475	-	(1,983,742)	10,823,733	1,906,836
Deferred Loss on Bond Refunding	(7,930,647)	-	731,089	(7,199,558)	(734,916)
Installment Purchase Agreements	39,608,678	2,437,428	-	42,046,106	-
Notes Payable	4,429,258	-	(729,379)	3,699,879	777,760
Capital Lease Obligations	7,842,795	2,120,000	(2,187,379)	7,775,416	1,925,182
Compensated Absences	9,190,289	7,714,758	(7,025,922)	9,879,125	306,485
Net OPEB Obligation (Asset)	(2,641,487)	7,686,765	-	5,045,278	-
Termination Benefits	227,116	36,293	(51,417)	211,992	-
Total Governmental Activity- Long Term Liabilities	$ 426,910,272	$ 19,995,244	$ (34,219,942)	$ 412,685,574	$ 27,293,529

Primary Government:

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

The Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities related to the Internal Service Funds are included as part of the above totals for governmental activities. At June 30, 2009, Internal Service Funds compensated absences totaling $158,046 are included in the above amounts.

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Balance July 1, 2008	Additions	Principal Repayments & Reductions	Balance June 30, 2009	Due Within One Year
Business-type Activities:					
Bonds Payable	$ 142,783,205	-	$ (9,506,808)	$ 133,276,397	$ 9,187,818
Unamortized Premium on Bonds	4,168,941	-	(649,652)	3,519,289	614,744
Deferred Loss on Bond Refundings	(1,904,544)	-	189,886	(1,714,658)	(190,542)
Notes Payable	28,293,975	364,024	(2,784,312)	25,873,687	2,869,921
Landfill Closure Costs	13,870,049	782,287	(1,328,144)	13,324,192	329,324
Compensated Absences	1,529,260	2,019,140	(1,885,619)	1,662,781	87,459
Net OPEB Obligation	-	1,746,568	-	1,746,568	-
Termination Benefits	-	44,647	-	44,647	-
Total Business-type Activities - Long Term Liablilities	$ 188,740,886	$ 4,956,666	$ (15,964,649)	$ 177,732,903	$ 12,898,724

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

The debt limit for the primary government's water, sewer and solid waste activities at June 30, 2009 was $1,496,803,097 and the legal debt margin was $1,337,653,013.

(Remainder of this page is intentionally blank)

NOTES TO FINANCIAL STATEMENTS
(Continued)

Component Units:

	Balance July 1, 2008	Net Changes	Balance June 30, 2009	Due Within One Year
Board of Education				
Capital lease obligations	$ 20,236,244	$ (1,149,079)	$ 19,087,165	$ 1,169,065
Compensated absences	7,237,829	(649,152)	6,588,677	3,864,585
Net OPEB liability	16,379,962	24,844,440	41,224,402	-
Termination benefits payable	19,406,402	466,293	19,872,695	1,383,732
Board of Education - Long-term Liabilities	$ 63,260,437	$ 23,512,502	$ 86,772,939	$ 6,417,382
Frederick Community College				
Compensated absences	$ 1,363,205	$ 235,756	$ 1,598,961	$ 12,309
Net OPEB liability	-	18,582	18,582	-
Frederick Community College - Long-term Liabilities	$ 1,363,205	$ 254,338	$ 1,617,543	$ 12,309
Frederick County Public Libraries				
Compensated absences	$ 392,094	$ 39,349	$ 431,443	$ 16,759
Net OPEB liability	-	507,408	507,408	-
Frederick County Public Libraries - Long -term Liabilities	$ 392,094	$ 546,757	$ 938,851	$ 16,759

2. *General Obligation Bonds*

Primary Government

The County may not issue general obligation bonds and installment purchase agreements unless specific enabling legislation is passed by the Maryland General Assembly. In addition to the Bonds, the County has been authorized by the General Assembly to, among other things, (i) issue temporary notes during any single year in an amount up to $100,000 to pay debt service on bonded indebtedness and $5,000,000 to pay any expenses or obligations of the County, (ii) incur debt for the purpose of providing funds for the construction of water, sewerage, drainage systems and solid waste systems, as long as the amount issued, less any sinking funds or reserves to pay such bonds, does not exceed 15 percent of the valuation of all legally assessable property within Frederick County subject to unlimited County taxation, and (iii) issue bonds in an amount up to $132,315,173 which $12,315,173 is the remaining authorization under Chapter 145 of the Laws of Maryland of 2005 and $120,000,000 remaining authorization under Chapter 382 of the Laws of Maryland of 2007, as of June 30, 2009.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

Governmental Activities	Paying Fund	Date of Debt Issue	Date of Debt Maturity	Range of Interest Rates	Amount of Original Issue	Amount Outstanding 6/30/09
Public Facilities Bonds						
Public Facilities Refunding Bonds of 1998, Series A (1)	General	10/15/98	Due serially to 07/1/2015	3.30-5.00%	$ 19,346,419	$ 13,778,129
Public Facilities Bonds of 1999 (3)	General	08/15/99	Due serially to 07/1/2009	5.22-5.31%	59,116,000	2,756,543
Public Facilities Bonds of 1999 (3)	Impact Fee	08/15/99	Due serially to 07/1/2009	5.22-5.31%	30,515,000	1,422,896
Public Facilities Bonds of 2000 (3)	General	11/15/00	Due serially to 12/1/2010	5.00%	36,161,519	3,287,182
Public Facilities Bonds of 2000 (3)	Impact Fee	11/15/00	Due serially to 12/1/2010	5.00%	16,653,480	1,513,847
Public Facilities Refunding Bonds of 2001 (5)	General	07/15/01	Due serially to 07/1/2008	3.448-4.00%	6,579,486	-
Public Facilities Refunding Bonds of 2002, Series A (6)	General	04/01/02	Due serially to 07/1/2016	5.0000%	13,999,267	4,641,634
Public Facilities Bonds of 2002	General	11/01/02	Due serially to 11/1/2022	2.00-4.68%	38,200,000	16,852,576
Public Facilities and Refunding Bonds of 2003	General	09/01/03	Due serially to 08/1/2018	2.00-4.25%	33,013,847	21,915,607
Public Facilities and Refunding Bonds of 2003	Fire-Urban	09/01/03	Due serially to 08/1/2018	2.00-4.25%	2,505,905	1,796,605
Public Facilities and Refunding Bonds of 2003	Impact Fee	09/01/03	Due serially to 08/1/2018	2.00-4.25%	6,269,108	4,494,628
Public Facilities Refunding Bonds of 2005	General	05/19/05	Due serially to 08/1/2020	3.50-5.00%	62,517,782	61,787,782
Public Facilities Refunding Bonds of 2005	Impact Fee	05/19/05	Due serially to 08/1/2020	3.50-5.00%	29,264,191	29,264,191
Public Facilities Bonds of 2005	General	11/15/05	Due serially to 12/01/2020	3.50-5.00%	47,817,130	40,085,167
Public Facilities Bonds of 2005	CCRC	11/15/05	Due serially to 12/01/2020	3.50-5.00%	810,000	679,024
Public Facilities Bonds of 2005	Fire-Urban	11/15/05	Due serially to 12/01/2020	3.50-5.00%	270,000	226,341
Public Facilities Bonds of 2005	Impact Fee	11/15/05	Due serially to 12/01/2020	3.50-5.00%	21,452,870	17,983,971
Public Facilities Refunding Bonds of 2006	General	02/01/06	Due serially to 11/01/2022	4.00-5.25%	12,608,476	12,608,476
Public Facilities Bonds of 2007	General	05/15/07	Due serially to 06/01/2027	4.00-5.00%	37,886,000	35,300,615
Public Facilities Bonds of 2007	Hotel Rental	05/15/07	Due serially to 06/01/2027	4.00-5.00%	1,285,000	1,197,310
Public Facilities Bonds of 2007	Impact Fee	05/15/07	Due serially to 06/01/2027	4.00-5.00%	8,172,000	7,614,333
Public Facilities Bonds of 2007	Fire-Urban	05/15/07	Due serially to 06/01/2027	4.00-5.00%	2,402,780	2,248,334
Public Facilities Bonds of 2007	Fire-Sub	05/15/07	Due serially to 06/01/2027	4.00-5.00%	110,220	93,176
Public Facilities Bonds of 2008	General	06/15/08	Due serially to 06/01/2028	3.50-5.00%	36,402,805	35,091,240
Public Facilities Bonds of 2008	CCRC	06/15/08	Due serially to 06/01/2028	3.50-5.00%	6,700,000	6,458,604
Public Facilities Bonds of 2008	Impact Fee	06/15/08	Due serially to 06/01/2028	3.50-5.00%	11,094,300	10,694,581
Public Facilities Bonds of 2008	Fire-Urban	06/15/08	Due serially to 06/01/2028	3.50-5.00%	2,122,252	2,045,789
Public Facilities Bonds of 2008	School Const	06/15/08	Due serially to 06/01/2028	3.50-5.00%	3,094,748	2,983,247
Public Facilities Bonds of 2008	Fire-Sub	06/15/08	Due serially to 06/01/2028	3.50-5.00%	1,640,895	1,581,775
					$ 548,011,480	$ 340,403,603

(The remainder of this page is intentionally blank)

NOTES TO FINANCIAL STATEMENTS
(Continued)

The annual requirements to amortize governmental activities bond debt as of June 30, 2009 are as follows:

Fiscal Year Ending June 30,	Public Facilities Bonds Principal	Public Facilities Bonds Interest
2010	$ 23,112,182	$ 15,278,217
2011	22,867,120	14,309,033
2012	24,213,453	13,271,017
2013	23,749,490	12,208,298
2014	23,888,959	11,157,638
2015-2019	127,378,108	37,869,095
2020-2024	68,742,258	12,477,475
2025-2029	26,452,033	2,778,336
	$ 340,403,603	$ 119,349,109

Business Type Activities	Paying Fund	Date of Debt Issue	Date of Debt Maturity	Range of Interest Rates	Amount of Original Issue	Amount Outstanding 6/30/09
Public Facilities Bonds						
Public Facilities Refunding Bonds of 1998, Series A (1)	W&S	10/15/98	07/01/15	3.30-5.00%	$ 2,849,000	$ 2,029,000
Public Facilities Refunding Bonds of 1998, Series A (1)	SW	10/15/98	07/01/15	3.30-5.00%	6,294,581	4,482,873
Public Facilities Bonds of 1999	W&S	08/15/99	07/01/09	5.22-5.31%	5,159,000	240,561
Public Facilities Bonds of 2000	W&S	11/15/00	12/01/10	5.00%	14,185,000	1,289,456
Public Facilities Bonds of 2000	SW	11/15/00	12/01/10	5.00%	5,000,000	454,514
Public Facilities Refunding Bonds of 2001 (5)	W&S	07/15/01	07/01/08	3.448-4.00%	8,125,514	-
Public Facilities Refunding Bonds of 2002, Series A (6)	W&S	04/01/02	07/01/16	5.00%	8,590,733	2,848,366
Public Facilities Bonds of 2002	W&S	11/01/02	11/01/16	2.00-4.68%	16,680,000	7,358,664
Public Facilities Bonds of 2002	SW	11/01/02	11/01/16	2.00-4.68%	6,820,000	3,008,759
Public Facilities and Refunding Bonds of 2003	W&S	09/01/03	08/01/18	2.00-4.25%	7,216,140	4,953,160
Public Facilities Refunding Bonds of 2005	W&S	05/19/05	08/01/20	3.50-5.00%	12,091,361	12,091,361
Public Facilities Refunding Bonds of 2005	SW	05/19/05	08/01/20	3.50-5.00%	3,141,667	3,141,667
Public Facilities Bonds of 2005	DPDR	11/15/06	12/01/20	3.50-5.00%	4,150,000	3,478,951
Public Facilities Bonds of 2005	W&S	11/15/06	12/01/20	3.50-5.00%	22,320,000	18,710,887
Public Facilities Bonds of 2005	SW	11/15/06	12/01/20	3.50-5.00%	5,500,000	4,610,658
Public Facilities Refunding Bonds of 2006	W&S	02/01/06	11/01/22	4.00-5.25%	5,505,482	5,505,482
Public Facilities Refunding Bonds of 2006	SW	02/01/06	11/01/22	4.00-5.25%	2,251,042	2,251,042
Public Facilities Bonds of 2007	DPDR	05/15/07	06/01/27	4.00-5.00%	3,034,000	2,826,956
Public Facilities Bonds of 2007	SW	05/15/07	06/01/27	4.00-5.00%	7,200,000	6,708,663
Public Facilities Bonds of 2007	W&S	05/15/07	06/01/27	4.00-5.00%	31,790,000	29,620,613
Public Facilites Bonds of 2008	SW	06/15/08	06/01/28	3.50-5.00%	815,000	785,636
Public Facilites Bonds of 2008	W&S	06/15/08	06/01/28	3.50-5.00%	17,510,000	16,879,128
					$ 196,228,520	**$ 133,276,397**

NOTES TO FINANCIAL STATEMENTS
(Continued)

The annual requirements to amortize business-type bond debt as of June 30, 2009 are as follows:

Fiscal Year Ending June 30,	Public Facilities Bonds Principal	Public Facilities Bonds Interest
2010	$ 9,187,818	$ 5,887,975
2011	9,222,880	5,505,466
2012	9,296,547	5,099,814
2013	8,240,510	4,722,097
2014	8,366,041	4,367,721
2015-2019	43,171,892	15,681,364
2020-2024	32,327,742	6,338,377
2025-2029	13,462,967	1,316,158
	$ 133,276,397	$ 48,918,972

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.

(Remainder of this page is intentionally blank)

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Paying Fund	Date of Debt Issue	Date of Debt Maturity	Interest Rate	Amount of Original Issue	Amount Outstanding 6/30/09
Installment Purchase Agreements						
Installment Purchase Agreement #05-42	Ag Pres	07/20/05	05/15/15	4.20%	$ 76,572	$ 76,572
Installment Purchase Agreement #05-43	Ag Pres	07/20/05	05/15/25	4.52%	367,493	367,493
Installment Purchase Agreement #05-44	Ag Pres	07/20/05	05/15/25	4.52%	250,000	250,000
Installment Purchase Agreement #05-45	Ag Pres	10/11/05	05/15/20	4.58%	281,600	281,600
Installment Purchase Agreement #05-46	Ag Pres	10/11/05	05/15/25	4.63%	229,033	229,033
Installment Purchase Agreement #05-47	Ag Pres	10/11/05	05/15/25	4.63%	363,222	363,222
Installment Purchase Agreement #05-49	Ag Pres	12/13/05	05/15/25	4.78%	316,811	316,811
Installment Purchase Agreement #06-50	Ag Pres	02/28/06	05/15/21	4.66%	315,016	315,016
Installment Purchase Agreement #06-51	Ag Pres	02/28/06	05/15/26	4.61%	436,923	436,923
Installment Purchase Agreement #06-52	Ag Pres	05/18/06	05/15/21	5.28%	144,632	144,632
Installment Purchase Agreement #06-54	Ag Pres	05/18/06	05/15/26	5.27%	221,872	221,872
Installment Purchase Agreement #06-55	Ag Pres	06/15/06	05/15/16	5.03%	628,359	628,359
Installment Purchase Agreement #06-56	Ag Pres	06/15/06	05/15/21	5.20%	236,027	236,027
Installment Purchase Agreement #06-57	Ag Pres	06/15/06	05/15/16	5.03%	500,000	500,000
Installment Purchase Agreement #06-58	Ag Pres	06/15/06	05/15/21	5.20%	75,000	75,000
Installment Purchase Agreement #06-59	Ag Pres	07/13/06	05/15/16	5.03%	465,871	465,871
Installment Purchase Agreement #06-60	Ag Pres	07/13/06	05/15/16	5.03%	181,217	181,217
Installment Purchase Agreement #06-53	Ag Pres	08/24/06	05/15/16	4.72%	188,835	188,835
Installment Purchase Agreement #06-61	Ag Pres	08/24/06	05/15/26	4.93%	605,646	605,646
Installment Purchase Agreement #06-62	Ag Pres	08/24/06	05/15/16	4.72%	666,067	666,067
Installment Purchase Agreement #06-63	Ag Pres	10/26/06	05/15/26	4.87%	246,181	246,181
Installment Purchase Agreement #07-64	Ag Pres	01/25/07	05/15/17	4.77%	658,701	658,701
Installment Purchase Agreement #07-65	Ag Pres	02/01/07	05/15/17	4.75%	643,951	643,951
Installment Purchase Agreement #07-66	Ag Pres	03/15/07	05/15/27	4.71%	744,325	744,325
Installment Purchase Agreement #07-67	Ag Pres	03/15/07	05/15/17	4.51%	400,000	400,000
Installment Purchase Agreement #07-69	Ag Pres	03/15/07	05/15/17	4.51%	500,000	500,000
Installment Purchase Agreement #07-70	Ag Pres	04/12/07	05/15/17	4.69%	841,876	841,876
Installment Purchase Agreement #07-71	Ag Pres	04/12/07	05/15/22	4.93%	1,039,204	1,039,204
Installment Purchase Agreement #07-68	Ag Pres	05/10/07	05/15/22	4.86%	322,000	322,000
Installment Purchase Agreement #07-72	Ag Pres	05/10/07	05/15/17	4.62%	109,486	109,486
Installment Purchase Agreement #07-73	Ag Pres	05/10/07	05/15/17	4.62%	200,000	200,000
Installment Purchase Agreement #07-74	Ag Pres	06/07/07	05/15/19	5.08%	625,310	625,310
Installment Purchase Agreement #07-75	Ag Pres	06/07/07	05/15/27	5.14%	430,542	430,542
Installment Purchase Agreement #07-77	Ag Pres	06/07/07	05/15/17	4.98%	42,452	42,452
Installment Purchase Agreement #07-76	Ag Pres	06/21/07	05/15/27	5.25%	391,452	391,452
Installment Purchase Agreement #07-78	Ag Pres	06/21/07	05/15/17	5.10%	750,000	750,000
Installment Purchase Agreement #07-79	Ag Pres	06/21/07	05/15/27	5.25%	855,458	855,458
Installment Purchase Agreement #07-82	Ag Pres	12/13/07	05/15/17	4.22%	1,151,068	1,151,068
Installment Purchase Agreement #07-80	Ag Pres	12/13/07	05/15/27	4.67%	499,494	499,494
Installment Purchase Agreement #07-81	Ag Pres	12/13/07	05/15/27	4.67%	184,299	184,299
Installment Purchase Agreement #08-83	Ag Pres	02/07/08	05/15/20	4.20%	1,284,116	1,284,116

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Paying Fund	Date of Debt Issue	Date of Debt Maturity	Interest Rate	Amount of Original Issue	Amount Outstanding 6/30/09
Installment Purchase Agreements						
Installment Purchase Agreement #08-84	Ag Pres	02/07/08	05/15/28	4.55%	$ 558,718	$ 558,718
Installment Purchase Agreement #08-85	Ag Pres	04/17/08	05/15/23	4.56%	1,030,451	1,030,451
Installment Purchase Agreement #08-86	Ag Pres	04/17/08	05/15/23	4.56%	400,114	400,114
Installment Purchase Agreement #08-88	Ag Pres	05/20/08	05/15/28	4.59%	940,777	940,777
Installment Purchase Agreement #08-87	Ag Pres	05/20/08	05/15/28	4.59%	1,899,662	1,899,662
Installment Purchase Agreement #08-90	Ag Pres	10/28/08	05/15/28	4.29%	870,918	870,918
Installment Purchase Agreement #08-89	Ag Pres	02/27/09	05/15/28	4.40%	1,566,510	1,566,510
Total Installment Purchase Agreements					**$ 42,046,106**	**$ 42,046,106**

(The remainder of this page is intentionally blank)

NOTES TO FINANCIAL STATEMENTS
(Continued)

The annual requirements to amortize installment purchase agreement debt as of June 30, 2009 are as follows:

Fiscal Year Ending June 30,	Installment Purchase Agreements Principal	Installment Purchase Agreements Interest
2010	$ -	$ 2,011,856
2011	-	2,014,660
2012	-	2,014,660
2013	827,100	2,034,389
2014	972,759	2,011,625
2015-2019	12,578,511	8,582,363
2020-2024	14,272,997	6,294,563
2025-2029	13,394,739	2,051,557
	$ 42,046,106	$ 27,015,673

4. Capital Lease Obligations

Primary Government

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

The assets acquired through capital leases are as follows:

Asset:	
Equipment	$ 13,642,981
Less: Accumulated depreciation	(5,607,882)
Total:	$ 8,035,099

NOTES TO FINANCIAL STATEMENTS
(Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Fiscal Year Ending June 30,	Total Payment
2010	$ 2,196,767
2011	1,978,389
2012	1,624,141
2013	1,131,995
2014	634,632
2015-2018	1,005,031
	8,570,955
Less: amount representing interest	(795,539)
Present value-net minimum lease payments	$ 7,775,416

Component Unit

The BOE has various capital lease agreements for the purchase of a wide area network, technology upgrade, a new central office building, and food service equipment. Payments, including interest, during Fiscal Year 2009 were $115,582 for the food service equipment, $771,540 for a central office building, and $1,182,000 for technology upgrades.

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

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Construction in Progress	$ 793,003
Machinery and equipment	9,454,561
Less: Accumulated depreciation	(8,401,734)
Total	$ 1,845,830

NOTES TO FINANCIAL STATEMENTS
(Continued)

As of June 30, 2009, the minimum obligation under capital leases were as follows:

Fiscal Year	Governmental Activities
2010	$ 2,040,733
2011	2,447,670
2012	1,178,482
2013	1,178,492
2014	1,178,504
2015-2019	5,892,879
2020-2024	5,893,960
2025-2029	5,895,839
2030-2032	4,718,596
Total Obligations	30,425,155
Less: Portion representing interest	(11,337,990)
Present value of lease obligation	$ 19,087,165

5. Notes Payable

Primary Government

Governmental Activity:

Maryland Industrial Land Act Loans

The County has an outstanding loan from the Department of Business and Economic Development of the State (DBED) in the original amount of $630,000 under the Maryland Industrial Land Act, Article 83A, Section 5-401 et. seq. of the Maryland Code. The outstanding balance of this loan at June 30, 2009 was $395,866. The proceeds of this loan have been reloaned by the County to Dan Jay LLC to assist in the financing of the acquisition of certain industrial land and shell buildings in Frederick County. It is anticipated that the repayment of this loan by the private user will generate sufficient moneys for the County to repay DBED, however, the loan is a full faith and credit obligation of the County. A loan in the amount of $181,059 has also been received under the program and granted to State Farm Insurance to assist in the financing of certain street and site improvements in the County. The loan is a full faith and credit obligation of the County. The outstanding balance of this loan at June 30, 2009 was $119,047.

NOTES TO FINANCIAL STATEMENTS
(Continued)

United States Environmental Protection Agency

On April 17, 1992, the County entered into a loan agreement with the United States Environmental Protection Agency. These funds were provided in accordance with the provisions of the Asbestos School Hazard Abatement Reauthorization Act of 1990, 20 U.S.C. 4011 et. seq, for the purpose of removing asbestos from Frederick County Public Schools. The original amount of this loan was $1,370,471, and the balance due as of June 30, 2009, is $190,343. This is a non-interest bearing note. Semi-annual principal payments of $38,069 are required, with a final payment due on November 30, 2011.

Maryland State Retirement System

Effective June 30, 1993, the County withdrew from the Maryland State Retirement System for all hires after June 30, 1993. The State calculated a net unfunded amount due from the County, which is further explained in Note 4.D. The original amount of this liability was $7,036,995. Under the Reformed Plan, established in 1999, this liability was increased to $7,388,271. The balance due at June 30, 2009 is $2,994,623.

	Paying Fund	Amount of Original Issue	Date of Debt Issue	Date of Debt Maturity	Annual Rate/ Payment Frequency	Amount Outstanding 06/30/09
Governmental Activity:						
MD Industrial Land Act Loan - Dan Jay LLC	Econ Dev	$ 630,000	02/11/94	02/11/21	5.23%/Quarterly	$ 395,866
MD Industrial Land Act Loan - State Farm	General	181,059	05/12/94	05/12/21	5.93%/Quarterly	119,047
EPA Asbestos School Hazard Abatement	General	1,370,471	04/17/92	11/30/11	0.00%/Semi-annually	190,343
Maryland State Retirement System	General	7,388,271	06/30/93	12/31/12	7.5%/Annually	2,994,623
Total Notes Payable		$ 9,569,801				$ 3,699,879

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

	Principal	Interest
2010	$ 777,760	$ 219,966
2011	829,738	167,988
2012	847,510	112,148
2013	869,432	52,157
2014	39,786	19,459
2015-2019	234,251	61,975
2020-2021	101,402	5,760
	$ 3,699,879	$ 639,453

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, 2009, the County has authorized and approved borrowings in an aggregate principal amount of $24,083,096 for nine 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, 2009, $24,083,096 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, 2009 is $25,873,687. These loans have interest rates of 1.00 – 4.56 percent.

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

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

As of June 30, 2005, the Site A landfill was 100 percent to capacity. Total capacity of Site A is 3,228,000 tons. In Fiscal Year 2009, $240,817 of operating activities such as leachate treatment and well testing related to Site A were incurred. The liability for Site A closure was increased $183,889 to reflect the variance between estimated and actual costs. The total remaining estimated costs for closure and post closure care of Site A are $4,016,324 as of June 30, 2009. This entire amount is reported as a liability for Site A.

As of June 30, 2009, the Site B landfill had capacity used of 1,775,754 tons, which is 44.84 percent of the revised capacity of 3,959,910 tons which includes the vertical expansion and an aerial adjustment. The total estimated costs for closure and post closure care of Site B are $20,756,433. The resulting liability is $9,307,868, with $11,448,565 remaining to be recognized. The current operating strategy includes the utilization of a transfer station that became operational in January 2009.

The Solid Waste Enterprise Fund has a total liability for closure and post closure care of $13,324,192 as of June 30, 2009. No assets are restricted for payment of the closure and post closure care costs. The costs are based on estimates and actual costs may differ due to inflation, changes in technology, or changes in regulations.

NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Fund Balances/Net Assets

1. Governmental Activities with Reservation of Fund Balance

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

As of June 30, 2009, fund balances were reserved as follows:

	General Fund	Agricultural Preservation	Capital Projects	Nonmajor Governmental Funds
Reserved				
For encumbrances	$ 1,234,303	$ -	$ 25,733,146	$ 821,550
For inventories	1,374,136	-	-	-
For long-term receivables	199,617	-	-	3,336,739
For drug investigations	-	-	-	369,159
For Agricultural Preservation Compliance monitoring	-	178,945	-	-
Total reserved fund balances	$ 2,808,056	$ 178,945	$ 25,733,146	$ 4,527,448

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

(Remainder of this page is intentionally blank)

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

As of June 30, 2009, Unreserved Fund Balance designations are as follows:

	General Fund	Agricultural Preservation	Nonmajor Governmental Funds
Unreserved - Fund Balances			
Designated for:			
Bond rating enhancement	$ 100,000	$ -	$ -
Capital Projects	-	-	30,006,789
Debt service	-	26,163,766	118,061
Equipment purchases under capital leases	-	-	692,348
Inmates purchases	-	-	227,690
Loans	-	-	3,696,403
Rural Legacy	-	2,249,899	-
Subsequent years' expenditures	28,047,175	-	1,321,623
Total designated fund balances	$ 28,147,175	$ 28,413,665	$ 36,062,914

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

Designated for use in FY10 budget	$ 15,332,736
Designated for use in FY11 budget	10,851,368
Designated for LOSAP (Length of Service Award Program)	856,534
Designated for snow removal	1,000,000
Designated for lobbying monitoring	6,537
Total General Fund Fund Balance - Unreserved-designated for subsequent years' expenditures	$ 28,047,175

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

The General Fund has unreserved, undesignated fund balance at June 30, 2009 totaling $21,364,533. Section 2-7-1(a) (2) of the Frederick County, Maryland Code of Ordinances 2004 and 2005 S-Z Supplement provides for the County to maintain an unappropriated undesignated General Fund balance equal to 5 percent of General Fund expenditures and transfers to the Board of Education and Frederick Community College on a budgetary basis for the prior fiscal year. At June 30, 2009 the required balance is $21,364,533.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Business-type Activities with Unrestricted Net Assets

On February 19, 2002 the Board of County Commissioners adopted a Water and Sewer rate study, which recommended the establishment of several reserves to promote the financial stability of the Water and Sewer Enterprise Fund. As of June 30, 2009, the calculation of these reserves is $106,680,221 (detailed below). These reserves are a part of the $360,464,013 net asset balance.

Reserved for:	
Operating Reserves	$ 4,316,968
3 R Reserves	23,327,138
Tap Credits	2,891,025
Cash Funding of Capital Projects	10,222,205
System Development	65,922,885
Total Water and Sewer Reserves	106,680,221
Unfunded reserves	(38,209,135)
Unrestricted net assets	$ 68,471,086

5. Investment in Capital Assets Net of Related Debt

As of June 30, 2009, Investment in capital assets, net of related debt in the Government-Wide Statement of Net Assets were calculated as follows:

	Governmental Activities	Business-type Activities
Capital Assets (Exhibit II-A-1)	$ 409,259,699	$ 447,150,540
Debt related to Capital Assets	(179,561,130)	(153,183,153)
Unspent bond proceeds included in debt related to capital assets	13,190,327	277,839
Investment in Capital Assets net of related debt (Exhibit II-A-1)	$ 242,888,896	$ 294,245,226

NOTES TO FINANCIAL STATEMENTS
(Continued)

6. *Net Assets Restricted by Enabling Legislation*

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

Governmental activities	$ 132,240,011
Business-type activities	-
Total Net Assets Restricted by Enabling Legislation	$ 132,240,011

NOTE 4. OTHER INFORMATION

A. Commitments and Contingencies

1. *Construction Commitments*

As of June 30, 2009, the County had the following commitments with respect to unfinished capital projects:

	Total Project Budget	Total Expenditures	Amount Funded	Required Future Funding
General government	$ 120,739,486	$ 11,631,458	$ 40,077,412	$ 80,662,074
Roads and Bridges	49,812,904	31,024,830	30,651,991	19,160,913
Board of Education	185,463,980	120,258,688	91,718,950	93,745,030
Frederick Community College	16,321,042	10,827,107	12,441,702	3,879,340
Parks and Recreation	30,771,141	4,418,271	22,851,394	7,919,747
Watershed Restoration	1,089,450	483,294	1,089,450	-
Municipal	2,006,404	618,718	563,310	1,443,094
	$ 406,204,407	$ 179,262,366	$ 199,394,209	$206,810,198

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. *Federal Financial Assistance*

The County participates in a number of Federally assisted programs, principal of which are the Older American Programs, Child Support Enforcement, Mass Transit Programs, Section 8 Housing, Head Start, Workforce Investment Act Programs, Bridge Projects and Homeland Security Grant 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, 2009 is issued under separate cover.

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

3. *Pending Litigation*

There are several pending lawsuits in which the County is involved. The County Attorney estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County at June 30, 2009.

4. *Economic Dependency*

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

Citizens Care and Rehabilitation Center, a non-major enterprise fund, has two payor types that individually exceed 10 percent of total operating revenues for this fund. They are Medicaid (56.21 percent), and Medicare (23.40 percent).

The Solid Waste Enterprise Fund has three customers which account for 28.39 percent of total operating revenues. Two commercial haulers accounted for $5,018,929, or 21.69 percent, of the fiscal year 2009 operating revenues. A single municipality accounted for $1,550,107 or 6.70 percent of the fiscal year 2009 operating revenues. Should the revenues from any of these customers decrease significantly, certain variable operating expenses, such as transfer expense and closure and post closure care costs, would decrease.

5. *Risk Management*

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Contingent Liability

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

B. Arbitrage Rebate Requirements

Arbitrage rebate requirements under Internal Revenue Code Section 1.148-3 apply to the County's investment of the proceeds of certain bond issues.

The law requires the computation and payment of arbitrage profits on unspent proceeds of a bond issue if the current investment of these funds yields a higher rate of return than the original bond issue.

The filing of this computation and payment to the Internal Revenue Service is required at the end of the fifth year of the bond issuance date and every 5 years subsequently; however, computations and filings can be made for annual periods. There is no rebatable arbitrage to report at June 30, 2009.

C. Conduit Debt

From time to time, the County has issued Maryland Industrial Development Revenue Bonds, Maryland Economic Development Revenue Bonds, and Maryland Mortgage Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities and provision of housing deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

(Remainder of this page is intentionally blank)

NOTES TO FINANCIAL STATEMENTS
(Continued)

Frederick County has issued taxable Tax Increment Financing Bonds to finance a portion of the infrastructure needed in the Dudrow Industrial Park and Center Park Development Districts. The County surrenders its tax revenues on the incremental increase in property taxes within the districts to pay the debt service on these bonds. Cash and the related liability to bondholders are accounted for in an Agency Fund. Below is information on the current outstanding bond issues:

Payee	Amount of Original Issue	Date of Debt Issue	Date of Debt Maturity	Interest Rate	Payment Frequency	Amount Outstanding 6/30/2009
Emergent Biosolutions	$ 300,000	03/31/05	12/01/09	4.08%	Annually	$ 63,739
Toys'R-Us	1,890,094	09/26/96	09/15/18	8.16%	Annually	1,242,188
	$ 2,190,094					$ 1,305,927

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

(Remainder of this page is intentionally blank)

NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Retirement Plans

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

1. Single-Employer Pension Plan

Plan Description

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

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

The type and number of employees covered as of June 30, 2009, was as follows:

	Uniformed	Non-Uniformed	Non-Vested Terminations	Vested Terminations
Retirees and beneficiaries currently receiving benefits	80	314	-	-
Terminated employees entitled to benefits	-	-	177	129
Active employees	614	1588	-	-

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

The plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or another entity.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Summary of Significant Accounting Policies

The plan follows the accrual basis of accounting. Contributions are recognized in amounts determined by actuarial valuations. Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The fair value of investments is determined by market price.

Funding Policy

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

Funding policy for the plan provides for periodic contributions based upon actuarial valuations. Required contributions under the plan that are not funded by employee contributions are funded entirely by the County. Costs of administering the plan are financed on a current funding basis.

As of July 1, 2000, uniformed employees contribute 8 percent of their base pay under the plan, and non-uniformed employees contribute 4 percent. The County's required payroll contribution in FY2009 was 18.4 percent.

Annual Pension Cost

During the fiscal year ending June 30, 2009 contributions to the plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at July 1, 2008.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, gross of investment expenses, (b) projected salary increases from 5.00 percent to 8.75 percent per year compounded annually, including 3.00 percent per year attributable to inflation, and the remainder of merit/seniority, and (c) 1.00 percent cost of living benefit increase.

The projected unit credit cost method is the actuarial cost method used to determine the plan's normal cost and the actuarial accrued liability. The actuarial value of assets is determined by adjusting the market value of assets as of the actuarial valuation date for any actuarial gains and losses. There was a small actuarial gain during FY2008, caused primarily by fewer new disabled participants than expected and more participant deaths than expected. The gain was partially offset by a loss for turnover that was lower than expected.

The Plan's unfunded liability is attributable to two sources; plan changes and cumulative gains/losses and assumption changes. Plan changes are amortized over a closed 30-year period and the cumulative gains/losses and assumption changes are amortized over an open 15-year period. As of July 1, 2008 there are two plan change bases which are currently outstanding – the COLA plan change (19 years remaining) and the July 1, 2000 plan improvements for all employees (21 years remaining). All amortization payments are calculated as a level percent of payroll, which is assumed to increase 4 percent each year.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Fiscal Year	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2009	$ 20,360,404	100%	$ 0
2008	18,588,620	100	0
2007	14,019,851	100	0

At June 30, 2009, the plan's net assets are $187,585,345.

2. *Funded Status and Funding Progress*

The funded status of the plan as of July 1, 2008, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
$ 213,314,439	$ 273,383,310	$ 60,068,871	78.0%	$ 110,497,740	54.4%

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

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

Plan Description

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

Funding Policy

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

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

Required contributions under the plans, which are not funded by employee contributions, are funded entirely by the County. Due to the withdrawal of the County from the State Systems for all hires after June 30, 1993, the State calculated a net unfunded amount due from the County. The principal balance outstanding as of June 30, 2009 was $2,994,623. Interest and principal payments due to maturity as of June 30, 2009, are $3,449,376. The County has chosen to make 4 remaining payments of $862,344 to amortize and pay interest on the liability. The required contributions and the percentage of that amount contributed for the past three years is as follows:

Fiscal Year	Required Contribution	Actual Contribution	Percentage Contribution
2009	$862,344	$862,344	100.00%
2008	862,344	862,344	100.00
2007	862,344	862,344	100.00

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Component Units

Substantially all employees of the FCPL are covered under the Maryland State Teacher's Retirement System or the Maryland State Teachers' Pension System. Plan members on December 31, 1979, are members of the Teachers' Retirement System unless they elected to join the Pension System. No new Retirement System members were accepted after December 31, 1979.

A member of the Teachers' Retirement System may retire with full benefits at age 60 or with 30 years of service. A member of the Teachers' Pension System may retire with full benefits with 30 years of service or at age 62 or older with specified years of service. For both systems, vesting starts after 5 years of service. Benefits under both plans are established under Titles 22 and 23 of the State Personnel and Pensions Article of the Annotated Code of Maryland.

Obligations to contribute to the plans were established under the above-referenced article of the Maryland Code. Members of the Retirement System and the Pension System contribute 7 percent and 4 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, 2009, the State paid $506,368 in retirement costs on its behalf. This amount has been shown as grant revenue and current expenditures for the FCPL.

The employees of the BOE (other than part-time employees not eligible for participation in the plans) are covered under one of four defined benefit retirement plans that are administered by the Maryland State Retirement and Pension Systems. The BOE's share of contributions for teachers and administrative employees is primarily the responsibility of the State. Total contributions were $26,319,580 in Fiscal Year 2009. This contribution was recognized as both revenue and expenditures for the BOE.

On April 2, 2004, the Board adopted the Frederick County Public Schools Defined Contribution Plan (the "Plan"). The Plan is designed to afford eligible employees an opportunity to increase their security at retirement through Employer contributions during their periods of active employment while this Plan remains in effect. The Plan has received a favorable determination letter from the Internal Revenue Service that it qualifies as a tax-qualified "profit-sharing" plan. It is intended to be a "governmental plan" within the meaning of Internal Revenue code Section 414. During the year ended June 30, 2009 total contributions of $40,000 had been made to the plan by Frederick County Public Schools.

Substantially all permanent employees of the FCC are covered under one of three pension/retirement plans. Two of these plans are provided directly by the State, and the employer funding for eligible FCC employees is provided directly by the State. The FCC received State contributions toward retirement for the fiscal year of $1,431,275. This amount has been recorded as a revenue and expenditure in the financial statements. The other retirement plan, provided through TIAA/CREF, is an option for permanent employees of the College who are not eligible for the state plans. The State does provide employer share funding for professional employees of the College who choose certain other retirement plans in lieu of participating in the State's retirement systems. These other plans include TIAA/CREF and Fidelity. The other plans are defined contribution plans requiring an employer contribution of 7.25 percent of employees base salary. Total employer contributions in FY2009 were $801,749. Employee contributions to a selected plan are not mandatory.

NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Post-Employment Benefits Plans

1. *Length of Service Awards Program*

In 1985, the County created the Length of Service Awards Program (LOSAP). In Fiscal Year 2009, LOSAP provided 159 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 $482,480 in fiscal year 2009 also include survivor annuities, lump-sum death benefits and tuition reimbursement and are reported in the Primary Government's General Fund on a "pay-as-you-go" basis.

2. *Retiree Health Benefit Plan*

Plan Description

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

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

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

Summary of Significant Accounting Policies

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Contributions

Benefits are based on the employee's hire date. For employees hired on or before July 1, 1992, the County pays approximately 84 percent of the cost of premiums for medical and hospitalization costs. Employees hired after July 1, 1992, also must have worked for the County for a minimum of ten years; these employees pay 50 percent of the cost of premiums. If a retiree elects to discontinue coverage at the time of retirement or later, they have the option of re-enrolling in the County plan. Therefore, the number of retirees participating in the plan varies throughout the year. For fiscal year 2009, the County contributed $7,218,260 to the Plan, including $4,343,174 for current premiums (approximately 88 percent of total premiums including the implicit subsidy) and an additional $2,875,086 to prefund benefits. Plan members receiving benefits contributed $585,091, approximately 12 percent of the total premium. Administrative costs are financed through investment earnings.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$	17,193,000
Interest on net OPEB obligation		(172,000)
Adjustment to annual required contribution		138,000
Annual OPEB cost		17,159,000
Contribution made		(7,218,260)
Decrease in net OPEB obligation		9,940,740
Net OPEB (asset) - beginning of year		(2,641,487)
Net OPEB obligation - end of year	$	7,299,253

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Fiscal Year	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)
2009	$ 17,159,000	42.07 %	$ 7,299,253
2008	13,858,000	119.06	(2,641,487)

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the Plan was 8.2 percent funded. The actuarial accrued liability for benefits was $189,613,000, and the actuarial value of Plan assets was $15,499,400, resulting in an unfunded actuarial accrued liability (UAAL) of $174,113,600. The covered payroll is not yet available for this period. The covered payroll for the July 1, 2008 actuarial valuation date, was $110,497,740 and the ratio of UAAL to the covered payroll was 145.4 percent.

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

Actuarial Methods and Assumptions

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

3. *Component Units*

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

The BOE Retiree Health Benefit Plan (the "Plan") is a single-employer defined benefit plan administered by the Board. The Plan provides medical, dental, vision, and life insurance benefits to eligible participants (covered retirees, covered survivors, and with respect to certain benefits, their eligible dependents). As of June 30, 2009 there were 1,211 retirees, 276 retiree dependents, and 4,939 active benefited employees in the Plan. The Board has the authority to establish and amend post-employment benefits.

The BOE negotiates the contribution percentage between the Board and the employees through union contracts and personnel policy. The required contribution is based on projected "pay-as-you-go" financing requirements. For fiscal year 2009, the Board contributed $6,874,436 to the Plan. $1,000,000 of this contribution was a one time contribution from the Self Insurance Fund.Plan members receiving benefits contributed $4,133,084 or approximately 41.3 percent of the total premiums. The rates for fiscal year 2009 were based on the date of retirement (prior to July 1, 2005), the length of service of the retiree (three tiers), the age of the retiree, and the type of insurance.

The FCC does not sponsor or fund any postemployment benefits, however, they allow retirees to remain in the healthcare plan at COBRA rates. The healthcare premiums charged have not been age adjusted and, as a result, the plan is deemed to provide an implicit subsidy to retirees. The required contribution is based on projected "pay-as-you-go" financing requirements. For fiscal year 2009, retirees paid $24,000 in premiums. Coverage for retirees is governed by contracts in effect with the insurance carriers. The FCC has eighty-four eligible retirees of which nine retirees participate in the healthcare plan.

F. Deferred Compensation

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

The deferred compensation plan is available to all regular employee or temporary employee, to whom compensation is paid. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. During the Fiscal Year 2009 approximately 20.6 percent of the County's eligible employees elected to participate in the plan.

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Joint Venture

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

Northeast Maryland Waste Disposal Authority (NMWDA)

NMWDA is a body politic and corporate and a public instrumentality of the State of Maryland. NMWDA was established to assist the political subdivisions in the Northeast Maryland Region and the private sector in waste management and the development of waste disposal facilities adequate to accommodate the region's requirements for disposal of solid waste. NMWDA has the following eight member jurisdictions from the State of Maryland: Montgomery County, Baltimore County, Anne Arundel County, Frederick County, Harford County, Howard County, Carroll County, and City of Baltimore. The Maryland Environmental Service is an ex-officio member. As a participating government in NMWDA, the county paid Fiscal Year 2009 membership dues and fees for services amounting to $35,000.

H. Subsequent Events

After June 30, 2009 Frederick County was awarded approximately $7,830,000 in Federal American Recovery and Reinvestment of 2009 (ARRA) funding (Economic Stimulus Act). The County is using these funds primarily in the areas of energy efficiency & conservation, public safety, housing, job training and child care. $6,000,000 of this funding is a loan.

In July 2009, the State of Maryland reduced its FY2010 operating budget by approximately $450,000,000. A major portion of these reductions were in the form of aid to local jurisdictions. Frederick County Government's direct allocation of this reduction totaled $4,777,744. The Board of County Commissioners absorbed this reduction in State aid by recouping capital project surpluses, implementing hiring freezes and layoffs, and by reducing certain operating reserves.

On November 17, 2009 the Board of County Commissioners signed a resolution to enter into a loan agreement with the Maryland Water Quality Financing Administration to accept a loan for $76,000,000 to assist in the acquisition, construction and equipping of the Ballenger Creek-McKinney Waste Water Treatment Plant expansion. The loan will carry an interest rate of one (1) percent and will be repayable from FY2014-2032.

A boardwalk at Fountain Rock Park enables visitors to view herons, turtles and fish at the 1½ acre, 25 foot deep Quarry Pond.

REQUIRED SUPPLEMENTARY INFORMATION

The information provided in this section is required supplementary disclosures.

FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
LAST SIX FISCAL YEARS

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
07/01/03	$ 106,019,071	$ 134,659,038	78.7 %	$ 28,639,967	$ 63,581,281	45.0 %
07/01/04	118,979,144	151,610,060	78.5	32,630,916	67,993,467	48.0
07/01/05	134,532,516	173,960,143	77.3	39,427,627	75,072,119	52.5
07/01/06	154,083,195	208,734,631	73.8	54,657,437	85,367,369	64.0
07/01/07	182,523,585	240,863,996	75.8	58,340,411	95,573,594	61.0
07/01/08	213,314,439	273,383,310	78.0	60,068,871	110,497,740	54.4

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

FREDERICK COUNTY EMPLOYEES RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES
LAST SIX FISCAL YEARS

Fiscal Year	Annual Required Contribution (ARC)	ARC Recognized in Plan Financial Statements	Percentage Recognized
2004	$ 8,459,701	$ 10,209,701 *	121 %
2005	9,785,642	9,785,642	100
2006	11,736,171	11,736,171	100
2007	14,019,851	14,019,851	100
2008	18,588,620	18,588,620	100
2009	20,360,404	20,360,404	100

* Includes a one-time discretionary payment of $1,750,000

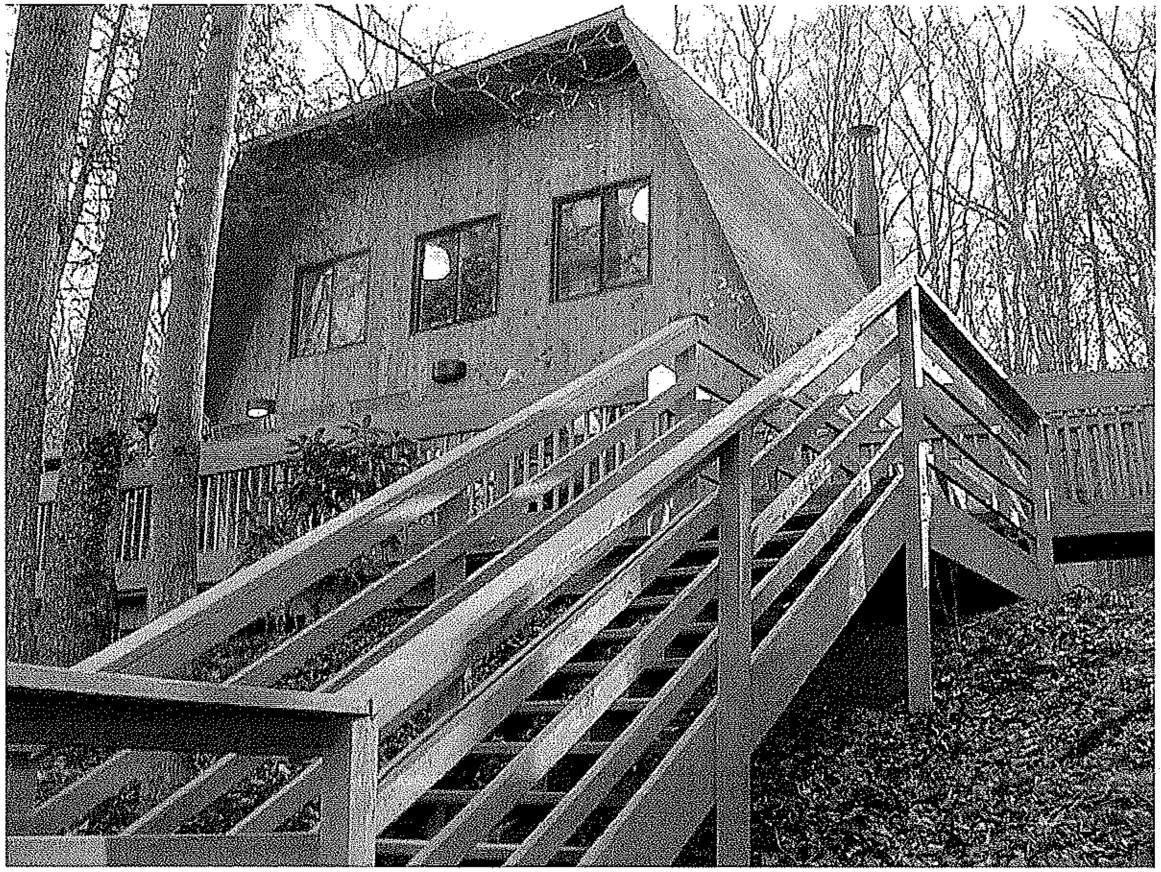
FREDERICK COUNTY RETIREE HEALTH BENEFIT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

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
07/01/07	$ -	$ 148,969,000	0 %	$ 148,969,000	$ 95,573,594	155.87 %
07/01/08	13,327,892	173,968,000	7.7	160,640,108	110,497,740	145.40
07/01/09	15,499,400	189,613,000	8.2	174,113,600	n/a	n/a

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

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

Fiscal Year	Annual Required Contribution (ARC)	Contribution Recognized in Plan Financial Statements	Percentage Contributed
2008	$ 13,858,000	$ 16,449,487	119 %
2009	17,193,000	7,218,260	42



The Browning Building at Pinecliff Park features an equipped meeting room with a gas fireplace, outdoor amphitheatre and deck. The building was named after an original member (1966-1980) and first President of the Parks and Recreation Commission, William H. Browning.

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, 2009

	Special Revenue Funds						
	Grants	Fire/Rescue Tax Districts	School Construction	Impact Fees	Development Road Improvement	Electric Lighting Tax Districts	Parks Acquisition & Development
Assets							
Cash	$ 6,921	$ -	$ -	$ -	$ -	$ -	$ -
Equity in pooled invested cash	1,114,124	15,171,168	8,680,984	7,036,500	1,400,827	18,931	3,710,226
Total cash and cash equivalents	1,121,045	15,171,168	8,680,984	7,036,500	1,400,827	18,931	3,710,226
Investments	-	-	-	1,960,365	-	-	-
Receivables, net of allowance for uncollectibles:							
Property taxes	-	70,889	-	-	-	34	-
Accounts	224,721	846,579	10	61	-	-	-
Intergovernmental	2,970,197	-	-	-	-	-	-
Prepaids	-	-	-	-	-	-	-
Long term receivables, net of allowance for uncollectibles:							
MILA loans	-	-	-	-	-	-	-
Fire/ Rescue loans	-	-	-	-	-	-	-
Non-Profit Organization loans	-	-	-	-	-	-	-
Small business loans	-	-	-	-	-	-	-
Housing loans	-	-	-	-	-	-	-
Cash and cash equivalents - restricted	-	692,348	-	-	-	-	-
Total assets	$ 4,315,963	$ 16,780,984	$ 8,680,994	$ 8,996,926	$ 1,400,827	$ 18,965	$ 3,710,226
Liabilities and fund balance							
Liabilities							
Accounts payable	$ 56,402	$ 25,300	$ -	$ -	$ -	$ -	$ -
Accrued liabilities	447,834	2,112,624	-	-	-	428	-
Payroll and benefit deductions	1,038,376	-	-	-	-	-	-
Due to third parties	-	546,500	-	-	-	-	-
Due to other governmental units	502,637	-	-	-	-	-	-
Other liabilities	589,031	-	-	-	-	-	-
Deferred revenue	364,203	421,976	-	271,135	203,470	-	-
Total liabilities	2,998,483	3,106,400	-	271,135	203,470	428	-
Fund balances							
Reserved for:							
Encumbrances	1,189	820,361	-	-	-	-	-
Long-term receivables	-	-	-	-	-	-	-
Drug investigations	-	-	-	-	-	-	-
Ag Pres Compliance Monitoring	-	-	-	-	-	-	-
Unreserved, designated for:							
Subsequent year's expenditures	1,316,291	-	-	-	-	5,332	-
Capital projects	-	-	8,680,994	8,725,791	1,197,357	-	3,710,226
Equipment purchases under capital leases	-	692,348	-	-	-	-	-
Inmates purchases	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Unreserved, undesignated	-	12,161,875	-	-	-	13,205	-
Total fund balance	1,317,480	13,674,584	8,680,994	8,725,791	1,197,357	18,537	3,710,226
Total liabilities and fund balance	$ 4,315,963	$ 16,780,984	$ 8,680,994	$ 8,996,926	$ 1,400,827	$ 18,965	$ 3,710,226

(continued)

FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Special Revenue Funds				Total Non Major Governmental Funds (See Exhibit II-A-3)
	Hotel Rental Tax	Nursing Home Construction	Sheriff's Activities	Loan Activities	
Assets					
Cash	$ -	$ -	$ 217,841	$ -	$ 224,762
Equity in pooled invested cash	183,141	7,715,220	541,197	3,665,781	49,238,099
Total cash and cash equivalents	183,141	7,715,220	759,038	3,665,781	49,462,861
Investments	-	-	-	-	1,960,365
Receivables, net of allowance for uncollectibles:					
Property taxes	-	-	-	-	70,923
Accounts	108,565	2,860	26,726	8,320	1,217,842
Intergovernmental	-	-	-	-	2,970,197
Prepaids	-	-	-	36,000	36,000
Long term receivables, net of allowance for uncollectibles:					
MILA loans	-	-	-	395,865	395,865
Fire/ Rescue loans	-	-	-	221,891	221,891
Non-Profit Organization loans	1,724,412	-	-	40,000	1,764,412
Small business loans	-	-	-	98,915	98,915
Housing loans	-	-	-	2,975,933	2,975,933
Cash and cash equivalents - restricted	-	-	-	-	692,348
Total assets	$ 2,016,118	$ 7,718,080	$ 785,764	$ 7,442,705	$ 61,867,552
Liabilities and fund balance					
Liabilities					
Accounts payable	$ 93,554	$ -	$ 54,294	$ -	$ 229,550
Accrued liabilities	105,750	-	-	-	2,666,636
Payroll and benefit deductions	-	-	-	-	1,038,376
Due to third parties	-	-	134,621	-	681,121
Due to other governmental units	-	-	-	-	502,637
Other liabilities	-	-	-	395,865	984,896
Deferred revenue	1,724,412	-	-	13,698	2,998,894
Total liabilities	1,923,716	-	188,915	409,563	9,102,110
Fund balances					
Reserved for:					
Encumbrances	-	-	-	-	821,550
Long-term receivables	-	-	-	3,336,739	3,336,739
Drug investigations	-	-	369,159	-	369,159
Unreserved, designated for:					
Subsequent year's expenditures	-	-	-	-	1,321,623
Capital projects	-	7,692,421	-	-	30,006,789
Equipment purchases under capital leases	-	-	-	-	692,348
Inmates purchases	-	-	227,690	-	227,690
Debt service	92,402	25,659	-	-	118,061
Loans	-	-	-	3,696,403	3,696,403
Unreserved, undesignated	-	-	-	-	12,175,080
Total fund balance	92,402	7,718,080	596,849	7,033,142	52,765,442
Total liabilities and fund balance	$ 2,016,118	$ 7,718,080	$ 785,764	$ 7,442,705	$ 61,867,552

FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
SHERIFF'S ACTIVITIES - SPECIAL REVENUE FUNDS
JUNE 30, 2009

	Sheriff's Drug Enforcement	Sheriff's Office Fund	Narcotics Task Force	Inmates' Canteen	Total Sheriff's Activities (See Exhibit II-B-1)
Assets					
Cash	$ 47,201	$ 4,952	$ -	$ 165,688	$ 217,841
Equity in pooled invested cash	27,835	-	301,156	212,206	541,197
Total cash and cash equivalents	75,036	4,952	301,156	377,894	759,038
Receivables, net of allowance for uncollectibles:					
Accounts	-	-	-	26,726	26,726
Total assets	$ 75,036	$ 4,952	$ 301,156	$ 404,620	$ 785,764
Liabilities and fund balance					
Liabilities					
Accounts payable	$ -	$ -	$ 7,033	$ 47,261	$ 54,294
Due to third parties	-	4,952	-	129,669	134,621
Total liabilities	-	4,952	7,033	176,930	188,915
Fund balances					
Reserved for drug investigations					
Federal	27,666	-	179,894	-	207,560
Non-federal	47,370	-	114,229	-	161,599
Unreserved, designated for inmate purchases	-	-	-	227,690	227,690
Total fund balance	75,036	-	294,123	227,690	596,849
Total liabilities and fund balance	$ 75,036	$ 4,952	$ 301,156	$ 404,620	$ 785,764

FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
LOAN ACTIVITIES - SPECIAL REVENUE FUNDS
JUNE 30, 2009

	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	$ 2,669,936	$ 270,000	$ 114,101	$ 611,744	$ 3,665,781
Total cash and cash equivalents	2,669,936	270,000	114,101	611,744	3,665,781
Receivables, net of allowance for uncollectibles:					
Accounts	-	-	8,320	-	8,320
Prepaids	36,000	-	-	-	36,000
Long term receivables, net of allowance for uncollectibles:					
MILA loans	-	-	-	395,865	395,865
Fire/ Rescue loans	-	-	221,891	-	221,891
Non-Profit Organization loans	-	40,000	-	-	40,000
Small business loans	-	-	-	98,915	98,915
Housing loans	2,975,933	-	-	-	2,975,933
Total assets	$ 5,681,869	$ 310,000	$ 344,312	$ 1,106,524	$ 7,442,705
Liabilities and fund balance					
Liabilities					
Other liabilities	$ -	$ -	$ -	$ 395,865	$ 395,865
Deferred revenue	-	-	-	13,698	13,698
Total liabilities	-	-	-	409,563	409,563
Fund balances					
Reserved for: Long-term receivables	2,975,933	40,000	221,891	98,915	3,336,739
Unreserved, designated for:					
Loans	2,705,936	270,000	122,421	598,046	3,696,403
Total fund balance	5,681,869	310,000	344,312	696,961	7,033,142
Total liabilities and fund balance	$ 5,681,869	$ 310,000	$ 344,312	$ 1,106,524	$ 7,442,705

Exhibit II-B-4

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Special Revenue Funds						
	Grants	Fire/Rescue Tax Districts	School Construction	Impact Fees	Development Road Improvement	Electric Lighting Tax Districts	Parks Acquisition & Development
Revenues							
Fire tax levy	$ -	$ 34,770,617	$ -	$ -	$ -	$ -	$ -
Lighting tax levy	-	-	-	-	-	10,086	-
Other local taxes	-	-	3,205,956	-	1,190,925	-	2,403,513
Grants from federal government	12,662,410	-	-	-	-	-	-
Grants from state government	6,336,910	-	-	-	-	-	-
Charges for services	1,019,168	3,433,882	-	6,380,028	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Interest from loans	-	-	-	-	-	-	-
Investment earnings	7,282	592,118	156,515	518,915	204,017	519	480,434
Miscellaneous revenue	137,692	3,891	-	-	-	-	-
Total revenues	20,163,462	38,800,508	3,362,471	6,898,943	1,394,942	10,605	2,883,947
Expenditures							
General government	2,150,993	-	-	-	-	-	-
Public safety	2,139,777	35,559,735	-	-	-	-	-
Public works	5,896,067	-	-	-	-	13,895	-
Health	911,254	-	-	-	-	-	-
Social services	1,935,643	-	-	-	-	-	-
Conservation of natural resources	335,176	-	-	-	-	-	-
Community development and public housing	4,847,073	-	-	-	-	-	-
Economic development and opportunity	10,036,067	-	-	-	-	-	-
Debt service	-	2,475,287	253,018	7,834,440	-	-	-
Total expenditures	28,252,050	38,035,022	253,018	7,834,440	-	13,895	-
Excess (deficiency) of revenues over expenditures	(8,088,588)	765,486	3,109,453	(935,497)	1,394,942	(3,290)	2,883,947
Other financing sources (uses)							
Transfers in from general fund	8,209,728	-	-	-	-	-	-
Transfers in from housing initiative fund	64,500	-	-	-	-	-	-
Transfer in from capital projects fund	-	-	-	-	-	-	305,600
Transfers out to general fund	-	-	-	-	-	-	-
Transfers out to grants fund	-	-	-	-	-	-	-
Transfers out to capital projects fund	-	-	-	(1,500,000)	(2,291,670)	-	-
Transfers out to fleet services fund	(15,527)	-	-	-	-	-	-
Capital leases	-	2,120,000	-	-	-	-	-
Sale of capital assets	-	7,023	-	-	-	-	-
Total other financing sources (uses)	8,258,701	2,127,023	-	(1,500,000)	(2,291,670)	-	305,600
Net change in fund balances	170,113	2,892,509	3,109,453	(2,435,497)	(896,728)	(3,290)	3,189,547
Fund balance - beginning of year	1,147,367	10,782,075	5,571,541	11,161,288	2,094,085	21,827	520,679
Fund balance - end of year	$ 1,317,480	$ 13,674,584	$ 8,680,994	$ 8,725,791	$ 1,197,357	$ 18,537	$ 3,710,226

(continued)

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Hotel Rental Tax	Nursing Home Construction	Sheriff's Activities	Loan Activities	(See Exhibit II-A-5)
Revenues					
Fire tax levy	$ -	$ -	$ -	$ -	$ 34,770,617
Lighting tax levy	-	-	-	-	10,086
Other local taxes	1,096,144	801,229	-	-	8,697,767
Grants from federal government	-	-	-	-	12,662,410
Grants from state government	-	-	-	23,822	6,360,732
Charges for services	-	-	338,315	200	11,171,593
Fines and forfeitures	-	-	224,241	-	224,241
Interest from loans	-	-	-	39,347	39,347
Investment earnings	17,976	275,757	12,843	93,386	2,359,762
Miscellaneous revenue	99,224	-	-	331	241,138
Total revenues	1,213,344	1,076,986	575,399	157,086	76,537,693
Expenditures					
General government	-	-	-	-	2,150,993
Public safety	-	-	449,800	-	38,149,312
Public works	-	-	-	-	5,909,962
Health	-	-	-	-	911,254
Social services	-	-	-	-	1,935,643
Conservation of natural resources	-	-	-	-	335,176
Community development and public housing	-	-	-	12,000	4,859,073
Economic development and opportunity	1,101,788	-	-	48,197	11,186,052
Debt service	99,249	625,216	-	-	11,287,210
Total expenditures	1,201,037	625,216	449,800	60,197	76,724,675
Excess (deficiency) of revenues over expenditures	12,307	451,770	125,599	96,889	(186,982)
Other financing sources (uses)					
Transfers in from general fund	-	-	-	-	8,209,728
Transfers in from housing initiative fund	-	-	-	-	64,500
Transfer in from capital projects fund	-	-	-	-	305,600
Transfers out to general fund	-	-	-	(474,000)	(474,000)
Transfers out to grants fund	-	-	-	(64,500)	(64,500)
Transfers out to capital projects fund	-	-	-	-	(3,791,670)
Transers out to fleet serives fund	-	-	-	-	(15,527)
Capital leases	-	-	-	-	2,120,000
Sale of capital assets	-	-	-	-	7,023
Total other financing sources (uses)	-	-	-	(538,500)	6,361,154
Net change in fund balances	12,307	451,770	125,599	(441,611)	6,174,172
Fund balance - beginning of year	80,095	7,266,310	471,250	7,474,753	46,591,270
Fund balance - end of year	$ 92,402	$ 7,718,080	$ 596,849	$ 7,033,142	$ 52,765,442

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SHERIFF'S ACTIVITIES - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Sheriff's Drug Enforcement	Sheriff's Office Fund	Narcotics Task Force	Inmates' Canteen	Total Sheriff's Activities (See Exhibit II-B-4)
Revenues					
Charges for services	$ -	$ -	$ -	$ 338,315	$ 338,315
Fines and forfeitures	18,096	-	206,145	-	224,241
Investment earnings	908	-	6,136	5,799	12,843
Total revenues	19,004	-	212,281	344,114	575,399
Expenditures					
Public safety	14,332	-	143,406	292,062	449,800
Total expenditures	14,332	-	143,406	292,062	449,800
Excess of revenues over expenditures	4,672	-	68,875	52,052	125,599
Net change in fund balances	4,672	-	68,875	52,052	125,599
Fund balance - beginning of year	70,364	-	225,248	175,638	471,250
Fund balance - end of year	$ 75,036	$ -	$ 294,123	$ 227,690	$ 596,849

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
LOAN ACTIVITIES - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	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	$ -	$ -	$ -	$ 23,822	$ 23,822
Charges for services	-	-	-	200	200
Interest from loans	-	-	11,515	27,832	39,347
Investment earnings	71,046	-	9,405	12,935	93,386
Miscellaneous revenue	-	-	-	331	331
Total revenues	71,046	-	20,920	65,120	157,086
Expenditures					
Community development and public housing	12,000	-	-	-	12,000
Economic development and opportunity	-	-	-	48,197	48,197
Total expenditures	12,000	-	-	48,197	60,197
Excess of revenues over expenditures	59,046	-	20,920	16,923	96,889
Other financing sources (uses)					
Transfer out to general fund	-	-	(474,000)	-	(474,000)
Transfer out to grant fund	(64,500)	-	-	-	(64,500)
Total other financing sources (uses)	(64,500)	-	(474,000)	-	(538,500)
Net change in fund balances	(5,454)	-	(453,080)	16,923	(441,611)
Fund balance - beginning of year	5,687,323	310,000	797,392	680,038	7,474,753
Fund balance - end of year	$ 5,681,869	$ 310,000	$ 344,312	$ 696,961	$ 7,033,142

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, 2009

	Grants			Fire/Rescue Tax Districts			School Construction		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues									
Fire tax levy	$ -	$ -	$ -	$ 34,986,102	$ 34,770,617	$ (215,485)	$ -	$ -	$ -
Lighting tax levy	-	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	4,078,000	3,205,956	(872,044)
Grants from federal government	21,549,317	12,662,410	(8,886,907)	-	-	-	-	-	-
Grants from state government	8,738,621	6,336,910	(2,401,711)	-	-	-	-	-	-
Charges for services	989,025	1,019,168	30,143	2,822,000	3,433,882	611,882	-	-	-
Interest from loans	-	-	-	-	-	-	-	-	-
Investment earnings	7,146	7,282	136	950,000	592,118	(357,882)	50,000	156,515	106,515
Miscellaneous revenue	295,590	137,692	(157,898)	-	3,891	3,891	-	-	-
Total revenues	31,579,699	20,163,462	(11,416,237)	38,758,102	38,800,508	42,406	4,128,000	3,362,471	(765,529)
Expenditures									
General government	2,635,788	2,120,218	515,570	-	-	-	-	-	-
Public safety	5,234,438	2,129,333	3,105,105	39,568,797	36,063,495	3,505,302	-	-	-
Public works	10,194,558	5,761,425	4,433,133	-	-	-	-	-	-
Health	1,206,100	893,943	312,157	-	-	-	-	-	-
Social services	2,351,323	1,883,710	467,613	-	-	-	-	-	-
Conservation of natural resources	778,045	331,330	446,715	-	-	-	-	-	-
Community development and public housing	7,362,405	4,841,303	2,521,102	-	-	-	-	-	-
Economic development and opportunity	11,587,697	9,748,320	1,839,377	-	-	-	-	-	-
Debt service	-	-	-	2,488,208	2,475,287	12,921	250,000	253,018	(3,018)
Total expenditures	41,350,354	27,709,582	13,640,772	42,057,005	38,538,782	3,518,223	250,000	253,018	(3,018)
Excess (deficiency) of revenues over expenditures	(9,770,655)	(7,546,120)	2,224,535	(3,298,903)	261,726	3,560,629	3,878,000	3,109,453	(768,547)
Other financing sources (uses)									
Appropriated fund balance	1,016,207	717,011	(299,196)	1,178,903	90,390	(1,088,513)	(3,878,000)	-	3,878,000
Transfers in from general fund	8,705,475	7,684,627	(1,020,848)	-	-	-	-	-	-
Transfers in from capital projects fund	-	-	-	-	-	-	-	-	-
Transfers in from housing initiative fund	64,500	64,500	-	-	-	-	-	-	-
Transfers out to capital projects fund	-	-	-	-	-	-	-	-	-
Transfers out to fleet services fund	15,527	(15,527)	(31,054)	-	-	-	-	-	-
Transfers out to general fund	-	-	-	-	-	-	-	-	-
Transfers out to grants fund	-	-	-	-	-	-	-	-	-
Premium on public facilities bonds	-	-	-	-	-	-	-	-	-
Capital leases	-	-	-	2,120,000	2,120,000	-	-	-	-
Sale of capital assets	-	-	-	-	7,023	7,023	-	-	-
Total other financing sources (uses)	9,801,709	8,450,611	(1,351,098)	3,298,903	2,217,413	(1,081,490)	(3,878,000)	-	3,878,000
Net change in fund balances	$ 31,054	904,491	$ 873,437	$ -	2,479,139	$ 2,479,139	$ -	3,109,453	$ 3,109,453
Fund balance - beginning of year		1,147,367			10,782,075			5,571,541	
Net change in reserves and adjustments to GAAP basis		(734,378)			413,370			-	
Fund balance - end of year		$ 1,317,480			$ 13,674,584			$ 8,680,994	

(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, 2009

	Impact Fees			Development Road Improvement			Electric Lighting Tax Districts		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues									
Fire tax levy	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lighting tax levy	-	-	-	-	-	-	9,962	10,086	124
Other local taxes	-	-	-	1,001,500	1,190,925	189,425	-	-	-
Grants from federal government	-	-	-	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-	-	-	-
Charges for services	6,856,923	6,380,028	(476,895)	-	-	-	-	-	-
Interest from loans	-	-	-	-	-	-	-	-	-
Investment earnings	285,178	518,915	233,737	100,000	204,017	104,017	-	519	519
Miscellaneous revenue	-	-	-	-	-	-	-	-	-
Total revenues	7,142,101	6,898,943	(243,158)	1,101,500	1,394,942	293,442	9,962	10,605	643
Expenditures									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	15,294	13,895	1,399
Health	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-	-	-	-
Community development and public housing	-	-	-	-	-	-	-	-	-
Economic development and opportunity	-	-	-	-	-	-	-	-	-
Debt service	7,873,555	7,834,440	39,115	-	-	-	-	-	-
Total expenditures	7,873,555	7,834,440	39,115	-	-	-	15,294	13,895	1,399
Excess (deficiency) of revenues over expenditures	(731,454)	(935,497)	(204,043)	1,101,500	1,394,942	293,442	(5,332)	(3,290)	2,042
Other financing sources (uses)									
Appropriated fund balance	2,231,454	-	(2,231,454)	1,190,170	-	(1,190,170)	5,332	-	(5,332)
Transfers in from general fund	-	-	-	-	-	-	-	-	-
Transfers in from capital projects fund	-	-	-	-	-	-	-	-	-
Transfers in from housing initiative fund	-	-	-	-	-	-	-	-	-
Transfers out to capital projects fund	(1,500,000)	(1,500,000)	-	(2,291,670)	(2,291,670)	-	-	-	-
Transfers out to fleet services fund	-	-	-	-	-	-	-	-	-
Transfers out to general fund	-	-	-	-	-	-	-	-	-
Transfers out to grants fund	-	-	-	-	-	-	-	-	-
Premium on public facilities bonds	-	-	-	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	731,454	(1,500,000)	(2,231,454)	(1,101,500)	(2,291,670)	(1,190,170)	5,332	-	(5,332)
Net change in fund balances	$ -	(2,435,497)	$ (2,435,497)	$ -	(896,728)	$ (896,728)	$ -	(3,290)	$ (3,290)
Fund balance - beginning of year		11,161,288			2,094,085			21,827	
Net change in reserves and adjustments to GAAP basis		-			-			-	
Fund balance - end of year		$ 8,725,791			$ 1,197,357			$ 18,537	

(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, 2009

	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									
Fire tax levy	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lighting tax levy	-	-	-	-	-	-	-	-	-
Other local taxes	3,058,070	2,403,513	(654,557)	1,100,000	1,096,144	(3,856)	1,020,000	801,229	(218,771)
Grants from federal government	-	-	-	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Interest from loans	-	-	-	-	-	-	-	-	-
Investment earnings	500,000	480,434	(19,566)	30,000	17,976	(12,024)	100,000	275,757	175,757
Miscellaneous revenue	-	-	-	99,250	99,224	(26)	-	-	-
Total revenues	3,558,070	2,883,947	(674,123)	1,229,250	1,213,344	(15,906)	1,120,000	1,076,986	(43,014)
Expenditures									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-	-	-	-
Community development and public housing	-	-	-	-	-	-	-	-	-
Economic development and opportunity	-	-	-	1,130,000	1,101,788	28,212	-	-	-
Debt service	6,250	-	6,250	99,250	99,249	1	646,217	625,216	21,001
Total expenditures	6,250	-	6,250	1,229,250	1,201,037	28,213	646,217	625,216	21,001
Excess (deficiency) of revenues over expenditures	3,551,820	2,883,947	(667,873)	-	12,307	12,307	473,783	451,770	(22,013)
Other financing sources (uses)									
Appropriated fund balance	(3,857,420)	-	3,857,420	-	-	-	(473,783)	-	473,783
Transfers in from general fund	-	-	-	-	-	-	-	-	-
Transfers in from capital projects fund	305,600	305,600	-	-	-	-	-	-	-
Transfers in from housing initiative fund	-	-	-	-	-	-	-	-	-
Transfers out to capital projects fund	-	-	-	-	-	-	-	-	-
Transfers out to fleet services fund	-	-	-	-	-	-	-	-	-
Transfers out to general fund	-	-	-	-	-	-	-	-	-
Transfers out to grants fund	-	-	-	-	-	-	-	-	-
Premium on public facilities bonds	-	-	-	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(3,551,820)	305,600	3,857,420	-	-	-	(473,783)	-	473,783
Net change in fund balances	$ -	3,189,547	$ 3,189,547	$ -	12,307	$ 12,307	$ -	451,770	$ 451,770
Fund balance - beginning of year		520,679			80,095			7,266,310	
Net change in reserves and adjustments to GAAP basis		-			-			-	
Fund balance - end of year		$ 3,710,226			$ 92,402			$ 7,718,080	

(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, 2009

	Housing Initiative			Economic Development Loans		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues						
Fire tax levy	$ -	$ -	$ -	$ -	$ -	$ -
Lighting tax levy	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-
Grants from federal government	-	-	-	-	-	-
Grants from state government	-	-	-	35,185	23,822	(11,363)
Charges for services	-	-	-	-	200	200
Interest from loans	-	-	-	23,821	27,832	4,011
Investment earnings	115,000	71,046	(43,954)	37,000	12,935	(24,065)
Miscellaneous revenue	-	98,823	98,823	-	331	331
Total revenues	115,000	169,869	54,869	96,006	65,120	(30,886)
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-
Community development and public housing	1,400,660	1,085,001	315,659	-	-	-
Economic development and opportunity	-	-	-	60,121	48,197	11,924
Debt service	-	-	-	-	-	-
Total expenditures	1,400,660	1,085,001	315,659	60,121	48,197	11,924
Excess (deficiency) of revenues over expenditures	(1,285,660)	(915,132)	370,528	35,885	16,923	(18,962)
Other financing sources (uses)						
Appropriated fund balance	1,382,455	-	(1,382,455)	(35,885)	-	35,885
Transfers in from general fund	-	-	-	-	-	-
Transfers in from capital projects fund	-	-	-	-	-	-
Transfers in from housing initiative fund	-	-	-	-	-	-
Transfers out to capital projects fund	-	-	-	-	-	-
Transfers out to fleet services fund	-	-	-	-	-	-
Transfers out to grants fund	(64,500)	(64,500)	-	-	-	-
Transfers out to general fund	(32,295)	-	32,295	-	-	-
Premium on public facilities bonds	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	1,285,660	(64,500)	(1,350,160)	(35,885)	-	35,885
Net change in fund balances	$ -	(979,632)	$ (979,632)	$ -	16,923	$ 16,923
Fund balance - beginning of year		5,687,323			680,038	
Net change in reserves and adjustments to GAAP basis		974,178			-	
Fund balance - end of year		$ 5,681,869			$ 696,961	

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, 2009

	Project Budget	Current Year Actual	Total To Date	Variance - Positive (Negative)
Revenues				
Grants from federal government				
ARRA - Highways	$ 4,824,251	$ 987	$ 987	$ (4,823,264)
Highways	1,921,094	1,428,956	927,322	(993,772)
Miscellaneous grants	3,774,987	959,704	22,204	(3,752,783)
Grants from state government:				
Highways	594,000	2,775	2,775	(591,225)
Program open space	3,462,964	1,244,746	163,525	(3,299,439)
Detention center	7,517,740	129,084	527	(7,517,213)
Education	2,273,325	135,651	144,000	(2,129,325)
Other	1,021,694	909,835	961,821	(59,873)
Total revenues	25,390,055	4,811,738	2,223,161	(23,166,894)
Expenditures				
General government	120,739,486	11,178,247	11,631,458	109,108,028
Roads and bridges	49,812,904	24,172,225	31,024,830	18,788,074
Board of Education	185,463,980	57,625,699	120,258,688	65,205,292
Frederick Community College	16,321,042	7,545,891	10,827,107	5,493,935
Parks and recreation	30,771,141	4,446,314	4,418,271	26,352,870
Watershed restoration	1,089,450	40,116	483,294	606,156
Municipal	2,006,404	3,262	618,718	1,387,686
Total expenditures	406,204,407	105,011,754	179,262,366	226,942,041
Excess (deficiency) of revenues over expenditures	(380,814,352)	(100,200,016)	(177,039,205)	203,775,147
Other financing sources (uses)				
Transfers in from general fund	55,575,657	14,457,269	55,575,656	(1)
Transfers in from impact fees fund	20,380,256	1,500,000	20,380,256	-
Transfers in from parks acquisition & development fund	20,667,302	-	20,972,902	305,600
Transfers in from special tax district	22,000	-	22,000	-
Transfers in from development road improvement fund	10,317,290	2,291,670	10,317,290	-
Transfers in from nursing home construction fund	569,600	-	569,600	-
Transfers in from hotel rental tax refund	44,103	-	-	(44,103)
Transfers in from water and sewer fund	22,340	-	-	(22,340)
Transfers in from DPDR	219,720	-	-	(219,720)
Transfers to parks acquisition & development fund	-	(305,600)	(305,600)	(305,600)
Proceeds from public facilities and refunding bonds	272,996,084	-	89,638,944	(183,357,140)
Total other financing sources (uses)	380,814,352	17,943,339	197,171,048	(183,643,304)
Net change in fund balances	$ -	(82,256,677)	$ 20,131,843	$ 20,131,843
Net change in reserves and adjustment to GAAP basis		5,379,137		
Fund balance - beginning of year		120,480,084		
Fund balance - end of year		$ 43,602,544		

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2009

	Business-type Activities-Enterprise Funds				
	Citizens Care & Rehabilitation Center	Montevue Home	Bell Court Apartments	Permitting & Development Review	Total Nonmajor Enterprise Funds (See Exhibit II-A-9)
Assets					
Current assets:					
Cash	$ 57,126	$ 25,673	$ -	$ -	$ 82,799
Equity in pooled invested cash	-	567,378	4,217	6,559,995	7,131,590
Total cash and cash equivalents	57,126	593,051	4,217	6,559,995	7,214,389
Restricted cash and cash equivalents	-	-	392,296	-	392,296
Receivables, net of allowance for uncollectible accounts	2,536,461	10,644	2,381	-	2,549,486
Inventories	40,796	-	-	-	40,796
Total current assets	2,634,383	603,695	398,894	6,559,995	10,196,967
Noncurrent assets:					
Capital assets:					
Land	-	-	132,200	513,942	646,142
Buildings and improvements	3,319,323	2,254,017	1,877,880	6,264,082	13,715,302
Equipment	1,240,289	102,138	-	996,279	2,338,706
Accumulated depreciation	(3,858,157)	(1,771,253)	(719,855)	(1,258,777)	(7,608,042)
Deferred bond issue expense	-	-	-	28,255	28,255
Total noncurrent assets	701,455	584,902	1,290,225	6,543,781	9,120,363
Total assets	3,335,838	1,188,597	1,689,119	13,103,776	19,317,330
Liabilities					
Current liabilities:					
Accounts payable	40,493	8,441	219	2,869	52,022
Payroll and benefit deductions	733,728	124,371	2,300	273,722	1,134,121
Accrued expenses	342,195	2,938	4,666	23,975	373,774
Due to other funds	721,250	-	-	-	721,250
Deferred revenues	-	4,889	-	3,543,227	3,548,116
Security deposits	-	-	8,921	-	8,921
Other liabilities	50,627	19,021	-	-	69,648
Current portion general obligation bonds and notes	-	-	-	380,300	380,300
Current portion of compensated absences	42,790	4,422	-	15,704	62,916
Total current liabilities	1,931,083	164,082	16,106	4,239,797	6,351,068
Noncurrent liabilities:					
Long term portion general obligation bonds and notes	-	-	-	6,081,713	6,081,713
Liability for compensated absences	419,728	89,036	-	255,511	764,275
Net other post employee benefit obligation	737,037	107,407	-	262,963	1,107,407
Accrued termination benefits	-	-	-	20,285	20,285
Total noncurrent liabilities	1,156,765	196,443	-	6,620,472	7,973,680
Total liabilities	3,087,848	360,525	16,106	10,860,269	14,324,748
Net Assets					
Invested in capital assets, net of related debt	701,455	584,902	1,290,225	53,513	2,630,095
Restricted	-	-	392,296	-	392,296
Unrestricted	(453,465)	243,170	(9,508)	2,189,994	1,970,191
Total net assets	$ 247,990	$ 828,072	$ 1,673,013	$ 2,243,507	$ 4,992,582

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Business-type Activities-Enterprise Funds				
	Citizens Care & Rehabilitation Center	Montevue Home	Bell Court Apartments	Permitting & Development Review	Total Nonmajor Enterprise Funds (See Exhibit II-A-10)
Operating revenues					
Charges for health care services, net of contractual adjustments	$ 12,177,831	$ 762,880	$ -	$ -	$ 12,940,711
License and permit revenue	-	-	-	3,328,106	3,328,106
Fee revenue	-	-	-	1,804,811	1,804,811
Rental charges	-	-	94,257	44,175	138,432
Total net charges for services	12,177,831	762,880	94,257	5,177,092	18,212,060
Other revenues	74,841	786	90	7,700	83,417
Total operating revenues	12,252,672	763,666	94,347	5,184,792	18,295,477
Operating expenses					
Personnel services	11,712,892	2,026,491	20,773	4,910,197	18,670,353
Operating expenses (including administrative overhead)	2,409,825	834,907	33,302	1,029,600	4,307,634
Supplies	1,110,596	123,576	-	14,543	1,248,715
Repairs and maintenance	40,635	27,215	22,212	-	90,062
Depreciation expense	242,472	194,967	62,596	386,462	886,497
Total operating expenses	15,516,420	3,207,156	138,883	6,340,802	25,203,261
Operating income (loss)	(3,263,748)	(2,443,490)	(44,536)	(1,156,010)	(6,907,784)
Nonoperating revenues (expenses)					
Donations	25,449	2,214	-	-	27,663
Investment earnings	-	10,636	4,981	102,091	117,708
Interest expense	-	-	-	(261,850)	(261,850)
Total nonoperating revenues (expenses)	25,449	12,850	4,981	(159,759)	(116,479)
Net income (loss) before transfers	(3,238,299)	(2,430,640)	(39,555)	(1,315,769)	(7,024,263)
Transfers in	3,087,136	2,104,749	-	400,450	5,592,335
Transfers out	(39,886)	-	-	-	(39,886)
Total transfers	3,047,250	2,104,749	-	400,450	5,552,449
Change in net assets	(191,049)	(325,891)	(39,555)	(915,319)	(1,471,814)
Net assets - beginning of year	439,039	1,153,963	1,712,568	3,158,826	6,464,396
Net assets - end of year	$ 247,990	$ 828,072	$ 1,673,013	$ 2,243,507	$ 4,992,582

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Citizens Care & Rehabilitation Center	Montevue Home	Bell Court Apartments	Permitting & Development Review	Total Nonmajor Enterprise Funds (See Exhibit II-A-11)
Cash flows from operating activities					
Cash received from residents and customers	$ 11,648,976	$ 733,173	$ 94,257	$ 5,750,125	$ 18,226,531
Cash received from (paid to) interfund services	(644,273)	-	-	44,175	(600,098)
Cash paid to suppliers	(3,243,242)	(963,648)	(54,448)	(1,053,897)	(5,315,235)
Cash paid to employees	(10,880,294)	(1,903,544)	(20,000)	(4,618,864)	(17,422,702)
Other	14,345	-	90	-	14,435
Net cash provided (used) by operating activities	(3,104,488)	(2,134,019)	19,899	121,539	(5,097,069)
Cash flows from noncapital financing activities					
Transfers in	3,087,136	2,104,749	-	400,450	5,592,335
Cash received from donations	16,307	2,214	-	-	18,521
Cash received from (paid to) patient and resident funds	13,813	1,640	-	-	15,453
Cash received from (paid to) memorial and employee funds	140	(122)	-	-	18
Net cash provided (used) by noncapital financing activities	3,117,396	2,108,481	-	400,450	5,626,327
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	-	-	-	(4,842)	(4,842)
Payment of bond and note principal	-	-	-	(338,354)	(338,354)
Interest paid on bonds	-	-	-	(291,718)	(291,718)
Net cash provided (used) by capital & related financing activities	-	-	-	(634,914)	(634,914)
Cash flows from investing activities					
Purchase of investments	-	-	(43,954)	-	(43,954)
Proceeds from sale of investments	-	-	2,400	-	2,400
Interest received on investments	-	10,636	6,987	102,091	119,714
Net cash provided (used) by investing activities	-	10,636	(34,567)	102,091	78,160
Net increase (decrease) in cash and cash equivalents	12,908	(14,902)	(14,668)	(10,834)	(27,496)
Cash and cash equivalents - beginning of year	44,218	607,953	18,885	6,570,829	7,241,885
Cash and cash equivalents - end of year	$ 57,126	$ 593,051	$ 4,217	$ 6,559,995	$ 7,214,389

(continued)

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Citizens Care & Rehabilitation Center	Montevue Home	Bell Court Apartments	Permitting & Development Review	Total Nonmajor Enterprise Funds (See Exhibit II-A-11)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ (3,263,748)	$ (2,443,490)	$ (44,536)	$ (1,156,010)	$ (6,907,784)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	242,472	194,967	62,596	386,462	886,497
Unfunded other post employee benefits	737,037	107,407	-	262,963	1,107,407
Accrued termination benefits	-	-	-	20,285	20,285
Change in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(442,285)	3,761	-	-	(438,524)
Bad debt allowance	49,808	(8,049)	-	-	41,759
Inventory	(166)	-	-	-	(166)
Prepaid expenses	-	-	540	-	540
Increase (decrease) in:					
Accounts payable	32,171	2,005	(526)	(5,892)	27,758
Accrued expenses	166,840	(2,220)	1,825	(12,103)	154,342
Deferred revenues	-	-	-	609,508	609,508
Liability for compensated leave	23,740	12,627	-	16,326	52,693
Due to other funds	(644,273)	-	-	-	(644,273)
Other liabilities	(6,084)	(1,027)	-	-	(7,111)
Net cash provided (used) by operating activities	$ (3,104,488)	$ (2,134,019)	$ 19,899	$ 121,539	$ (5,097,069)

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2009

	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-9)
Assets			
Current assets:			
Equity in pooled invested cash	$ 903,318	$ 5,824,354	$ 6,727,672
Total cash and cash equivalents	903,318	5,824,354	6,727,672
Receivables, net of allowance for uncollectible accounts	74,782	110,939	185,721
Due from component units	177	-	177
Inventories	-	272,665	272,665
Prepaid items	37,998	-	37,998
Total current assets	1,016,275	6,207,958	7,224,233
Noncurrent assets:			
Capital assets:			
Buildings and improvements	-	1,833,133	1,833,133
Equipment	2,514,597	26,044,320	28,558,917
Accumulated depreciation	(2,185,907)	(13,342,629)	(15,528,536)
Total noncurrent assets	328,690	14,534,824	14,863,514
Total assets	1,344,965	20,742,782	22,087,747
Liabilities			
Current liabilities:			
Accounts payable	1,683	154,128	155,811
Payroll and benefit deductions	31,447	135,531	166,978
Accrued expenses	17,290	56,809	74,099
Current portion of compensated absences	-	2,066	2,066
Total current liabilities	50,420	348,534	398,954
Noncurrent liabilities:			
Net other post employee benefit obligation	20,507	108,394	128,901
Liability for compensated absences	30,758	125,222	155,980
Total noncurrent liabilities	51,265	233,616	284,881
Total liabilities	101,685	582,150	683,835
Net Assets			
Invested in capital assets, net of related debt	328,690	14,534,824	14,863,514
Unrestricted	914,590	5,625,808	6,540,398
Total net assets	$ 1,243,280	$ 20,160,632	$ 21,403,912

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-10)
Operating revenues			
Service charges	$ 1,488,578	$ 11,541,100	$ 13,029,678
Total operating revenues	1,488,578	11,541,100	13,029,678
Operating expenses			
Personnel services	520,429	2,252,060	2,772,489
Operating expenses (including administrative overhead)	650,878	945,751	1,596,629
Supplies	32,855	3,860,352	3,893,207
Repairs and maintenance	190,992	450,197	641,189
Depreciation expense	159,516	3,065,709	3,225,225
Total operating expenses	1,554,670	10,574,069	12,128,739
Operating income (loss)	(66,092)	967,031	900,939
Nonoperating revenues (expenses)			
Investment earnings	18,528	195,314	213,842
Miscellaneous income (expense)	-	31,683	31,683
Gain (loss) on dispositon of capital assets	(56,153)	94,204	38,051
Total nonoperating revenues (expenses)	(37,625)	321,201	283,576
Net income (loss) before contributions and transfers	(103,717)	1,288,232	1,184,515
Capital contributions	-	24,525	24,525
Transfers out	-	(997,039)	(997,039)
Transfers in	-	200,862	200,862
Total contributions and transfers	-	(771,652)	(771,652)
Change in net assets	(103,717)	516,580	412,863
Net assets - beginning of year	1,346,997	19,644,052	20,991,049
Net assets - end of year	$ 1,243,280	$ 20,160,632	$ 21,403,912

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-11)
Cash flows from operating activities			
Cash received from residents and customers	$ 1,531,155	$ 11,492,796	$ 13,023,951
Cash paid to suppliers	(885,821)	(5,557,415)	(6,443,236)
Cash paid to employees	(490,139)	(2,100,818)	(2,590,957)
Net cash provided (used) by operating activities	155,195	3,834,563	3,989,758
Cash flows from noncapital financing activities			
Transfers in (out)	-	(796,177)	(796,177)
Net cash provided (used) by noncapital financing activities	-	(796,177)	(796,177)
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(54,142)	(3,953,463)	(4,007,605)
Recoveries for damages	-	11,997	11,997
Proceeds from sale of capital assets	-	187,049	187,049
Net cash provided (used) by capital & related financing activities	(54,142)	(3,754,417)	(3,808,559)
Cash flows from investing activities			
Interest received on investments	18,528	195,314	213,842
Net cash provided (used) by investing activities	18,528	195,314	213,842
Net increase in cash and cash equivalents	119,581	(520,717)	(401,136)
Cash and cash equivalents - beginning of year	783,737	6,345,071	7,128,808
Cash and cash equivalents - end of year	$ 903,318	$ 5,824,354	$ 6,727,672

(continued)

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-11)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (66,092)	$ 967,031	$ 900,939
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	159,516	3,065,709	3,225,225
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	42,577	(48,304)	(5,727)
Prepaid items	(6,649)	(1,855)	(8,504)
Increase (decrease) in:			
Accounts payable	(4,337)	(270,410)	(274,747)
Accrued expenses	3,193	(5,512)	(2,319)
Liability for compensated leave	6,480	19,510	25,990
Other liabilities	20,507	108,394	128,901
Net cash provided (used) by operating activities	$ 155,195	$ 3,834,563	$ 3,989,758

Exhibit-II-B-15

FREDERICK COUNTY, MARYLAND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Tax Agency Fund				
Assets				
Cash and cash equivalents	$ 131,931	$ 9,807	$ 170	$ 141,568
Equity in pooled invested cash	150,334	3,128,309	2,881,445	397,198
Total Assets	$ 282,265	$ 3,138,116	$ 2,881,615	$ 538,766
Liabilities				
Due to third parties	$ 282,265	$ 3,265,400	$ 3,008,899	$ 538,766
Subdivision and Driveway Deposits Fund				
Assets				
Equity in pooled invested cash	$ 4,232,965	$ 1,302,356	$ 1,821,717	$ 3,713,604
Liabilities				
Due to third parties	$ 9,713	$ 114,694	$ 15,513	$ 108,894
Performance deposits	4,223,252	1,187,662	1,806,204	3,604,710
Total Liabilities	$ 4,232,965	$ 1,302,356	$ 1,821,717	$ 3,713,604
Work Release Fund				
Assets				
Cash and cash equivalents	$ 15,959	$ 1,055,911	$ 1,053,967	$ 17,903
Liabilities				
Due to third parties	$ 15,959	$ 1,055,911	$ 1,053,967	$ 17,903
Tax Incremental Financing Bond Fund				
Assets				
Cash and cash equivalents	$ -	$ 264,460	$ 264,460	$ -
Liabilities				
Due to third parties	$ -	$ 452,120	$ 452,120	$ -
Totals - All Agency funds				
Assets				
Cash and cash equivalents	$ 147,890	$ 1,330,178	$ 1,318,597	$ 159,471
Equity in pooled invested cash	4,383,299	4,430,665	4,703,162	4,110,802
Total assets	$ 4,531,189	$ 5,760,843	$ 6,021,759	$ 4,270,273
Liabilities				
Due to third parties	$ 307,937	$ 4,888,125	$ 4,530,499	$ 665,563
Performance deposits	4,223,252	1,187,662	1,806,204	3,604,710
Total liabilities	$ 4,531,189	$ 6,075,787	$ 6,336,703	$ 4,270,273

FREDERICK COUNTY, MARYLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE (1)
JUNE 30, 2009

	2009
Governmental funds capital assets	
Land and improvements	$ 85,444,275
Buildings	150,354,054
Equipment	63,264,394
Infrastructure	324,448,002
Construction in progress	17,380,446
Total governmental funds capital assets	$ 640,891,171
Investment in governmental funds capital assets by source	
Capital projects fund (2)	$ 533,835,867
General fund	5,882,961
Special revenue funds	72,477,931
Donations	28,694,412
Total governmental funds capital assets	$ 640,891,171

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling $30,392,050 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Assets.

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

Exhibit II-B-17

FREDERICK COUNTY, MARYLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION (1)
JUNE 30, 2009

Function	Land and Improvements	Buildings	Equipment	Infrastructure	Construction in Progress	Total
General government	$ 1,172,653	$ 36,447,266	$ 13,366,540	$ -	$ -	$ 50,986,459
Public safety	5,436,596	49,719,352	36,674,656	-	-	91,830,604
Public works	2,336,163	4,846,730	427,963	-	-	7,610,856
Public health	348,996	8,180,645	13,252	-	-	8,542,893
Social services	182,747	13,262,784	9,487,049	-	-	22,932,580
Recreation and culture	26,447,484	37,897,277	3,294,934	-	-	67,639,695
Conservation of natural resources	49,519,636	-	-	-	-	49,519,636
Infrastructure	-	-	-	324,448,002	-	324,448,002
Construction in progress	-	-	-	-	17,380,446	17,380,446
Total governmental funds capital assets	$ 85,444,275	$ 150,354,054	$ 63,264,394	$ 324,448,002	$ 17,380,446	$ 640,891,171

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling $30,392,050 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Assets.

FREDERICK COUNTY, MARYLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION (1)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Function	Governmental Funds Capital Assets July 1, 2008	Additions	Deductions	Governmental Funds Capital Assets June 30, 2009
General government	$ 40,455,068	$ 11,128,101	$ 596,710	$ 50,986,459
Public safety	90,415,401	2,156,942	741,739	91,830,604
Public works	7,026,765	590,979	6,888	7,610,856
Public health	8,353,225	189,668	-	8,542,893
Social services	22,268,428	664,152	-	22,932,580
Recreation and culture	55,844,733	11,836,878	41,916	67,639,695
Conservation of natural resources	46,584,130	3,794,029	858,523	49,519,636
Infrastructure	308,392,749	16,055,253	-	324,448,002
Construction in progress	24,122,004	22,814,342	29,555,900	17,380,446
Total governmental funds capital assets	$ 603,462,503	$ 69,230,344	$ 31,801,676	$ 640,891,171

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling $30,392,050 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Assets.

STATISTICAL SECTION

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

Contents — **Page**

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

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

	Fiscal Year							
	2009	2008	2007 (4)	2006 (4)	2005	2004 (4)	2003 (4)	2002 (4)
Governmental activities								
Investment in capital assets, net of related debt	$ 242,888,896	$ 223,296,140	$ 220,485,887	$ 216,474,001	$ 226,722,373	$ 225,535,503	$ 225,304,760	$ 220,801,250
Restricted (2)	147,016,541	133,032,506	157,734,585	123,851,893	35,780,332	26,588,880	20,309,590	27,623,228
Unrestricted (Deficit) (3)	(167,092,969)	(59,630,068)	(62,896,588)	(56,507,349)	(7,182,824)	(38,026,756)	(45,363,809)	(89,884,660)
Total governmental activities net assets	222,812,468	296,698,578	315,323,884	283,818,545	255,319,881	214,097,627	200,250,541	158,539,818
Business-type activities								
Investment in capital assets, net of related debt	291,788,577	232,785,591	214,474,800	193,225,382	175,358,149	147,999,499	142,219,673	136,917,343
Restricted	679,335	15,750,610	24,851,353	3,206,982	229,896	191,252	1,971,389	64,458,990
Unrestricted (Deficit)	80,856,215	96,536,501	87,412,069	104,778,749	88,146,766	90,132,660	75,404,737	4,920,701
Total business-type activities net assets	373,324,127	345,072,702	326,738,222	301,211,113	263,734,811	238,323,411	219,595,799	206,297,034
Primary government								
Investment in capital assets, net of related debt	534,677,473	456,081,731	434,960,687	409,699,383	402,080,522	373,535,002	367,524,433	357,718,593
Restricted (2)	147,695,876	148,783,116	182,585,938	127,058,875	36,010,228	26,780,132	22,280,979	92,082,218
Unrestricted (Deficit) (3)	(86,236,754)	36,906,433	24,515,481	48,271,400	80,963,942	52,105,904	30,040,928	(84,963,959)
Total primary government net assets	$ 596,136,595	$ 641,771,280	$ 642,062,106	$ 585,029,658	$ 519,054,692	$ 452,421,038	$ 419,846,340	$ 364,836,852

(1) Accrual-basis financial information for the county government as a whole is only available back to 2002, the year GASB Statement 34 was implemented.
(2) Due to the implementation of GASB Statement 46 in fiscal year 2006, higher restricted net assets are being reported than in previous years.
(3) Deficits occur in unrestricted net assets for governmental activities because the County issues debt to fund construction costs for the Board of Education yet the Board of Education owns the capital assets. See the Management's Discussion and Analysis for further details.
(4) Restated

Exhibit III-A-2

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

	Fiscal Year							
	2009	2008	2007 (2)	2006 (2)	2005	2004 (2)	2003 (2)	2002 (2)
Expenses								
Governmental activities:								
General government	$ 48,336,652	$ 47,365,230	$ 44,608,747	$ 41,402,131	$ 27,425,402	$ 24,607,455	$ 36,887,646	$ 35,292,562
Public safety	98,638,171	92,368,561	82,346,886	68,737,205	58,696,992	48,301,860	48,823,335	42,848,265
Public works	45,639,681	36,272,941	33,363,952	30,839,056	29,789,265	31,779,170	5,651,044	13,759,447
Health	8,430,003	8,350,521	12,022,712	20,318,327	15,586,778	15,002,153	20,753,454	19,353,858
Social services	9,079,466	9,034,819	7,433,791	7,248,599	5,519,938	5,935,055	2,406,499	3,532,518
Education	317,246,467	280,571,794	234,952,181	236,655,998	215,923,669	214,618,912	192,710,690	200
Parks, recreation and culture	17,984,081	16,540,827	13,027,882	11,619,119	9,450,582	10,937,095	8,162,835	2,980,654
Conservation of natural resources	5,920,062	5,284,255	2,018,025	3,771,639	1,278,781	4,981,389	2,999,473	6,350,141
Community development and public housing	5,313,485	5,532,210	4,692,471	3,195,154	3,713,439	3,058,614	2,950,729	2,664,445
Economic development and opportunity	14,367,112	13,586,428	12,368,074	11,485,801	10,928,583	10,369,467	11,047,285	9,884,959
Miscellaneous	-	-	-	-	3,803,446	4,397,069	2,291,509	1,465,739
Intergovernmental	-	-	-	-	6,006,926	4,796,634	16,383,165	3,094,971
Interest on long term debt	17,384,242	15,180,615	13,236,202	9,858,697	9,351,188	11,089,623	9,865,763	21,031,442
Total governmental activities expenses	588,339,422	530,088,201	460,070,923	445,131,726	397,474,989	389,874,496	360,933,427	162,259,201
Business-type activities:								
Water and sewer	27,858,760	25,789,356	23,082,586	21,623,009	19,977,977	19,785,831	17,681,970	18,220,967
Solid waste management	22,543,435	20,989,211	20,649,798	17,615,883	12,368,757	11,613,296	9,618,690	9,265,701
Nursing homes	18,720,204	17,961,626	15,862,296	14,691,041	13,399,901	12,815,110	12,346,634	11,710,121
Public housing	138,883	121,973	127,423	106,859	107,323	111,334	(1,715,127)	1,918,836
Permitting and development review	6,586,058	6,866,402	6,244,552	4,761,715	4,134,794	3,334,752	108,101	-
Total business-type activities expenses	75,847,340	71,728,568	65,966,655	58,798,507	49,988,752	47,660,323	38,040,268	41,115,625
Total primary government expenses	$ 664,186,762	$ 601,816,769	$ 526,037,578	$ 503,930,233	$ 447,463,741	$ 437,534,819	$ 398,973,695	$ 203,374,826
Program Revenues								
Governmental activities:								
Charges for services:								
General government	$ 7,107,680	$ 6,123,458	$ 10,002,667	$ 13,070,811	$ 1,086,267	$ 1,026,083	$ 6,789,686	$ 7,083,797
Public safety	6,332,060	6,000,432	5,501,706	4,259,470	2,938,922	2,687,452	1,697,058	1,230,503
Public works	681,480	798,599	699,799	838,845	743,694	759,069	1,991,378	1,232,383
Health	1,770,050	1,955,859	2,571,249	3,575,509	3,348,561	3,461,277	6,806,508	6,763,320
Social services	1,427,143	1,359,191	1,199,006	1,143,596	1,632,919	1,737,198	383,575	279,257
Parks, recreation and culture	796,378	727,658	640,439	554,694	466,417	472,016	388,072	341,685
Conservation of natural resources	183,704	193,410	198,663	213,945	129,844	120,408	95,161	100,226
Community development and public housing	-	-	-	-	-	-	200	-
Economic development and opportunity	131,241	75,736	250,412	353,402	374,485	402,481	240,751	235,403
Operating grants and contributions:	35,124,152	37,093,647	35,352,838	40,427,661	36,100,015	33,919,736	35,879,493	38,364,035
Capital grants and contributions:	18,624,294	4,480,176	4,884,031	3,018,316	5,203,254	6,508,424	5,677,857	11,388,734
Total governmental activities program revenues	72,178,182	58,808,166	61,300,810	67,456,249	52,024,378	51,094,144	59,949,739	67,019,343

(continued)

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

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

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

Exibit III-A-3

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

	Fiscal Year									
	2009	2008	2007	2006	2005	2004 (1)	2003	2002 (1)	2001	2000
General Fund										
Reserved	$ 2,808,056	$ 3,105,738	$ 3,394,405	$ 3,825,762	$ 3,567,549	$ 3,390,883	$ 3,755,322	$ 4,214,879	$ 4,347,602	$ 2,583,454
Unreserved										
Designated	28,147,175	46,788,577	79,230,104	51,885,900	32,472,096	25,295,120	30,347,809	15,126,472	11,264,692	16,375,666
Undesignated	21,364,533	20,973,351	18,339,726	53,857,163	56,594,257	41,588,839	29,246,543	26,706,089	21,797,577	16,947,573
Total General Fund	$ 52,319,764	$ 70,867,666	$100,964,235	$109,568,825	$ 92,633,902	$ 70,274,842	$ 63,349,674	$46,047,440	$37,409,871	$35,906,693
All other Governmental Funds										
Reserved	$ 30,439,539	$ 25,902,551	$ 34,693,529	$ 26,349,699	$ 25,967,238	$ 14,993,032	$ 14,563,201	$10,399,734	$23,624,205	$27,431,903
Unreserved										
Designated										
Grant funds (2)	-	-	-	-	670,076	516,201	170,310	-	-	-
Agricultural Preservation fund (3)	28,413,665									
Special revenue funds	36,062,914	59,773,405	52,212,007	59,411,063	40,224,063	24,354,576	17,097,105	20,055,771	16,807,011	13,418,223
Undesignated										
Grant funds (2)	-	-	-	-	-	-	640,297	829,033	-	-
Agricultural Preservation fund (3)	15,060,030									
Capital project funds	17,869,398	97,993,054	70,046,722	12,503,245	(9,658,250)	25,306,231	20,349,294	(10,373,628)	9,880,908	7,514,093
Special revenue funds	12,175,080	24,370,105	25,313,519	25,958,899	20,424,923	20,753,183	10,506,062	8,866,420	4,819,818	842,097
Total all other governmental funds	$140,020,626	$208,039,115	$182,265,777	$124,222,906	$ 77,628,050	$ 85,923,223	$ 63,326,269	$29,777,330	$55,131,942	$49,206,316
Total Governmental Fund Balance	$192,340,390	$278,906,781	$283,230,012	$233,791,731	$170,261,952	$156,198,065	$126,675,943	$75,824,770	$92,541,813	$85,113,009

(1) Restated
(2) Effective Fiscal Year 2006 the Grant Fund is no longer a major fund. It was a major fund for fiscal years 2002-2005 only.
(3) Effective Fiscal Year 2009 the Agricultural Preservation Fund became a major fund.

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

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues										
Local property taxes	$ 271,101,871	$ 245,072,399	$ 220,049,674	$ 202,393,241	$ 183,381,053	$ 166,807,853	$ 154,346,972	$ 145,823,757	$ 135,546,040	$ 116,496,176
Local income taxes	158,356,951	161,633,784	154,536,579	144,199,778	137,124,133	132,462,327	131,949,827	111,018,868	88,736,934	80,232,845
Other local taxes	24,774,769	38,844,848	43,622,707	50,893,829	57,562,364	48,977,481	36,707,193	33,894,663	29,255,116	18,559,854
Licenses and permits	529,307	525,736	555,708	831,982	979,054	847,080	2,294,473	2,202,833	2,211,075	1,986,857
Grants from federal government	16,018,557	14,972,920	14,435,041	12,950,308	12,336,937	10,945,899	9,987,246	9,706,831	6,771,184	3,737,137
Grants from state government	23,509,031	26,645,876	25,809,335	30,450,610	29,567,220	28,301,914	31,570,104	32,808,334	27,466,351	25,230,545
Charges for services	15,897,927	9,084,044	18,069,358	21,341,057	9,262,332	9,314,013	16,503,345	15,026,098	13,143,985	11,953,034
Fines and forfeitures	399,997	428,472	304,985	308,518	330,530	424,633	210,678	261,839	130,530	143,687
Interest from loans	39,347	59,566	89,802	19,512	11,078	8,440	11,197	-	-	-
Investment earnings	7,647,654	15,251,373	15,188,001	8,700,804	5,517,391	2,513,831	2,519,684	5,627,783	8,596,832	7,332,317
Miscellaneous	7,373,952	2,643,364	3,695,581	2,635,249	2,563,737	2,762,783	1,621,683	2,139,761	1,471,272	1,102,755
Total revenues	525,649,363	515,162,382	496,356,771	474,724,888	438,635,829	403,366,254	387,722,402	358,510,767	313,329,319	266,775,207
Expenditures										
Current										
General government	33,547,085	33,788,704	27,818,998	24,306,561	22,204,110	21,639,704	26,191,150	23,411,460	21,858,590	21,004,425
Public safety	91,228,627	91,745,100	74,193,200	64,500,424	56,524,525	48,492,872	46,004,951	42,033,139	36,689,466	32,325,009
Public works	26,114,555	23,592,543	19,905,496	18,984,178	20,812,477	18,008,073	17,635,413	13,957,272	12,574,656	12,573,219
Health	7,581,629	8,290,898	11,767,833	20,145,681	15,447,857	14,833,362	20,733,669	19,199,353	16,902,039	15,639,925
Social services	8,120,521	8,371,921	6,665,331	6,476,583	6,540,358	6,314,660	3,808,898	3,422,847	3,168,387	2,414,874
Education	252,074,877	241,164,441	213,329,178	196,563,412	185,300,073	179,415,425	166,000,881	200	200	200
Parks, recreaton and culture	14,143,791	14,549,408	11,885,934	10,528,919	8,782,883	8,035,178	7,536,930	2,807,366	2,431,233	2,196,740
Conservation of natural resources	7,976,051	14,124,430	5,194,359	2,397,091	1,741,058	4,505,561	3,358,264	6,350,666	3,809,250	999,165
Community development and public housing	5,273,431	5,541,941	4,687,912	3,191,585	3,723,967	3,052,368	2,950,166	2,407,231	1,914,082	1,856,535
Economic development and opportunity	13,755,107	14,655,342	12,488,625	11,583,440	10,926,166	10,377,175	10,990,348	9,856,451	7,755,543	7,195,412
Miscellaneous	1,349,087	1,471,497	6,376,131	4,229,897	4,182,513	4,583,681	2,356,025	1,960,755	3,385,981	1,563,069
Intergovernmental	7,442,704	6,630,971	6,062,188	5,454,453	4,847,291	4,463,342	3,866,509	3,094,971	2,203,029	1,798,751
Debt service										
Principal	25,866,128	22,966,196	20,179,909	15,432,931	22,652,797	15,002,880	10,844,799	13,046,143	9,162,863	6,014,870
Interest	18,464,996	16,335,094	14,295,744	11,056,416	10,864,875	10,953,670	10,355,454	10,558,830	9,973,988	5,753,517
Capital projects	99,230,793	81,621,365	63,431,403	82,714,041	51,188,595	48,975,783	54,327,298	21,549,878	22,813,716	13,605,456
Total expenditures	612,169,382	584,849,851	498,282,241	477,565,612	425,739,545	398,653,734	386,960,755	173,656,562	154,643,023	124,941,167
Excess of revenues over expenditures	(86,520,019)	(69,687,469)	(1,925,470)	(2,840,724)	12,896,284	4,712,520	761,647	184,854,205	158,686,296	141,834,040

(continued)

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

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Other Financing Sources (Uses)										
Transfer in from General Fund	$ 22,704,374	$ 36,198,005	$ 46,308,521	$ 31,721,340	$ 23,656,581	$ 25,587,376	$ 29,266,440	$ 22,966,955	$ 21,820,792	$ 22,742,154
Transfers in from Special Revenue Funds	3,486,070	11,894,630	30,331,520	10,556,300	12,954,780	6,418,131	16,210,471	7,793,112	8,090,086	614,857
Transfers in from Internal Service Funds	997,039	-	-	-	18,212	-	-	-	-	-
Transfer out to:										
General Fund	-	-	-	-	-	(184,481)	-	-	-	-
Special Revenue Funds	(8,247,105)	(11,748,149)	(8,009,101)	(8,429,500)	(7,230,957)	(5,862,101)	(8,674,575)	(6,377,395)	(5,893,460)	(5,003,204)
Capital Projects Fund	(17,943,339)	(36,344,486)	(68,630,940)	(33,848,140)	(29,380,404)	(25,958,925)	(36,802,336)	(24,382,672)	(24,017,418)	(18,353,807)
Enterprise Funds	(5,592,335)	(7,459,195)	(3,941,258)	(6,682,958)	(3,868,735)	(6,906,330)	(2,441,659)	(1,868,768)	(2,086,579)	(1,856,455)
Internal Service Funds	(15,527)	(976,979)	(796,768)	(1,690,917)	(14,804)	(220,000)	-	-	-	-
Transfer to component units	-	-	-	-	-	-	-	(199,646,481)	(200,972,550)	(166,613,626)
Proceeds from public facilities and refunding bonds	-	61,055,000	49,856,000	82,958,476	91,781,972	41,792,400	50,157,925	20,053,810	52,837,581	89,631,000
Payment to refunded bond escrow agent	-	-	-	(13,710,975)	(96,489,172)	(13,032,948)	(1,178,545)	(20,578,753)	-	-
Bond premium on public facilities and refunding bonds	-	2,385,238	919,527	4,751,327	8,870,030	654,580	588,545	524,943	-	-
Installment purchase agreement	2,437,428	7,948,699	-	-	-	-	-	-	-	-
Repayment of bond anticipation notes	-	-	-	-	-	-	-	-	(1,432,000)	(33,914,000)
Proceeds of capital lease	2,120,000	2,394,000	5,325,000	731,000	852,100	2,515,000	2,961,260	-	-	-
Sale of capital assets	7,023	17,475	1,250	14,550	18,000	6,900	2,000	-	-	-
Total other financing sources (uses)	(46,372)	65,364,238	51,363,751	66,370,503	1,167,603	24,809,602	50,089,526	(201,515,249)	(151,653,548)	(112,753,081)
Net change in fund balances	$ (86,566,391)	$ (4,323,231)	$ 49,438,281	$ 63,529,779	$ 14,063,887	$ 29,522,122	$ 50,851,173	$ (16,661,044)	$ 7,032,748	$ 29,080,959
Total expenditures	$ 612,169,382	$ 584,849,851	$ 498,282,241	$ 477,565,612	$ 425,739,545	$ 398,653,734	$ 386,960,755	$ 173,656,562		
Less: Capital outlay	(3,395,622)	(9,772,187)	(12,420,057)	(5,398,071)	(11,759,104)	(10,284,676)	(9,657,295)	(21,820,477)		
Noncapital expenditures	608,773,760	575,077,664	485,862,184	472,167,541	413,980,441	388,369,058	377,303,460	151,836,085		
Debt service	44,331,124	39,301,290	34,475,653	26,489,347	33,517,672	25,956,550	21,200,253	23,604,973		
Debt service as a percentage of noncapital expenditures (1)	7.28%	6.83%	7.10%	5.61%	8.10%	6.68%	5.62%	15.55%	* (1)	* (1)

* Information not available

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

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

	Real Property Taxable Assessed Value (1)					Public Utilities		Total
Fiscal Year	Residential Property	Commercial Property	Industrial Property	Total Real Property	Direct Tax Rate (2)	Taxable Assessed Value	Direct Tax Rate (2)(3)	Taxable Assessed Value
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
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
2007	15,874,666,066	3,366,315,419	937,566,786	20,178,548,271	0.936	342,190,640	2.34	20,520,738,911
2006	14,300,692,783	3,093,387,029	851,597,799	18,245,677,611	1.000	340,388,620	2.50	18,586,066,231
2005	12,504,488,751	2,586,588,409	777,563,387	15,868,640,547	1.000	365,265,099	2.50	16,233,905,646
2004	n/a	n/a	n/a	14,713,127,459	1.000	341,838,850	2.50	15,054,966,309
2003	n/a	n/a	n/a	13,852,072,854	1.000	365,088,270	2.50	14,217,161,124
2002	n/a	n/a	n/a	12,972,034,400	1.000	382,963,100	2.50	13,354,997,500
2001	n/a	n/a	n/a	4,889,192,115	2.500	374,937,880	2.50	5,264,129,995
2000	n/a	n/a	n/a	4,650,381,807	2.260	360,305,770	2.26	5,010,687,577

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

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

(1) Prior to FY 2002, all real property was assessed at 40% of estimated market value. After FY 2001, all real property has been assessed at 100% of estimated market value. Public Utility property is assessed at 100% of estimated value. The reduction in tax rates in FY 2002 reflect this change in value at which real property is assessed.
(2) Per $100 of assessed value
(3) The direct rate for public utilities does not include the rate for railroads which are immaterial to the public utility revenues.
(4) The total direct tax rate is the weighted average of the real property and public utilities direct rates.

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

	Year Taxes Are Payable									
	2009	2008	2007	2006	2005	2004	2003	2002	2001 (2)	2000 (2)
Direct Property Tax Rates										
Frederick County	$ 0.936	$ 0.936	$ 0.936	$ 1.000	$ 1.000	$ 1.000	$ 1.000	$ 1.000	$ 2.500	$ 2.260
Total Direct Property Tax Rates	$ 0.936	$ 0.936	$ 0.936	$ 1.000	$ 1.000	$ 1.000	$ 1.000	$ 1.000	$ 2.500	$ 2.260
Overlapping property tax rates										
Fire and lighting tax districts										
Braddock fire tax district	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.08	$ 0.08
Brunswick fire tax district	-	-	-	-	-	-	-	-	0.10	0.10
Carroll Manor fire tax district	-	-	-	-	-	-	-	-	0.12	0.12
Frederick fire tax district	-	-	-	-	-	-	-	-	0.18	0.18
Lewistown fire tax district	-	-	-	-	-	-	-	-	0.09	0.09
Libertytown fire tax district	-	-	-	-	-	-	-	-	0.07	0.07
Middletown fire tax district	-	-	-	-	-	-	-	-	0.17	0.09
Myersville fire tax district	-	-	-	-	-	-	-	-	0.11	-
New Market fire tax district	-	-	-	-	-	-	-	-	0.16	0.07
Thurmont fire tax district	-	-	-	-	-	-	-	-	0.11	-
Walkersville fire tax district	-	-	-	-	-	-	-	-	0.05	0.05
Wolfsville fire tax district	-	-	-	-	-	-	-	-	0.15	-
Woodsboro fire tax district	-	-	-	-	-	-	-	-	0.12	-
Suburban Fire/Rescue (1)	0.080	0.080	0.080	0.080	0.065	0.065	0.045	0.045	-	-
Urban Fire/Rescue (1)	0.128	0.128	0.128	0.135	0.135	0.135	0.100	0.100	-	-
Braddock lighting tax district	0.006	0.006	0.012	0.016	0.020	0.024	0.024	0.024	0.06	0.06
Libertytown lighting tax district	0.013	0.013	0.018	0.021	0.022	0.020	0.020	0.020	0.05	0.05
New Addition lighting tax district	0.007	0.007	0.012	0.014	0.021	0.028	0.028	0.028	0.07	0.07
State	0.112	0.112	0.112	0.132	0.132	0.132	0.084	0.084	0.21	0.21
Municipalities										
Brunswick	0.422	0.432	0.452	0.452	0.488	0.488	0.488	0.488	1.22	1.22
Burkittsville	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.140	0.35	0.35
Emmitsburg	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.75	0.70
Frederick	0.650	0.670	0.690	0.690	0.690	0.640	0.640	0.640	1.57	1.59
Middletown	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.58	0.58
Mt. Airy	0.165	0.174	0.183	0.188	0.193	0.202	0.206	0.206	0.56	0.56
Myersville	0.274	0.274	0.274	0.274	0.274	0.236	0.236	0.236	0.59	0.62
New Market	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.30	0.30
Rosemont	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.10	0.10
Thurmont	0.270	0.280	0.265	0.270	0.273	0.248	0.248	0.248	0.62	0.62
Walkersville	0.156	0.156	0.156	0.166	0.176	0.176	0.176	0.176	0.44	0.44
Woodsboro	0.120	0.120	0.129	0.138	0.152	0.152	0.152	0.152	0.38	0.38

Source: County Treasurer's Office

Note: (1) In 2002 fire tax districts combined from individual stations into urban and suburban tax districts.
(2) Prior to FY 2002, all county property was assessed at 40% estimated market value. After FY 2001, all property has been assessed at 100% of estimated market value. The reduction in tax rates in FY 2002 reflect this change in value at which property is taxed.

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

	Fiscal Year 2009			Fiscal Year 2000		
Name of Taxpayer	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Potomac Edison/Alleghany Power	$ 130,151,790	1	0.52 %	$ 156,952,880	1	3.13 %
Verizon Maryland/Bell Atlantic	92,337,770	2	0.37	98,315,806	2	1.96
PR Financing Limited Partnership	70,397,032	3	0.28	-		-
State Farm Mutual Auto Insurance	45,746,800	4	0.18	15,127,520	8	0.30
Writ Frederick Crossing Land, LLC	39,573,666	5	0.16	-		-
Washington Gas Light Company	37,707,750	6	0.15	25,835,926	5	0.52
River X, LLC	36,535,066	7	0.15	-		-
Aidi, Inc.	36,399,900	8	0.15	-		-
Westview Corporate Center, Inc.	35,856,500	9	0.14			-
Fannie Mae	33,725,966	10	0.14	-		-
American Telephone & Telegraph	-		-	51,977,945	3	1.04
Crown American Financing Part.	-		-	27,584,620	4	0.55
Manekin/Morecop	-		-	17,277,860	6	0.34
Eastalco Aluminum Company	-		-	16,913,010	7	0.34
Frederick Towne Mall Associates	-		-	13,196,280	9	0.26
Baltimore Gas & Electric	-		-	11,631,400	10	0.23
Totals	$ 558,432,240		2.24 %	$ 434,813,247		8.68 %

Source: County Treasurer's Office

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments (1)	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2009	$ 227,624,313	$ (1,462,994)	$ 226,161,319	$ 225,751,007	99.82 %	$ -	$ 225,751,007	99.82 %
2008	207,783,675	(2,247,429)	205,536,246	205,408,797	99.94	75,055	205,483,852	99.97
2007	184,843,834	(715,607)	184,128,227	183,777,116	99.81	327,167	184,104,283	99.99
2006	172,329,130	(821,807)	171,507,323	171,182,698	99.81	307,357	171,490,055	99.99
2005	160,956,202	5,986,647	166,942,849	166,492,845	99.73	448,385	166,941,230	100.00
2004	145,697,511	8,777,276	154,474,787	153,934,018	99.65	540,680	154,474,698	100.00
2003	136,136,573	10,178,330	146,314,903	145,762,664	99.62	552,150	146,314,814	100.00
2002	127,284,351	10,697,607	137,981,958	137,338,900	99.53	641,426	137,980,326	100.00
2001	120,100,222	10,370,387	130,470,609	130,193,033	99.79	276,915	130,469,948	100.00
2000	n/a	n/a	112,274,339	112,023,603	99.78	249,736	112,273,339	100.00

Source: County Treasurer's Office

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

(1) For fiscal years 2001 through 2005 "adjustments" included additions, abatements and new construction bills. For fiscal years 2006 through 2009, 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	Bond Anticipation Notes	Capital Leases	Notes Payable	Agricultural Preservation Installment Purchase Agreements	Total Governmental Activities
2009	$ 340,403,603	$ -	$ 7,775,416	$ 3,699,879	$ 42,046,106	$ 393,925,004
2008	363,376,795	-	7,842,795	4,429,258	39,608,678	415,257,526
2007	322,446,867	-	7,628,193	5,923,287	31,659,979	367,658,326
2006	290,551,046	-	4,235,122	6,640,103	20,751,405	322,177,676
2005	234,327,973	-	4,980,289	7,322,577	15,767,333	262,398,172
2004	243,799,506	8,150,000	5,538,335	7,973,065	8,774,670	274,235,576
2003	225,822,602	11,130,000	3,941,770	8,586,170	1,147,228	250,627,770
2002	198,049,009	621,075	1,428,274	2,653,604	-	202,751,962
2001	207,723,011	2,951,075	-	3,450,314	-	214,124,400
2000	162,745,189	5,156,075	-	4,723,211	-	172,624,475

	Business-Type Activities						
Fiscal Year	General Obligation Bonds	Bond Anticipation Notes	Notes Payable (2)	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2009	$ 133,276,397	$ -	$ 29,576,033	$ 162,852,430	$ 556,777,434	N/A	$ 2,375
2008	142,783,205	-	28,293,975	171,077,180	586,334,706	6.4%	2,520
2007	133,058,132	-	29,688,011	162,746,143	530,404,469	5.4%	2,295
2006	98,068,957	-	29,602,176	127,671,133	449,848,809	4.9%	1,965
2005	71,517,028	-	28,917,294	100,434,322	362,832,494	4.2%	1,627
2004	76,585,495	-	31,062,443	107,647,938	381,883,514	4.7%	1,745
2003	81,447,398	-	33,219,749	114,667,147	365,294,917	4.9%	1,708
2002	61,560,990	6,583,925	33,269,694	101,414,609	304,166,571	4.2%	1,448
2001	64,581,987	9,413,925	32,142,229	106,138,141	320,262,541	4.6%	1,565
2000	47,453,062	19,413,925	30,511,306	97,378,293	270,002,768	4.2%	1,383

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) See Exhibit III-A-13 for personal income and population data.
(2) Notes payable includes Interfund Solid Waste Cart Loan of $3,702,346.

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

Fiscal Year	General Obligation Debt	Installment Purchase Agreements (1)	Less Amounts to be Paid with Other Resources	Total Net General Obligation Debt Outstanding	Percentage of Total Estimated Actual Value of Taxable Property (2)	Per Capita (3)
2009	$ 472,680,000	$ 42,046,106	$ (283,155,828)	$ 231,570,278	0.93%	$ 988
2008	506,160,000	39,608,678	(279,834,495)	265,934,183	1.16%	1,143
2007	455,504,999	31,659,979	(241,586,012)	245,578,966	1.20%	1,063
2006	388,620,003	20,751,405	(187,272,256)	222,099,152	1.20%	970
2005	305,845,001	15,767,333	(135,488,237)	186,124,097	1.15%	835
2004	320,385,001	8,774,670	(135,697,951)	193,461,720	1.29%	884
2003	307,270,000	1,147,228	(125,772,002)	182,645,226	1.28%	854
2002	259,609,999	-	(106,330,430)	153,279,569	1.15%	730
2001	274,793,273	-	(113,372,771)	161,420,502	1.23%	789
2000	213,879,147	-	(81,648,958)	132,230,189	1.06%	677

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) Installment Purchase Agreements are included because they require the County's bond authority to be issued.
(2) See Exhibit III-A-5 for real property tax values.
(3) See Exhibit III-A-13 for population data.

FREDERICK COUNTY, MARYLAND
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2009

Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct:			
Frederick County	$ 393,925,004	100 %	$ 393,925,004
Overlapping Debt:			
Component Units:			
Frederick County Public Schools	19,087,165	100 %	19,087,165
Towns, Cities and Villages:			
Brunswick	138,110	100 %	138,110
Emmitsburg	509,729	100 %	509,729
Frederick City	78,578,271	100 %	78,578,271
Middletown	1,307,050	100 %	1,307,050
Myersville	3,731,419	100 %	3,731,419
Thurmont	8,009,276	100 %	8,009,276
Subtotal Overlapping:	111,361,020		111,361,020
Totals	$ 505,286,024		$ 505,286,024

Source: Division of Finance

(1) Debt repaid by general government activities

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000
Debt limitation - 6% of total assessed value (1)	$ 1,373,425,595	$ 1,231,244,335	$ 1,113,792,014	$ 974,034,339	$ 903,297,979	$ 853,029,667	$ 801,299,850	$ 789,619,499	$ 751,603,137
Total debt applicable to limit (2)	171,077,180	155,779,337	123,521,133	100,434,321	107,647,938	114,667,147	94,830,685	106,138,141	97,378,293
Legal debt margin	$ 1,202,348,415	$ 1,075,464,998	$ 990,270,881	$ 873,600,018	$ 795,650,041	$ 738,362,520	$ 706,469,165	$ 683,481,358	$ 654,224,844
Total net debt applicable to the limit as a percentage of debt limit	12.46%	12.65%	11.09%	10.31%	11.92%	13.44%	11.83%	13.44%	12.96%

Legal debt margin calculation for fiscal year 2009

Assessed valuations (3)	24,946,718,280
Debt limitation - 6% of total assessed value	1,496,803,097
Debt applicable to limitation	
Total bonds payable	133,276,397
Total notes payable	25,873,687
Total debt applicable to limit (2)	159,150,084
Legal debt margin	$ 1,337,653,013
Total net debt applicable to the limit as a percentage of debt limit	10.63%

(1) Assessed values based on 100% of real estate assessment. Debt limitation based on 6% of assessed values. Fiscal years 2001 and prior based on 40% assessment and debt limitation based on 15% of assessed values.
(2) The total debt applicable to the limit is for bonds and notes issued pursuant to Chapter 2-13-13. Water, sewers, drains and solid waste of Part II, Code of Public Laws of Frederick County, 1979. FY 2003 and prior have been restated to only include bonds and notes.
(3) Source - Maryland State Department of Assessments and Taxation

Sources: (1) Frederick County, Maryland Code of Ordinances 2004 and 2005 S-2 Supplement
(2) Maryland State Department of Assessments and Taxation
(3) Division of Finance

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

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 (2)
					Credit	Non-Credit	Total	
2009	234,400	N/A	N/A	40,155	3,723	318	4,041	6.5 %
2008	232,700	$ 9,105,528 *	$41,313 *	40,566	3,322	358	3,680	3.7
2007	231,100	9,883,160	44,092	40,315	3,197	382	3,579	3.1
2006	228,900	9,144,625	41,286	39,741	3,011	432	3,443	3.4
2005	223,000	8,601,749	39,245	39,564	2,826	363	3,189	3.4
2004	218,800	8,100,582	37,462	39,003	2,744	346	3,090	3.7
2003	213,900	7,526,137	35,378	38,621	2,651	289	2,940	2.9
2002	210,100	7,176,991	34,422	38,122	2,484	276	2,760	3.1
2001	204,700	6,930,141	34,252	36,961	2,396	268	2,664	2.3
2000	195,277	6,427,226	32,707	36,145	2,397	293	2,690	1.8

Sources:
(1) Fiscal year 2000 is U.S. Census figure; all others estimated by Frederick County Division of Planning
(2) Frederick County Office of Economic Development, US Bureau of Economic Analysis
(3) Frederick County Board of Education
(4) Frederick Community College

* estimated using Frederick County Department of Planning population growth rates
N/A - Not available

Exhibit III-A-14

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

	2009			2000		
Employer	Employees	Rank	Percentage of Total County Employment *	Employees	Rank	Percentage of Total County Employment *
Fort Detrick	8,200 *	1	9.00 %	6,290 *	1	8.16 %
Frederick County Board of Education	5,384	2	5.91	4,417	2	5.73
Frederick Memorial Healthcare System	2,681	3	2.94	2,000	4	2.59
Frederick County Government	2,475	4	2.72	1,828	6	2.37
Bechtel Corporation (formerly Bechtel Power)	2,203	5	2.42	1,700	7	2.20
SAIC	1,670	6	1.83	-	-	-
Wells Fargo Home Mortgage	1,500	7	1.65	1,000	8	1.30
CitiMortgage	900	8	0.99	-	-	-
Frederick Community College	899	9	0.99	-	-	-
Frederick City Government	852	10	0.93	-	-	-
United Health Care (formerly Mamsi)	-	-	-	2,310	3	3.00
First Nationwide Mortgage	-	-	-	1,900	5	2.46
State Farm Insurance	-	-	-	914	9	1.19
F&M Bancorp	-	-	-	900	10	1.17
	26,764		29.38 %	23,259		30.17 %

* Includes military personnel.

Source: Frederick County Office of Economic Development

Exhibit III-A-15

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

Function/Program	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General government	378	384	350	335	335	326	305	312	272	280
Public safety	864	846	762	704	646	584	561	536	491	405
Public works	443	421	395	383	359	363	357	338	322	337
Health	333	337	316	313	292	299	300	326	311	351
Social services	149	141	136	126	125	128	127	122	109	118
Parks, recreation and culture	48	50	49	50	42	42	44	43	36	84
Library	123	121	116	108	91	89	88	86	67	95
Conservation of natural resources	7	7	7	7	7	7	6	6	6	9
Community dev. & public housing	11	11	8	7	6	6	6	5	6	6
Economic dev. & opportunity	119	114	104	111	106	110	120	122	97	143
Total	2,475	2,432	2,243	2,144	2,009	1,954	1,914	1,896	1,717	1,828

Source: Human Resources

Note: (1) Fiscal year 2000 is a total employee count.
(2) Fiscal years 2001-2009 are full-time equivalents.

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

Function/Program	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government										
Human Resources										
Employment announcements issued	133	272	265	182	170	180	215	201	260	170
Employment applications received/reviewed	5,127	7,968	6,989	6,000	7,000	6,000	6,000	3,800	3,700	4,000
Finance/Accounting										
Accounts payable checks generated	22,719	29,216	23,557	28,000	31,000	31,000	29,840	29,600	30,000	30,800
Invoices prepared	2,318	2,291	2,235	1,920	1,800	1,700	1,550	1,850	1,700	1,550
Purchasing										
Formal bids, RFP's, sole source & emergencies	210	204	207	225	200	*	*	*	*	*
Treasurer										
Property tax bills/delinquent notices mailed	103,892	101,648	106,403	87,207	93,000	87,000	87,000	86,000	84,200	82,629
Building Maintenance										
Buildings	145	136	121	116	114	110	106	73	61	60
Work orders/service requests	5,043	4,040	3,767	4,486	4,272	3,758	3,654	3,232	*	4,200
Square feet of properties managed	1,250,119	1,232,121	1,212,276	1,183,434	1,142,634	1,058,350	1,016,495	970,455	818,103	892,032
Facility Services										
Square footage of properties cleaned	743,876	713,033	713,919	644,419	644,419	627,493	627,493	567,898	532,898	512,898
Number of leases managed	39	37	35	37	37	44	38	21	21	17
Square feet of leased property managed	159,227	169,258	166,769	155,303	155,303	172,519	172,931	151,349	148,403	118,643
Pieces of outgoing U.S. mail	400,976	415,488	425,899	400,560	485,000	465,458	455,136	454,942	*	400,000
Elections										
Registered voters	132,866	127,227	124,000	124,000	122,000	113,000	118,000	113,832	107,632	102,000
Liquor Board										
Regular liquor licenses	300	299	294	298	295	290	295	295	*	*
Liquor inspections	3,463	3,652	3,260	3,260	3,200	3,130	3,600	3,400	*	*
Internal Audit										
Internal Audits performed	11	16	19	16	21	20	21	20	21	20
Circuit Court										
Cases filed	12,429	11,168	10,053	9,303	7,939	6,106	10,071	6,806	7,392	7,400
Public Safety										
Housing units constructed	665	738	1,143	2,087	1,653	1,781	1,924	1,639	2,169	2,918
Sheriff's Office										
Administration Bureau										
Civil Process papers served	30,993	24,771	21,596	25,200	24,500	29,050	*	30,784	30,741	34,704
Courthouse Security										
Prisoners handled: adult/juvenile	4,684	4,844	5,336	5,200	5,250	4,050	3,730	4,297	4,285	4,595
Operations:Law Enforcement										
Arrests: adult/juvenile	4,226	4,197	4,376	4,961	4,386	4,700	5,119	4,541	4,383	4,205
Calls for service	96,469	88,434	68,159	58,687	68,340	65,000	*	48,354	41,232	40,632
Adult Detention Center										
Average daily populaton	425	484	498	464	466	452	429	449	418	405
Emergency Communications										
Fire/EMS dispatches	27,674	26,642	26,378	25,591	22,827	27,394	*	22,816	22,510	20,841
Police dispatches	144,158	131,355	109,285	102,598	79,297	83,946	*	76,998	72,232	60,778
911 calls	109,111	107,353	109,601	107,127	109,210	109,795	*	94,380	97,394	95,948
Animal Control										
Calls for service	9,022	8,110	7,771	7,061	6,960	6,838	6,469	6,148	4,943	5,204

(continued)

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

Function/Program	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Public Works										
Water facilities										
Customers (FY 02-09), Equiv units (FY 00-01)	20,062	20,131	20,081	19,692	17,578	17,039	16,628	16,276	22,304	20,012
Annual production (1,000 gals.)	1,733,200	1,712,670	1,952,000	1,952,328	1,860,600	1,639,941	1,639,941	1,700,000	1,736,300	1,663,000
Sewer facilities										
Customers (FY 02-09), Equiv units (FY 00-01)	27,559	25,923	25,890	24,787	24,614	23,724	23,153	22,663	31,988	28,194
Fleet Services										
Work orders	6,066	5,507	5,372	4,277	7,695	6,300	5,557	5,850	5,700	5,400
Vehicles maintained	1,016	994	959	888	820	802	788	777	679	640
Highway Operations										
County roads - mileage maintained	1,264	1,258	1,257	1,256	1,245	1,237	1,235	1,221	1,213	1,207
Tar and chip maintenance (miles)	32	41	59	95	*	53	54	46	34	51
Usage of salt & cinders (tons)	14,793	22,911	24,144	25,000	18,900	27,118	*	*	*	*
Transportation Engineering										
Bridges inspected	114	170	170	170	172	265	*	*	*	*
Road overlay (miles)	48	32	25	26	26	22	49	*	*	*
Construction Management										
CIP and developer funded subdivision projects completed	69	106	77	193	163	80	170	118	171	75
TransIT										
Passenger trips	791,961	737,974	709,701	651,306	553,344	460,738	378,094	313,238	310,721	288,312
Revenue vehicle miles	1,218,305	1,112,748	1,096,130	1,053,170	994,505	867,664	749,759	725,841	677,047	665,001
Revenue vehicle hours	85,770	85,829	83,467	80,541	83,038	76,641	67,913	54,924	44,778	45,096
Health										
Health Department										
Public health nursing contacts	25,575	25,839	35,046	31,379	29,866	*	*	*	*	*
Mental health visits	10,182	10,691	10,803	5,958	7,053	*	*	*	*	*
Substance abuse visits	29,630	30,474	32,063	10,932	13,734	*	*	*	*	*
Dental visits for children	4,851	5,056	4,410	4,486	4,556	*	*	*	*	*
Environmental health reviews/inspections	16,684	14,664	15,132	14,041	13,588	*	*	*	*	*
School health program										
Children served	40,155	40,566	40,315	40,524	40,400	40,000	39,800	38,028	36,757	36,000
Health room visits	270,234	271,815	248,626	160,000	147,070	150,000	201,000	156,280	132,467	117,200
Developmental Center										
Infants & Toddlers Program children served	548	529	533	*	*	*	*	*	*	*
School-based services visits	12,442	11,512	10,551	*	*	*	*	*	*	*
Audiology services visits	801	877	860	969	861	921	1,049	969	982	953
Social Services										
Social Services										
Child & Adult Care Food Program										
Home visits	900	900	900	1,344	1,026	981	*	*	*	*
Department of Aging										
Home delivered meals served to elderly	44,624	50,042	52,141	20,000	21,000	27,000	25,000	24,000	10,000	12,000
Congregate meals served	16,936	16,638	16,656	19,000	21,500	23,000	30,000	31,000	40,000	41,500

(continued)

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

Function/Program	Fiscal Year 2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Parks, recreation and culture										
Parks & Recreation										
Parks acres maintained	1,792	1,572	1,534	1,534	1,511	1,511	1,511	1,526	1,394	1,394
Recreation center attendance	90,645	77,138	76,844	54,718	45,000	46,066	42,400	*	*	*
Conservation of natural resources										
Agriculture										
Farms	1,442	1,273	1,273	1,273	1,273	1,273	1,304	1,304	1,304	1,304
Acreage	202,087	195,827	195,827	195,827	195,827	195,827	215,927	215,927	215,927	215,927
Preserved land										
Farms	355	298	274	244	220	195	168	144	118	103
Acreage	47,538	40,163	37,807	33,836	30,782	27,396	23,147	20,398	16,911	14,776
Community development and public housing										
Bell Court housing project (28 units)										
Occupancy rate	100%	100%	99%	99%	99%	99%	98%	*	*	*
Economic development and opportunity										
Workforce Services										
One - stop services - customers served	2,744	2,365	2,507	2,310	2,310	2,310	2,000	2,000	*	*
Customized training provided (trainees)	2,319	1,663	*	*	*	*	*	*	*	*
Office of Economic Development										
Inquiries	3,943	3,343	3,273	2,507	-	*	*	*	*	*
Companies visited	429	424	455	486	321	349	356	342	186	*
Companies assisted	335	418	360	244	544	593	650	*	*	*

* = Information not available

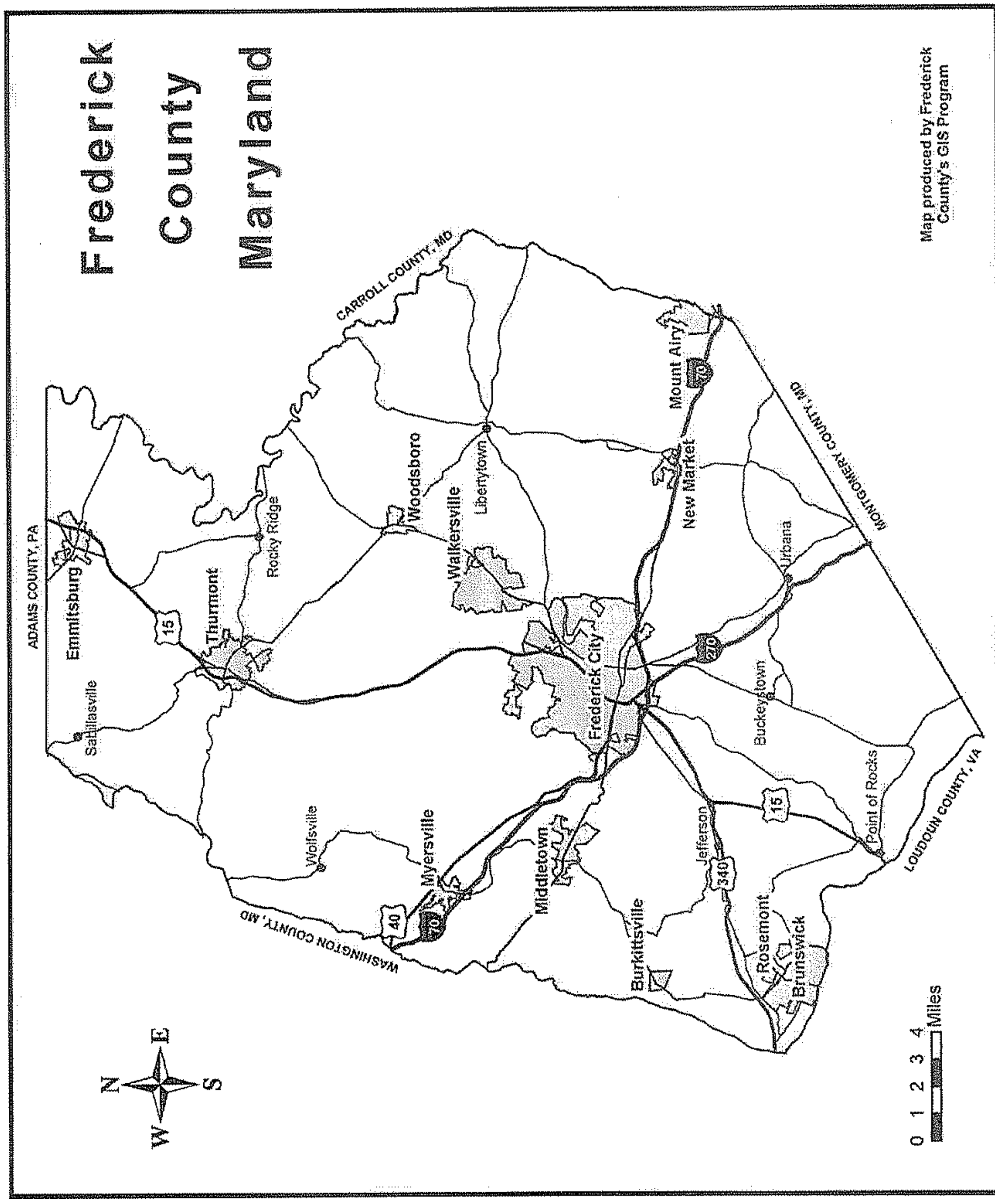
Sources: Frederick County, Maryland Adopted Budgets Performance Indicators and individual county departments. Estimates generated by the agencies were used when actual figures were unavailable.
U. S. Department of Agriculture Census (2007)

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

	Fiscal Year									
Function/Program	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government										
Building maintenance										
Buildings managed	145	136	121	116	114	110	106	73	61	60
Public Safety										
Fire/rescue stations	30	30	30	30	30	30	30	30	30	28
Adult Detention Center average daily population	425	484	498	464	466	452	429	449	418	405
Public Works										
County roads - mileage	1,264	1,258	1,257	1,256	1,245	1,237	1,235	1,221	1,213	1,207
Water facilities										
Plants/Distribution Systems	12	14	14	14	14	14	15	15	15	15
Daily capacity (1,000 gals.)	12,432	12,432	10,193	10,193	9,485	9,485	9,645	9,645	9,645	9,645
Miles of water mains	289	284	271	253	243	231	228	211	204	185
Hydrants	2,428	2,357	2,259	2,085	1,924	1,778	1,778	1,583	1,506	1,320
Sewer facilities										
Plants/Collection Systems	16	16	16	17	17	17	16	16	16	16
Daily capacity (1,000 gals.)	7,727	7,677	7,677	7,707	7,707	7,701	7,701	7,766	7,766	7,566
Miles of sewer mains	352	344	339	327	313	303	293	283	277	256
Bridges										
Bridges (over 20' spans)	219	215	215	214	214	213	213	213	213	213
Fleet services										
Vehicles	1,016	994	959	888	820	802	788	777	679	640
Parks, Recreation and Culture										
County park acreage	1,792	1,572	1,534	1,534	1,511	1,511	1,511	1,526	1,394	1,394
County facilities	31	30	30	29	29	29	29	*	*	*

* Information not available

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


Frederick
County
Maryland
Map produced by Frederick County's GIS Program
N
E
S
W
0 1 2 3 4 Miles
ADAMS COUNTY, PA
CARROLL COUNTY, MD
MONTGOMERY COUNTY, MD
LOUDOUN COUNTY, VA
WASHINGTON COUNTY, MD
Emmitsburg
Sabillasville
Thurmont
Rocky Ridge
Woodsboro
Walkersville
Libertytown
Mount Airy
New Market
Urbana
Frederick City
Buckeystown
Point of Rocks
Jefferson
Wolfsville
Myersville
Middletown
Burkittsville
Rosemont
Brunswick
15
40
70
270
340

Frederick County Parks and Recreation Facilities

1. Ballenger Creek Park
2. Buckeystown Park
3. Carroll Creek Wildlife Park
4. Catoctin Recreation Center
5. Catoctin Creek Park (Under Development)
6. Centerville Recreation Center
7. Creagerstown Park
8. Deer Crossing Recreation Center
9. Emmitsburg Community Center
10. Fountain Rock Park
11. Fountaindale Park
12. Green Hill Park
13. Kemptown Park
14. Libertytown Park
15. Loy's Station Park
16. Middletown Park
17. Middletown Recreation Center
18. Oakdale Recreation Center
19. Old National Pike District Park
20. Pinecliff Park
21. Point of Rocks Park & Community Center
22. Roddy Road Park
23. Rose Hill Manor Park
24. Tuscarora Recreation Center
25. Urbana Park
26. Urbana District Park (Under Development)
27. Utica Park