

Frederick County Maryland



The Fire in my Sky

Katelyn Sigouin

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

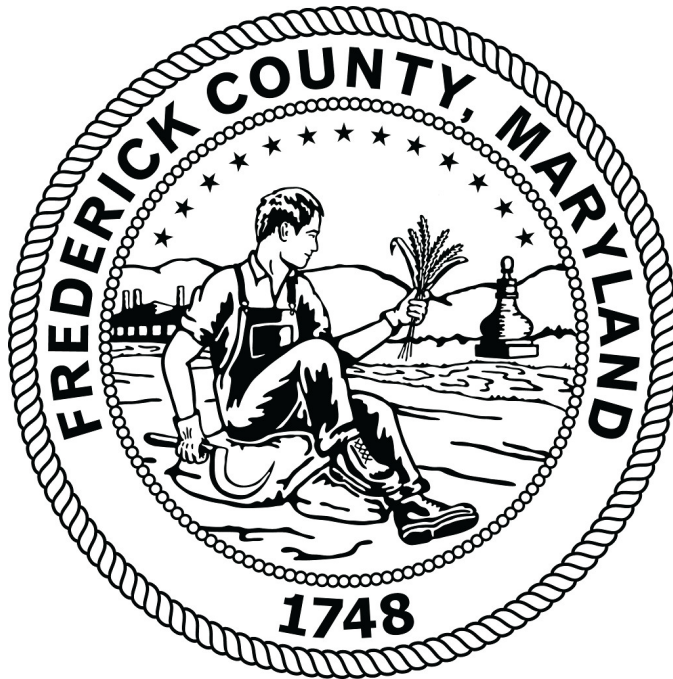
Front Cover:

Katelyn Sigouin is a sophomore from Urbana High School and is a student at the Academy for the Fine Arts at Thomas Johnson High School. She is a proud member of the National Art Honors Society as well as a cheerleader. She's been interested in the arts since she was a small child.

She referenced a photo taken a couple years ago while walking to school on Worthington Boulevard in Urbana. She chose this photo for an assignment in *Drawing and Painting I* class because of the red hues in the sky and thought it looked unique compared to the other sunset photos she had taken.

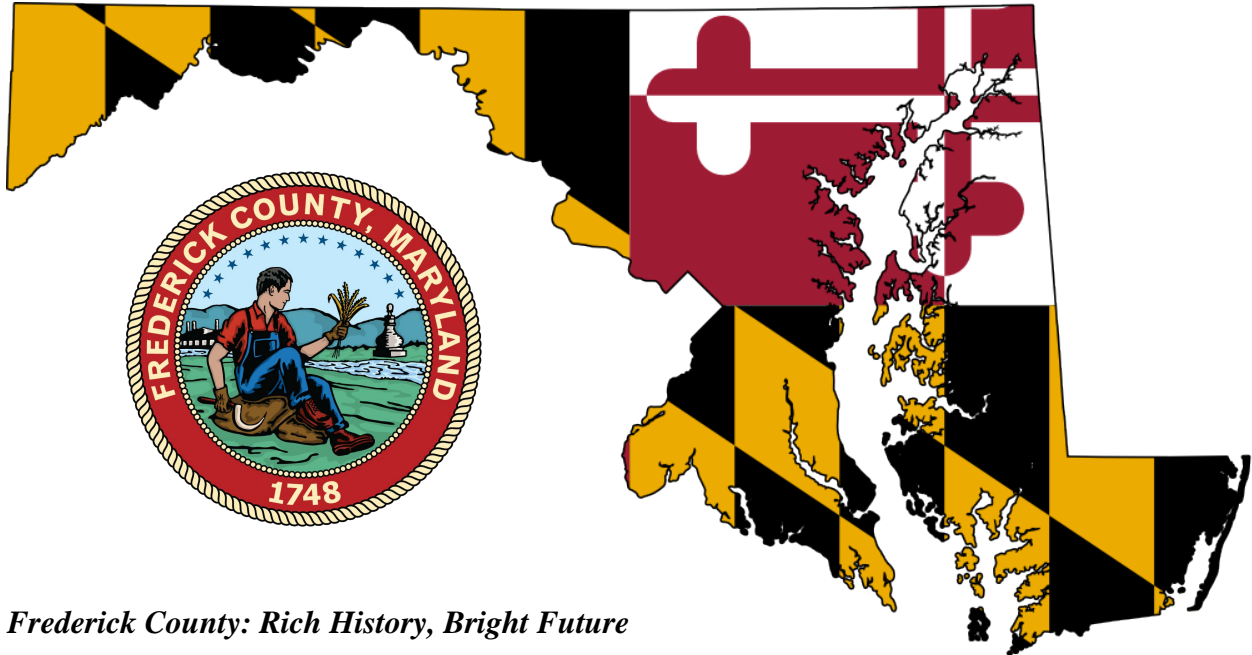
Permission was granted by Katelyn Sigouin to use this artwork.

Frederick County, Maryland
Annual Comprehensive Financial Report
Fiscal Year 2023
July 1, 2022 – June 30, 2023



Prepared by the Finance Division

Frederick County, Maryland



Frederick County: Rich History, Bright Future

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

**FREDERICK COUNTY, MARYLAND
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
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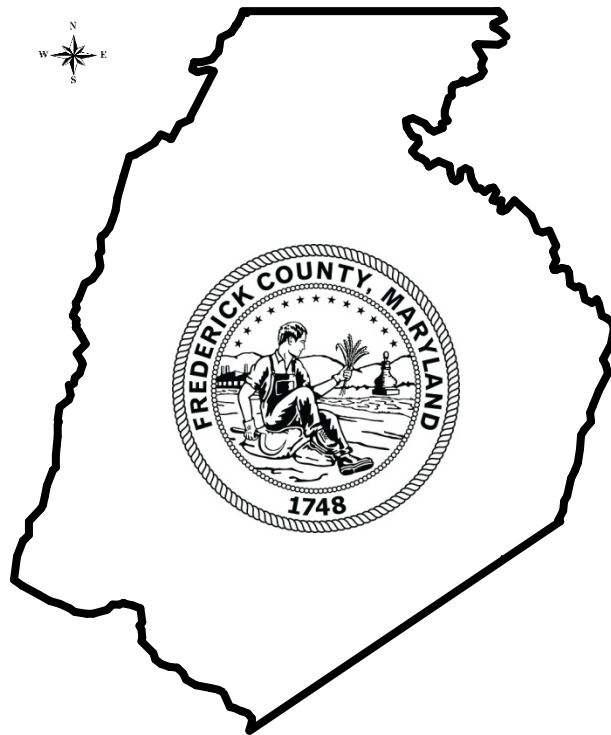
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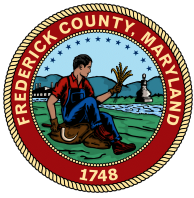
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INTRODUCTORY SECTION





FREDERICK COUNTY GOVERNMENT

DIVISION OF FINANCE

Accounting Department

Jessica Fitzwater
County Executive

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

December 1, 2023

County Executive, Jessica Fitzwater
Members of the County Council
Citizens of Frederick County, Maryland

We are pleased to present this Annual Comprehensive Financial Report (ACFR) of Frederick County, Maryland (the "County") for the fiscal year ended June 30, 2023.

Formal Transmittal of the ACFR

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

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

The financial statements of Frederick County, Maryland have been audited by SB & Company, LLC, a firm of licensed certified public accountants. SB & Company, LLC, has issued an unmodified opinion on the County's financial statements as of and for the fiscal year ended June 30, 2023. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and estimates made by management, and evaluating the overall financial statement presentation. The report of the independent public accountants is located on page 13 of this report.

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

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

Profile of the Government

Frederick County, Maryland, founded in 1748, originally included the present Maryland counties of Garrett, Allegany, Washington, Carroll and Montgomery. It is located in the north central part of Maryland, is 664 square miles in area, and serves an estimated population of 287,079. Frederick County is bordered on the north by the Commonwealth of Pennsylvania, on the west by Washington County, Maryland, on the east by Howard and Carroll Counties, both in Maryland, and on the south by Montgomery County, Maryland and the Commonwealth of Virginia.

There are twelve incorporated municipalities within Frederick County. The County seat and largest city is the City of Frederick, which has an estimated population of 82,175. The City of Frederick is located approximately 45 miles northwest of Washington, D.C. and 45 miles west of Baltimore, Maryland.

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

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

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

The Reporting Entity

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

Incorporated municipalities within Frederick County provide some or all of the following services within their boundaries which relieves the County from providing these services in those areas: highway and street maintenance, parks and recreation, planning services, and police protection. The County is also financially accountable for legally separate entities which are reported separately within the County's financial statements. The entities, known as component units, that meet these criteria are the Frederick County Board of Education, the Frederick Community College, Frederick County Public Libraries and Scott Key Center, Inc. The County has no blended

component units. Additional information on the component units can be found in Note 1 in Exhibit II-A-15.

Budgetary Overview

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

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

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

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

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

Factors Affecting Financial Condition

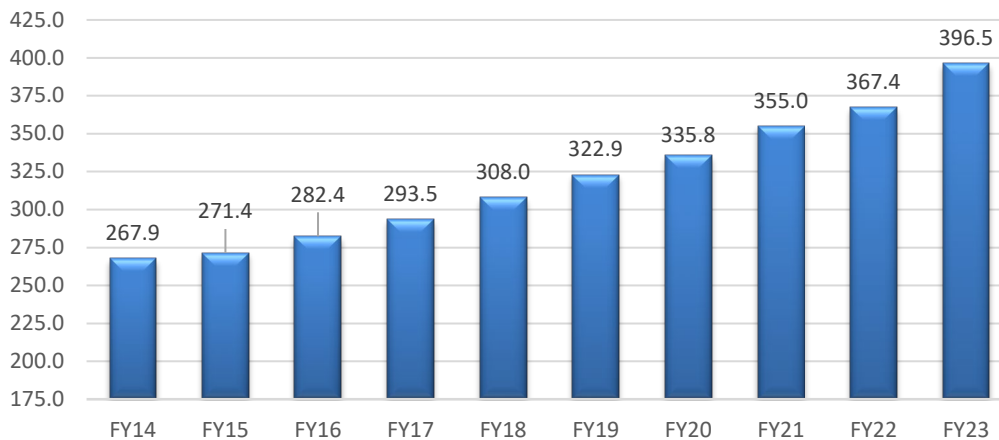
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

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

The federal government has been a positive influence on Maryland and Frederick County during the most recent recession. Frederick County is the home of the U.S. Army's Fort Detrick, a dynamic hub of military, government, private science and systems development dedicated to medical research. Because of its location in a region with a diverse business community, the local unemployment rate is 1.7% as of August 2023, and is below the State rate of 1.8% for the same period. Average employment in Frederick County is 135,432 as of August 2023.

The County's largest revenue source remains real property taxes. Real property assessed values increased by 6.8% in FY23 and this trend continues into FY24 as values have grown to \$40.6 billion from \$38.7 billion. General Fund property taxes are projected to increase in FY24 by \$29.5 million over FY23, representing a 7.5% increase. The real estate market has experienced an increase in property assessments, which have increased over the past nine years.

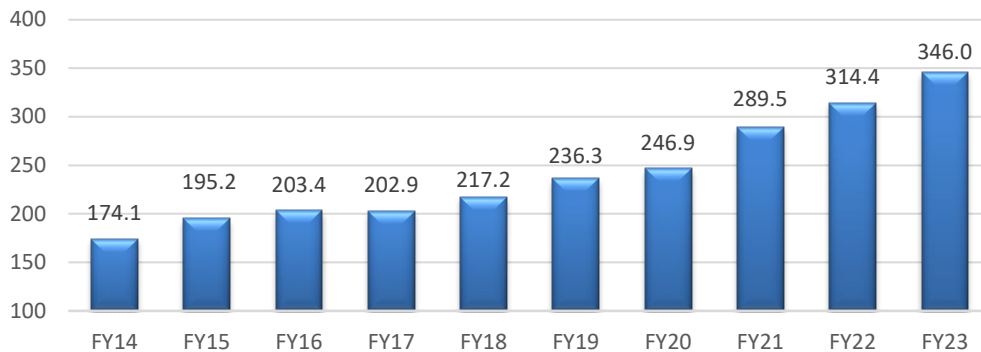
Property Tax Revenues
Values shown in Millions



Frederick County provides four tax abatement programs to encourage economic development, the Rehabilitated Vacant Commercial Structures Tax Credit, the New Jobs Tax Credit, the Commercial and Industrial Tax Credit and the Enterprise Tax Credit. The County enacted these programs to encourage businesses to make investments in the local business community that will increase County tax revenue at the end of the abatement term.

Income tax revenue, the second largest revenue source in the County, is directly affected by population growth, employment levels and personal income. Income tax revenue has a volatile history. In the current fiscal year, the County received \$346.0 million. This reflects the highest level of income tax revenues for the County in its history. The adopted budget has conservatively estimated income tax revenues at \$350.5 million for FY24.

Income Tax Revenues Values shown in Millions



Long-term Financial Planning - The major credit rating agencies have recognized that Frederick County's growing economic base, solid operating performance, strong management, financial position, policies and practices combine to rank Frederick as a top tier county government. The County's AAA ratings from Fitch Ratings, Moody's Investors Service, and S&P Global Ratings were affirmed in May 2023 for the sixth time since June of 2016. The ratings reflect ongoing and consistent growth, primarily in the commercial sector; increased employment; tax base growth; strong, well-embedded and sustainable management practices coupled with established fiscal policies; and a low debt burden.

The County has been resilient despite the pandemic because of years of conservative and sound financial management. The FY24 budget is fiscally responsible with no increase in property tax rates and adheres to long standing conservative fiscal policies. Total Operating Revenue is budgeted at \$842.7 million for FY24, representing a 10.6% increase over FY23.

The FY24 budget reflects the County Executive administration's core values of accountability, inclusion, and sustainability by developing a budget that is people focused. The budget focuses on investments in Frederick County's future by investing in our students, workforce, growing community, and public servants. It also begins to turn our Livable Frederick vision into reality. Livable Frederick is our roadmap to a prosperous and healthy future for everyone in Frederick County. This budget not only positions Frederick County for today, but the future.

Below are some highlights from Executive Fitzwater's FY24 budget:

- Makes a record investment in Frederick County Public Schools at \$35.0 million more than the legally required maintenance of effort to maintain the County's funding commitment to education.
- Sets lowest income tax rate in Maryland for working families and seniors on a fixed income. The 2.25% rate for people who make less than \$25,000 is possible by bringing the rate for top wage earners in line with 11 other jurisdictions in Maryland.
- Focuses on housing needs to help current residents stay in their homes and new residents afford to live here by elevating the Housing Department to a Housing Division.
- Includes a 5% cost-of-living adjustment for non-union employees and honors the contracts with public safety unions.

Financial Policies and Practices

Debt Policy

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

Investment Policy

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

Frederick County Employees Retirement Benefit Trust Funding Policy

This policy establishes a formal methodology for financing the pension obligations of the County's defined benefit plans. This policy ensures a plan funded ratio of the actuarial value of assets to actuarial liabilities remains between 95% - 105%.

General Fund Revenue Surplus Appropriation Policy

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

Debt Affordability Policy

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

Fixed Cost Policy

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to Frederick County, Maryland, for its annual comprehensive financial report for the fiscal year ended June 30, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

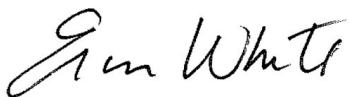
The preparation of this report could not have been accomplished without the dedicated team effort of the County's Finance Division staff. Each member of the division has my sincere appreciation for the contributions made in preparation of this report. Special recognition is given to the Acting Deputy Director of Finance, Robin Inskeep, Director of Accounting, Melanie Thom and her Accounting Supervisors, Ronni Bowman and Kathi Tritsch, along with their staff; Financial Services Manager, Susan Keller and her staff who administer the County's debt portfolio and the County's Trust Funds; and Director of Treasury, Diane Fox, and her staff who administer the County's property taxes and revenue collection system. A special thank you is given to our Budget Office staff who administer the budget process without which accounting and financial reporting could not exist. A sincere note of appreciation goes to Lori Rhodes who assumed the production process of this document.

Lastly, I express my appreciation to our County Executive, Jessica Fitzwater, Chief Administrative Officer, John Peterson, Chief Financial Officer, Daniel Lewis, as well as the County Council members and their staff for their continued interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Use of this Report

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Erin White". The signature is fluid and cursive, with the first name "Erin" and last name "White" clearly distinguishable.

Erin White, CPA
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Frederick
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

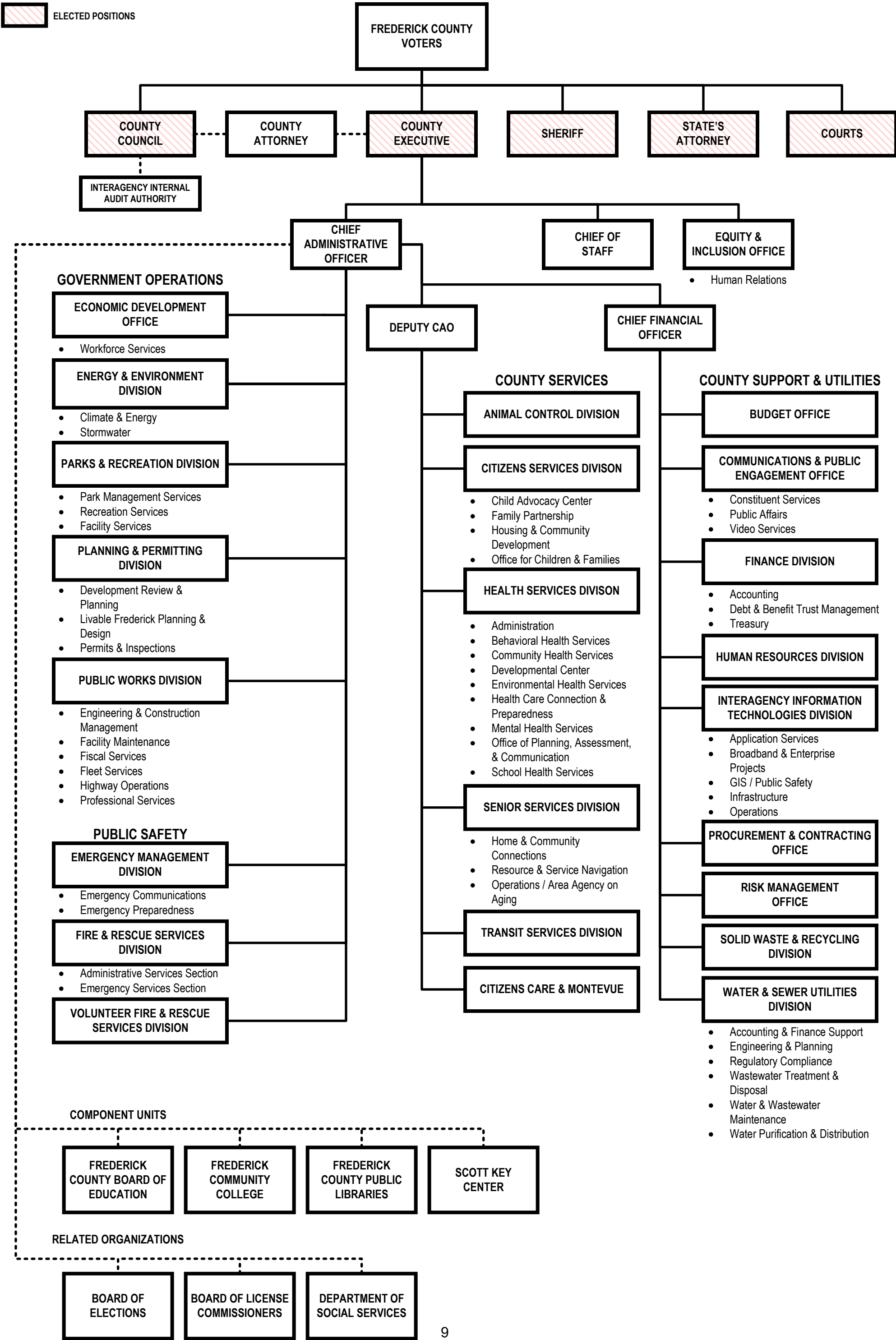
June 30, 2022

Christopher P. Morill

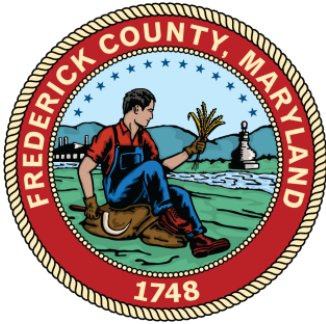
Executive Director/CEO

FREDERICK COUNTY GOVERNMENT
ORGANIZATIONAL CHART

June 30, 2023



9



Frederick County Elected Officials



Jessica Fitzwater
County Executive

Frederick County Council



From left to right – Steve McKay (District 2), President Brad Young (At Large), Renee Knapp (At Large), MC Keegan-Ayer (District 3), Vice President Kavonté Duckett (District 4), Mason Carter (District 5), and Jerry Donald (District 1)

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

County Executive

Jessica Fitzwater

County Council

Brad Young, President, At Large
Kavonté Duckett, Vice President, District 4
Jerry Donald, District 1
Steve McKay, District 2
M. C. Keegan-Ayer, District 3
Mason Carter, District 5
Renee Knapp, At Large

Sheriff

Charles A. "Chuck" Jenkins

State's Attorney

J. Charles Smith III, Esquire

Administrative Judge of the Circuit Court

Honorable Julie R. Stevenson Solt

Clerk of the Circuit Court

Sandra K. Dalton, Clerk

Appointed Officials

County Executive's Cabinet

Chief of Staff
Community Liaison
Government Affairs Director
Legislative Director
Senior Advisor

Chelsea Kadish, Esquire
Ysela Bravo
Joy Schaefer
Victoria Venable
Patrick Murray, Esquire

Chief Administrative Officer
Deputy Chief Administrative Officer
Chief Financial Officer
County Attorney

John Peterson
Leslie Barnes-Keating
Daniel Lewis, CFPO
Bryon Black, Esquire

Aging & Independence Director
Animal Control Director
Budget Director
Chief Equity & Inclusion Officer
Communications & Public Engagement Director
Economic Development Director
Emergency Management Director
Energy & Environment Director
Family Services Director
Finance Director
Fire & Rescue Services Director / Chief
Health Services Director / Health Officer
Human Resources Director
Interagency Information Technologies Director / CIO
Parks & Recreation Director
Planning & Permitting Director
Procurement & Contracting Director
Public Works Director
Risk Management Director
Solid Waste & Recycling Director
Transit Services Director
Water & Sewer Utilities Director
Volunteer Fire & Rescue Services Director

Kathy Schey
David Luckenbaugh
Kelly Weaver, CPA
Michael Hughes
Vivian Laxton
Lara Fritts
John Markey
Shannon Moore
Kelli Goetz, Acting
Erin White, CPA
Thomas Coe
Barbara Brookmyer, MD, MPH
Shannon Powell, Acting
David Maginnis
Jeremy Kortright
Gary Hessong, Acting
Diane Fouché
Jason Stitt
Lauren Vandergrift
Phil Harris
Roman Steichen
Mark Schweitzer
M. Shane Darwick

Component Units

Board of Education

President	Sue Johnson
Vice President	Dean Rose
Member	Nancy Allen
Member	David Bass
Member	Rae Gallagher
Member	Jason Johnson
Member	Karen Yoho
Student Member	Lucas Tessarollo
Superintendent	Cheryl L. Dyson, DOL

Frederick Community College Board of Trustees

Chairperson	Carolyn Kimberlin
Vice Chairperson	Tom Lynch, Esquire
Trustee	Ellis Barber
Trustee	Gary Fearnow
Trustee	Theodore Luck
Trustee	Dr. John Molesworth
Trustee	Myrna Whitworth
President	Dr. Annesa Cheek

Frederick County Public Library Board

Chairperson	Jennifer D'Agostino
Vice Chairperson	Shemica Sheppard
Secretary	Suzette White
Member	Terri Lancaster
Member	Galen Mayfield
Member	Mick O'Leary
Member	Karyn Spertzel
Public Libraries Director	James Kelly

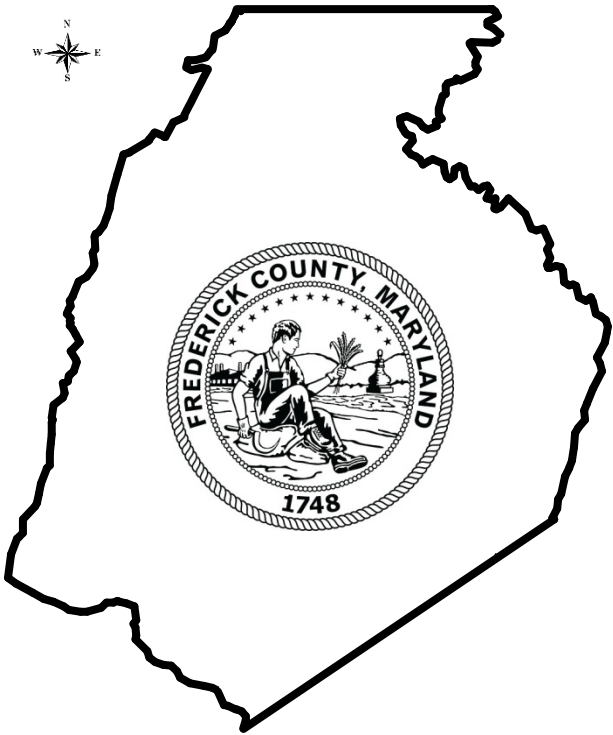
Scott Key Center Board of Directors

President	Kristen Howes
Vice President	Ruth Vickers
Secretary/Treasurer	Linda Stone
Member	William Haugh
Member	Josephine Hoffman
Member	Linda Maddox
Member	Delores Shackelford
Member	Janice Staley
Member	Kelley Turnbull
Scott Key Director	Sean Lore

Interagency Internal Audit Authority

Internal Audit Director	Tricia Reaver, CPA
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FINANCIAL SECTION





REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

County Executive, Jessica Fitzwater
Members of the County Council
Citizens of Frederick County, Maryland

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the combining and individual Pension/OPEB Trust funds, and the aggregate remaining fund information of Frederick County, Maryland (the County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the combining and individual Pension/OPEB Trust funds and the aggregate remaining fund information of the County, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, grants fund and agricultural preservation fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Scott Key Center, Inc., which represent 0.15 percent, 0.27 percent, and 0.38 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Scott Key Center, Inc., is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios and schedule of employer contributions for the Frederick County Employees Retirement Plan, for the Frederick County Uniformed Employees Retirement Plan, and for the Frederick County Length of Service Awards Program, and the schedule of changes in net OPEB liability and related ratios and schedule of employer contributions for the Frederick County Retiree Health Benefit Plan be presented to supplement the basic financial



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statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Information

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

Owings Mills, Maryland
November 15, 2023

SB & Company, LLC

WINCHESTER HALL



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Annual Comprehensive Financial Report of Frederick County, Maryland (the "County") presents a narrative overview and analysis of the financial activities of the County, for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

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

FINANCIAL HIGHLIGHTS

Government-Wide:

- The assets and deferred outflows of resources of Frederick County Government exceeded its liabilities and deferred inflows of resources at the close of this fiscal year by \$1,449.2 million (net position), approximately 54.6% of which is attributable to the County's business-type activities. Of total net position, \$783.6 million is the net investment in capital assets and \$257.9 million is restricted for specific purposes. The County's unrestricted portion of net position is \$407.7 million. Unrestricted net position is composed of \$146.7 million in the governmental activities and a balance of \$261.0 million unrestricted in the business-type activities.
- The total government-wide net position increased by \$5.5 million in FY23. The governmental activities net position decreased by \$21.5 million, compared to an increase of \$150.7 million in FY22. The business-type activities net position increased by \$27.0 million, reflecting a smaller increase than the \$27.7 million increase in FY22.

Fund Level:

- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$730.8 million, an increase of \$116.1 million from the prior year. The County's proprietary funds reported a combined net position of \$790.0 million, representing a \$26.7 million increase over the prior year.
- At the end of FY23, the total committed, assigned and unassigned fund balances for the County's General Fund was \$191.3 million or approximately 27.6% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The basic financial statements are comprised of three components:

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

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

Government-Wide Financial Statements

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

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

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

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

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

component units. Additional detailed financial information for the Frederick County Board of Education, Frederick Community College and Scott Key Center, Inc. may be obtained from their respective separately issued financial statements. The Library Board does not issue separate financial statements. Consolidated financial information is available in the Government-Wide Financial Statements. The Government-Wide Financial Statements can be found on pages 33-35 of this report.

Fund Financial Statements

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Frederick County's fiduciary trust liabilities and schedule of employer contributions. The required supplementary information is presented in Exhibit II-A-16 through Exhibit II-A-23.

Infrastructure Assets

Infrastructure assets is the County's largest group of assets (roads, bridges, and underground pipes [unless associated with a utility], etc.) in the governmental activities financial statements. These assets have been valued and reported within the Governmental Activities column of the Government-Wide Statements. Additionally, the County had the option to elect to either (a) depreciate these assets over their estimated useful lives or (b) develop a system of asset management designed to

maintain the service delivery potential to near perpetuity. The County has elected to depreciate the assets over their estimated useful lives.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

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

Changes in net position may serve over time as a useful indicator of a government's overall financial condition and position. In the case of Frederick County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,449.2 million at the close of the fiscal year.

Statement of Net Position

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

	Statement of Net Position as of June 30 (In Thousands)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 970,090	\$ 840,530	\$ 298,149	\$ 277,011	\$ 1,268,239	\$ 1,117,541
Capital assets	665,526	595,094	640,505	670,573	1,306,031	1,265,667
Total assets	<u>1,635,616</u>	<u>1,435,624</u>	<u>938,654</u>	<u>947,584</u>	<u>2,574,270</u>	<u>2,383,208</u>
Deferred outflows of resources	72,710	115,370	803	1,716	73,513	117,086
Current and other liabilities	127,310	135,729	19,069	27,089	146,379	162,818
Long-term debt outstanding	872,833	681,866	128,652	157,436	1,001,485	839,302
Total Liabilities	<u>1,000,143</u>	<u>817,595</u>	<u>147,721</u>	<u>184,525</u>	<u>1,147,864</u>	<u>1,002,120</u>
Deferred inflows of resources	50,749	54,458	-	-	50,749	54,458
Net Position:						
Net investment in capital assets	253,509	295,771	530,091	526,392	783,600	822,163
Restricted	257,208	263,039	661	7,562	257,869	270,601
Unrestricted	146,717	120,131	260,984	230,821	407,701	350,952
Total net position	<u>\$ 657,434</u>	<u>\$ 678,941</u>	<u>\$ 791,736</u>	<u>\$ 764,775</u>	<u>\$ 1,449,170</u>	<u>\$ 1,443,716</u>

Frederick County's net position is divided into three categories, net investment in capital assets, restricted net position and unrestricted net position. The largest portion of the County's net position, \$783.6 million or 54.1%, reflects its investment in capital assets net of depreciation (e.g., land, buildings, equipment, infrastructure, construction in progress and improvements), less any outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Restricted net position of \$257.9 million includes resources that are subject to external restrictions on how they may be used. Unrestricted net position of the government has a balance of \$407.7 million. Unrestricted net position is composed of \$146.7 million in the governmental activities and \$261.0 million in the business-type activities.

The result of these basic current year calculations is that the County's overall financial position has increased from FY22 to FY23. There was an increase in the unrestricted net position of the

Governmental Activities of \$26.6 million while the Business Activities unrestricted net position increased \$30.2 million.

The net position of the governmental activities decreased \$21.5 million during FY23, while program revenues decreased \$26.4 million and general revenues increased \$41.8 million over FY22. Governmental activities general revenues for FY23 showed an increase in property taxes of \$29.3 million, an increase in income taxes of \$9.6 million, an increase of \$19.9 million in investment earnings and an increase of \$4.5 million in miscellaneous revenues. This was offset by a decrease in recordation tax of \$23.3 million. The majority of the \$26.4 million decrease in program revenues came from a decrease of \$14.2 million in grants primarily related to the COVID-19 pandemic as well as a \$12.2 million in impact fees. Expenses for the governmental activities increased \$187.6 million, 23.8% from the prior year.

The net position of the business-type activities increased \$27.0 million during FY23. Business type activities revenue for FY23 showed a decrease in grants and contributions of \$13.6 million. Expenses for the business-type activities decreased \$4.0 million, 3.5% from the prior fiscal year.

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

Statement of Activities

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues						
Charges for services	\$ 43,384	\$ 61,520	\$ 109,756	\$ 109,438	\$ 153,140	\$ 170,958
Operating grants and contributions	43,820	58,058	777	262	44,597	58,320
Capital grants and contributions	11,468	5,482	14,944	29,048	26,412	34,530
General revenues						
Local property taxes	396,593	367,315	-	-	396,593	367,315
Local income taxes	353,472	343,873	-	-	353,472	343,873
Other local taxes	59,602	83,755	-	-	59,602	83,755
Investment earnings	17,231	(2,639)	8,822	410	26,053	(2,229)
Miscellaneous	29,062	24,534	128	-	29,190	24,534
Gain/Loss on Disposal of Assets	2,786	123	139	190	2,925	313
Total revenues	957,418	942,021	134,566	139,348	1,091,984	1,081,369
EXPENSES						
Program activities						
Governmental activities:						
General government	122,514	74,715	-	-	122,514	74,715
Public safety	259,493	165,609	-	-	259,493	165,609
Public works	61,101	46,869	-	-	61,101	46,869
Health	21,510	12,008	-	-	21,510	12,008
Social services	18,401	9,582	-	-	18,401	9,582
Education	392,435	389,980	-	-	392,435	389,980
Parks, recreation, and culture	34,958	26,464	-	-	34,958	26,464
Conservation of natural resources	17,898	17,030	-	-	17,898	17,030
Community development and public housing	15,654	16,421	-	-	15,654	16,421
Economic development and opportunity	15,868	15,199	-	-	15,868	15,199
Interest on long term debt	16,504	14,890	-	-	16,504	14,890
Business-type activities:						
Water and sewer	-	-	49,203	55,119	49,203	55,119
Solid waste management	-	-	31,002	29,036	31,002	29,036
Comprehensive Care Facility	-	-	29,372	29,883	29,372	29,883
Public Housing	-	-	617	196	617	196
Total expenses	976,336	788,767	110,194	114,234	1,086,530	903,001
Change in net position before transfers	(18,918)	153,254	24,372	25,114	5,454	178,368
Transfers	(2,589)	(2,603)	2,589	2,603	-	-
Change in net position	(21,507)	150,651	26,961	27,717	5,454	178,368
Net position - beginning of year	678,941	528,290	764,775	737,058	1,443,716	1,265,348
Net position - ending of year	\$ 657,434	\$ 678,941	\$ 791,736	\$ 764,775	\$ 1,449,170	\$ 1,443,716

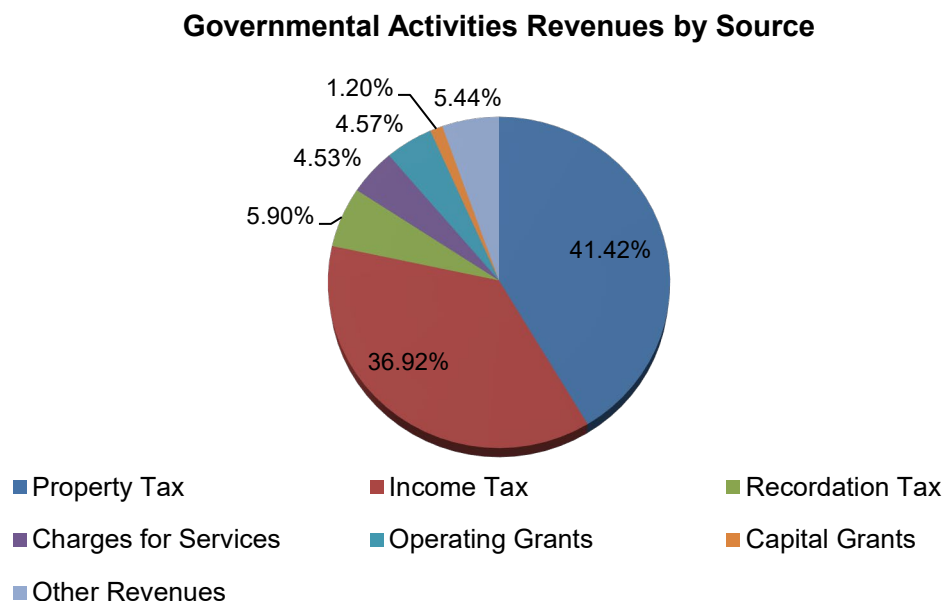
Governmental Activities: As noted earlier, the government's net position increased by \$5.5 million during the fiscal year. The net position of governmental activities decreased \$21.5 million. Governmental activity revenues increased by \$15.4 million during FY23 with an increase in expenses of \$187.6 million. The County realized its largest increase in revenues from property tax, income tax, and investment earnings. The increase in governmental activities expenses were primarily in the areas of public safety, general government, public works and health.

Key elements impacting the governmental activities revenues include:

- Local property tax revenue increase in FY23 by \$29.3 million or 8.0% over prior year primarily due to an increase in real property assessments.
- Increases in income tax revenues of \$9.6 million, reflecting a 2.8% increase over FY22. This change is attributable to a strong economy.

- Recordation tax decreased \$23.3 million in FY23 over FY22. In FY23 the number of homeowners refinancing their mortgages decreased due to increasing interest rates which slowed the related collection of recordation tax revenue.
- Operating Grants and Contributions revenue decreased by \$14.2 million in FY23 from the prior fiscal years as the COVID-19 funding from the federal government continues to decline.
- Charges for services decreased \$18.1 million in FY23 from \$61.5 million in FY22 to \$43.4 million in FY23. Impact fees for general government capital projects accounted for \$18.0 million of this decrease. Impact fees are only collected on new residential homes. This variance is a result of decreased permits issued for all housing types. Impact fees tend to be very volatile from year to year.
- Investment earnings increased \$19.9 million in FY23 over FY22 primarily due to significant increases in yields on short-term investments.

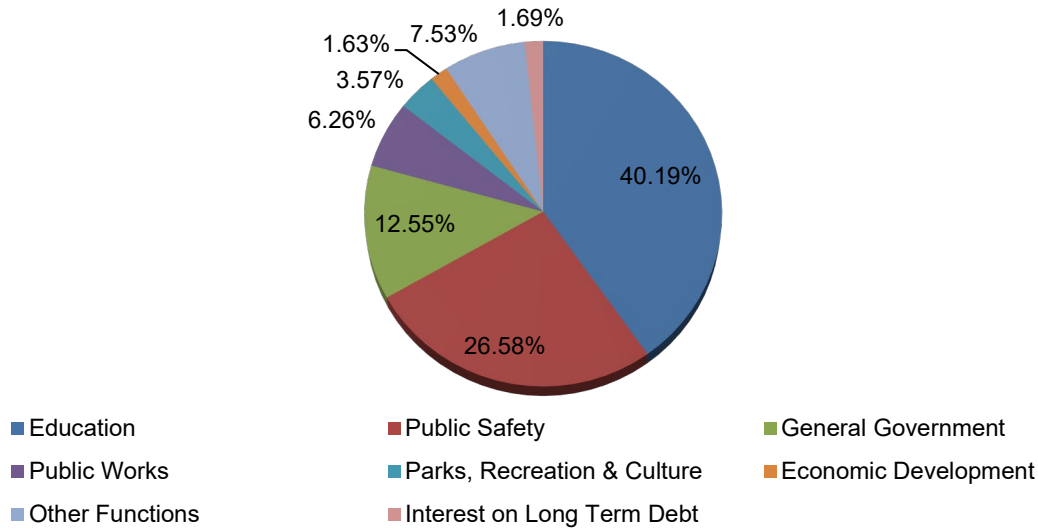
The following chart illustrates the governmental activities revenues received by source for FY23:



Governmental activities expenses increased by \$187.6 million in FY23 or 23.8% from FY22. An increase in Public Safety of \$93.9 million, in General Government of \$47.8 million, in Public Works of \$14.2 million and in Public Health of \$9.5 million were the major contributors to the overall increase in expenses over prior year. These increases are due to a combination of factors including increase in wages, inflationary conditions and an increase in pension expense due to an enhanced permanent benefit change that was made in FY23 to the annual cost of living adjustment that is now tied to the consumer price index with a cap of 3%. The former cost of living adjustment was set at 1% annually regardless of inflation.

The following chart illustrates the governmental activities expenses by function for FY23:

Governmental Activities Expenses by Function



Business-type Activities: Business-type activities increased Frederick County's net position by \$27.0 million in FY23, compared to an increase of \$27.7 million in FY22.

Total Revenues for Business-type activities decreased by \$4.8 million in FY23.

Key factors include:

- Capital grants and contributions in the Water and Sewer Fund were \$14.9 million in FY23 compared to \$29.0 million in FY22. Contributions for capacity charges continue to exceed 50% of total contributions, with the majority of the remaining contributions coming from developers. Contributions for capacity charges fees tend to be very volatile from year to year.
- Investment earnings increased \$8.4 million in FY23 over FY22 primarily due to significant increases in yields on short-term investments

Total Expenses for Business-type activities increased by \$4.0 million in FY23.

- The Water & Sewer Fund reported a \$5.9 million decrease in expense in FY23. A significant portion of this decrease was due to a large one-time bad debt write-off that occurred in FY22.
- Expenses for the Solid Waste Fund increased by \$1.9 million in FY23 primarily due to landfill closure compliance expenses as well as inflationary conditions.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, Frederick County's governmental funds reported combined ending fund balances of \$730.8 million. Approximately 98.5% of this total amount (\$719.9 million) constitutes restricted, committed, assigned and unassigned fund balance, which is generally available for spending. The remainder of fund balance (\$10.9 million) is classified as nonspendable to indicate that it is not available for spending because it is in the form of inventories, prepaid expenditures, long-term receivables or other like conditions. Included in the committed fund balance of \$439.0 million is \$60.0 million that is the result of the County's set aside policy. Section 2-7-1, subsection (a)(2) of the Frederick County, Maryland Code of Ordinances requires being set-aside in an amount equal to 8.0% percent of the General Fund expenditures and transfers to the Frederick County Board of Education, Frederick Community College and Debt Service Fund.

The General Fund is the chief operating fund of Frederick County. At the end of the current fiscal year, restricted, committed, assigned and unassigned fund balance of the General Fund was \$192.4 million. Reducing the committed fund balance of \$177.1 million for the legislative mandate noted earlier still provides a fund balance of \$117.1 million spendable for current operations. The remainder of the fund balance (\$3.5 million) is non spendable and is not available for spending because it is in the form of inventory, prepaid expenditures, long term receivables and salary advances. Total fund balance for the General Fund is \$196.0 million. As a measure of the General Fund's liquidity, it may be useful to compare restricted, committed, assigned, and unassigned fund balance and total fund balance to total expenditures. Restricted, committed, assigned and unassigned fund balance represents 27.8% of total general fund expenditures, while total fund balance represents 28.3% of that same amount.

The County's General Fund total fund balance increased by \$38.0 million during the current fiscal year. The increase is mostly due to an increase in revenues of \$62.8 million partially offset by increases in costs and services due to inflationary conditions, increases in wages, along with an increase in school funding.

The Grants Fund has a total fund balance of \$38.3 million, with \$2.1 million included in the restricted category due to the legally binding nature of the grant agreements. The Grants Fund total fund balance decreased \$11.1 million during the current fiscal year primarily due the County's continued spending of an unprecedented amount of grant funding to combat the COVID-19 pandemic received in prior years. Grants from federal government did decrease by \$28.8 million.

The Capital Projects Fund has a total fund balance of \$382.1 million. General obligation bonds of \$96.3 million were issued during FY23 to help pay for the cost of capital projects. The increase in fund balance for the current fiscal year of \$98.9 million was primarily the result of these issued bonds.

The Agricultural Land Preservation Fund has total fund balance of \$73.2 million. The fiscal year fund balance decreased by \$1.1 million mostly due to recordation tax revenues coming in less than anticipated. Recordation tax has decreased as the number of real estate transactions have decreased primarily due to increasing interest rates which has slowed the purchasing and refinancing of real estate properties.

The Debt Service Fund has a total fund balance of \$10.2 million. The fiscal year fund balance decreased by \$11.6 million primarily due to the payoff of the 2012 Refunding Bonds in FY23 from proceeds of the 2022A Crossover Refunding Bonds that were received in FY22.

Proprietary Funds: Frederick County's proprietary fund statements provide the same type of information found in the Government-Wide Financial Statements, but in more detail. At the end of FY23, the enterprise funds reported a combined total net position of \$790.0 million. Of that total, the unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$211.0 million and the unrestricted net position in the Solid Waste Management Fund totaled \$38.3 million. The Comprehensive Care Facility Fund ended the year with an unrestricted net position of \$9.6 million. The Bell Court Apartment Fund had an unrestricted net position of negative \$69,241.

The County's internal service funds ended FY23 with a total net position of \$50.7 million. Net Position included \$20.6 million of net investment in capital assets and the remaining \$30.1 million of unrestricted net position for all internal service funds. Overall, there was an increase in net position of \$8.3 million in the current year for all internal service funds.

General Fund Budgetary Highlights

The final budgeted use of fund balance budget for the General Fund increased \$9.5 million over the original budget. As part of the budget process, the County has the authority to re-appropriate encumbrances outstanding at the end of the fiscal year for the General Fund. This accounted for \$7.8 million of the increase from the adopted budget. Other notable increases to the adopted budget included \$1.3 million reappropriation of COVID-19 contingency and a \$378,975 reappropriation for the Board of Elections due to the State of Maryland delaying the primary elections from occurring FY22 to FY23.

During the year, revenues were greater than budgetary estimates by \$48.3 million and expenditures were less than budgetary estimates by \$19.2 million. Cautious spending partially contributed to the \$19.2 million or 2.7% decrease in actual General Fund expenditures compared to the final General Fund budget. The favorable variances totaled \$69.0 million, thereby eliminating the need to draw upon any of the appropriated fund balance of \$39.4 million.

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

Revenues:

- Local income tax distributions were greater than the budgeted amount by \$38.8 million. This significant budget variance is largely due to distributions from the Comptroller's office within the current fiscal year being larger than prior years. During the FY23 budget process the County conservatively budgeted income tax revenue due to remaining uncertainty the COVID-19 pandemic would have on this revenue source. The positive result shows the strength of our economy.
- Investment income was greater than the budget estimates in FY23 by \$9.2 million. This is the result of interest rates being much higher than anticipated.

Expenditures:

- One of the primary factors contributing to expenditures being less than the amounts budget by \$19.2 million is salary and fringe savings attributable to position vacancies in FY23. The County has experienced an unprecedented challenge in recruiting staff for vacant positions throughout the organization.
- The general government function was the biggest contributor with \$4.5 million in savings. The three largest areas of savings were in management services with \$1.4 million, interagency information technologies (IIT) with \$984 thousand and the department of permits and inspection with \$919 thousand. Maintenance and custodial which comprise management services experienced savings as a direct result of vacant positions with remaining savings in utility-related costs primarily due to a mild winter. IIT had savings in contracted services primarily due to timing of contracts. Permits and inspection experienced vacancies throughout the year and had savings in contracted services.

- Notable savings occurred in the public safety function that resulted in a positive budget variance of \$4.3 million. This positive budget variance is primarily the result of numerous position vacancies and associated operating costs particularly at the work release center and in emergency communications.
- Public works had \$2.7 million in savings primarily due to position vacancies and a mild winter which attributed to savings in contracted services and other snow removal costs.
- The non-departmental function had \$2.7 million in savings. This positive budget variance is primarily the result of \$1.3 million in various contingencies related to severe weather being underspent as well as \$1.1 million in employee benefits primarily related to position vacancies throughout the organization.
- Social Services had a \$1.3 million in savings mostly due to vacancies, particularly at the Scott Key Center.
- Education function has \$1.1 million in savings primarily due to a reduction in school health in kind contributions to Frederick County Board of Education. This was the result of multiple nursing vacancies throughout the fiscal year.

Details of the variances can be found on Exhibit II-A-7.

Capital Asset and Debt Administration

Capital Assets: Frederick County Government's investments in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of June 30, 2022, and 2023, amount to \$1,266.0 million and \$1,306.0 million, respectively. This investment in capital assets includes land, easements, buildings, improvements, equipment, right-to-use assets, vehicles, roads, water and sewer lines, highways, bridges and construction in progress. The total increase in Frederick County's investment in capital assets for the current fiscal year was 3.2%.

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

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 150,098	\$ 142,192	\$ 8,528	\$ 9,328	\$ 158,626	\$ 151,520
Buildings & improv.	377,835	300,844	325,951	358,158	703,786	659,002
Right-to-use buildings & improv.	5,228	884	-	-	5,228	884
Equipment	170,439	155,525	58,791	59,380	229,230	214,905
Right-to-use equipment	518	467	107	107	625	574
Right-to-use SBITAs*	1,523	-	-	-	1,523	-
Infrastructure	458,379	437,938	486,939	482,748	945,318	920,686
Construction in progress	58,488	75,655	32,591	25,144	91,079	100,799
Accum. depreciation	(556,982)	(518,411)	(272,402)	(264,292)	(829,384)	(782,703)
Total	<u>\$ 665,526</u>	<u>\$ 595,094</u>	<u>\$ 640,505</u>	<u>\$ 670,573</u>	<u>\$ 1,306,031</u>	<u>\$ 1,265,667</u>

*Subscription-Based Information Technology Arrangements

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

Governmental Activities:

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

- Pavement Management \$18.8 million
- Maintenance Systemic Projects 7.3 million
- Adult Detention Center Medical Unit 5.7 million
- Prospect Center Acquisition and Fit out 5.5 million
- Fire Apparatus and Vehicle Replacement 4.7 million
- Middletown Library 4.4 million
- The following transfers were made to the Frederick County Board of Education for school construction:
 - Brunswick Elementary School Modernization \$12.7 million
 - Systemic Projects 8.0 million
- The following transfers were made to the Frederick Community College for school construction:
 - Systemic Projects \$1.7 million

Business-type Activities:

- Construction costs were incurred for the following major projects:
 - Lewistown Wastewater Treatment Plant Improvements \$2.4 million
 - Adamstown Gravity Sewer Line – Phase I 1.1 million

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

Long-Term Debt

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

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Bonds Payable	\$ 593,387	\$ 517,959	\$ 61,278	\$ 95,567	\$ 654,665	\$ 613,526
Ag Easement Notes (IPA)	43,242	47,976	-	-	43,242	47,976
Notes from Direct Borrowings and Direct Placements	35,299	35,866	50,516	52,681	85,815	88,547
Leases Agreements	5,052	930	120	190	5,172	1,120
SBITA Agreements	1,003	-	-	-	1,003	-
Total	<u>\$ 677,983</u>	<u>\$ 602,731</u>	<u>\$ 111,914</u>	<u>\$ 148,438</u>	<u>\$ 789,897</u>	<u>\$ 751,169</u>

As of year-end, the County had \$654.7 million in general obligation bonds outstanding compared to a total of \$613.5 million last year, a 6.7% net increase. During FY23 the County issued its Tax-Exempt General Obligation Public Facilities Project Bonds, Series 2023A in the par amount of \$99.3 million. This issue was offset by regular principal payments in the amount of \$58.1 million.

During FY23 the County transferred the remaining \$27.6 million of the 2016B General Obligation Public Facilities Taxable Refunding Bonds from the Comprehensive Care Facility Enterprise Fund to the Governmental Activities.

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

Pursuant to the Charter of Frederick County Maryland, future authorizations for general obligation borrowings will be granted by the County Council. Section 508 of the Charter sets limitations for general obligation borrowings. This debt limit is calculated at an amount not to exceed a total of three percent of the assessable basis of real property of the County and nine percent of the County's assessable basis of personal property and operating real property described in Section 8-109(c) of the Tax-Property Article of the Annotated Code of Maryland. Exhibit III-A-12 presents the calculation of legal debt margin at \$395.7 million.

Principal payments and reductions of all the County's long-term liabilities in the amounts of \$249.5 million and \$14.0 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 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The General Fund budget for FY24 is based on County property tax rate of \$1.06 and income tax rates ranging from 2.25% to 3.20%. The FY24 budget reflects a 10.6% increase in revenues compared to FY23. Property tax and income tax revenues increased by 7.5% and 14.1% respectively, reflecting the increase in real property assessments, as well as recognizing the significant positive budget variance in income tax revenues that were experienced in both FY23 and FY22. The City of Frederick and the Town of Myersville use County property tax differential rates. The City of Frederick rate for FY24 will be 0.9551, which is an increase from the FY23 rate of 0.9487. The Town of Myersville increased their rate for FY24 to 0.9440 from the FY23 rate of 0.9423.
- The FY24, Frederick County Public Schools are funded at \$404.9 million, which is \$35.0 over the state-required Maintenance of Effort level.
- Funding for Frederick Community College increased \$1.9 million in FY24 to improve pay for all eligible staff. Tuition will be frozen for the second consecutive academic year to ensure students seeking opportunity through higher education or preparing for a changing workplace can take advantage of the opportunity. The total appropriation for FY23 is \$24.7 million.
- The appropriation for Frederick County Libraries increased \$2.2 million to support life-long learning, educational needs and home schooling. The budget includes the addition of key staff members to improve customer service and support Spanish-speaking residents and allows them the libraries to remain fine-free. The total appropriation for FY24 is \$16.1 million.
- As a result of operations in FY23, there remains \$53.4 million of fund balance in the General Fund that is committed for use in the FY25 budget. This represents an increase from the \$48.2 million programmed as a budgeted use of fund balance in the FY24 budget.
- As of August 2023, the average unemployment rate for the County was 1.7 percent, while the average unemployment rate for the State of Maryland was 1.8 percent.

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

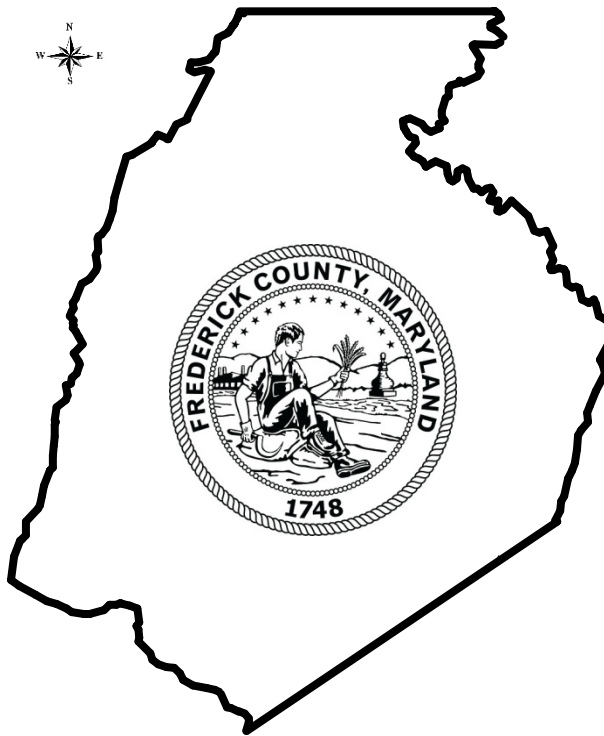
Jurisdiction	FY 2024	FY 2023
State of Maryland	0.1120	0.1120
Frederick County	1.0600	1.0600
City of Frederick Differential	0.9551	0.9487
Town of Myersville Differential	0.9440	0.9423
Total Real Property Assessed Values	40.6B	38.7B

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS



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

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries	Scott Key Center
Assets							
Cash	\$ 485,288	\$ 2,930	\$ 488,218	\$ 40,858,029	\$ 31,112,750	\$ 6,354	\$ 1,480,613
Equity in pooled invested cash	524,348,820	213,328,896	737,677,716	-	-	-	-
Cash and cash equivalents - restricted	114,792,347	6,128,809	120,921,156	-	-	20,000	-
Total cash and cash equivalents	639,626,455	219,460,635	859,087,090	40,858,029	31,112,750	26,354	1,480,613
Investments - restricted	-	-	-	-	-	447,732	-
Investments	106,921,353	49,817,700	156,739,053	26,877,305	20,487,599	-	95,801
Receivables, net of allowance for uncollectibles:							
Property taxes	5,686,136	-	5,686,136	-	-	-	-
Accounts	10,434,266	18,212,490	28,646,756	7,661,758	717,795	667	188,600
Intergovernmental	177,745,231	-	177,745,231	18,124,720	2,631,591	-	-
Lease Receivable	49,085	-	49,085	-	-	-	-
Internal balances	(2,151,020)	2,151,020	-	-	-	-	-
Due from primary government	-	-	-	61,989	-	6,521,636	-
Due from component units	3,416,704	42,407	3,459,111	-	-	-	-
Inventories	6,747,067	93,316	6,840,383	1,441,358	205,513	-	-
Prepaid items	4,854,193	7,188,981	12,043,174	766,282	574,000	54,088	10,857
Long-term receivables, net of allowance for uncollectibles	16,759,778	1,182,802	17,942,580	-	22,831	-	-
Capital assets:							
Land	150,098,248	8,527,737	158,625,985	53,396,247	271,620	-	-
Buildings and improvements	377,834,787	325,950,975	703,785,762	1,272,712,879	152,132,607	-	-
Right-to-use Building and improvements	5,227,861	-	5,227,861	41,368,161	-	-	-
Equipment	170,439,546	58,790,702	229,230,248	71,773,415	8,255,062	329,915	50,487
Right-to-use Equipment	518,416	107,087	625,503	-	-	-	-
Right-to-use SBITA	1,522,947	-	1,522,947	2,927,019	1,371,079	250,721	-
Library collection	-	-	-	-	2,079,897	5,773,983	-
Infrastructure	458,379,055	486,939,010	945,318,065	-	-	-	-
Construction in progress	58,487,974	32,590,818	91,078,792	25,024,412	1,431,358	-	-
Accumulated depreciation/amortization	(556,982,414)	(272,401,502)	(829,383,916)	(547,262,733)	(70,406,595)	(2,222,925)	(50,487)
Total assets	1,635,615,668	938,654,178	2,574,269,846	1,015,730,841	150,887,107	11,182,171	1,775,871
Deferred Outflows of Resources							
Deferred outflow related to nonuniformed Pension	12,302,947	-	12,302,947	14,190,474	-	-	-
Deferred outflow related to uniformed Pension	47,389,647	-	47,389,647	-	-	-	-
Deferred outflow related to LOSAP	193,555	-	193,555	-	-	-	-
Deferred outflow related to OPEB	12,158,799	-	12,158,799	115,391,389	-	-	-
Deferred charge on refunding	665,117	803,099	1,468,216	-	-	-	-
Total deferred outflows of resources	72,710,065	803,099	73,513,164	129,581,863	-	-	-

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries	Scott Key Center
Liabilities							
Accounts payable	\$ 429,638	\$ 364	\$ 430,002	\$ 23,035,595	\$ 2,091,428	\$ 5,432	\$ 1,077,793
Accrued liabilities	22,846,801	7,295,907	30,142,708	502,925	618,239	-	-
Payroll and benefit deductions	10,695,692	624,378	11,320,070	15,009,665	2,840,341	377,652	11,890
Property taxes payable	239,177	-	239,177	-	-	-	-
Due to third parties	13,886,504	2,571,886	16,458,390	-	-	-	-
Due to primary government	-	-	-	3,519,714	-	-	84,652
Due to other governmental units	1,029,910	-	1,029,910	-	-	-	-
Due to component units	7,091,703	-	7,091,703	-	-	-	-
Unearned revenues	8,010,844	108,160	8,119,004	-	1,760,380	869,321	-
Other liabilities	6,078,095	1,167,866	7,245,961	-	-	-	-
Noncurrent liabilities:							
Due within one year	57,000,869	7,299,832	64,300,701	12,818,939	665,015	131,290	-
Due in more than one year	872,833,484	128,652,230	1,001,485,714	581,059,174	5,722,809	768,991	-
Total liabilities	<u>1,000,142,717</u>	<u>147,720,623</u>	<u>1,147,863,340</u>	<u>635,946,012</u>	<u>13,698,212</u>	<u>2,152,686</u>	<u>1,174,335</u>
Deferred Inflows of Resources							
Deferred inflow related to nonuniformed Pension	12,688,794	-	12,688,794	3,759,949	-	-	-
Deferred inflow related to uniformed Pension	548,589	-	548,589	-	-	-	-
Deferred inflow related to LOSAP	722,875	-	722,875	-	-	-	-
Deferred inflow related to OPEB	36,620,936	-	36,620,936	429,136,181	-	-	-
Deferred inflow related to Leases	167,824	-	167,824	-	-	-	-
Total deferred inflows of resources	<u>50,749,018</u>	<u>-</u>	<u>50,749,018</u>	<u>432,896,130</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position							
Net investment in capital assets	253,509,140	530,091,234	783,600,374	888,167,323	88,776,374	3,950,859	-
Restricted for:							
School and library construction	163,989,524	-	163,989,524	-	-	-	-
Additional or expanded road facilities	30,575,321	-	30,575,321	-	-	-	-
Parks acquisition	3,567,958	-	3,567,958	-	-	-	-
Capital projects	-	660,911	660,911	-	-	-	-
Agricultural preservation	1,850,062	-	1,850,062	-	-	-	-
Debt service	609,276	-	609,276	-	-	-	-
Other purposes	56,615,441	-	56,615,441	-	17,357,263	467,732	-
Unrestricted (Deficit)	146,717,276	260,984,509	407,701,785	(811,696,761)	31,055,258	4,610,894	601,536
Total net position	<u>\$ 657,433,998</u>	<u>\$ 791,736,654</u>	<u>\$ 1,449,170,652</u>	<u>\$ 76,470,562</u>	<u>\$ 137,188,895</u>	<u>\$ 9,029,485</u>	<u>\$ 601,536</u>

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units			
					Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries	Scott Key Center
Primary government:											
Governmental activities:											
General government	\$ 122,513,461	\$ 30,654,197	\$ 2,123,375	\$ 3,861,581	\$ (85,874,308)	\$ -	\$ (85,874,308)	\$ -	\$ -	\$ -	\$ -
Public safety	259,493,005	9,707,148	10,257,067	4,776,117	(234,752,673)	-	(234,752,673)	-	-	-	-
Public works	61,101,075	192,471	7,678,546	1,334,247	(51,895,811)	-	(51,895,811)	-	-	-	-
Health	21,510,203	186,879	2,172,515	-	(19,150,809)	-	(19,150,809)	-	-	-	-
Social services	18,400,762	1,700	2,606,588	60,023	(15,732,451)	-	(15,732,451)	-	-	-	-
Education	392,435,136	-	-	-	(392,435,136)	-	(392,435,136)	-	-	-	-
Parks, recreation and culture	34,958,357	2,385,965	3,027,140	1,212,078	(28,333,174)	-	(28,333,174)	-	-	-	-
Conservation of natural resources	17,898,380	255,691	578,351	218,766	(16,845,572)	-	(16,845,572)	-	-	-	-
Community development and public housing	15,653,765	-	13,179,169	-	(2,474,596)	-	(2,474,596)	-	-	-	-
Economic development and opportunity	15,867,698	-	2,197,435	5,440	(13,664,823)	-	(13,664,823)	-	-	-	-
Interest on long term debt	16,504,412	-	-	-	(16,504,412)	-	(16,504,412)	-	-	-	-
Total governmental activities	<u>976,336,254</u>	<u>43,384,051</u>	<u>43,820,186</u>	<u>11,468,252</u>	<u>(877,663,765)</u>	<u>-</u>	<u>(877,663,765)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:											
Water and sewer	49,203,377	49,566,802	-	14,943,491	-	15,306,916	15,306,916	-	-	-	-
Solid waste management	31,001,695	30,840,882	-	-	-	(160,813)	(160,813)	-	-	-	-
Comprehensive care facility	29,371,186	29,195,876	485,310	-	-	310,000	310,000	-	-	-	-
Public housing	617,400	152,789	291,948	-	-	(172,663)	(172,663)	-	-	-	-
Total business-type activities	<u>110,193,658</u>	<u>109,756,349</u>	<u>777,258</u>	<u>14,943,491</u>	<u>-</u>	<u>15,283,440</u>	<u>15,283,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 1,086,529,912</u>	<u>\$ 153,140,400</u>	<u>\$ 44,597,444</u>	<u>\$ 26,411,743</u>	<u>(877,663,765)</u>	<u>15,283,440</u>	<u>(862,380,325)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units:											
Board of Education	\$ 883,695,351	\$ 10,464,810	\$ 230,729,924	\$ 125,386,471	-	-	-	(517,114,146)	-	-	-
Community College	76,627,796	19,097,008	55,958,147	4,888,492	-	-	-	-	3,315,851	-	-
Public Libraries	16,474,304	171,522	18,000,680	-	-	-	-	-	-	1,697,898	-
Scott Key Center	3,877,024	2,650,439	1,252,607	-	-	-	-	-	-	-	26,022
Total Component Units	<u>\$ 980,674,475</u>	<u>\$ 32,383,779</u>	<u>\$ 305,941,358</u>	<u>\$ 130,274,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(517,114,146)</u>	<u>3,315,851</u>	<u>1,697,898</u>	<u>26,022</u>
General Revenues:											
Local property taxes					396,593,277	-	396,593,277	-	-	-	-
Local income taxes					353,471,729	-	353,471,729	-	-	-	-
Recordation taxes					56,482,245	-	56,482,245	-	-	-	-
Hotel rental tax					2,792,408	-	2,792,408	-	-	-	-
Agriculture transfer tax					327,360	-	327,360	-	-	-	-
Grants and contributions not restricted to specific programs					-	-	-	559,147,490	-	-	2,575
Investment earnings					17,231,381	8,822,091	26,053,472	2,466,715	1,901,897	14,823	23,813
Miscellaneous					29,061,806	128,000	29,189,806	922,521	1,000,000	-	538
Gain/Loss on disposal of assets					2,786,352	138,737	2,925,089	-	-	-	-
Transfers					(2,589,433)	2,589,433	-	-	-	-	-
Total general revenues and transfers					<u>856,157,125</u>	<u>11,678,261</u>	<u>867,835,386</u>	<u>562,536,726</u>	<u>2,901,897</u>	<u>14,823</u>	<u>26,926</u>
Change in net position					(21,506,640)	26,961,701	5,455,061	45,422,580	6,217,748	1,712,721	52,948
Net position - beginning of year					678,940,638	764,774,953	1,443,715,591	31,047,982	130,971,147	7,316,764	548,588
Total net position - end of year					<u>\$ 657,433,998</u>	<u>\$ 791,736,654</u>	<u>\$ 1,449,170,652</u>	<u>\$ 76,470,562</u>	<u>\$ 137,188,895</u>	<u>\$ 9,029,485</u>	<u>\$ 601,536</u>

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

**FREDERICK COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Grants Fund	Capital Projects	Agricultural Preservation	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash	\$ 188,070	\$ 734	\$ -	\$ -	\$ -	\$ 296,484	\$ 485,288
Equity in pooled invested cash	114,672,379	3,892,097	299,587,232	39,992,576	9,756,223	17,366,211	485,266,718
Total cash and cash equivalents	114,860,449	3,892,831	299,587,232	39,992,576	9,756,223	17,662,695	485,752,006
Investments	74,711,900	-	-	32,209,453	-	-	106,921,353
Receivables, net of allowance for uncollectibles:							
Property taxes	5,686,136	-	-	-	-	-	5,686,136
Accounts	7,864,463	594,171	46,225	71,235	412,746	393,721	9,382,561
Intergovernmental	163,481,325	8,483,753	5,780,153	-	-	-	177,745,231
Lease receivable	49,085	-	-	-	-	-	49,085
Prepaid items	345,634	963,480	-	3,397,380	-	12,000	4,718,494
Due from other funds	77,747	-	-	-	-	-	77,747
Due from component units	3,284,226	132,478	-	-	-	-	3,416,704
Inventories	3,030,947	3,018,867	-	-	-	-	6,049,814
Long-term receivables, net of allowance for uncollectibles:							
Employee salary advances	11,927	-	-	-	-	-	11,927
Non-profit organization loans	78,381	-	-	-	-	1,158,596	1,236,977
Housing loans	-	1,128,221	-	-	-	13,328,057	14,456,278
Lease receivable	120,596	-	-	-	-	-	120,596
Other long term receivables	-	934,000	-	-	-	-	934,000
Cash and cash equivalents - restricted	38,572	26,209,588	86,720,675	-	196,529	1,672,440	114,837,804
Total assets	<u>\$ 373,641,388</u>	<u>\$ 45,357,389</u>	<u>\$ 392,134,285</u>	<u>\$ 75,670,644</u>	<u>\$ 10,365,498</u>	<u>\$ 34,227,509</u>	<u>\$ 931,396,713</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 366,498	\$ -	\$ -	\$ -	\$ -	\$ 63,140	\$ 429,638
Accrued liabilities	1,143,250	2,504,658	5,518,413	304	164,013	610,007	9,940,645
Payroll and benefit deductions	9,889,127	698,290	96,833	11,442	-	-	10,695,692
Property taxes payable	239,177	-	-	-	-	-	239,177
Due to third parties	13,709,535	-	-	-	-	176,969	13,886,504
Due to other governmental units	70,877	30,099	-	928,934	-	-	1,029,910
Due to component units	6,646,585	-	-	-	-	-	6,646,585
Other liabilities	825	2,433,740	3,630,873	-	-	12,657	6,078,095
Unearned revenues	2,086,324	1,391,311	822,378	1,534,098	-	2,176,733	8,010,844
Total liabilities	<u>34,152,198</u>	<u>7,058,098</u>	<u>10,068,497</u>	<u>2,474,778</u>	<u>164,013</u>	<u>3,039,506</u>	<u>56,957,090</u>
Deferred Inflows of Resources							
Unavailable revenue	143,455,424	-	-	-	-	-	143,455,424
Lease related	167,824	-	-	-	-	-	167,824
Total deferred inflows of resources	<u>143,623,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,623,248</u>
Fund balances:							
Nonspendable	3,466,889	3,982,347	-	3,397,380	-	12,000	10,858,616
Restricted	1,147,701	2,062,221	237,394,149	1,850,062	609,276	14,144,173	257,207,582
Committed	177,090,764	32,254,723	144,671,639	67,948,424	-	17,031,830	438,997,380
Assigned	13,860,588	-	-	-	9,592,209	-	23,452,797
Unassigned	300,000	-	-	-	-	-	300,000
Total fund balances	<u>195,865,942</u>	<u>38,299,291</u>	<u>382,065,788</u>	<u>73,195,866</u>	<u>10,201,485</u>	<u>31,188,003</u>	<u>730,816,375</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 373,641,388</u>	<u>\$ 45,357,389</u>	<u>\$ 392,134,285</u>	<u>\$ 75,670,644</u>	<u>\$ 10,365,498</u>	<u>\$ 34,227,509</u>	<u>\$ 931,396,713</u>

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

FREDERICK COUNTY, MARYLAND
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balance - governmental funds (See Exhibit II-A-3) \$ 730,816,375

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

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

Land	\$	150,098,248	
Buildings and Improvements		383,062,648	
Equipment		170,957,962	
Infrastructure		458,379,055	
Subscription-Based Information Technology Arrangements		1,522,947	
Construction in Progress		58,487,974	
Less Accumulated Depreciation/Amortization		<u>(556,982,414)</u>	665,526,420

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

Deferred Outflows on Refundings		665,117	
Deferred Outflows related to pensions and OPEB		<u>72,044,948</u>	72,710,065

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		(593,386,971)	
Notes from direct Borrowings and Direct Placements		(35,299,437)	
Unamortized Premium on Bonds Payable		(42,203,872)	
Installment Purchase Agreements		(43,242,261)	
Financed Purchase Obligations		(3,187,530)	
Compensated Absences		(15,410,450)	
Prefunded Loss Claims		(5,829,286)	
Net LOSAP Pension Liability		(8,735,679)	
Termination Benefits		(298,401)	
Lease Liability		(5,052,116)	
Subscription-Based Information Technology Arrangements		(1,003,508)	
Net Pension Liabilities		(143,703,219)	
Net OPEB Liability		(32,481,623)	
Accrued Bond, Lease & SBITA Interest		(8,441,892)	
Recognition of Deferred Inflows - unearned revenues in governmental funds		<u>143,455,424</u>	(794,820,821)

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

Deferred Inflows Related to leases, pensions and OPEB		<u>(50,749,018)</u>	(50,749,018)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of an internal service fund are included in governmental activities in the statement of net position. This balance is net of capital assets and long-term liabilities included above.

33,950,977

Net position of governmental activities (See Exhibit II-A-1)

\$ 657,433,998

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Grants	Capital Projects	Agricultural Preservation	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Local property taxes	\$ 396,487,423	\$ -	\$ -	\$ -	\$ -	\$ 12,398	\$ 396,499,821
Local income taxes	346,027,995	-	-	-	-	-	346,027,995
Other local taxes	30,024,312	-	14,120,561	14,447,921	-	4,001,130	62,593,924
Licenses and permits	5,590,690	-	-	-	-	-	5,590,690
Grants from federal government	317,613	29,367,705	1,008,641	-	-	-	30,693,959
Grants from state government	5,737,811	9,512,070	6,805,975	3,027,140	-	-	25,082,996
Charges for services	10,072,640	188,530	23,244,100	-	-	998,178	34,503,448
Fines and forfeitures	49,513	-	-	-	-	182,669	232,182
Interest from loans	-	-	-	-	-	29,395	29,395
Investment income	11,166,061	1,177,651	6,263,584	1,022,861	1,966,885	681,714	22,278,756
Miscellaneous	5,193,960	699,469	6,664,258	8,002	-	1,528,691	14,094,380
Total revenues	<u>810,668,018</u>	<u>40,945,425</u>	<u>58,107,119</u>	<u>18,505,924</u>	<u>1,966,885</u>	<u>7,434,175</u>	<u>937,627,546</u>
Expenditures							
General government	67,859,481	3,583,380	-	421,709	-	41,556	71,906,126
Public safety	153,592,988	12,946,280	-	-	-	1,078,043	167,617,311
Public works	21,496,268	9,319,458	-	-	-	14,152	30,829,878
Health	8,591,467	4,423,453	-	-	-	-	13,014,920
Social services	8,945,910	6,622,989	-	-	-	-	15,568,899
Education	387,323,370	-	-	-	-	-	387,323,370
Parks, recreation and culture	24,587,004	90,386	-	-	-	-	24,677,390
Conservation of natural resources	5,024,006	576,851	-	12,818,009	-	-	18,418,866
Community development and public housing	934,351	14,089,573	-	-	-	487,174	15,511,098
Economic development and opportunity	4,279,953	7,248,594	-	-	-	2,756,869	14,285,416
Miscellaneous	3,473,147	-	-	-	-	-	3,473,147
Intergovernmental	6,221,697	-	-	-	-	-	6,221,697
Debt service	-	-	-	-	79,556,184	-	79,556,184
Capital projects	-	-	84,328,985	-	-	-	84,328,985
Total expenditures	<u>692,329,642</u>	<u>58,900,964</u>	<u>84,328,985</u>	<u>13,239,718</u>	<u>79,556,184</u>	<u>4,377,794</u>	<u>932,733,287</u>
Excess (deficiency) of revenues over expenditures	<u>118,338,376</u>	<u>(17,955,539)</u>	<u>(26,221,866)</u>	<u>5,266,206</u>	<u>(77,589,299)</u>	<u>3,056,381</u>	<u>4,894,259</u>
Other financing sources (uses)							
Transfers in from:							
General fund	-	10,342,808	22,911,510	503,049	49,599,362	-	83,356,729
Grants fund	-	-	704,724	-	-	50,000	754,724
Capital projects fund	-	-	-	-	7,471,435	-	7,471,435
Special revenue funds	-	-	-	-	8,310,836	-	8,310,836
Enterprise funds	-	-	3,859	-	-	-	3,859
Transfers out to:							
Capital projects fund	(22,911,510)	(704,724)	-	-	-	-	(23,616,234)
Special revenue funds	(10,845,857)	(50,000)	-	-	-	-	(10,895,857)
Internal service funds	(3,101,354)	(138,215)	-	(28,000)	-	-	(3,267,569)
Enterprise funds	-	(2,544,575)	(48,717)	-	-	-	(2,593,292)
Debt service fund	(49,599,362)	-	(7,471,435)	(8,147,837)	-	(162,999)	(65,381,633)
General obligation bonds issued	-	-	96,315,000	-	-	-	96,315,000
Premium on debt	-	-	12,750,533	-	660,822	-	13,411,355
Installment purchase agreements	-	-	-	1,225,340	-	-	1,225,340
Leases (as lessee)	4,596,531	-	-	-	-	-	4,596,531
Subscription Based Information Technology Arrangements	1,522,947	-	-	-	-	-	1,522,947
Total other financing sources and (uses)	<u>(80,338,605)</u>	<u>6,905,294</u>	<u>125,165,474</u>	<u>(6,447,448)</u>	<u>66,042,455</u>	<u>(112,999)</u>	<u>111,214,171</u>
Net change in fund balances	<u>37,999,771</u>	<u>(11,050,245)</u>	<u>98,943,608</u>	<u>(1,181,242)</u>	<u>(11,546,844)</u>	<u>2,943,382</u>	<u>116,108,430</u>
Fund balances - beginning of year	<u>157,866,171</u>	<u>49,349,536</u>	<u>283,122,180</u>	<u>74,377,108</u>	<u>21,748,329</u>	<u>28,244,621</u>	<u>614,707,945</u>
Fund balances - end of year	<u>\$ 195,865,942</u>	<u>\$ 38,299,291</u>	<u>\$ 382,065,788</u>	<u>\$ 73,195,866</u>	<u>\$ 10,201,485</u>	<u>\$ 31,188,003</u>	<u>\$ 730,816,375</u>

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

FREDERICK COUNTY, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds (See Exhibit II-A-5) \$ 116,108,430

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

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

Capital Outlay	\$ 70,432,603	
Depreciation/Amortization Expense	(34,126,996)	
Adjusted for Internal Service Fund Depreciation	<u>4,063,177</u>	40,368,784

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	139,484,733	
Income Taxes - Recognized as Income in the Prior Year	(132,040,999)	
Other Revenues - Deferred in the Fund Statements	3,970,691	
Other Revenues - Recognized as Income in the Prior Year	<u>(4,443,935)</u>	6,970,490

Donations and transfers of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 27,975,010

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

Issuance of Installment Purchase Agreements	(1,225,340)	
Issuance of General Obligations Bond	(123,880,000)	
Issuance of Leases	(4,865,202)	
Issuance of SBITAs	(1,522,947)	
Bond Premium	(13,411,355)	
Principal Payments on General Obligation Debt	48,451,518	
Principal Payments on Direct Borrowings and Direct Placements	566,093	
Principal Payments on Financed Purchase Obligations	1,942,843	
Principal Payments on IPAs	5,959,489	
Principal Payments on SBITAs	519,439	
Principal Payments on Leases	743,356	
Amortization of Bond Premiums	7,926,232	
Amortization of Deferred Loss on Bonds	<u>(1,895,434)</u>	(80,691,308)

(continued)

FREDERICK COUNTY, MARYLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

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

Net Pension	(143,275,228)	
Net Other Post Employment Benefit Obligations	2,593,193	
Net LOSAP	507,471	
Accrued Interest - Prior Year	8,554,168	
Accrued Interest - Current Year	(8,423,125)	
Compensated Absences Accrual	233,272	
Termination Benefits Accrual	<u>149,086</u>	(139,661,163)

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

7,423,117

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

\$ (21,506,640)

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, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Local property taxes				
Real property (inc. additions & abatements)	\$ 398,277,208	\$ 398,277,208	\$ 389,171,001	\$ (9,106,207)
Personal property	-	-	75,098	75,098
Public utilities	11,900,000	11,900,000	12,228,030	328,030
Payments in lieu of taxes	550,000	550,000	649,130	99,130
Total levy	<u>410,727,208</u>	<u>410,727,208</u>	<u>402,123,259</u>	<u>(8,603,949)</u>
Homestead credit	(3,201,840)	(3,201,840)	(2,575,678)	626,162
Other tax credits and refunds	(2,259,088)	(2,259,088)	(4,305,923)	(2,046,835)
Municipal tax differential	(10,546,027)	(10,546,027)	-	10,546,027
Tax credit FY22 one-time	-	-	(5,917)	(5,917)
Interest - delinquent taxes	3,200,000	3,200,000	3,776,757	576,757
Discounts allowed on taxes	(2,400,000)	(2,400,000)	(2,525,075)	(125,075)
Total adjustments	<u>(15,206,955)</u>	<u>(15,206,955)</u>	<u>(5,635,836)</u>	<u>9,571,119</u>
Total local property taxes	<u>395,520,253</u>	<u>395,520,253</u>	<u>396,487,423</u>	<u>967,170</u>
Local income taxes	<u>307,265,361</u>	<u>307,265,361</u>	<u>346,027,995</u>	<u>38,762,634</u>
Other local taxes				
Recordation	28,940,343	28,940,343	27,032,401	(1,907,942)
911 fees - local	2,500,000	2,500,000	2,991,601	491,601
Security interest filing fees	200	200	310	110
Total other local taxes	<u>31,440,543</u>	<u>31,440,543</u>	<u>30,024,312</u>	<u>(1,416,231)</u>
Licenses and permits				
Alcoholic beverage licenses	458,700	458,700	543,185	84,485
Traders' licenses	210,000	210,000	215,254	5,254
Animal licenses	55,000	55,000	42,140	(12,860)
Marriage fees	17,000	17,000	18,525	1,525
Building permits	2,650,000	2,650,000	1,413,135	(1,236,865)
Electrical permits	1,200,000	1,200,000	860,606	(339,394)
Plumbing permits	1,500,000	1,500,000	665,620	(834,380)
Grading permits	800,000	800,000	579,661	(220,339)
Miscellaneous licenses and permits	590,500	590,500	1,252,564	662,064
Total licenses and permits	<u>7,481,200</u>	<u>7,481,200</u>	<u>5,590,690</u>	<u>(1,890,510)</u>
Grants from federal government	<u>204,546</u>	<u>204,546</u>	<u>317,613</u>	<u>113,067</u>

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Grants from state government				
Police protection	\$ 1,086,363	\$ 1,086,363	\$ 1,505,241	\$ 418,878
Aid for fire, rescue and ambulance services	600,000	607,826	607,826	-
Highway user revenues	2,750,000	2,750,000	3,486,324	736,324
County inmate housing	200,000	200,000	138,420	(61,580)
Total grants from state government	<u>4,636,363</u>	<u>4,644,189</u>	<u>5,737,811</u>	<u>1,093,622</u>
Charges for services				
Planning and zoning fees	1,155,900	1,155,900	1,130,326	(25,574)
Court costs, fees and charges	152,000	152,000	158,787	6,787
Scott Key Center	1,695,817	-	-	-
Other general government	214,420	214,420	243,927	29,507
Public safety	5,050,500	5,050,500	5,309,784	259,284
Public improvement inspections	200,000	200,000	175,641	(24,359)
Frederick County Developmental Center	10,000	10,000	16,879	6,879
Weed control	280,653	280,653	255,691	(24,962)
Municipal recoveries	175,000	175,000	395,640	220,640
Recreation	1,715,577	1,715,577	2,385,965	670,388
Total charges for services	<u>10,649,867</u>	<u>8,954,050</u>	<u>10,072,640</u>	<u>1,118,590</u>
Fines and forfeitures				
Court	25,000	25,000	17,758	(7,242)
Alcoholic beverages	10,000	10,000	4,050	(5,950)
Other fines and forfeitures	4,100	4,100	27,705	23,605
Total fines and forfeitures	<u>39,100</u>	<u>39,100</u>	<u>49,513</u>	<u>10,413</u>
Investment income	<u>2,000,011</u>	<u>2,000,011</u>	<u>11,166,061</u>	<u>9,166,050</u>
Miscellaneous revenues				
Rents and concessions	1,774,980	1,774,980	1,838,231	63,251
Contributions and donations	46,265	72,859	142,491	69,632
Sale of property	-	-	20,207	20,207
Other miscellaneous revenues	1,099,000	2,970,304	3,193,031	222,727
Total miscellaneous revenues	<u>2,920,245</u>	<u>4,818,143</u>	<u>5,193,960</u>	<u>375,817</u>
Total revenues	<u>762,157,489</u>	<u>762,367,396</u>	<u>810,668,018</u>	<u>48,300,622</u>

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
General government				
Legislative and executive				
County executive	\$ 970,177	\$ 982,541	\$ 1,111,561	\$ (129,020)
County executive administration	1,196,724	1,215,947	1,234,648	(18,701)
County council	884,277	884,277	867,585	16,692
Total legislative and executive	<u>3,051,178</u>	<u>3,082,765</u>	<u>3,213,794</u>	<u>(131,029)</u>
Judicial				
Circuit court	1,928,069	1,928,069	1,901,172	26,897
Orphans court	39,697	39,697	34,442	5,255
State's attorney	8,359,811	8,280,949	8,173,808	107,141
Grand jury	97,395	97,395	89,953	7,442
Total judicial	<u>10,424,972</u>	<u>10,346,110</u>	<u>10,199,375</u>	<u>146,735</u>
Elections				
Board of supervisors of elections	<u>2,474,022</u>	<u>3,330,997</u>	<u>3,277,590</u>	<u>53,407</u>
Financial administration				
Finance administration	564,119	564,119	546,309	17,810
Debt & benefit trust management	268,926	268,926	268,965	(39)
Accounting	2,362,494	2,362,494	2,251,284	111,210
Independent auditing	73,993	75,993	64,750	11,243
Budgeting	1,205,760	1,214,933	1,065,176	149,757
Procurement & contracting	1,446,805	1,446,805	1,403,898	42,907
Risk management	744,938	744,938	739,979	4,959
Treasury	1,341,041	1,366,523	1,257,725	108,798
Total financial administration	<u>8,008,076</u>	<u>8,044,731</u>	<u>7,598,086</u>	<u>446,645</u>
Legal				
County attorney	1,786,426	1,786,426	1,505,295	281,131
Ethics commission	10,419	10,419	-	10,419
Police accountability board	196,388	196,388	130,994	65,394
Total financial administration	<u>1,993,233</u>	<u>1,993,233</u>	<u>1,636,289</u>	<u>356,944</u>
Personnel administration				
Human resources	<u>1,916,224</u>	<u>1,916,224</u>	<u>1,853,766</u>	<u>62,458</u>
Planning & Zoning				
Permits & inspection	5,026,382	5,067,287	4,148,614	918,673
Planning & development review	3,720,585	3,742,319	3,578,228	164,091
Total planning and zoning	<u>8,746,967</u>	<u>8,809,606</u>	<u>7,726,842</u>	<u>1,082,764</u>

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Management services				
Custodial/security	\$ 3,433,632	\$ 3,389,620	\$ 2,756,640	\$ 632,980
Maintenance	10,537,767	10,399,147	9,682,006	717,141
Total management services	<u>13,971,399</u>	<u>13,788,767</u>	<u>12,438,646</u>	<u>1,350,121</u>
Other general government				
Interagency information technologies	16,265,620	16,363,517	15,379,152	984,365
Communications	1,063,577	1,068,398	1,038,010	30,388
Office of equity and inclusion	355,933	326,111	284,871	41,240
Internal audit	422,370	422,370	311,809	110,561
Board of liquor license commissioners	572,589	572,899	583,005	(10,106)
Total other general government	<u>18,680,089</u>	<u>18,753,295</u>	<u>17,596,847</u>	<u>1,156,448</u>
Total general government	<u>69,266,160</u>	<u>70,065,728</u>	<u>65,541,235</u>	<u>4,524,493</u>
Public safety				
Sheriff	33,216,679	33,126,488	32,480,767	645,721
Detention center	19,491,686	19,558,557	19,415,525	143,032
Work release center	4,588,072	4,590,637	3,078,697	1,511,940
Ambulance billing	596,077	596,511	621,571	(25,060)
Fire and rescue operations	68,652,229	69,272,137	70,405,609	(1,133,472)
Fire/rescue technical services	1,638,580	1,738,768	1,429,430	309,338
Emergency communications	12,827,458	13,016,109	11,175,532	1,840,577
Volunteer fire and rescue	7,845,463	8,429,213	8,436,802	(7,589)
Training and emergency medical	859,670	886,230	647,529	238,701
Fire and rescue professional services	2,818,377	2,876,846	2,327,861	548,985
Emergency preparedness	876,908	1,003,643	990,161	13,482
Fire inspection	726,296	726,296	784,090	(57,794)
Fire/rescue state grant allocation	600,000	607,826	607,826	-
Director of division of fire rescue services	852,331	852,331	839,890	12,441
Emergency management	795,821	1,015,275	925,175	90,100
Animal control	2,585,290	2,585,290	2,407,200	178,090
Total public safety	<u>158,970,937</u>	<u>160,882,157</u>	<u>156,573,665</u>	<u>4,308,492</u>
Public works				
Highways	19,308,443	19,733,909	18,574,982	1,158,927
Public works administration	2,983,267	2,916,071	2,252,915	663,156
Facilities and project services	799,763	759,608	597,344	162,264
Transportation engineering	1,626,791	1,617,854	1,372,076	245,778
Construction inspection	992,377	1,241,941	786,478	455,463
Total public works	<u>25,710,641</u>	<u>26,269,383</u>	<u>23,583,795</u>	<u>2,685,588</u>

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Health				
County administrator	\$ 149,348	\$ 149,348	\$ 155,421	\$ (6,073)
Core services	2,255,659	2,390,396	2,339,106	51,290
Detention center substance abuse	132,572	132,572	132,572	-
Mental health	2,057,614	2,057,614	1,406,897	650,717
School health	10,000	10,000	-	10,000
Health equity office	335,885	335,885	227,501	108,384
Frederick County Developmental Center	4,475,730	4,484,176	4,363,817	120,359
Total health	<u>9,416,808</u>	<u>9,559,991</u>	<u>8,625,314</u>	<u>934,677</u>
Social services				
Contribution to department of social services	630,192	630,192	703,691	(73,499)
Scott Key Center	3,885,362	3,987,268	3,261,145	726,123
Senior services	2,771,165	2,822,752	2,232,811	589,941
Office of children and families	321,080	324,548	311,816	12,732
Family partnership	368,461	374,461	386,485	(12,024)
Child advocacy center	512,819	526,091	516,644	9,447
Deinstitutionalization day care	11,514	11,514	11,514	-
Other non-county agencies	453,000	458,000	458,000	-
Other social services	10,396	11,896	5,922	5,974
Total social services	<u>8,963,989</u>	<u>9,146,722</u>	<u>7,888,028</u>	<u>1,258,694</u>
Education				
Maryland School for the Blind	2,000	2,000	-	2,000
Frederick County Board of Education	365,338,683	365,604,552	364,705,067	899,485
Frederick Community College	22,864,463	22,864,463	22,618,303	246,160
Total education	<u>388,205,146</u>	<u>388,471,015</u>	<u>387,323,370</u>	<u>1,147,645</u>
Parks, recreation and culture				
Frederick County Public Libraries	13,944,217	13,965,568	13,887,414	78,154
Parks	11,275,827	11,490,997	10,737,856	753,141
Frederick Arts Council	50,000	50,000	50,000	-
Maryland Ensemble Theater	20,000	20,000	20,000	-
Total parks, recreation and culture	<u>25,290,044</u>	<u>25,526,565</u>	<u>24,695,270</u>	<u>831,295</u>

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual (Non-GAAP)</u>	<u>Variance- Positive (Negative)</u>
Conservation of natural resources				
Extension service	\$ 432,520	\$ 432,520	\$ 423,054	\$ 9,466
Weed control	280,653	280,653	293,993	(13,340)
Climate and energy	1,336,082	2,230,381	2,254,977	(24,596)
Watershed management section	2,654,126	3,634,423	3,595,062	39,361
Soil conservation	143,479	143,479	132,079	11,400
Total conservation of natural resources	<u>4,846,860</u>	<u>6,721,456</u>	<u>6,699,165</u>	<u>22,291</u>
Community development and public housing				
Housing administration	908,269	908,269	934,351	(26,082)
Total community development and public housing	<u>908,269</u>	<u>908,269</u>	<u>934,351</u>	<u>(26,082)</u>
Economic development and opportunity				
Office of economic development	1,920,144	2,084,359	1,998,365	85,994
Citizens services administration	678,309	678,309	584,286	94,023
Workforce services	843,681	849,181	688,229	160,952
Frederick Community Action Agency	175,000	170,000	-	170,000
Human relations	219,787	219,787	96,239	123,548
Community partnership grants	1,150,000	1,150,000	999,950	150,050
Total economic development and opportunity	<u>4,986,921</u>	<u>5,151,636</u>	<u>4,367,069</u>	<u>784,567</u>
Non-departmental				
Property and liability insurance	1,979,396	1,974,466	1,811,305	163,161
Employee benefits	1,450,202	1,686,645	566,960	1,119,685
County contingency	300,000	301,480	197,380	104,100
Other various contingencies	2,249,960	1,683,332	428,884	1,254,448
Indirect cost recovery	(3,393,499)	(3,393,499)	(3,283,398)	(110,101)
Dues & subscriptions	275,449	275,449	273,488	1,961
Other miscellaneous	344,383	344,383	195,348	149,035
Leases	-	5,226,627	5,226,620	7
Subscription-based information technology arrangements	-	2,042,645	2,042,644	1
Rollover COVID-19	-	782,241	784,051	(1,810)
Total non-departmental	<u>3,205,891</u>	<u>10,923,769</u>	<u>8,243,282</u>	<u>2,680,487</u>
Intergovernmental				
Financial corporations grant to municipalities	50,000	50,000	49,273	727
State Department of Assessments and Taxation	900,618	900,618	900,618	-
Towns	75,000	25,000	25,000	-
Tax rebate to municipalities	5,246,806	5,246,806	5,246,806	-
Total intergovernmental	<u>6,272,424</u>	<u>6,222,424</u>	<u>6,221,697</u>	<u>727</u>

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Total expenditures	\$ 706,044,090	\$ 719,849,115	\$ 700,696,241	\$ 19,152,874
Other financing sources (uses)				
Transfers out to:				
Grants special revenue fund	(11,335,472)	(11,895,917)	(10,342,807)	1,553,110
Agriculture preservation special revenue fund	(503,049)	(503,049)	(503,049)	-
Capital projects fund	(22,894,842)	(22,894,842)	(22,894,842)	-
Internal servie funds	(1,705,074)	(3,101,354)	(3,101,354)	-
Impact fee fund	-	(16,668)	(16,668)	-
Debt service fund	(49,599,362)	(49,599,362)	(49,599,362)	-
Leases		4,596,531	4,596,530	(1)
Subscription-based information technology arrangements	-	1,522,948	1,522,947	(1)
Total other financing sources (uses)	<u>(86,037,799)</u>	<u>(81,891,713)</u>	<u>(80,338,605)</u>	<u>1,553,108</u>
Budgeted use of fund balance	\$ <u>(29,924,400)</u>	\$ <u>(39,373,432)</u>	29,633,172	\$ <u>69,006,604</u>
Net change in reserves and adjustments to GAAP basis			8,366,599	
Fund balance - beginning of year			157,866,171	
Fund balance - end of year			\$ <u>195,865,942</u>	

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actuals</u>	<u>Variance - Positive (Negative)</u>
Revenues				
Grants from federal government	\$ 40,829,424	\$ 56,436,911	\$ 29,367,705	\$ (27,069,206)
Grants from state government	13,669,142	16,660,977	9,512,070	(7,148,907)
Charges for services	932,890	182,000	188,530	6,530
Interest earnings	(3)	3	1,177,651	1,177,648
Miscellaneous	871,690	959,585	699,469	(260,116)
Total revenues	<u>56,303,143</u>	<u>74,239,476</u>	<u>40,945,425</u>	<u>(33,294,051)</u>
Expenditures				
General government	5,154,610	7,922,810	3,678,928	4,243,882
Public safety	20,283,037	35,094,259	10,293,888	24,800,371
Public works	20,382,853	21,373,904	8,554,412	12,819,492
Health	11,753,531	17,167,880	4,423,453	12,744,427
Social services	10,959,300	12,955,590	6,692,144	6,263,446
Parks and recreation	107,280	107,280	1,835	105,445
Conservation of natural resources	892,981	1,464,929	696,611	768,318
Community development and public housing	14,876,555	18,636,962	14,033,484	4,603,478
Economic development and opportunity	11,101,427	13,214,140	7,247,495	5,966,645
Total expenditures	<u>95,511,574</u>	<u>127,937,754</u>	<u>55,622,250</u>	<u>72,315,504</u>
Excess (deficiency) of revenues over expenditures	<u>(39,208,431)</u>	<u>(53,698,278)</u>	<u>(14,676,825)</u>	<u>39,021,453</u>
Other financing sources (uses)				
Transfers in from:				
General fund	11,335,472	11,895,917	10,342,808	(1,553,109)
Transfers out to:				
Special revenue funds	-	(50,000)	(50,000)	-
Enterprise funds	-	(2,544,575)	(2,544,575)	-
Capital projects	-	(704,724)	(704,724)	-
Internal service fund	-	(138,215)	(138,215)	-
Total other financing sources (uses)	<u>11,335,472</u>	<u>8,458,403</u>	<u>6,905,294</u>	<u>(1,553,109)</u>
Budgeted use of fund balance	<u>\$ (27,872,959)</u>	<u>\$ (45,239,875)</u>	<u>(7,771,531)</u>	<u>\$ 37,468,344</u>
Net change in reserves and adjustment to GAAP basis			(3,278,714)	
Fund balance - beginning			49,349,536	
Fund balance - ending			<u>\$ 38,299,291</u>	

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
AGRICULTURAL PRESERVATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Amended Budget	Actuals	Variance - Positive (Negative)
Revenues				
Other local taxes	\$ 15,567,188	\$ 15,567,188	\$ 14,447,921	\$ (1,119,267)
Grants from state government	4,249,370	6,132,370	3,027,140	(3,105,230)
Investment income	336,087	336,087	1,022,861	686,774
Miscellaneous	4,000,000	-	8,002	8,002
Total revenues	<u>24,152,645</u>	<u>22,035,645</u>	<u>18,505,924</u>	<u>(3,529,721)</u>
Expenditures				
General government	1,072,498	1,155,475	421,709	733,766
Conservation of natural resources	28,023,171	31,823,194	12,824,762	18,998,432
Total expenditures	<u>29,095,669</u>	<u>32,978,669</u>	<u>13,246,471</u>	<u>19,732,198</u>
Excess (deficiency) of revenues over expenditures	<u>(4,943,024)</u>	<u>(10,943,024)</u>	<u>5,259,453</u>	<u>16,202,477</u>
Other financing sources (uses)				
Transfer from general fund	503,049	503,049	503,049	-
Transfer to debt service fund	(8,278,489)	(8,282,489)	(8,147,837)	134,652
Transfer to internal service fund	(28,000)	(28,000)	(28,000)	-
Installment purchase agreement	5,959,489	5,959,489	1,225,340	(4,734,149)
Total other financing sources (uses)	<u>(1,843,951)</u>	<u>(1,847,951)</u>	<u>(6,447,448)</u>	<u>(4,599,497)</u>
Budgeted use of fund balance	<u>\$ (6,786,975)</u>	<u>\$ (12,790,975)</u>	<u>(1,187,995)</u>	<u>\$ 11,602,980</u>
Net change in reserves and adjustment to GAAP basis			6,753	
Fund balance - beginning			<u>74,377,108</u>	
Fund balance - ending			<u>\$ 73,195,866</u>	

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-type Activities-Enterprise Funds					
	Enterprise Funds			Nonmajor Enterprise Fund		
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Assets						
Current assets:						
Cash	\$ 300	\$ 2,630	\$ -	\$ -	\$ 2,930	\$ -
Equity in pooled invested cash	161,510,810	44,459,342	7,358,744	-	213,328,896	39,036,645
Restricted cash and cash equivalents	5,379,503	-	88,395	660,911	6,128,809	-
Total cash and cash equivalents	166,890,613	44,461,972	7,447,139	660,911	219,460,635	39,036,645
Short-term investments	14,873,150	14,944,550	-	-	29,817,700	-
Receivables, net of allowance for uncollectibles accounts	10,818,609	2,833,362	4,560,465	54	18,212,490	1,021,300
Due from component units	42,407	-	-	-	42,407	-
Inventories	93,316	-	-	-	93,316	697,253
Prepaid items	6,959,325	-	229,656	-	7,188,981	135,699
Total current assets	199,677,420	62,239,884	12,237,260	660,965	274,815,529	40,890,897
Noncurrent assets:						
Notes receivable	1,182,802	-	-	-	1,182,802	-
Long-term investments	20,000,000	-	-	-	20,000,000	-
Capital assets:						
Land	5,558,373	2,837,164	-	132,200	8,527,737	-
Buildings and improvements	268,442,643	55,630,452	-	1,877,880	325,950,975	1,833,133
Equipment	50,238,607	7,464,764	888,169	199,162	58,790,702	43,708,204
Right-to-use equipment	-	-	107,087	-	107,087	518,415
Other improvements	482,560,455	4,378,555	-	-	486,939,010	-
Accumulated depreciation/amortization	(225,458,761)	(44,339,592)	(885,805)	(1,717,344)	(272,401,502)	(25,433,369)
Construction in progress	32,590,818	-	-	-	32,590,818	-
Total noncurrent assets	635,114,937	25,971,343	109,451	491,898	661,687,629	20,626,383
Total assets	834,792,357	88,211,227	12,346,711	1,152,863	936,503,158	61,517,280
Deferred Outflows of Resources						
Deferred charge on refunding	794,002	9,097	-	-	803,099	-
Total deferred outflows of resources	794,002	9,097	-	-	803,099	-

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-type Activities-Enterprise Funds					
	Enterprise Funds			Nonmajor Enterprise Fund		
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Liabilities						
Current liabilities:						
Accounts payable	\$ -	\$ 364	\$ -	\$ -	\$ 364	\$ -
Payroll and benefit deductions	468,089	156,289	-	-	624,378	110,218
Accrued expenses	2,899,808	2,192,387	2,194,473	9,239	7,295,907	4,354,033
Unearned revenues	87,009	21,151	-	-	108,160	-
Security deposits	2,380,941	175,257	-	15,688	2,571,886	-
Other liabilities	1,032,095	3,007	88,396	44,368	1,167,866	13
Current portion landfill closure and postclosure liability	-	276,078	-	-	276,078	-
Current portion general obligation bonds, notes and leases	5,876,468	976,824	30,743	-	6,884,035	165,365
Current portion of prefunded loss claims	-	-	-	-	-	2,152,450
Current portion of compensated absences	43,616	25,938	70,165	-	139,719	21,832
Total current liabilities	12,788,026	3,827,295	2,383,777	69,295	19,068,393	6,803,911
Noncurrent liabilities:						
Long term portion landfill closure and postclosure liability	-	20,384,988	-	-	20,384,988	-
Long term portion general obligation bonds, notes and leases	103,992,018	2,823,492	15,446	-	106,830,956	148,901
Liability for prefunded loss claims	-	-	-	-	-	3,676,836
Liability for compensated absences	946,101	181,348	280,661	-	1,408,110	192,085
Accrued termination benefits	15,518	12,658	-	-	28,176	-
Total noncurrent liabilities	104,953,637	23,402,486	296,107	-	128,652,230	4,017,822
Total liabilities	117,741,663	27,229,781	2,679,884	69,295	147,720,623	10,821,733
Net Position						
Net investment in capital assets	506,865,196	22,670,878	63,262	491,898	530,091,234	20,626,383
Restricted for:						
Capital projects	-	-	-	660,911	660,911	-
Unrestricted	210,979,500	38,319,665	9,603,565	(69,241)	258,833,489	30,069,164
Total net position	\$ 717,844,696	\$ 60,990,543	\$ 9,666,827	\$ 1,083,568	789,585,634	\$ 50,695,547
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					2,151,020	
Net position of business-type activities					\$ 791,736,654	

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-type Activities Enterprise Funds					
	Major Enterprise Funds			Nonmajor Enterprise Fund		Governmental Activities- Internal Service Funds
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments	Total Enterprise Funds	
Operating revenues						
Service charges	\$ 47,333,123	\$ 28,909,831	\$ 29,005,951	\$ -	\$ 105,248,905	\$ 42,697,821
Rental charges	-	-	-	152,789	152,789	-
Total net charges for services	47,333,123	28,909,831	29,005,951	152,789	105,401,694	42,697,821
Delinquent fees collected	101,948	48,757	-	-	150,705	-
Federal grant revenues	-	-	485,310	291,948	777,258	-
Other revenues	4,590,392	1,882,294	189,925	-	6,662,611	1,020,972
Total operating revenues	52,025,463	30,840,882	29,681,186	444,737	112,992,268	43,718,793
Operating expenses						
Personnel services	12,003,680	3,072,180	-	37,671	15,113,531	2,990,377
Operating expenses (including administrative overhead)	8,748,515	25,914,519	29,231,669	502,028	64,396,731	2,822,654
Prefunded loss & estimated claims	-	-	-	-	-	3,002,307
Insurance	686,349	71,919	79,288	3,382	840,938	19,125,005
Supplies	3,371,411	64,370	-	117	3,435,898	6,593,251
Repairs and maintenance	4,472,000	331,143	-	1,753	4,804,896	1,368,327
Depreciation/amortization expense	17,150,212	1,422,931	59,786	72,554	18,705,483	4,063,177
Total operating expenses	46,432,167	30,877,062	29,370,743	617,505	107,297,477	39,965,098
Operating income (loss)	5,593,296	(36,180)	310,443	(172,768)	5,694,791	3,753,695
Nonoperating revenues (expenses)						
Investment earnings	6,668,899	2,006,962	146,119	111	8,822,091	1,216,209
Miscellaneous income (expense)	(213,459)	128,000	-	-	(85,459)	-
Insurance recovery	-	-	-	-	-	11,221
Interest expense	(2,730,429)	(183,542)	(443)	-	(2,914,414)	(11,248)
Contributions and donations	-	-	-	-	-	34,812
Gain (loss) on disposition of capital assets	(83,278)	188,100	33,915	-	138,737	8,675
Total nonoperating revenues (expenses)	3,641,733	2,139,520	179,591	111	5,960,955	1,259,669
Net income (loss) before contributions and transfers	9,235,029	2,103,340	490,034	(172,657)	11,655,746	5,013,364
Capital contributions	12,484,830	-	-	-	12,484,830	-
Transfers in	48,717	-	2,500,000	44,575	2,593,292	3,267,569
Transfers (out)	(3,859)	-	-	-	(3,859)	-
Total contributions and transfers	12,529,688	-	2,500,000	44,575	15,074,263	3,267,569
Change in net position	21,764,717	2,103,340	2,990,034	(128,082)	26,730,009	8,280,933
Net position - beginning of year	696,079,979	58,887,203	6,676,793	1,211,650		42,414,614
Net position - end of year	\$ 717,844,696	\$ 60,990,543	\$ 9,666,827	\$ 1,083,568		\$ 50,695,547
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					231,692	
Change in net position of business-type activities (Exhibit II-A-2)					\$ 26,961,701	

Included in service charges in the Solid Waste Fund is a discount of \$1,348,532.

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, 2023

	Business-type Activities - Enterprise Funds					
	Major Enterprise Funds			Nonmajor Enterprise Fund		
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities						
Cash received from residents and customers	\$ 51,191,781	\$ 30,773,226	\$ 29,382,696	\$ 444,786	\$ 111,792,489	\$ 1,393,839
Cash paid to suppliers	(18,346,913)	(25,152,781)	(29,327,598)	(463,803)	(73,291,095)	(26,534,435)
Cash paid to employees	(11,989,527)	(3,062,484)	-	(37,690)	(15,089,701)	(5,398,001)
Internal activity - receipts from other funds	-	-	-	-	-	41,739,451
Net cash provided (used) by operating activities	20,855,341	2,557,961	55,098	(56,707)	23,411,693	11,200,854
Cash flows from noncapital financing activities						
Transfers in	48,717	-	2,500,000	44,575	2,593,292	3,267,568
Transfers out	(3,859)	-	-	-	(3,859)	-
Net cash provided (used) by noncapital financing activities	44,858	-	2,500,000	44,575	2,589,433	3,267,568
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(14,464,867)	(3,065,811)	(83,779)	-	(17,614,457)	(6,642,211)
Recoveries for damages	-	-	-	-	-	11,220
Proceeds from sale of capital assets	20,885	188,100	-	-	208,985	326,802
Proceeds from debt issues	2,970,000	-	-	-	2,970,000	-
Payment of bond, note, and lease principals	(9,395,431)	(2,502,757)	(30,546)	-	(11,928,734)	(142,596)
Interest paid on bonds, notes, and leases	(2,210,237)	(98,786)	(443)	-	(2,309,466)	(11,248)
Contributed capital	12,484,830	-	-	-	12,484,830	-
Net cash provided (used) by capital & related financing activities	(10,594,820)	(5,479,254)	(114,768)	-	(16,188,842)	(6,458,033)
Cash flows from investing activities						
Purchase of investments	(40,000,000)	(20,000,000)	-	-	(60,000,000)	-
Proceeds from the sale of investments	20,000,000	20,000,000	-	-	40,000,000	-
Interest received on investments	5,849,076	1,824,506	141,778	111	7,815,471	1,216,207
Net cash provided (used) by investing activities	(14,150,924)	1,824,506	141,778	111	(12,184,529)	1,216,207
Net increase (decrease) in cash and cash equivalents	(3,845,545)	(1,096,787)	2,582,108	(12,021)	(2,372,245)	9,226,596
Cash and cash equivalents - beginning of year	170,736,158	45,558,759	4,865,031	672,932	221,832,880	29,810,049
Cash and cash equivalents - end of year	\$ 166,890,613	\$ 44,461,972	\$ 7,447,139	\$ 660,911	\$ 219,460,635	\$ 39,036,645

(continued)

**FREDERICK COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Business-type Activities - Enterprise Funds					
	Major Enterprise Funds			Nonmajor Enterprise Fund	Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 5,593,296	\$ (36,180)	\$ 310,443	\$ (172,768)	\$ 5,694,791	\$ 3,753,695
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	17,150,212	1,422,931	59,786	72,554	18,705,483	4,063,177
Landfill closing costs	-	(309,159)	-	-	(309,159)	-
Accrued termination benefits	5,173	4,219	-	-	9,392	-
Change in assets and liabilities:						
(Increase) decrease:						
Accounts receivable	(660,962)	(70,726)	(226,704)	48	(958,344)	(578,937)
Bad debt allowance	164,866	-	-	-	164,866	-
Inventory	(1,375,865)	-	-	-	(1,375,865)	(41)
Prepaid items	-	-	24,603	-	24,603	20,081
Increase (decrease):						
Accounts payable	-	31	-	-	31	(2,240)
Accrued expenses	98,439	186,069	(104,245)	(909)	179,354	3,345,572
Deferred revenues	(172,720)	105	(44,120)	-	(216,735)	-
Liability for compensated leave	11,360	(3,114)	63,001	-	71,247	(410)
Closure liability	-	1,328,215	-	-	1,328,215	-
Other liabilities	41,542	35,570	(27,666)	44,368	93,814	599,957
Net cash provided (used) by operating activities	\$ <u>20,855,341</u>	\$ <u>2,557,961</u>	\$ <u>55,098</u>	\$ <u>(56,707)</u>	\$ <u>23,411,693</u>	\$ <u>11,200,854</u>

Non-cash investing, capital, and financing activities:

Included in interest income in the Water and Sewer Fund is an unrealized gain of \$56,600. Included in interest income in the Solid Waste Fund is an unrealized loss of \$128,000.

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

FREDERICK COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	<u>Pension/OPEB Trust Funds</u>	<u>Custodial Funds</u>
ASSETS		
Cash and cash equivalents	\$ 2,837,257	\$ 8,112,494
Investments:		
Money markets	18,549,776	-
Fixed income securities	371,679,221	-
Equity securities	726,616,787	-
Target date securities	293,554	-
Receivables:		
Accounts receivable	1,174,418	11,563
Interest receivable	906,636	-
Total assets	<u>1,122,057,649</u>	<u>8,124,057</u>
LIABILITIES		
Accounts payable	4,286,878	-
Accrued benefit payments	3,164	-
Due to third parties	-	3,142,765
Bond forfeitures	-	73,225
Performance deposits	-	4,908,067
Other liabilities	1,646,670	-
Total liabilities	<u>5,936,712</u>	<u>8,124,057</u>
NET POSITION		
Restricted for:		
Pensions	898,332,198	-
Other post employment benefits	217,788,739	-
Total net position	<u>\$ 1,116,120,937</u>	<u>\$ -</u>

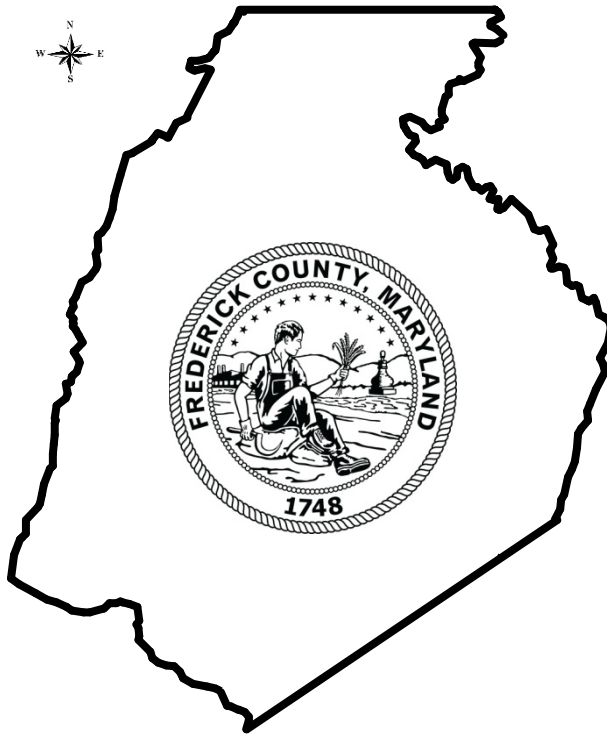
The notes to the financial statements are an integral part of this statement.

FREDERICK COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Pension/OPEB Trust Funds	Custodial Funds
Additions		
Contributions		
Employer contributions	\$ 28,089,811	\$ -
Member contributions	14,714,189	-
County contributions	1,207,434	-
Other	1,163,046	24,928,573
Total contributions	<u>45,174,480</u>	<u>24,928,573</u>
Investment income		
Net appreciation in fair value of plan investments	99,693,795	-
Interest and dividends	22,549,021	-
Investment expense	(1,911,017)	-
Net investment income	<u>120,331,799</u>	<u>-</u>
Total additions	<u>165,506,279</u>	<u>24,928,573</u>
Deductions		
Benefit premiums and refunds	42,332,920	-
Benefit claims incurred	6,075,840	-
Administrative expenses	810,067	-
Third party payments	-	24,928,573
Total deductions	<u>49,218,827</u>	<u>24,928,573</u>
Change in net position	116,287,452	-
Net position - beginning of year	<u>999,833,485</u>	<u>-</u>
Net position - end of year	<u>\$ 1,116,120,937</u>	<u>\$ -</u>

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

NOTES TO FINANCIAL SECTION



**FREDERICK COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

Component Units

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

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

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

Joint Venture

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

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

B. Government-Wide and Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

(Continued)

has been removed from these statements. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable or for which their relationship with the County is of such significance that exclusion would cause the County's financial statements to be misleading.

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

The County reports the following major governmental funds:

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

Nonmajor governmental funds include the following special revenue funds:

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

The County reports the following major proprietary funds:

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

Nonmajor proprietary funds include the following enterprise funds:

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

Additionally, the County reports the following fund types:

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

NOTES TO FINANCIAL STATEMENTS (Continued)

- Pension Trust Funds account for the activities of the Frederick County Employee Retirement Plan and the Frederick County Uniformed Employee Retirement Plan accumulates resources for pension benefit payments to qualified employees.
- Length of Service Award Program (LOSAP) Trust Fund: This fund was established to account for the LOSAP for the volunteer fire and rescue personnel serving the various independent volunteer fire companies in the County.

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

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

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

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

1. Pooled Cash and Investments

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

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

Frederick County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; Level 2 inputs are valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and Level 3 inputs are valuations derived from valuation techniques

NOTES TO FINANCIAL STATEMENTS (Continued)

in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

2. *Property Taxes Receivable*

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

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

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

Total assessed value on which levies were made for the year ended June 30, 2023, was \$38,670,438,856. The Countywide property tax rate was \$1.060 per \$100 of assessed value on real property taxes, except in the municipalities of the City of Frederick and the Town of Myersville. The County's property tax differential rates within the City of Frederick and the Town of Myersville are \$0.9487 and \$0.9423, respectively. In addition, taxes were levied in three lighting tax districts. The County collected 99.93% of taxes levied in the current year. The receivable portion of the current year property tax levy, including the lighting tax districts and public utility tax is \$4,821,390 and is included in total property taxes receivable of \$5,686,157 on the Statement of Net Position. This compares to the current portion of the prior year levy of \$2,892,855 included in the total property taxes of \$4,614,867 as of June 30, 2022.

3. *Inventories and Prepaids*

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

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

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. Capital Assets

Capital assets including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items) are recorded at historical costs or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value at the date of donation. Right-to-use lease and subscription-based information technology arrangement (SBITA) assets are recorded at the net present value of the future lease payments.

Most capital assets used in operations are depreciated using the straight-line method over their estimated useful lives. The County defines capital assets, other than infrastructure, internally generated software, and right-to-use lease and SBITA assets, as assets with an initial, individual cost of \$10,000 or more, and an estimated useful life in excess of one year. Infrastructure and internally generated software are defined as capital assets with an initial cost of \$100,000 or more, and an estimated useful life in excess of one year. The County has included infrastructure acquired prior to fiscal years ended after June 30, 1980, in capital assets. Capitalization and measurement of right-to-use lease and SBITA assets is referenced in Note 5. *Deferred Outflows/Inflows* below. The estimated useful lives for assets depreciated using the straight-line method are as follows:

Bridges	50 years	Right-to-Use Leases	2 - 7 years
Buildings	30 - 50 years	Right-to-Use SBITAs	2 - 5 years
Computer Software	5 years	Roads	30 years
Furniture, Machinery and Equipment	5 - 30 years	Vehicles	5 - 15 years
Improvements	10 - 30 years	Water and Sewer Lines	25 - 75 years
Misc. Infrastructure	10 - 20 years		

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

The capital asset accounting policy for BOE includes capital assets with an initial, individual cost of more than \$5,000. FCC's policy is to include those capital assets with a purchase price or fair value at donation of at least \$5,000. SKC Inc. capitalizes property and equipment with useful lives greater than one year with a cost in excess of \$1,000. The following useful lives are used for depreciation purposes for the assets of these component units:

	In Years			
	BOE	FCC	FCPL	SKC
Buildings and Improvements	7 - 40	10 - 40	n/a	n/a
Furniture and equipment	4 - 15	5 - 10	5 - 20	5 - 10
Library Collection	n/a	10	5	n/a
Right-to-use Leases, Buildings and Improvements	7 - 40	n/a	n/a	n/a
Right-to-use Subscription Based Information Technology Arrangements	2 - 5	1 - 5	2 - 5	n/a

NOTES TO FINANCIAL STATEMENTS (Continued)

5. *Deferred Outflows/Inflows*

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

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

6. *Compensated Absences*

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

7. *Long-Term Obligations*

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

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

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

8. Leases and Subscription-Based Information Technology Arrangements

Lessee/Subscriber – Frederick County is a lessee for noncancellable leases of buildings, improvements, and equipment. FCG is also a subscriber for noncancellable intangible subscription-based information technology arrangements (SBITAs) for the right-to-use vendor-provided software. The County recognizes corresponding liabilities and intangible right-to-use assets (leases and SBITAs) in the government-wide financial statements.

Lease liabilities are recognized with an initial, individual value of \$50,000 or more. SBITA liabilities are recognized with an initial, individual value of \$100,000 or more. At the commencement of an agreement, the lease and/or SBITA liability is measured at the present value of payments expected to be made during the term. Subsequently, the lease and SBITA liability is reduced by the principal portion of payments made. The lease and/or SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease and SBITA payments made at or before the agreement commencement date, plus certain initial direct costs. Subsequently, the lease and SBITA asset is amortized on a straight-line basis over the shorter of the lease or SBITA term or the useful life of the underlying asset.

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

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

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

- Fixed payments (including in-substance fixed payments), less any lease and subscription-based agreement incentives receivable;
- Amounts expected to be payable by FCG under residual value guarantees;
- The exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease or SBITA if the term reflects FCG exercising that option.

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

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

9. Net Position/Fund Balances

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

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

- *Nonspendable* – This component includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.
- *Restricted* – This component consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation

NOTES TO FINANCIAL STATEMENTS (Continued)

authorizes the County to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

- *Committed* – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal County Council legislative action. Those committed amounts cannot be used for any other purpose unless the County Council removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.
- *Assigned* – This component consists of amounts that are constraints imposed by the County Executive or their designee(s) but are neither restricted nor committed. The assigned amounts that are allocated for future use by the County Executive or their designee(s) but are not spendable until a budget ordinance is passed by the County Council.
- *Unassigned* – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

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

10. Estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

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

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

1. The County Executive must hold at least two public hearings to receive public comment. One hearing must occur in December to receive proposals for inclusion in the budget. The other hearing shall be held in March to receive comments on budget requests.
2. All departments submit their proposed budgets for the upcoming fiscal year (commencing the following July 1) to the Budget Director.

NOTES TO FINANCIAL STATEMENTS
(Continued)

3. All budget requests are compiled and reviewed by the Budget Office and, with direction from the County Executive, a proposed budget is prepared, along with a budget message.
4. The County Executive submits a proposed budget to the County Council no later than April 15 of each year.
5. At least one public hearing on the proposed budget must be held by the County Council.
6. After the public hearing the County Council may decrease or delete any items in the budget, except those required by State law, by provisions for debt service on obligations then outstanding or for estimated cash deficits.
7. If the County Council's decrease or deletion from the proposed budget equals or exceeds a one percent change in the total budget or equals or exceeds a fifty percent decrease in any one-line item, the County Council must proceed with a public hearing after posting a fair summary of the change. This notice must be posted on the County website at least two days in advance of the hearing.
8. Adoption of the Budget Ordinance will (by the affirmative vote of not less than four members of the Council) occur no later than May 31. If the Council fails to adopt the budget by May 31, then the proposed budget submitted by the County Executive will become law.
9. The County Council then levies the amount of taxes required by the budget to ensure that the Budget is balanced so that proposed revenues equal proposed expenditures.
10. The County Council adopts the budget for funds at various levels of budgetary control as defined in the annual Budget Adoption Ordinance. Budgetary schedules in this document may display greater detail than the legal level of budget adoption.
11. Unless otherwise provided by law and except for grant appropriations or grant funds deposited in special accounts dedicated to specific functions, activities or purposes, all unexpended and unencumbered appropriations in the Operating Budget at the end of the fiscal year shall revert into the treasury. No appropriation for a capital project in the Capital Budget may revert until the purpose for which the appropriation was made is accomplished or abandoned; but any capital project shall be considered abandoned if three fiscal years elapse without any expenditure from or encumbrance of the appropriation.
12. Formal budgetary integration is employed as a management control device for all funds for which a budget is legally adopted, namely, the General Fund, Special Revenue Funds (except: Sheriff's/Judicial Activities, Non-Profit Organization Loans, Fire/Rescue Loans and Watershed Protection and Restoration), Enterprise Funds and Capital Projects Fund. Budgets that are maintained for management control but are not legally adopted include the Other Post Employment Benefit Trust Fund, Pension Trust Fund, Length of Service Award Program Trust Fund, Debt Service Fund and Internal Service Funds.
13. During the fiscal year, the Executive may transfer unencumbered appropriations in the Operating Budget within the same department, agency, or office and within the same fund. On the recommendation of the Executive, the Council may transfer unencumbered appropriations in the Operating Budget between departments, agencies and offices within the same fund. A transfer may not be made between the Operating Budget and Capital

NOTES TO FINANCIAL STATEMENTS
(Continued)

Budget appropriations. On the recommendation of the Executive, the Council may transfer appropriations between capital projects within the same fund provided the Council neither creates nor abandons any capital projects except in accordance with Section 512 of the County charter.

14. On the recommendation of the Executive, the Council may make supplemental appropriations from any contingency appropriations in the Budget; from revenues received from anticipated sources but in excess of budget estimates; or from revenues received from sources not anticipated in the budget.

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

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

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

B. Reconciliation of Budgetary Basis to GAAP Basis

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

	General Fund			
	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Net change in Fund Balance</u>
Budgetary Basis	\$ 810,668,018	\$ 700,696,241	\$ (80,338,605)	\$ 29,633,172
Basis Adjustments:				
Encumbrance adjustment	-	(6,812,901)	-	6,812,901
Inventory adjustment	-	(1,553,698)	-	1,553,698
Net affect of basis adjustments	-	(8,366,599)	-	8,366,599
GAAP Basis	<u>\$ 810,668,018</u>	<u>\$ 692,329,642</u>	<u>\$ (80,338,605)</u>	<u>\$ 37,999,771</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Cash, Investments and Equity in Pooled Invested Cash

1. Deposits

Primary Government

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the County may not be able to recover the deposits. The Annotated Code of Maryland requires that funds on deposit with a financial institution be fully secured by deposit insurance, surety bonds, or obligations of a government agency. The County's investment policy requires that all depository accounts be collateralized in excess of the FDIC limit of \$250,000 per account.

As of June 30, 2023, Frederick County's carrying amount of deposits was \$7,094,103 and the bank balance was \$7,475,535. 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 with one exception as follows:

Federal Deposit Insurance Corporation (FDIC)	\$ 707,144
Held by the government's agent in the government's name	6,658,223
Not insured	110,168
Total Bank Balance	<u>\$ 7,475,535</u>

The County's cash and investments as of June 30, 2023, totaled \$1,015,826,143 as presented in the Statement of Net Position. Restricted cash and cash equivalents represent unspent bond proceeds and various funds restricted by law or third-party agreements. The following table reconciles the County's deposits and investments to the Statement of Net Position:

Cash	\$ 488,218
Equity in Pooled Invested Cash	737,632,259
Investments	156,739,053
Restricted Cash and Investments	120,966,613
Total	<u>\$ 1,015,826,143</u>
Deposit & Investment Summary:	
Investments	\$ 1,019,670,265
Cash on Hand	37,879
Deposits	7,094,103
Less: Component Units and Agency Fund Cash Equivalents	
Pension Trust and OPEB Benefit Trusts	(2,837,257)
Frederick County Public Libraries	(26,354)
Custodial Funds	(8,112,493)
Total	<u>\$ 1,015,826,143</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

Component Units

Deposits and investments of the BOE, FCC, FCPL and SKC Inc., are governed by the same law governing the County's investments. As of June 30, 2023, BOE's cash on hand for petty cash was \$100. The carrying amount of the Board's deposits was \$40,857,929 and investments, including \$166,482,231 of fiduciary funds, were \$193,359,536. The bank balance was \$49,989,664. The deposits of the Board were not exposed to custodial risk as of June 30, 2023.

As of June 30, 2023, FCC's cash on hand for petty cash was \$4,100. The carrying amount of the college's deposits was \$21,502,921 and cash equivalents were \$9,272,200. Cash and cash equivalents, as shown on the Statement of Net Position, include Frederick Community College Foundation, Inc. in the amount of \$333,529. The bank balance was \$21,930,613. The deposits of the college were not exposed to custodial risk as of June 30, 2023.

As of June 30, 2023, FCPL's cash on hand for petty cash was \$3,560. The carrying amount of FCPL's deposits was \$27,713 including \$20,000 of restricted cash. The bank balance was \$2,794. The deposits of the library were not exposed to custodial risk as of June 30, 2023.

As of June 30, 2023, SKC Inc.'s cash and cash equivalents were \$1,480,613 which is comprised of cash and a certificate of deposit at a financial institution insured by FDIC up to \$250,000. \$1,232,734 exceeds FDIC insurance limits, but SKC Inc., has experienced no losses as a result and management considers this to be a normal business risk.

2. Investments

Primary Government

Frederick County held the following investments and maturities as of June 30, 2023:

<u>Investment Type (All funds)</u>	<u>Fair Value</u>	<u>0-18 Month Maturities</u>	<u>18-24 Month Maturities</u>	<u>> 24 Month Maturities</u>
U. S. Treasuries	\$ 32,209,453	\$ 3,818,492	\$ 3,493,232	\$ 24,897,729
MD Local Government Investment Pool	862,931,212	862,931,212	-	-
Federal Agency Securities	124,529,600	124,529,600	-	-
Total Fair Value	<u>\$ 1,019,670,265</u>	<u>\$ 991,279,304</u>	<u>\$ 3,493,232</u>	<u>\$ 24,897,729</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

Investments by fair value level	June 30, 2023	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
U. S. Treasuries	\$ 32,209,453	\$ 32,209,453	\$ -	\$ -
Federal Agricultural Mortgage Corp	44,971,000	-	44,971,000	-
Federal Farm Credit Bank	9,961,000	-	9,961,000	-
Federal Home Loan Bank	9,939,000	-	9,939,000	-
Federal Home Loan Mortgage Corp	59,658,600	-	59,658,600	-
Total investments by fair value levels	156,739,053	\$ 32,209,453	\$ 124,529,600	\$ -
Investments carried at amortized cost				
MD Local Government Investment Pool	862,931,212			
Total investments carried at amortized cost	862,931,212			
Total investments at fair value	<u>\$ 1,019,670,265</u>			

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1. U. S. Treasury securities
2. Obligations of U. S. government agencies
3. Repurchase agreements (collateralized in an amount not less than 102% of the principal amount by an obligation of the U.S., its agencies or instrumentalities, provided the collateral is held by a custodian other than the seller and designated by the buyer)
4. Bankers' acceptances
5. Money market mutual funds that contain only securities of the organizations listed in items 1), 2), and 3) above
6. Certificates of deposit (collateralized within the guidelines of the Annotated Code of Maryland, State Finance and Procurement Article 6-202)
7. Maryland Local Government Investment Pool (MLGIP)
8. Commercial paper issued by a company with a short-term debt rating in the highest letter and numeral rating by at least one nationally recognized statistical rating organization as designated by the Security Exchange Commission

The County's investments have received the followings ratings:

<u>Investment</u>	<u>Fair Value</u>	<u>Moody's</u>	<u>Standard & Poor's</u>	<u>Fitch Ratings</u>
MD Local Government Investment Pool	\$862,931,212	not rated	AAAm	not rated
Federal Agricultural Mortgage Corporation	44,971,000	not rated	not rated	not rated
Federal Farm Credit Bank	9,961,000	AAA	not rated	not rated
Federal Home Loan Bank	9,939,000	AAA	AA+	not rated

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

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

The MLGIP is not registered with the Securities and Exchange Commission. An advisory committee was formed by the Maryland Treasurer's Office with membership from the current state and local participants. This group reviews the activities of the investment manager, administrator, and marketer, PNC Bank. This committee meets semi-annually with the Maryland Treasurer's Office and PNC Bank to review investment performance, marketing, and product development.

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
MD Local Government Investment Pool (MLGIP)	\$ 862,931,212	84.628 %
U. S. Treasuries	32,209,453	3.159
Federal Agricultural Mortgage Corp	44,971,000	4.410
Federal Farm Credit Bank	9,961,000	0.977
Federal Home Loan Bank	9,939,000	0.975
Federal Home Loan Mortgage Corp	59,658,600	5.851
Total Fair Value	<u>\$ 1,019,670,265</u>	<u>100.000 %</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

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

1. In an amount not less than 102% of the principal amount of the repurchase agreement,
2. Include debt securities of the issuing agency or mortgage-backed securities guaranteed by the issuing agency, but no derivatives thereof,
3. Direct obligations of the U. S. Treasury, and derivatives thereof insofar as they represent principal portions of the debt stripped of their interest coupons (Treasury strips),
4. Letter of credit by Federal Home Loan Bank (FHLB) if the letter meets the conditions issued by the State of Maryland Treasurer's Office,
5. Held to a minimum number of pieces at all times, and
6. Marked to market daily and reported monthly by the investment custodian.

Pension Trust Funds

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

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

The Plans have an investment policy that is designed to protect its principal from both market value erosion and inflationary erosion. The Plan's objective is to achieve a real rate of return over the long term, solely in the financial interest of the Plan, its participants, and beneficiaries. To help achieve this return, professional investment managers are employed by the Plan to manage the Plans' assets. It is important to note that private market investments will not occur until the investment manager partially or fully call committed capital. The County has a contract with a global infrastructure manager, that has not yet requested capital. The Plans employ Wilmington Trust as custodian for their assets.

Investments – The Plan's investment policy was updated in November 2022 and includes an asset allocation plan for investments, as shown below. Portfolio allocations are assessed monthly and rebalancing back to target ranges will occur based on recommendations from the investment consultant with approval from the Retirement Plan Committee.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Asset Class	Range	Target
Equities	52 - 72 %	62%
US Large-Cap Equities	25 - 45%	35%
US Mid-Cap Equities	0 - 18%	9%
US Small-Cap Equities	0 - 16%	8%
International Equities	0 - 20%	10%
Global Infrastructure	0 - 12%	6%
Fixed Income	21 - 41 %	31%
Cash	0 - 5%	1%

As of June 30, 2023, the Plans held the following investments and maturities:

Investment Type	Total Fair Value	0 - 18 Month Maturities	18 - 24 Month Maturities	> 24 Month Maturities
Money Market Funds	\$ 18,370,441	\$ 18,370,441	\$ -	\$ -
Fixed Income:				
Fixed Income Mutual Funds	183,987,088	183,987,088	-	-
Corporate Bonds & Notes	47,802,898	4,496,286	5,203,965	38,102,647
US Government Agencies	43,048,935	1,010,898	-	42,038,037
US Treasury Obligations	18,721,238	18,721,238	-	-
Other Government Agencies	4,407,535	1,018,093	-	4,407,535
Equities:				
Equity Mutual Funds	257,380,857	257,380,857	-	-
Common & Collective Funds	95,766,160	95,766,160	-	-
Common Equity Securities	227,399,078	227,399,078	-	-
Target Date Funds	293,554	293,554	-	-
Total Fair Value	<u>\$ 897,177,784</u>	<u>\$ 808,443,693</u>	<u>\$ 5,203,965</u>	<u>\$ 84,548,219</u>

Note: DROP Asset Value = \$ 924,263 (all in the 0-18 month maturity range)

Frederick County has the following recurring fair value measurements as of June 30, 2023:

NOTES TO FINANCIAL STATEMENTS
(Continued)

Investments by fair value level	Total Pension Assets	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Fixed Income:				
Fixed Income Mutual Funds	\$ 183,987,088	\$ 183,987,088	\$ -	\$ -
Corporate Bonds & Notes	47,802,898	-	47,802,898	-
US Government Agencies	43,048,935	-	43,048,935	-
US Treasury Obligations	18,721,238	-	18,721,238	-
Other Government Agencies	4,407,535	-	4,407,535	-
Equities:				
Equity Mutual Funds	257,380,857	257,380,857	-	-
Common & Collective Funds	95,766,160	-	-	95,766,160
Common Equity Securities	227,399,078	227,399,078	-	-
Target Date Funds	293,554	-	-	293,554
Total investments by fair value levels	<u>878,807,343</u>	<u>\$ 668,767,023</u>	<u>\$ 113,980,606</u>	<u>\$ 96,059,714</u>
Investments carried at amortized cost				
Money Market Funds	<u>18,370,441</u>			
Total investments carried at amortized cost	<u>18,370,441</u>			
Total investments at fair value	<u>\$ 897,177,784</u>			

Note: DROP Asset Value = \$ 924,263

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

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

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

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

Equities - Investment managers may not invest on a market value basis more than 8% of their assigned portfolio in the securities of a single corporation or a group of directly affiliated corporations or 1.5 times the weighting of a security within the investment manager's equity benchmark.

Equities - Permissible

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

NOTES TO FINANCIAL STATEMENTS

(Continued)

4. Other specialized asset classes, as authorized by the Retirement Plan Committee.

Equities - Not Permissible

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

Fixed Income - The securities of any one issuer, except for obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and repurchase agreements collateralized by such obligations, are limited to 10% at cost and 15% at market of each fixed income portfolio. Additionally, no more than 10% of the market value of the portfolio shall be invested in any one specific issue, with the same exclusions as noted previously.

Fixed Income - Permissible

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

Fixed Income – Not Permissible

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

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

Infrastructure - broadly defined as the essential assets a society requires to facilitate the orderly operation of its economy and can be broken out into three broad categories; transportation, utility and social. The infrastructure allocation will consist predominantly of core infrastructure strategies/assets. Such assets are generally characterized as having a mature age, steady cash flows, long-term, regulated contracts, low growth opportunities, monopolistic

NOTES TO FINANCIAL STATEMENTS
(Continued)

or semi-monopolistic competitive positioning, and a total return profile consisting predominately of cash yield. The underlying infrastructure assets shall be adequately diversified by geography and broad infrastructure sector.

Infrastructure - Permissible

1. Infrastructure assets may be held in publicly traded Global Listed Infrastructure companies.
2. Infrastructure assets may also be held in private infrastructure investments, which will be implemented through open-end commingled fund vehicles.

Infrastructure – Not Permissible

Closed-end commingled funds and direct ownership of infrastructure assets are not permissible for investment without the Retirement Plan Committee's written approval.

Mutual and Other Commingled Pooled Funds - Given the nature of mutual and other commingled funds, it is recognized that there may be deviations between the objectives, intent or specific requirement of the Investment Policy Statement and the stated objectives, intent or content of any mutual fund or other commingled fund. However, reasonable efforts shall be made to the extent practical, prudent and appropriate to select mutual or other commingled funds that have investment objectives and policies that are consistent with the Investment Policy Statement.

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

The money market funds are unrated, as are the mutual funds and common equity securities within the Plan. None of the DROP assets are rated. As of June 30, 2023, the Plan's fixed income investments had the following characteristics:

<u>Credit Rating or Comparable</u>	<u>Standard & Poor's Fair Value</u>	<u>Moody's Fair Value</u>	<u>Fitch Fair Value</u>
AAA to A1	\$ 37,631,443	\$ 58,429,743	\$ -
BAA3 to BA1	15,924,153	15,205,370	-
Not rated	843,622,188	823,542,671	897,177,784
Total Fair Value	<u>\$ 897,177,784</u>	<u>\$ 897,177,784</u>	<u>\$ 897,177,784</u>

Note: Drop Assets = \$924,263 (all show as unrated)

Foreign Currency Risk – The Plan's exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The Plan recognizes the value of global diversification and retains two investment managers for global and international equity investments. The Plan's investment policy does not establish any limitation related to foreign currency risk. The country of origin for the two investments is the United States; therefore, the Plan did not have foreign currency risk as of June 30, 2023.

NOTES TO FINANCIAL STATEMENTS (Continued)

Length of Service Awards Program

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

Investments – The Plan's investment policy was updated in January 2023, and includes an asset allocation plan for investments, as shown below. Portfolio allocations are assessed monthly and rebalancing back to target ranges will occur based on recommendations from the investment consultant with approval from the LOSAP Trust Committee.

Asset Class	Range	Target
Equities	0 - 55%	55%
US Large-Cap Equities	35 - 55%	45%
US Small/Mid-Cap Equities	0 - 20%	10%
International Equities	0 - 20%	10%
Fixed Income	0 - 40%	35%
US Investment Grade Core	20 - 40 %	30%
Treasury Inflation Protected Securities	0 - 10%	5%
Cash	0 - 5%	0%

As of June 30, 2023, the Plan held the following investments and maturities:

	Fair Value	0 - 18 Month Maturities	18 - 24 Month Maturities	> 24 Month Maturities
Investment Type (All funds)				
Money Market Funds	\$ 172	\$ 172	\$ -	\$ -
Equity Mutual Funds	2,430,367	2,430,367	-	-
Fixed Income Mutual Funds	1,277,283	1,277,283	-	-
Total Fair Value	<u>\$ 3,707,822</u>	<u>\$ 3,707,822</u>	<u>\$ -</u>	<u>\$ -</u>

Frederick County has the following recurring fair value measurements as of June 30, 2023:

	June 30, 2023	Fair Value Measurement Using		
Investments by fair value level		(Level 1)	(Level 2)	(Level 3)
Equity Mutual Funds	\$ 2,430,367	\$ 2,430,367	\$ -	\$ -
Fixed Income Mutual Funds	1,277,283	1,277,283	-	-
Total investments by fair value levels	<u>3,707,650</u>	<u>\$ 3,707,650</u>	<u>\$ -</u>	<u>\$ -</u>
Investments carried at amortized cost				
Money Market Funds	172			
Total investments carried at amortized cost	<u>-</u>			
Total investments at fair value	<u>\$ 3,707,822</u>			

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 states that the assets of the County’s LOSAP Trust will be invested in accordance with Article 95, Section 22 of the Annotated Code of Maryland. The Investment Committee may consider both actively and passively managed investment strategies. The money market funds are unrated, as are the fixed income and equity mutual funds used by the plan.

Foreign Currency Risk – The Plan’s exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The Plan’s investment policy does not establish any limitation related to foreign currency risk. The country of origin for the investments is the United States; therefore, the Plan did not have foreign currency risk as of June 30, 2023.

Other Post Employment Benefit (OPEB) Trust Fund

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

The County’s OPEB Trust fund (the Plan) has an investment policy that is designed to protect its principal from both market value erosion and inflationary erosion. The Plan’s objective is to achieve a real rate of return over the long term, solely in the financial interest of the Plan, its participants and beneficiaries. To help achieve this return, professional investment managers are employed by the Plan to manage the Plan’s assets. It is important to note that private market investments will not occur until the investment manager partially or fully call committed capital. The County has a contract with a global infrastructure manager, that has not yet requested capital. The Plan employs Wilmington Trust as custodian for their assets.

Investments – The Plan’s investment policy was updated in January 2023, and includes an asset allocation plan for investments, as shown below. Portfolio allocations are assessed quarterly and rebalancing back to target ranges will occur based on recommendations from the investment consultant with approval from the OPEB Trust Committee.

Asset Class	Range	Target
Equities	52 - 72%	62%
US Large-Cap Equities	34 - 54%	44%
US Small/Mid-Cap Equities	0 - 16%	8%
International Equities	0 - 20%	10%
Global Infrastructure	0 - 12%	6%
Fixed Income	22 - 42 %	32%
Cash	0 - 5%	0%

As of June 30, 2023, the Plan held the following investments and maturities:

NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Type (All funds)	Fair Value	0 - 18 Month Maturities	18 - 24 Month Maturities	> 24 Month Maturities
Money Market Funds	\$ 179,163	\$ 179,163	\$ -	\$ -
Equity Mutual Funds	143,640,325	143,640,325	-	-
Fixed Income Mutual Funds	58,591,650	58,591,650	-	-
Corporate and Foreign Bonds	5,275,609	249,497	163,576	4,862,536
US Treasury Obligations	8,566,985	195,196	-	8,371,789
Total Fair Value	<u>\$ 216,253,732</u>	<u>\$ 202,855,831</u>	<u>\$ 163,576</u>	<u>\$ 13,234,325</u>

Frederick County has the following recurring fair value measurements as of June 30, 2023:

Investments by fair value level	June 30, 2023	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Equity Mutual Funds	\$ 143,640,325	\$ 143,640,325	\$ -	\$ -
Fixed Income Mutual Funds	58,591,650	58,591,650	-	-
Corporate and Foreign Bonds	5,275,609	-	5,275,609	-
US Treasury Obligations	8,566,985	-	8,566,985	-
Total investments by fair value levels	<u>216,074,569</u>	<u>\$ 202,231,975</u>	<u>\$ 13,842,594</u>	<u>\$ -</u>
Investments carried at amortized cost				
Money Market Funds	<u>179,163</u>			
Total investments carried at amortized cost	<u>179,163</u>			
Total investments at fair value	<u>\$ 216,253,732</u>			

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

Credit Risk – The Plan's investment policy lists the following investments as permissible for purchase. The Investment Committee may consider both actively and passively managed investment strategies.

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

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

NOTES TO FINANCIAL STATEMENTS

(Continued)

Equities

Investment managers may not invest on a market value basis more than 8% of their assigned portfolio in the securities of a single corporation or a group of directly affiliated corporations or 1.5 times the weighting of a security within the investment manager's equity benchmark. All securities held in the portfolio must be publicly traded and have sufficient marketability to permit prompt, orderly liquidation under normal circumstances.

Equities – Permissible

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

Equities – Not Permissible

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

Fixed Income

The securities of any one issuer, except for obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and repurchase agreements collateralized by such obligations, are limited to 10% at cost and 15% at market of each fixed income portfolio. Additionally, no more than 10% of the market value of the portfolio shall be invested in any one specific issue, with the same exclusions as noted previously.

The fixed income portfolio should be, on average, comprised of high-quality issues. The average credit quality of the portfolio must be at least A. Non-investment grade bonds are permissible, but may not constitute more than 15% of the fixed income allocation.

Fixed Income - Permissible

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

Fixed Income – Not Permissible

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

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Infrastructure

Infrastructure is broadly defined as the essential assets a society requires to facilitate the orderly operation of its economy and can be broken out into three broad categories; transportation, utility and social. The infrastructure allocation will consist predominantly of core infrastructure strategies / assets. Such assets are generally characterized as having a mature age, steady cash flows, long-term, regulated contracts, low growth opportunities, monopolistic or semi-monopolistic competitive positioning, and a total return profile consisting predominately of cash yield. The underlying infrastructure assets shall be adequately diversified by geography and broad infrastructure sector.

Infrastructure – Permissible

1. Infrastructure assets may be held in publicly traded Global Listed Infrastructure companies.
2. Infrastructure assets may also be held in private infrastructure investments, which will be implemented through open-end commingled fund vehicles.

Infrastructure – Not Permissible

Closed-end commingled funds and direct ownership of infrastructure assets are not permissible for investment without the Retirement Plan Committee's written approval.

Mutual and Other Commingled Pooled Funds

Given the nature of mutual and other commingled funds, it is recognized that there may be deviations between the objectives, intent or specific requirement of the Investment Policy Statement and the stated objectives, intent or content of any mutual fund or other commingled fund. However, reasonable efforts shall be made to the extent practical, prudent and appropriate to select mutual or other commingled funds that have investment objectives and policies that are consistent with the Investment Policy Statement.

NOTES TO FINANCIAL STATEMENTS
(Continued)

The money market funds are unrated, as are the mutual funds and common equity securities within the Plan. As of June 30, 2023, the Plan's fixed income investments had the following characteristics:

Credit Rating or Comparable	Standard & Poor's Fair Value	Moody's Fair Value	Fitch Fair Value
AAA to A1	\$ 1,846,639	\$ 10,744,035	\$ -
BAA3 to BA1	3,411,635	3,054,360	-
Not rated	210,995,458	202,455,337	216,253,732
Total Fair Value	<u>\$ 216,253,732</u>	<u>\$ 216,253,732</u>	<u>\$ 216,253,732</u>

Foreign Currency Risk – The Plan's exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The Plan recognizes the value of global diversification and retains one investment manager for global and international equity investments. The Plan's investment policy does not establish any limitation related to foreign currency risk. The country of origin for the two investments is the United States; therefore, the Plan did not have foreign currency risk as of June 30, 2023.

Component Units

The Board of Education's investments as of June 30, 2023, are categorized in the following table:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
MLGIP	\$ 26,872,708	\$ 26,872,708	\$ -	\$ -
Money Market	52,490	52,490	-	-
Certificates of Deposit	4,597	4,597	-	-
Fixed Income Securities	48,351,479	48,351,479	-	-
Equity Securities	118,078,262	118,078,262	-	-
Total	<u>\$ 193,359,536</u>	<u>\$ 193,359,536</u>	<u>\$ -</u>	<u>\$ -</u>

Frederick County Public Schools (BOE) categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GASB Statement No. 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. BOE has recurring fair value investments as of June 30, 2023, of \$166,429,741 that include Fixed Income Securities and Equity Securities. These investments were valued using quoted market prices (Level 1 inputs).

MLGIP of \$26,872,708, Money Market of \$52,490 and Certificates of Deposit of \$4,597 are valued using amortized cost method, which estimates market value. The above investment balances include fiduciary funds in the amount of \$166,429,741. Total net investment income per the statement of activities as of June 30, 2023, was \$2,466,715.

NOTES TO FINANCIAL STATEMENTS
(Continued)

FCC's investments as of June 30, 2023, were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
MLGIP	\$ 9,272,200	\$ 9,272,200	\$ -	\$ -

Total net investment income for FCC (excluding the FCC Foundation) as of June 30, 2023, was \$854,706. The Frederick Community College Foundation investments as of June 30, 2023, were:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
USMF Fund	\$ 19,340,808	\$ 20,283,276	\$ 942,468
Certificate of Deposit	204,323	204,323	-
Charitable Remainder Trust	21,604	22,831	1,227
Total Investments	<u>\$ 19,566,735</u>	<u>\$ 20,510,430</u>	<u>\$ 943,695</u>

As of June 30, 2023, the Foundation had 370,694.19 units of the University System of Maryland Foundation, Inc. Unitized Investment Fund valued at \$54.72 per unit with a value of \$20,283,276.

FCPL's investments as of June 30, 2023, were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			<u>Interest Rate At June 30</u>
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	
MLGIP	\$ 447,732	\$ 447,732	\$ -	\$ -	0.42%
Certificates of Deposit	20,000	20,000	-	-	0.15%
Total Investments	<u>\$ 467,732</u>	<u>\$ 467,732</u>	<u>\$ -</u>	<u>\$ -</u>	

Total net investment income per the statement of activities for the year ended June 30, 2023, was \$14,823.

SKC, Inc., investments as of June 30, 2023, were as follows:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Fund held at the Community Foundation of Frederick County, Inc.	\$ 91,490	\$ 95,801	\$ 4,311
Total Investments	<u>\$ 91,490</u>	<u>\$ 95,801</u>	<u>\$ 4,311</u>

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

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the BOE, FCC, FCPL and SKC Inc., will not be able to recover all or portion of the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2023, all the component unit investments were insured or registered, or securities were held by the unit or its agent in the unit's name or were invested in the MLGIP.

Foreign Currency Risk – There are no direct investments in foreign currency by FCC or FCPL. BOE's foreign currency risk derives from its post-employment retiree health benefit plan investment in foreign currency or instruments denominated in foreign currency.

B. Receivables and Payables

1. Accounts and Other Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The associated allowance for doubtful accounts has been established in the following governmental and business-type funds: General Fund, \$679,948; Comprehensive Care Facility, \$452,174 and Solid Waste, \$20,855.

2. Due To/From Primary Government and Component Units

The receivable and payable balances between the primary government and its component units as of June 30, 2023, are reconciled as follows:

	BOE	FCC	FCPL	SKC	TOTAL
Due from component units per Primary Government	\$ 3,458,972	\$ 139	\$ -	\$ -	\$ 3,459,111
Add: Payable recorded by component unit in FY23	60,742	-	-	84,652	145,394
Less: Not recorded as payable by component unit in FY23	-	(139)	-	-	(139)
Due to primary government per Component Units (included in accounts payable)	<u>\$ 3,519,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,652</u>	<u>\$ 3,604,366</u>
Due to component units per Primary Government	\$ 37,824	\$ -	\$ 6,834,854	\$ 219,025	\$ 7,091,703
Add: Receivables recorded by component unit in FY22	24,165	-	-	-	\$ 24,165
Less: Receivable recorded by component unit in FY23	-	-	(313,218)	(219,025)	(532,243)
Due from primary government per Component Units	<u>\$ 61,989</u>	<u>\$ -</u>	<u>\$ 6,521,636</u>	<u>\$ -</u>	<u>\$ 6,583,625</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Capital Assets

Capital Asset activity for the year ended June 30, 2023, is as follows:

	Primary Government				
	Beginning Balance	Increases	Adjustments/ Transfers	Decreases	Ending Balance
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 142,191,680	\$ 8,424,968	\$ 800,000	\$ (1,318,400)	\$ 150,098,248
Construction in progress	75,655,406	4,175,225	-	(21,342,657)	58,487,974
Total capital assets at historical cost not being depreciated	217,847,086	12,600,193	800,000	(22,661,057)	208,586,222
Capital assets being depreciated:					
Buildings and improvements	300,843,919	43,311,873	34,479,115	(800,120)	377,834,787
Right-to-use buildings and improvements	884,251	4,596,530	-	(252,920)	5,227,861
Equipment	155,524,712	17,048,004	268,013	(2,401,183)	170,439,546
Right-to-use equipment	466,826	268,672	-	(217,082)	518,416
Right-to-use SBITAs	-	1,522,947	-	-	1,522,947
Infrastructure	437,937,823	20,441,232	-	-	458,379,055
Total capital assets at historical cost being depreciated	895,657,531	87,189,258	34,747,128	(3,671,305)	1,013,922,612
Less accumulated depreciation for:					
Buildings and improvements	135,444,681	10,479,739	7,523,211	(386,289)	153,061,342
Right-to-use buildings and improvements	254,946	486,103	-	(252,920)	488,129
Equipment	102,586,032	12,974,548	93,027	(2,315,329)	113,338,278
Right-to-use equipment	167,739	244,231	-	(217,082)	194,888
Right-to-use SBITAs	-	449,411	-	-	449,411
Infrastructure	279,957,402	9,492,964	-	-	289,450,366
Total accumulated depreciation	518,410,800	34,126,996	7,616,238	(3,171,620)	556,982,414
Total capital assets being depreciated, net of accumulated depreciation	377,246,731	53,062,262	27,130,890	(499,685)	456,940,198
Governmental activities capital assets, net of accumulated depreciation	\$ 595,093,817	\$ 65,662,455	\$ 27,930,890	\$ (23,160,742)	\$ 665,526,420
Depreciation/amortization expense was charged to governmental functions as follows:					
General government					\$ 6,182,071
Public safety					7,547,834
Public works					4,246,806
Public Health					1,086,511
Social services					747,791
Parks, recreation and culture					5,037,364
Conservation of natural resources					13,621
Community Development					2,831
Economic development and opportunity					35,683
Infrastructure					9,226,484
Total depreciation/amortization expense					\$ 34,126,996

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Primary Government				Ending Balance
	Beginning Balance	Increases	Adjustments/ Transfers	Decreases	
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 9,327,737	\$ -	\$ (800,000)	\$ -	\$ 8,527,737
Construction in progress	25,143,632	14,781,117	-	(7,333,931)	32,590,818
Total capital assets at historical cost not being depreciated	<u>34,471,369</u>	<u>14,781,117</u>	<u>(800,000)</u>	<u>(7,333,931)</u>	<u>41,118,555</u>
Capital assets being depreciated:					
Buildings and improvements	358,158,808	3,076,868	(34,479,115)	(805,586)	325,950,975
Equipment	59,379,781	1,957,628	(268,013)	(2,278,694)	58,790,702
Right-to-use lease equipment	107,087	-	-	-	107,087
Infrastructure	482,748,332	4,190,678	-	-	486,939,010
Total capital assets at historical cost being depreciated	<u>900,394,008</u>	<u>9,225,174</u>	<u>(34,747,128)</u>	<u>(3,084,280)</u>	<u>871,787,774</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	112,617,646	9,344,995	(7,523,211)	(719,446)	113,719,984
Equipment	46,845,357	2,755,771	(93,027)	(2,260,673)	47,247,428
Right-to-use lease equipment	29,908	29,908	-	-	59,816
Infrastructure	104,799,465	6,574,809	-	-	111,374,274
Total accumulated depreciation	<u>264,292,376</u>	<u>18,705,483</u>	<u>(7,616,238)</u>	<u>(2,980,119)</u>	<u>272,401,502</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>636,101,632</u>	<u>(9,480,309)</u>	<u>(27,130,890)</u>	<u>(104,161)</u>	<u>599,386,272</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 670,573,001</u>	<u>\$ 5,300,808</u>	<u>\$ (27,930,890)</u>	<u>\$ (7,438,092)</u>	<u>\$ 640,504,827</u>
Depreciation/amortization expense was charged to business-type functions as follows:					
Bell Court					\$ 72,554
Comprehensive Care Facility					59,786
Solid Waste					1,422,931
Water & Sewer					17,150,212
Total depreciation/amortization expense					<u>\$ 18,705,483</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

Component units' capital asset activity for the year ended June 30, 2023, was as follows:

BOE	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets not being depreciated:				
Land	\$ 53,210,034	\$ 263,659	\$ (77,446)	\$ 53,396,247
Construction in progress	12,705,540	66,306,275	(53,987,403)	25,024,412
Total capital assets at historical cost not being depreciated	65,915,574	66,569,934	(54,064,849)	78,420,659
Capital assets being depreciated/amortized:				
Building and improvements	1,230,230,481	51,949,120	(9,466,722)	1,272,712,879
Right-to-use lease building and improvements	31,363,206	10,004,955	-	41,368,161
Right-to-use SBITAs*	2,927,019	-	-	2,927,019
Furniture and equipment	63,681,672	12,558,994	(4,467,251)	71,773,415
Total capital assets at historical cost being depreciated/amortized	1,328,202,378	74,513,069	(13,933,973)	1,388,781,474
Less accumulated depreciation/amortization for:				
Building and improvements	469,586,612	33,706,119	(8,678,777)	494,613,954
Right-to-use lease building and improvements	10,061,707	2,552,179	-	12,613,886
Right-to-use SBITAs*	-	1,034,485	-	1,034,485
Furniture and equipment	38,487,071	4,509,964	(3,996,627)	39,000,408
Total accumulated depreciation/amortization	518,135,390	41,802,747	(12,675,404)	547,262,733
Total capital assets being depreciated/amortized, net of accumulated depreciation/amortization	810,066,988	32,710,322	(1,258,569)	841,518,741
BOE's capital assets, net of accumulated depreciation/amortization	\$ 875,982,562	\$ 99,280,256	\$ (55,323,418)	\$ 919,939,400

*BOE implemented GASB Statement No. 96, effective July 1, 2022. As a result, the beginning balances were reclassified for the right-to-use subscription based information technology (SBITAs) that were in place at that date.

NOTES TO FINANCIAL STATEMENTS
(Continued)

FCC	Beginning Balance	Additions	Retirements/ Reclassification	Ending Balance
Capital assets not being depreciated:				
Land	\$ 271,620	\$ -	\$ -	\$ 271,620
Construction in progress	9,007,542	929,533	(8,505,717)	1,431,358
Total capital assets at historical cost not being depreciated	<u>9,279,162</u>	<u>929,533</u>	<u>(8,505,717)</u>	<u>1,702,978</u>
Capital assets being depreciated:				
Library collection	2,082,167	-	(2,269)	2,079,898
Building and improvements	131,241,548	12,284,082	-	143,525,630
Right-to-use SBITAs*	693,429	677,650	-	1,371,079
Furniture and equipment	7,691,591	741,119	(177,649)	8,255,061
Site improvement	8,130,750	476,227	-	8,606,977
Total capital assets at historical cost being depreciated	<u>149,839,485</u>	<u>14,179,078</u>	<u>(179,918)</u>	<u>163,838,645</u>
Less accumulated depreciation for:				
Library collection	2,048,522	10,634	(2,269)	2,056,887
Building and improvements	52,006,486	3,686,245	-	55,692,731
Right-to-use SBITAs*	-	294,933	-	294,933
Furniture and equipment	4,984,861	659,627	(153,277)	5,491,211
Site improvement	6,663,355	207,478	-	6,870,833
Total accumulated depreciation	<u>65,703,224</u>	<u>4,858,917</u>	<u>(155,546)</u>	<u>70,406,595</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>84,136,261</u>	<u>9,320,161</u>	<u>(24,372)</u>	<u>93,432,050</u>
FCC's capital assets, net of accumulated depreciation	<u>\$ 93,415,423</u>	<u>\$ 10,249,694</u>	<u>\$ (8,530,089)</u>	<u>\$ 95,135,028</u>

*FCC implemented GASB Statement No. 96, effective July 1, 2022. As a result, the beginning balances were reclassified for the right-to-use subscription based information technology (SBITAs) that were in place at that date.

NOTES TO FINANCIAL STATEMENTS
(Continued)

FCPL	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets being depreciated/amortized:				
Library collection	\$ 6,090,907	\$ 1,003,268	\$ (1,320,192)	\$ 5,773,983
Right-to-use subscription based information technology arrangements	-	250,721	-	250,721
Furniture and equipment	329,915	-	-	329,915
Total capital assets at historical cost being depreciated/amortized	<u>6,420,822</u>	<u>1,253,989</u>	<u>(1,320,192)</u>	<u>6,354,619</u>
Less accumulated depreciation/amortization for:				
Library collection	3,016,058	959,225	(1,981,396)	1,993,887
Right-to-use subscription based information technology arrangements	-	61,924	-	61,924
Furniture and equipment	143,596	23,518	-	167,114
Total accumulated depreciation/amortization	<u>3,159,654</u>	<u>1,044,667</u>	<u>(1,981,396)</u>	<u>2,222,925</u>
FCPL's capital assets, net of accumulated depreciation/amortization	<u>\$ 3,261,168</u>	<u>\$ 209,322</u>	<u>\$ 661,204</u>	<u>\$ 4,131,694</u>

SKC Inc.	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets being depreciated:				
Furniture and equipment	\$ 51,570	\$ -	\$ (7,282)	\$ 44,288
Software and web development	6,199	-	-	6,199
Total capital assets at historical cost being depreciated	<u>57,769</u>	<u>-</u>	<u>(7,282)</u>	<u>50,487</u>
Less accumulated depreciation for:				
Furniture and equipment	51,219	351	(7,282)	44,288
Software and web development	6,199	-	-	6,199
Total accumulated depreciation	<u>57,418</u>	<u>351</u>	<u>(7,282)</u>	<u>50,487</u>
SKC's capital assets, net of accumulated depreciation	<u>\$ 351</u>	<u>\$ (351)</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Interfund Receivables, Payables and Transfers

1. Primary Government Interfund Receivables and Payable Balances

For year ended June 30, 2023, there were no interfund receivables or payables.

2. Interfund Transfers – Primary Government

Interfund transfers for the year ended June 30, 2023, consists of the following:

	Transfers In							
	Grants Fund	Capital Projects	Agricultural Preservation	Debt Service	Nonmajor Governmental	Internal Service	Enterprise Funds	Total Transfers To Other Funds
Transfers Out								
General Fund	\$ 10,342,808	\$ 22,911,510	\$ 503,049	\$49,599,362	\$ -	\$ 3,101,354	\$ -	\$ 86,458,083
Grants Fund	-	704,724	-	-	50,000	138,215	2,544,575	3,437,514
Agricultural Preservation	-	-	-	8,147,837	-	28,000	-	8,175,837
Nonmajor Governmental	-	-	-	162,999	-	-	-	162,999
Capital Projects	-	-	-	7,471,435	-	-	48,717	7,520,152
Enterprise Fund	-	3,859	-	-	-	-	-	3,859
Total Transfers in from Other Funds	<u>\$ 10,342,808</u>	<u>\$ 23,620,093</u>	<u>\$ 503,049</u>	<u>\$65,381,633</u>	<u>\$ 50,000</u>	<u>\$ 3,267,569</u>	<u>\$2,593,292</u>	<u>\$ 105,758,444</u>

Primary activities include:

- Transfers of pay-go funding from the General Fund and various Enterprise funds to the Capital Projects Fund;
- Transfers of matching County grants funding from the General Fund to the Grants Fund and Agricultural Preservation Fund;
- Transfers from various funds to the Debt Service Fund for the payment of interest and principal on long term obligations of governmental funds; and,
- Transfers from the General Fund to fleet and workers' compensation are internal service fund for vehicles or workers' compensation.

E. Leases

Primary Government

Starting in FY22, the financial statements included the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

NOTES TO FINANCIAL STATEMENTS
(Continued)

1. Leases Receivable

As of June 30, 2023, Frederick County leased as Lessor:

- *Building space at the Frederick County Adult Detention Center* - An initial lease receivable was recorded in the amount of \$219,938. As of June 30, 2023, the value of the lease receivable is \$154,060. The lessee is required to make monthly variable fixed in substance principal and interest payments of \$2,939. The lease has an interest rate of 1.296%. The value of the deferred inflow of resources as of June 30, 2023, was \$152,265, and Frederick County recognized lease revenue of \$33,837 during the fiscal year. The lessee has two extension options, each for 24 months.
- *Building space located on Scotty's Bus Lane* - An initial lease receivable was recorded in the amount of \$202,272. As of June 30, 2023, the value of the lease receivable is \$15,622. The lessee is required to make monthly fixed payments of \$7,815. The lease has an interest rate of 0.4350%. The value of the deferred inflow of resources as of June 30, 2023, was \$15,559 and Frederick County recognized lease revenue of \$93,356 during the fiscal year. The lessee has three extension options, each for 12 months.

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

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total
2024	\$ 49,085	\$ 1,807	\$ 50,892
2025	33,900	1,362	35,262
2026	34,342	920	35,262
2027	34,790	472	35,262
2028	17,565	66	17,631
	<u>\$ 169,682</u>	<u>\$ 4,627</u>	<u>\$ 174,309</u>

2. Leases Payable

- *Parking spaces at Winchester Hall from Heritage Frederick for use by County employees* - In FY22, an initial lease liability was recorded in the amount of \$105,511. As of June 30, 2023, the value of the lease liability is \$80,436. Frederick County is required to make monthly fixed payments of \$1,120. The lease has an interest rate of 1.3720%. The value of the right-to-use asset as of June 30, 2023, of \$105,511 with accumulated amortization of \$26,106 is included with Land Improvements on the lease class activities table found below. This lease expires July 31, 2029.
- *Parking spaces in the Carroll Creek Parking Deck for use by County employees* - In FY22, an initial lease liability was recorded in the amount of \$525,820. As of June 30, 2023, the value of the lease liability is \$349,124. Frederick County is required to make monthly fixed

NOTES TO FINANCIAL STATEMENTS
(Continued)

payments of \$7,760. The lease has an interest rate of 1.1380%. The value of the right-to-use asset as of June 30, 2023, of \$525,820 with accumulated amortization of \$180,281 is included with buildings on the lease class activities table found below. The initial lease term expires in 2027, but the agreement allows for seven extension options for ten years each.

- *Building space at 8420 Gas House Pike used by Family Partnership* - In FY22, an initial lease liability was recorded in the amount of \$252,920. As of June 30, 2023, the value of the lease liability and right-to-use asset was \$0.00 as the original lease ended February 28, 2023. On March 1, 2023, Frederick County extended the lease through February 28, 2028. A new initial lease liability was recorded in the amount of \$936,037. As of June 30, 2023, the value of the lease liability is \$878,154. Frederick County is required to make monthly fixed payments of \$15,120 with a 3% increase annually on March 1st. The lease has an interest rate of 1.1460%. The value of the right-to-use asset as of June 30, 2023, of \$936,037 with accumulated amortization of \$62,402 is included with buildings on the lease class activities table found below.
- *Copiers for use across most County departments* - In FY22, an initial lease liability was recorded in the amount of \$217,082. As of June 30, 2023, the value of the lease liability and right-to-use asset is \$0.00 as the lease ended June 30th. Frederick County was required to make monthly fixed payments of \$9,084. The lease has an interest rate of 0.4350%. In FY24, a new lease agreement will be executed.
- *Building space at 8490 Progress Drive primarily used for Board of Elections* - On January 30, 2023, Frederick County entered into an 84 month lease. An initial lease liability was recorded in the amount of \$3,660,494. As of June 30, 2023, the value of the lease liability is \$3,430,136. Frederick County is required to make monthly fixed payments of \$41,833. The lease has an interest rate of 1.3980%. The value of the right-to-use asset as of June 30, 2023, of \$3,660,494 with accumulated amortization of \$219,339 is included with buildings on the lease class activities table found below. This lease expires January 31, 2030.
- *Xerox copiers at Citizens Care & Rehabilitation Center* - In FY22, an initial lease liability was recorded in the amount of \$107,087. As of June 30, 2023, the value of the lease liability is \$46,189. Frederick County is required to make monthly fixed payments of \$2,579. The lease has an interest rate of 0.6480%. The value of the right-to-use asset as of June 30, 2023, of \$107,087 with accumulated amortization of \$59,816 is included with equipment on the lease class activities table found below and is included in the business-type activity schedule of principal and interest payment requirements to maturity. The current lease expires January 29, 2025.
- *Lease for the use of three case wheel loaders* - In FY22, an initial lease liability was recorded in the amount of \$249,744. As of June 30, 2023, the value of the lease liability is \$106,622. Frederick County is required to make quarterly fixed payments of \$21,967. The lease has an interest rate of 3.990%. The value of the right-to-use asset as of June 30, 2023, of \$249,744 with accumulated amortization of \$142,446 is included with equipment on the lease class activities table found below and is included in the business-type activity schedule of principal and interest payment requirements to maturity. This lease ends October 14, 2024.
- *Lease for use of three case wheel loaders* - On November 30, 2022, Frederick County entered into a 37 month lease. An initial lease liability was recorded in the amount of \$268,672. As of June 30, 2023, the value of the lease liability is \$207,644. Frederick County is required to make quarterly fixed payments of \$21,967. The lease has an interest rate of 4.1600%. The value of the right-to-use asset as of June 30, 2023, of \$268,672 with accumulated amortization of \$52,442 is included with equipment on the lease class activities table found below and is included in the business-type activity schedule of principal and interest payment requirements to maturity. This lease expires November 25, 2025.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Asset Class	As of June 30, 2023	
	Lease Asset Value	Accumulated Amortization
Buildings - Governmental	\$ 5,122,350	\$ 462,023
Land Improvements - Governmental	105,511	26,106
Equipment - Business & Governmental	625,503	254,704
Total Leases	\$ 5,853,364	\$ 742,833

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

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total
2024	\$ 30,743	\$ 208	\$ 30,951
2025	15,446	29	15,475
	\$ 46,189	\$ 237	\$ 46,426

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

Fiscal Years	Governmental Activities		
	Principal Payments	Interest Payments	Total
2024	\$ 906,356	\$ 69,068	\$ 975,424
2025	877,287	53,019	930,306
2026	846,590	39,224	885,814
2027	820,563	27,846	848,409
2028	705,954	17,453	723,407
2029-2032	895,366	9,958	905,324
	\$ 5,052,116	\$ 216,568	\$ 5,268,684

3. Financed Purchase Obligations

- *Financing of Fire & Rescue Apparatus* - an initial liability was recorded in the amount of \$3,704,232. As of June 30, 2023, the value of the liability was \$734,323. Quarterly payments were \$135,454 in FY23. The lease includes a 7-year and 10-year component with interest rates of 1.906% and 2.084% respectively. The value of the financed assets as of June 30, 2023, is \$3,724,910 with accumulated depreciation of \$1,855,671 is included with equipment on the lease class activities table found below. The lease matures on April 1, 2027.

NOTES TO FINANCIAL STATEMENTS
(Continued)

- *Financing of Various County Equipment* - an initial liability was recorded in the amount of \$7,220,003. As of June 30, 2023, the value of the liability was \$2,527,420. Quarterly payments were \$291,427 in FY23. The financed purchase has an interest rate of 2.99%. The value of the financed assets as of June 30, 2023, is \$ 6,292,578 with accumulated depreciation of \$3,957,980 is included with equipment on the lease class activities table found below. The lease matures on October 1, 2025.

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

Asset Class	As of June 30, 2023	
	Capital Asset Value	Accumulated Depreciation
Equipment - Governmental	\$ 4,200,140	\$ 13,725,646
Equipment - Business	486,945	198,888
Total Leases	<u>\$ 4,687,085</u>	<u>\$ 13,924,534</u>

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

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total
2024	\$ 24,187	\$ 1,485	\$ 25,672
2025	33,101	1,127	34,228
2026	16,924	190	17,114
	<u>\$ 74,212</u>	<u>\$ 2,802</u>	<u>\$ 77,014</u>

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

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total
2024	\$ 1,196,762	\$ 58,207	\$ 1,254,969
2025	1,204,259	43,426	1,247,685
2026	671,801	10,139	681,940
2027	114,708	1,498	116,206
	<u>\$ 3,187,530</u>	<u>\$ 113,270</u>	<u>\$ 3,300,800</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

Component Unit

BOE has entered into lease arrangements as a lessee to finance the right-to-use asset of the central office building and energy performance enhancements for facility improvements throughout the county that expire in FY33 and FY34, respectively. New in FY23, the BOE entered into a new warehouse space lease arrangement as a lessee to finance the right-to-use asset which expires in FY44.

The lease arrangement entered into for the central office building (December 2007), for approximately \$16.0 million has a re-financed interest rate of 1.98% and maturity date of September 1, 2032. In FY23, payments including interest for the lease were \$869,833. Current year amortization expense for the central office right-to-use lease asset was \$409,029.

BOE entered into a lease agreement for an energy performance contract to finance facility improvements in the approximate amount of \$15.0 million in June 2018. The lease arrangement has a refinanced interest rate of 2.08% and maturity date of September 1, 2033. Payments, including interest, during FY23 were \$1,046,111. Current year amortization expense for the energy performance contract lease assets was \$2,143,150.

BOE entered into a lease agreement for the warehouse in May 2023 and financed for approximately \$10.0 million. The lease is for an initial term of ten years with a maturity date of July 1, 2033, and contains two five-year optional renewal periods. These renewal periods are included in the lease term as it is reasonably certain that the Board will exercise the renewal options. BOE utilizes its incremental borrowing rate of 4.5% to discount the lease payments. Payments and amortization expense will begin in FY24. Additional payments for variable costs are expensed as incurred.

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

	Governmental Activities
Right-to-use Lease Assets:	
Buildings and improvements	\$ 41,368,161
Less: Accumulated amortization	(12,613,886)
Total	<u>\$ 28,754,275</u>

As of June 30, 2023, the minimum obligations under the leases were as follows:

	Governmental Activities		
Years Ending June 30,	Principal	Interest	Total
2024	\$ 1,695,842	\$ 820,075	\$ 2,515,917
2025	1,795,341	792,921	2,588,262
2026	1,889,414	750,880	2,640,294
2027	1,986,792	706,199	2,692,991
2028	2,088,919	658,751	2,747,670
2029-2033	11,883,981	2,477,492	14,361,473
2034-2038	4,045,771	1,314,259	5,360,030
2039-2043	4,325,781	513,981	4,839,762
2044	27,985	-	27,985
	<u>\$ 29,739,826</u>	<u>\$ 8,034,558</u>	<u>\$ 37,774,384</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

F. Subscription-Based Information Technology Arrangements (SBITAs)

Primary Government

As of June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right-to-use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

1. SBITAs Payable

As of June 30, 2023, the County recognized the following SBITAs as being subject to GASB Statement No. 96:

- *Cartegraph OMS Platform* - An initial subscription liability was recorded in the amount of \$98,368 for this 13 month subscription. As of June 30, 2023, the value of the subscription liability is \$0.00. The County made annual fixed payments of \$98,558. The subscription has an interest rate of 1.5800%. The value of the right-to-use asset as of June 30, 2023, of \$98,368 with accumulated amortization of \$87,654 is included with software on the subscription class activities table found below.
- *Cartegraph Engage* - An initial subscription liability was recorded in the amount of \$25,682 for this 14 month lease. As of June 30, 2023, the value of the subscription liability is \$0.00. The County made annual fixed payments of \$25,750. The subscription has an interest rate of 1.5800%. The value of the right-to-use asset as of June 30, 2023, of \$25,682 with accumulated amortization of \$22,013 is included with software on the subscription class activities table found below.
- *Citrix Cloud Sharefile* - On October 1, 2022, The County entered into a 36 month subscription for the use of Citrix Cloud Sharefile. An initial subscription liability was recorded in the amount of \$102,968. As of June 30, 2023, the value of the subscription liability is \$67,585. The County is required to make annual fixed payments of \$35,383. The subscription has an interest rate of 3.121%. The value of the right-to-use asset as of June 30, 2023, of \$102,968 with accumulated amortization of \$25,742 is included with software on the subscription class activities table found below.
- *Procore* - On October 1, 2022, The County entered into a 60-month subscription for the use of Procore. An initial subscription liability was recorded in the amount of \$526,997. As of June 30, 2023, the value of the subscription liability is \$416,991. The County is required to make annual fixed payments of \$110,007. The subscription has an interest rate of 2.186%. The value of the right-to-use asset as of June 30, 2023, of \$526,997 with accumulated amortization of \$79,050 is included with software on the subscription class activities table found below.
- *Esri ArcGIS Software* - On August 1, 2022, The County entered into a 36-month subscription for the use of Esri ArcGIS Software. An initial subscription liability was recorded in the amount of \$768,932. As of June 30, 2023, the value of the subscription liability is \$518,932. The County is required to make annual fixed payments of \$250,000. The subscription has an interest rate of 2.038%. The value of the

NOTES TO FINANCIAL STATEMENTS
(Continued)

right-to-use asset as of June 30, 2023, of \$768,932 with accumulated amortization of \$234,951 is included with software on the subscription class activities table found below.

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

Asset Class	As of June 30, 2023	
	Subscription Asset Value	Accumulated Amortization
Software	\$ 1,522,947	\$ 449,411
Total Subscriptions	\$ 1,522,947	\$ 449,411

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

Years Ending June 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 383,589	\$ 21,800	\$ 405,389
2025	406,916	13,473	420,389
2026	105,350	4,657	110,007
2027	107,653	2,354	110,007
	<u>\$ 1,003,508</u>	<u>\$ 42,284</u>	<u>\$ 1,045,792</u>

Component Unit

BOE has entered into various subscription-based information technology arrangements (SBITAs) as a lessee to finance the right-to-use asset software subscriptions. The SBITAs have initial terms that range from two to four years, and contain one or more optional renewals, generally for an additional one to two years. BOE has generally included these renewal periods in the SBITA term when it is reasonably certain the BOE will exercise them. BOE utilizes its incremental borrowing rate of 4.5% to discount the lease payments.

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

Right-to-use Subscription-Based Assets:	Governmental Activities
Information Technology (IT)	\$ 2,927,019
Less: Accumulated amortization	(1,034,485)
Total	<u>\$ 1,892,534</u>

As of June 30, 2023, the minimum obligations under the leases were as follows:

NOTES TO FINANCIAL STATEMENTS
(Continued)

Years Ending June 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 1,086,408	\$ 65,012	\$ 1,151,420
2025	749,452	22,018	771,470
2026	88,553	6,676	95,229
2027	95,548	2,537	98,085
2028	12,290	15	12,305
	<u>\$ 2,032,251</u>	<u>\$ 96,258</u>	<u>\$ 2,128,509</u>

FCC has entered into SBITAs as a lessee to finance the right-to-use asset software subscriptions which have initial terms ranging up to five years. The right-to-use assets under subscription arrangements were as follows:

	Governmental Activities
Right-to-use Subscription Based Assets:	
Information technology (IT)	\$ 1,371,079
Less: Accumulated amortization	(294,933)
Total	<u>\$ 1,076,146</u>

As of June 30, 2023, the minimum obligations under the leases were as follows:

Years Ending June 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 345,015	\$ 28,330	\$ 373,345
2025	333,324	16,726	350,050
2026	236,614	7,819	244,433
2027	91,466	4,090	95,556
2028	100,333	-	100,333
	<u>\$ 1,106,752</u>	<u>\$ 56,965</u>	<u>\$ 1,163,717</u>

G. Non-Current Liabilities

1. Changes in Non-Current Liabilities

Primary Government:

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Balance July 1, 2022	Additions	Principal Repayments & Reductions	Balance June 30, 2023	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 517,958,490	\$ 123,880,000	\$ (48,451,519)	\$ 593,386,971	\$ 30,817,613
Notes from direct borrowings and direct placements	35,865,530	-	(566,093)	35,299,437	8,269,482
Unamortized Premium on Bonds	36,586,040	13,544,064	(7,926,232)	42,203,872	8,055,614
Installment Purchase Agreements	47,976,410	1,225,340	(5,959,489)	43,242,261	3,978,905
Leases	930,270	4,865,202	(743,356)	5,052,116	906,356
SBITAs	-	1,522,947	(519,439)	1,003,508	383,589
Financed Purchase Obligations	5,130,373	-	(1,942,843)	3,187,530	1,196,762
Prefunded Loss Claims	5,229,341	3,477,436	(2,877,491)	5,829,286	2,152,450
Compensated Absences	15,644,133	16,395,843	(16,629,526)	15,410,450	1,117,519
Net Pension Liability	34,635,264	242,193,022	(133,125,067)	143,703,219	-
Net OPEB Liability	37,778,325	23,457,808	(28,754,510)	32,481,623	-
Net LOSAP Pension Liability	9,514,561	1,052,950	(1,831,832)	8,735,679	-
Termination Benefits	447,487	73,152	(222,238)	298,401	122,579
Total Governmental Activity- Long Term Liabilities	<u>\$ 747,696,224</u>	<u>\$ 431,687,764</u>	<u>\$ (249,549,635)</u>	<u>\$ 929,834,353</u>	<u>\$ 57,000,869</u>

Payments on the bonds, notes from direct borrowings, installment purchase agreements, and financed purchase obligations that pertain to the County's governmental activities are recorded in the Debt Service Fund and supported by revenue transfers from the General, Parks Acquisition and Development, Agricultural Preservation, Impact Fee, School Construction and Hotel Rental Tax Funds. Any additions to the unamortized premium on bonds payable for governmental activities are recorded as an Other Financing Source. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

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

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

The Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities related to the Internal Service Funds are included as part of the above totals for governmental activities. As of June 30, 2023, Internal Service Funds compensated absences totaling \$213,917 are included in the above amounts.

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Balance June 30, 2022	Additions	Principal Repayments & Reductions	Balance June 30, 2023	Due Within One Year
Business-type Activities:					
Bonds Payable	\$ 95,566,510	\$ 2,970,000	\$ (37,258,481)	\$ 61,278,029	\$ 1,817,387
Notes from direct borrowing and direct placements	52,681,241	-	(2,165,577)	50,515,664	4,646,638
Unamortized Premium on Bonds	2,241,735	205,768	(646,606)	1,800,897	365,080
Leases	76,735	-	(30,546)	46,189	30,743
Financed Purchase Obligations	113,342	-	(39,130)	74,212	24,187
Landfill Closure Costs	19,642,010	1,328,215	(309,159)	20,661,066	276,078
Compensated Absences	1,476,582	1,210,351	(1,139,104)	1,547,829	139,719
Termination Benefits	18,784	9,392	-	28,176	-
Total Business-type Activities - Long Term Liabilities	<u>\$ 171,816,939</u>	<u>\$ 5,723,726</u>	<u>\$ (41,588,603)</u>	<u>\$ 135,952,062</u>	<u>\$ 7,299,832</u>

Component Units:

	Balance July 1, 2022	Net Changes	Balance June 30, 2023	Due Within One Year
Board of Education				
Capital lease right-to-use	\$ 21,232,783	\$ 8,507,043	\$ 29,739,826	\$ 1,695,842
Subscription based right-to-use*	2,927,019	(894,768)	2,032,251	1,086,408
Compensated absences	10,180,591	1,281,907	11,462,498	6,990,879
Net OPEB liability	563,323,006	(88,433,203)	474,889,803	-
Termination benefits payable	27,864,609	1,785,824	29,650,433	3,045,810
Net pension liability	34,056,720	12,046,582	46,103,302	-
BOE - Long-term liabilities	<u>\$ 659,584,728</u>	<u>\$ (65,706,615)</u>	<u>\$ 593,878,113</u>	<u>\$ 12,818,939</u>
Frederick Community College				
Subscription based right-to-use*	\$ 693,429	\$ 413,323	\$ 1,106,752	\$ 345,015
Certificates of Participation	5,407,001	(155,099)	5,251,902	320,000
Compensated absences	1,745,365	167,073	1,912,438	1,883,269
FCC Long-term Liabilities	<u>\$ 7,845,795</u>	<u>\$ 425,297</u>	<u>\$ 8,271,092</u>	<u>\$ 2,548,284</u>
Frederick County Public Libraries				
Subscription based right-to-use	\$ -	\$ 180,835	\$ 180,835	\$ 68,278
Compensated absences	665,504	26,267	691,771	63,012
Termination Benefits	23,063	4,612	27,675	-
FCPL Long-term Liabilities	<u>\$ 688,567</u>	<u>\$ 211,714</u>	<u>\$ 900,281</u>	<u>\$ 131,290</u>

*BOE and FCC implemented GASB Statement No. 96, effective July 1, 2022. As a result, the beginning balances were reclassified for the right-to-use subscription based information technology that were in place at that date.

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. General Obligation Bonds

Primary Government

The County cannot issue general obligation bonds and installment purchase agreements unless specific enabling legislation is passed by the County Council. As of June 30, 2023, the Council authorization remains in the amount of \$126,871,527 under Bill #19-19 and #22-19. Pursuant to the Charter of Frederick County Maryland, future authorizations for general obligation borrowings will be granted by the County Council. Section 508 of the Charter sets limitations for general obligation borrowings. Effective December 12, 2014, this debt limit was calculated at an amount not to exceed a total of five percent of the assessable base of real property of the County and fifteen percent of the County's assessable base of personal property and operating real property described in Section 8-109(c) of the Tax-Property Article of the Annotated Code of Maryland. Section 508 of the Charter amended in 2021 changing the calculation to three percent of the assessable real property and nine percent of the assessable personal property is reflected in the FY2023 calculation.

The debt limit for the primary government's general obligation borrowings as of June 30, 2023, was \$1,187,687,497 and the legal debt margin was \$395,740,468.

The County's most recent credit ratings were reaffirmed as of May 2023 are Moody's – Aaa, S&P – AAA, Fitch – AAA. These bonds are a general obligation of the County and as such, are supported by the full faith and credit of the County.

Government Activities	Date of Debt Issue	Date of Debt Maturity Due Serially to	Range of Interest Rates	Amount of Original Issue	Amount Outstanding 6/30/23
Public Facilities Bonds of 2013	5/2/2013	5/1/2033	2.00%-5.00%	\$ 26,800,000	\$ 1,312,305
Pub Fac Bonds of 2016, Series A	6/29/2016	8/1/2036	2.00%-5.00%	77,186,341	56,539,752
Pub Fac Bonds of 2016B - Refunding	6/29/2016	8/1/2036	2.00%-5.00%	34,820,000	26,040,000
Pub Fac Bonds of 2017A - Refunding (2020 Crossover)	4/11/2017	2/11/2030	5.00%	56,901,147	42,549,717
Pub Fac Bonds of 2017B - Refunding	12/20/2017	8/1/2031	2.00%-5.00%	35,860,543	32,362,895
Pub Fac Bonds of 2018, Series A	3/7/2018	8/1/2037	2.00%-5.00%	84,465,639	69,454,324
Pub Fac Bonds of 2019, Series A	9/24/2019	8/1/2039	2.25%-5.00%	98,509,493	88,676,624
Pub Fac Bonds of 2019B - Refunding	9/24/2019	8/1/2034	1.70%-2.44%	26,747,886	26,701,018
Pub Fac Bonds of 2021, Series A	9/28/2021	10/1/2032	1.50%-5.00%	149,610,000	144,710,000
Pub Fac Bonds of 2021, Series B	9/28/2021	10/1/2032	0.20%-2.50%	8,873,683	8,725,336
Pub Fac Bonds of 2023, Series A	5/31/2023	4/1/2053	4.00%-5.00%	96,315,000	96,315,000
Total Bonds Outstanding				<u>\$ 696,089,732</u>	<u>\$ 593,386,971</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

The annual requirements to amortize governmental activities bond debt outstanding as of June 30, 2023, are as follows:

Years Ending June 30,	Principal	Interest	Total Requirement
2024	\$ 30,817,613	\$ 21,293,462	\$ 52,111,075
2025	31,613,615	20,551,575	52,165,190
2026	33,181,568	19,019,212	52,200,780
2027	34,930,858	17,413,501	52,344,359
2028	36,674,468	15,722,088	52,396,556
2029-2033	183,081,143	54,019,117	237,100,260
2034-2038	159,840,030	25,006,430	184,846,460
2039-2043	83,247,676	6,326,695	89,574,371
	<u>\$ 593,386,971</u>	<u>\$ 179,352,080</u>	<u>\$ 772,739,051</u>

For the year ended June 30, 2023, total principal and interest incurred related to general obligation bonds was \$48,451,518 and \$19,038,068.

Business-type Activities	Date of Debt Issue	Date of Debt Maturity Due Serially to	Range of Interest Rates	Amount of Original Issue	Amount Outstanding 6/30/23
Public Facilities Bonds of 2013	5/2/2013	5/1/2033	2.00%-5.00%	\$ 4,650,000	\$ 227,695
Pub Fac Bonds of 2016, Series A	6/29/2016	8/1/2036	2.00%-5.00%	8,218,659	4,820,248
Pub Fac Bonds of 2017A - Refunding (2020 Crossover)	4/11/2017	2/1/2030	5.00%	16,963,853	6,140,283
Pub Fac Bonds of 2017B - Refunding	12/20/2017	8/1/2031	2.00%-5.00%	824,457	662,105
Pub Fac Bonds of 2018, Series A	3/7/2018	8/1/2037	2.00%-5.00%	15,269,361	10,470,676
Pub Fac Bonds of 2019, Series A	9/24/2019	8/1/2039	2.25%-5.00%	7,735,507	5,978,376
Pub Fac Bonds of 2019, Series B	9/24/2019	8/1/2034	1.70%-2.44%	3,267,114	3,258,982
Pub Fac Bonds of 2021, Series A	9/28/2021	10/1/2032	1.50%-5.00%	4,885,000	4,790,000
Pub Fac Bonds of 2021, Series B	9/28/2021	10/1/2032	0.20%-2.50%	21,976,317	21,959,664
Pub Fac Bonds of 2023, Series A	5/31/2023	4/1/2053	4.00%-5.00%	2,970,000	2,970,000
Total Bonds Outstanding				<u>\$ 86,760,268</u>	<u>\$ 61,278,029</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2023, are as follows:

Years Ending June 30,	Principal	Interest	Total Requirement
2024	\$ 1,817,387	\$ 1,788,533	\$ 3,605,920
2025	1,891,385	1,721,800	3,613,185
2026	768,432	1,664,327	2,432,759
2027	824,142	1,637,324	2,461,466
2028	3,125,532	1,606,093	4,731,625
2029-2033	24,538,857	5,463,946	30,002,803
2034-2038	19,129,970	2,490,386	21,620,356
2039-2043	5,902,324	700,551	6,602,875
2044-2048	1,635,000	372,950	2,007,950
2049-2053	1,645,000	131,500	1,776,500
	<u>\$ 61,278,029</u>	<u>\$ 17,577,410</u>	<u>\$ 78,855,439</u>

For the year ended June 30, 2023, total principal and interest incurred related to business-type activities was \$9,693,482 and \$1,913,865.

On May 31, 2023, Frederick County issued its Tax-Exempt General Obligation Public Facilities Project Bonds, Series 2023A in the par amount of \$99,285,000 and premium of \$13,617,123. The Series 2023A Bond bears and average coupon rate of 4.3734%, per annum and a true interest cost of 3.376%. The principal amount of the Series 2023A Serial Bonds are payable October 1, 2022, through October 1, 2041. Term bonds are included in this series with maturities on April 1, 2048, in the amount of \$650,000 and April 1, 2053, in the amount of \$785,000, bearing yields of 4.00% and 4.05% respectively. The Series 2023A bonds were issued to finance capital projects in the amount of \$112,225.

3. Notes from Direct Borrowings and Direct Placements

Primary Government

The County's outstanding notes from direct borrowings and direct placements include the County's General Obligation Public Facilities Refunding Bonds, Series 2014C, 2021A and 2022A. These debt instruments are general obligations of the County to which its full faith and credit and unlimited taxing power are pledged, but no collateral is pledged for repayment of the debt. The remaining Series 2014C Refunding Bonds do not offer a prepayment option. These notes do not contain any acceleration clauses.

Government Activities	Date of Debt Issue	Date of Debt Maturity Due Serially to	Range of Interest Rates	Amount of Original Issue	Amount Outstanding 6/30/23
Pub Fac Bonds of 2014C Refunding	11/25/2014	6/1/2028	2.49%	\$ 12,429,335	\$ 11,667,142
Pub Fac Bonds of 2020A Refunding	3/26/2020	6/1/2027	1.48%	7,952,496	7,578,329
Pub Fac Bonds of 2022A Refunding	5/3/2022	8/1/2024	1.48%	16,346,973	16,053,966
Total Notes from Direct Borrowing and Direct Placements				<u>\$ 36,728,804</u>	<u>\$ 35,299,437</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

For the year ended June 30, 2023, total principal and interest incurred related to notes from direct borrowing and direct placement was \$566,094 and \$586,086. The annual requirements to amortize governmental activities notes from direct borrowing and direct placements outstanding as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total Requirement
2024	\$ 8,269,482	\$ 580,669	\$ 8,850,151
2025	8,352,127	456,049	8,808,176
2026	7,350,076	390,251	7,740,327
2027	7,479,603	244,445	7,724,048
2028	3,848,149	95,819	3,943,968
	<u>\$ 35,299,437</u>	<u>\$ 1,767,233</u>	<u>\$ 37,066,670</u>

Business-type Activities	Date of Debt Issue	Date of Debt Maturity Due Serially to	Range of Interest Rates	Amount of Original Issue	Amount Outstanding 6/30/23
Pub Fac Bonds of 2014C Refunding	11/25/2014	6/1/2028	2.49%	\$ 4,285,665	\$ 4,022,858
Pub Fac Bonds of 2020A Refunding	3/26/2020	6/1/2027	1.48%	5,862,504	5,586,671
Pub Fac Bonds of 2022A Refunding	5/3/2022	8/1/2024	1.48%	5,218,027	5,126,034
Total Notes from Direct Borrowing and Direct Placements				<u>\$ 15,366,196</u>	<u>\$ 14,735,563</u>

For the year ended June 30, 2023, total principal and interest incurred related to notes from direct borrowing and direct placement was \$218,906 and \$242,047. The annual requirements to amortize business-type activities notes from direct borrowings and direct placements outstanding as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total Requirement
2024	\$ 2,680,518	\$ 239,685	\$ 2,920,203
2025	2,707,873	199,253	2,907,126
2026	3,979,924	177,583	4,157,507
2027	4,040,397	105,914	4,146,311
2028	1,326,851	33,039	1,359,890
	<u>\$ 14,735,563</u>	<u>\$ 755,474</u>	<u>\$ 15,491,037</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

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 loan program since fiscal year 1992. As of June 30, 2023, the County has no authorized and approved borrowings left to draw. As of June 30, 2023, the county has one solid waste loan with a principal balance of \$1,186,545 and two water sewer loans with a combined principal balance of \$34,593,556. The total outstanding principal as of June 30, 2023, is \$35,780,101. These loans have interest rates of .80% - 1.00%.

For the year ended June 30, 2023, total principal and interest incurred related to the MDE loans was \$1,946,670 and \$481,749. The annual requirements to amortize these loans as of June 30, 2023, are as follows:

Years Ending June 30,	Principal	Interest	Total Requirement
2024	\$ 1,966,119	\$ 462,301	\$ 2,428,420
2025	1,985,762	442,658	2,428,420
2026	2,005,602	422,818	2,428,420
2027	1,622,188	382,742	2,004,930
2028	1,638,391	366,539	2,004,930
2029-2033	8,440,728	1,583,923	10,024,651
2034-2038	8,850,350	1,152,935	10,003,285
2039-2043	9,270,961	700,998	9,971,959
	<u>\$ 35,780,101</u>	<u>\$ 5,514,914</u>	<u>\$ 41,295,015</u>

4. Agricultural Preservation Installment Purchase Agreements

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

In FY23 Frederick County entered into Installment Purchase Agreements to purchase easements of the development rights of agricultural land in Frederick County. These borrowings were authorized under Bill No. 19-19 enacted by the Frederick County Council on January 21, 2019. Funds are invested in U.S. Treasury strips to finance the final maturity payments. These investments are recorded in the Agricultural Preservation Fund and are as follows:

NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Issue</u>	<u>Amount of Original Issue</u>	<u>Date of Debt Issue</u>	<u>Obligation Term</u>	<u>Date of Debt Maturity</u>	<u>Interest Rate</u>
23-143	\$ 468,339	4/5/2023	15-year	5/15/2038	3.4464%
23-145	757,001	4/5/2023	20-year	5/15/2043	3.6474%

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

<u>Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2024	\$ 3,978,905	\$ 1,839,976	\$ 5,818,881
2025	3,812,880	1,625,256	5,438,136
2026	1,510,622	1,378,702	2,889,324
2027	3,105,570	1,355,445	4,461,015
2028	4,965,667	1,202,909	6,168,576
2029-2033	11,054,072	3,370,908	14,424,980
2034-2038	9,534,924	1,889,024	11,423,948
2039-2043	5,279,621	516,057	5,795,678
	<u>\$ 43,242,261</u>	<u>\$ 13,178,277</u>	<u>\$ 56,420,538</u>

For the year ended June 30, 2023, total principal and interest incurred related to agricultural land preservation installment agreements was \$5,959,489 and \$2,160,367, respectively. These agreements have interest rates that vary from 1.99% to 5.73%.

5. *Certificates of Participation*

Component Unit

Frederick Community College issued Certificates of Participation in December 2010 to finance a new parking garage and a portion of the enrollment services building. In December 2021, these bonds were refinanced at an average coupon rate of 3.452% for a par amount of \$4,820,000 and a premium of \$624,550. Manufactures and Traders Trust Company serves as trustee for the transaction and there is a term of approximately 13 years. Principal payments began in FY23.

The annual requirements to amortize the Certificates of Participation as of June 30, 2023, are as follows:

NOTES TO FINANCIAL STATEMENTS
(Continued)

Years Ending June 30,	Certificates of Participation	
	Principal	Premium Amortization
2024	\$ 320,000	\$ 26,573
2025	330,000	36,845
2026	345,000	46,623
2027	360,000	56,023
2028	370,000	62,534
2029-2033	2,080,000	317,541
2034-2035	935,000	75,448
	<u>\$ 4,740,000</u>	<u>\$ 621,587</u>

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

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

As of June 30, 2005, the Site A landfill was at 100% of capacity. Total capacity of Site A is 3,228,000 tons. In FY23, \$309,159 of operating activities such as leachate treatment and well testing related to Site A were incurred. The liability for Site A closure was increased \$1,079,378 to reflect the variance between estimated and actual costs. The total remaining estimated cost for closure and post closure care of Site A is \$7,651,078 as of June 30, 2023. This entire amount is reported as a liability for Site A.

As of June 30, 2023, the Site B landfill had capacity used of 2,211,214 tons, which is 53.66% of the revised capacity of 4,121,115 tons which includes the vertical expansion and an aerial adjustment. The total estimated costs for closure and post closure care of Site B are \$24,247,158. The resulting liability is \$13,009,988 with \$11,237,170 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 \$20,661,066 as of June 30, 2023. 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)

H. Fund Balances/Net Position

1. Governmental Funds – Nonspendable

	General Fund	Grants	Agricultural Preservation	Nonmajor Government Funds	Total Governmental Funds
Inventory	\$ 3,030,947	\$ 3,018,867	\$ -	\$ -	\$ 6,049,814
Prepaid	345,634	963,480	3,397,380	12,000	4,718,494
Long-term receivables	78,381	-	-	-	78,381
Salary advances	11,927	-	-	-	11,927
Total nonspendable fund balances	<u>\$ 3,466,889</u>	<u>\$ 3,982,347</u>	<u>\$ 3,397,380</u>	<u>\$ 12,000</u>	<u>\$ 10,858,616</u>

2. Governmental Funds – Restricted

	General Fund	Grants	Capital Projects	Agricultural Preservation	Debt Service	Nonmajor Governmental Funds	Governmental Funds
Animal control	\$ 932,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 932,200
Forfeitures - circuit court	38,572	-	-	-	-	-	38,572
School and library construction	-	-	165,119,253	-	-	-	165,119,253
Roads and bridges construction	-	-	30,575,321	-	-	-	30,575,321
Watershed restoration	-	-	7,474,069	-	-	-	7,474,069
General government/other construction	-	-	34,225,506	-	-	-	34,225,506
Weed control	108,419	-	-	-	-	-	108,419
Senior services	68,510	-	-	-	-	-	68,510
Grants	-	2,062,221	-	-	-	-	2,062,221
Sheriff's/judicial activities	-	-	-	-	-	119,707	119,707
Agricultural preservation	-	-	-	1,850,062	-	-	1,850,062
Loan activities	-	-	-	-	-	13,366,036	13,366,036
Opioid Abatement	-	-	-	-	-	658,430	658,430
Debt service	-	-	-	-	609,276	-	609,276
Total restricted fund balances	<u>\$ 1,147,701</u>	<u>\$ 2,062,221</u>	<u>\$ 237,394,149</u>	<u>\$ 1,850,062</u>	<u>\$ 609,276</u>	<u>\$ 14,144,173</u>	<u>\$ 257,207,582</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

3. *Governmental Funds – Committed*

	General Fund	Grants	Capital Projects	Agricultural Preservation	Nonmajor Governmental Funds	Total Governmental Funds
Bond rating enhancement	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
County Set-aside*	60,023,648	-	-	-	-	60,023,648
FY24 budget	48,211,611	-	-	-	-	48,211,611
Severe Weather	1,200,000	-	-	-	-	1,200,000
Appropriation of FY23 unaudited fund balance	9,076,061	-	-	-	-	9,076,061
Permanent public improvement	79,074	-	-	-	-	79,074
FY25 budget	53,368,580	-	-	-	-	53,368,580
Commission for Women	31,790	-	-	-	-	31,790
Board of Education	5,000,000	-	-	-	-	5,000,000
School and library construction	-	-	27,236,672	-	-	27,236,672
Parks construction	-	-	21,682,171	-	-	21,682,171
Roads and bridges construction	-	-	27,832,846	-	-	27,832,846
General government/other construction	-	-	56,607,404	-	-	56,607,404
Watershed restoration	-	-	11,312,546	-	5,440	11,317,986
Grant activities	-	32,254,723	-	-	-	32,254,723
Electric lighting	-	-	-	-	6,275	6,275
Sheriff's/judicial activities	-	-	-	-	1,575,585	1,575,585
Loan activities	-	-	-	-	15,444,530	15,444,530
Agricultural preservation	-	-	-	10,423,364	-	10,423,364
Installment purchase agreements	-	-	-	57,525,059	-	57,525,059
Total committed fund balances	<u>\$ 177,090,764</u>	<u>\$ 32,254,723</u>	<u>\$ 144,671,639</u>	<u>\$ 67,948,423</u>	<u>\$ 17,031,830</u>	<u>\$ 438,997,379</u>

* Section 2-7-1(a) (2) of the Frederick County, Maryland Code of Ordinances provides for the County to maintain a committed General Fund balance equal to eight percent of General Fund expenditures and transfers to the Board of Education and Frederick Community College on a budgetary basis. As of June 30, 2023, the required balance is \$60,023,648. This is classified as "committed" fund balance in accordance with the promulgations of Governmental Accounting Standards Board Statement No.54, Fund Balance Reporting and Governmental Fund Type Definitions. Due to the restricting nature of the set-aside, the seven percent is reported as restricted net position in the governmental activities' column of the government-wide Statement of Net Position.

NOTES TO FINANCIAL STATEMENTS
(Continued)

4. *Governmental Funds – Assigned*

	<u>General Fund</u>	<u>Debt Service Fund</u>
Encumbrances		
General government	\$ 763,435	\$ -
Conservation of natural resources	1,690,158	-
Public safety	2,980,677	-
Economic development & opportunity	87,116	-
Health	33,848	-
Social services	12,095	-
Parks, recreation & culture	108,267	-
Public works	1,060,827	-
Miscellaneous	76,478	-
Road/street inspection	647,153	-
Automation enhancement fee	611,610	-
Revenue stabilization	5,788,924	-
Debt service	-	9,592,209
Total assigned fund balances	<u>\$ 13,860,588</u>	<u>\$ 9,592,209</u>

5. *Governmental Funds - Unassigned*

Sections 2-7-1(b) and (4) of the Frederick County, Maryland Code of Ordinances stipulates that the County may not levy more than \$500,000 as use in a contingency fund and must be maintained as part of unassigned fund balance. It shall be dedicated and appropriated to meet any unexpected demand which arises after the tax levy has been made, the occurrence of which could not reasonably have been foreseen. As of June 30, 2023, Frederick County, Maryland has appropriated \$300,000 for use in a contingency fund which is maintained as part of unassigned fund balance.

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

On February 19, 2002, the former Board of County Commissioners adopted a Water and Sewer rate study, which recommended the establishment of several reserves to promote the financial stability of the Water and Sewer Enterprise Fund. As of June 30, 2023, the calculation of these reserves is \$156,189,612 (detailed below). These reserves are a part of the \$717,844,696 net position balance.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Reserved for:	
Operating Reserves	\$ 7,320,489
3 R Reserves	8,311,114
Tap Credits	352,015
Cash Funding of Capital Projects	24,653,817
Rosemont MDE	107,186
System Development	115,444,991
Total Water and Sewer Reserves	<u>156,189,612</u>
Excess reserves	<u>54,789,888</u>
Unrestricted net position	<u><u>\$ 210,979,500</u></u>

7. Net Investment in Capital Assets

As of June 30, 2023, net investment in capital assets in the Government-Wide Statement of Net Position was calculated as follows:

	Governmental Activities	Business-type Activities
Net carrying value of capital assets	\$ 665,526,420	\$ 640,504,826
Debt related to capital assets	(412,543,362)	(111,216,691)
Unamortized balances of original issue discounts and deferred outflows of resources	<u>526,082</u>	<u>803,099</u>
Net Investment in Capital Assets (Exhibit II-A-1)	<u><u>\$ 253,509,140</u></u>	<u><u>\$ 530,091,234</u></u>

NOTE 4. OTHER INFORMATION

A. Commitments and Contingencies

1. Construction Commitments

As of June 30, 2023, the County had the following commitments with respect to unfinished capital projects:

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Total Project Budget	Total Expenditures	Amount Funded	Required Future Funding
General government	\$ 255,505,586	\$ 59,603,337	\$ 145,188,767	\$ 110,316,819
Roads and bridges	216,579,059	53,457,748	48,048,316	168,530,743
Board of Education	358,979,114	137,398,456	164,457,767	194,521,347
Frederick Community College	55,680,414	12,304,941	16,291,996	39,388,418
Parks and recreation	94,531,398	22,092,668	40,994,011	53,537,387
Watershed restoration	49,439,984	3,824,757	19,570,317	29,869,667
Municipal	1,492,590	612,050	1,342,590	150,000
	<u>\$ 1,032,208,145</u>	<u>\$ 289,293,957</u>	<u>\$ 435,893,764</u>	<u>\$ 596,314,381</u>

2. Federal Financial Assistance

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

During FY23, the County has continued to see an increase in federal awards through the Families First Coronavirus Response Act (FFCRA), the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA).

Audits of these programs are conducted according to the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Single Audit report for the year ended June 30, 2023, is issued under separate cover.

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

3. Pending Litigation

There are several pending lawsuits in which the County is involved. The County Attorney estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County as of June 30, 2023.

4. Economic Dependency

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

NOTES TO FINANCIAL STATEMENTS (Continued)

The Solid Waste Enterprise Fund has three customers which account for 27.10% of total operating revenues. Two commercial companies accounted for \$6,475,902 or 21.0% of FY23 operating revenues. A single municipality accounted for \$1,880,260 or 6.10% of FY23 operating revenues. Should the revenues from any of these customers decrease significantly, certain variable operating expenses, such as transfer expense and closure and post closure care costs would decrease.

The Comprehensive Care Facility Fund, a non-major enterprise fund, has two payer types that individually exceed ten percent of total operating revenues for this fund. They are Medicaid (35.59%) and Medicare (30.45%).

5. Risk Management

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

Employers are required by law to provide workers' compensation coverage to their employees. The County is self-insured for workers' compensation as of July 1, 2023. The cost of employee injury claims that fall below the \$750,000 per claim retention are paid through the County's Workers' Compensation Internal Service Fund. The County carries excess workers' compensation insurance for unlikely claims that exceed the retention.

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

6. Contingent Liability

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

On June 20, 2013, the County entered into two loan agreements with the Maryland Department of the Environment (MDE) for the purpose of replacing the aging water distribution system located in the Village of Rosemont. The principal amount approved for the first loan to be repaid to MDE is \$202,455, maturing on February 1, 2036. The second loan was approved in the amount of \$1,417,182. According to the terms of the loan agreement, MDE has forgiven this loan in full as of June 20, 2023.

NOTES TO FINANCIAL STATEMENTS (Continued)

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 five years subsequently; however, computations and filings can be made for annual periods. There is no rebatable arbitrage to report as of June 30, 2023.

C. Tax Abatements

Facts and Assumptions

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

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

The rehabilitated vacant commercial structures tax credit schedule based on cost of rehabilitation project/change in assessed value is as follows:

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

- The New Jobs Tax Credit provides property tax abatements to encourage growth in the local business community. The program is established under the auspices of a state statute (Md. Code Ann., Tax Property Article, §9-230) empowering counties to establish such programs. The program was enacted locally under Frederick County Code §1-8-431. The program provides a six-year tax credit for businesses that either construct or expand premises in the County by buying, building or leasing new premises. The program requires the employment of 25 persons in new permanent full-time positions located in the new or expanded premises within the first 24-month period after it occupies the new or expanded premises. The business entity must thereafter maintain at least 25 persons in permanent full-time positions in the new or expanded premises for a period of three years after each year that a tax credit is allowed. The property must also be located in a priority funding area and the business entity must notify the County of the intent to apply for the credit. An application is filed with the County when the business entity believes it has met all the requirements, and an annual submission of supporting information is necessary for the credit to continue. The abatements equal a percentage of the property tax imposed on the assessment of the new or expanded premises. The percentage is 52% in years one and two, 39% in years three and four, and 26% in years five and six. The credits are administered as a reduction in the tax bill. The program has a recapture provision that allows the County to recapture tax credits if the business entity does not continue to satisfy all applicable requirements to qualify for the credit. Interest will accrue on any repayable tax credit, and unrepaid tax credits are a lien against the property in the same manner as unpaid property taxes and may be collected through the tax sale process. No other commitments were made by the County as part of those agreements. No credits were issued in FY23, but one business entity has qualified for the next fiscal year.
- The Commercial and Industrial Tax Credit provides tax abatements to encourage growth in the local business community. The program is established under the auspices of a state statute (Md. Code Ann., Tax Property Article, §9-205) empowering counties to establish such programs. The program was enacted locally under Frederick County Code §1-8-441. The program provides a ten-year tax credit for businesses that make a substantial investment of at least \$5,000,000 in developing and operating a facility within Frederick County. The program requires the creation of at least 25 new permanent full-time positions at the facility paying at least 150% of the federal minimum wage and which positions may not have been transferred to the facility from another location in Frederick County. The business must acquire or expand a building, land or equipment, and the facility must be used for manufacturing, fabricating or assembling purposes. The County Executive shall establish the term and amount of each tax credit. The amount would be a percentage of the additional County tax due as a result of an increase in assessment due to the new construction or expansion of a qualifying facility. If the credit would exceed 60% of total incremental tax, it must be reviewed and approved by the County Council. The credits are administered as a reduction in the tax bill. The program has a recapture provision that allows the County to recapture tax credits if the business entity does not continue to satisfy all applicable requirements to qualify for the credit. Interest will accrue on any repayable tax credit, and unrepaid tax credits are a lien against the property in the same manner as unpaid property taxes and may be collected through the tax sale process.
- The Maryland Enterprise Zone is a local economic development program established by the Maryland General Assembly in 1982 that gives local governments the legal authority to offer economic incentives, including real property and income tax credits, to businesses. The program is established under the auspices of state statute Md. Code Ann., Tax Property Article, §9-103. The Maryland Department of Commerce is the designated State agency responsible for coordinating the program. However, each zone is the creation and responsibility of local and county governments. To date, there are two enterprise zones in the County – the Brunswick Enterprise Zone and Frederick City’s Golden Mile Enterprise Zone. The real property tax credit is dependent upon the assessment cycle and the increase in assessed value of the property. The credit is a ten-year credit against local real property taxes on the value of a portion of real property improvements. The credit is 80 percent for the first five years and decreases 10 percent annual thereafter to 30 percent in the 10th and final year. If provided in the State budget, the State will remit to the County an amount equal to one-half of the funds that would have been collected if the property tax credit had not been granted.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Information relevant to the disclosure of those programs as of June 30, 2023:

Tax Abatement Program	Amount of Taxes Abated During the Fiscal Year
Economic Development:	
Enterprise Zone Tax Credit	\$ 29,530
Commercial & Industrial Tax Credit	1,768,945
Rehabilitated Vacant Commercial Structures Tax Credit	77,980
Total	<u>\$ 1,876,455</u>

D. Conduit Debt

1. Community Development Authority (Special Tax) Financing

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

Lake Linganore Community Development Authority Bonds

On January 18, 2001, Frederick County issued its Special Obligation Bonds for the Villages of Lake Linganore Community Development Authority to provide funding for infrastructure within the authority. This included a Series 2001A Tax Exempt Bonds in the amount of \$6,242,000 and a Series 2001B Taxable Bonds in the amount of \$488,000. The Series 2001A Bonds included two term series with maturities on July 1, 2021 (\$1,957,000) at a rate of 5.60% and a second term maturing July 1, 2029 (\$4,285,000) at a rate of 5.70%.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

Urbana Community Development Authority Bonds

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

The refunding bonds were issued to refund all outstanding maturities of the Series 2010A and 2010B bonds. The Series 2021 Bonds bear an average coupon rate of between 4.00% and 4.33% and a true interest cost of 2.99%. The principal amount of the Series 2021 Bonds is payable July 1, 2023, through 2040.

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

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

2. Tax Increment Financing

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

Jefferson Technology Park Tax Increment / Community Development Authority Bonds

On July 15, 2021, County Executive Gardner approved Letters of Intent between Frederick County and the bond holders of the existing Jefferson Technology Park Special Obligation Bonds, Series 2013A and Series 2013B. These letters memorialized the terms by which the existing bond holders would sell their holdings in these securities so that the bonds could be refunded.

On September 17, 2021, Frederick County issued its Special Tax A Limited Obligation Refunding Bonds (Jefferson Technology Park Project), Series A and Special Tax B Limited Obligation Refunding Bonds (Jefferson Technology Park Project), Series B in the amounts of \$7,040,000 and \$37,330,000 respectively. These were to advance refund all outstanding maturities of the Series 2013A and 2013B bonds. The Series 2021 Bonds bear an average coupon rate of 5.000% and a true interest cost of 4.625%. The principal amount of the Series 2021 Bonds is payable July 1, 2021, through 2043.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

On December 19, 2019, Frederick County issued its Tax Increment and Special Tax B Limited Obligation Bonds (Oakdale-Lake Linganore Project), Series 2019, in the amount of \$17,415,000. The proceeds of these bonds were to provide funding to complete an interchange allowing access to the development from Route I-70. The Series 2019 Bond bears an average coupon rate of 3.657% per annum and a true interest cost of 3.623%. The principal amounts of the Series 2019 Bonds are payable July 1, 2023, through 2039. The proceeds of these bonds will finance infrastructure improvements for the Oakdale-Lake Linganore Tax District.

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

<u>Conduit Borrower</u>	<u>TIF/CDA</u>	<u>Amount of Original Issue</u>	<u>Date of Debt Issue</u>	<u>Date of Debt Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2023</u>
Lake Linganore - Series 2001A	CDA-Term	4,285,000	01/18/01	07/01/29	5.700%	\$ 1,974,000
Lake Linganore - Series 2007A	CDA-Loan	3,114,000	09/20/07	07/01/29	0.000%	1,141,336
Lake Linganore - Series 2007B	CDA-Loan	3,232,142	09/20/07	03/01/28	0.000%	940,142
Oakdale-Lake Linganore - Series 2019	TIF/CDA-Term	1,665,000	12/01/19	12/01/24	2.625%	1,150,000
Oakdale-Lake Linganore - Series 2019	TIF/CDA-Term	3,665,000	12/01/19	12/01/29	3.250%	3,665,000
Oakdale-Lake Linganore - Series 2019	TIF/CDA-Term	12,085,000	12/01/19	12/01/39	3.750%	12,085,000
Urbana CDA - Series 2020A	CDA-Term	65,355,000	11/01/20	07/01/40	4.00-5.00%	59,360,000
Urbana CDA - Series 2020B	CDA-Term	1,410,000	11/01/20	07/01/40	4.000%	1,265,000
Urbana CDA - Series 2020C	CDA-Term	25,505,000	11/01/20	07/01/50	4.000%	25,500,000
Jefferson Technology Park - Series 2020A	TIF/CDA-Serial	7,040,000	09/17/20	07/01/43	5.000%	6,715,000
Jefferson Technology Park - Series 2020B	TIF/CDA-Serial	37,330,000	09/17/20	07/01/43	4.625%	35,560,000
						<u>\$ 149,355,478</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Other Conduit Financing

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

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

On December 21, 2017, Frederick County issued Economic Development Revenue Refunding Bonds. Series 2017A were issued in the amount of \$54,590,000 as Educational Facilities Project and Refunding Bonds and Series 2017B in the amount of \$1,920,000 as Taxable Educational Facilities Revenue Bonds. These bonds were issued to benefit Mount Saint Mary's University. They were approved by Resolution 17-29 on December 5, 2017, in an amount not to exceed \$68,000,000. The purpose of these bonds was to refund all the outstanding maturities of the bonds listed below as well as termination of three interest rate swap transactions which were entered into with the borrower and PNC Bank.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Conduit Borrower	Serial/ Term Bonds	Original Issue Amount	Date of Debt Issue	Date of Maturity	Interest Rates	Amount Outstanding 6/30/2023
Friends Meeting School	Serial	\$ 2,822,138	10/01/18	10/01/28	Variable	\$ 1,994,294
Hood College	Serial	36,100,000	07/23/19	02/01/41	3.360%	33,062,962
Mount Saint Mary's University	Serial	7,345,000	12/21/17	09/01/27	5.000%	7,345,000
Mount Saint Mary's University	Serial	9,440,000	12/21/17	09/01/32	5.000%	9,440,000
Mount Saint Mary's University	Serial	12,110,000	12/21/17	09/01/37	5.000%	12,110,000
Mount Saint Mary's University	Serial	25,695,000	12/21/17	09/01/45	5.000%	25,695,000
Mount Saint Mary's University	Term	660,000	12/21/17	09/01/21	5.000%	-
Mount Saint Mary's University	Term	1,260,000	12/21/17	09/01/22	5.100%	-
St. John's Catholic Prep	Serial	9,310,000	10/06/17	10/01/42	3.080%	8,354,958
YMCA	Serial	18,000,000	12/20/19	07/01/47	3.370%	13,608,122
						<u>\$ 111,610,336</u>

E. Retirement and Pension Programs

For the year ended June 30, 2023, the County recognized an aggregated pension expense of \$167,553,932.

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

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

The Retirement Plan Committee was established July 13, 1993. Their purpose is to administer and operate the pension plan. There are nine members that have staggered three-year terms. The committee membership requires representatives from the Human Resources Division, Finance Division, International Association of Firefighters (IAFF Local 3666), Fraternal Order of Police - Sheriff's Deputies (Lodge 102A), Fraternal Order of Police - Correctional Officers (Lodge 102B), two retirees and two non-uniformed at-large representatives. Changes to the Frederick County Employees Retirement Plan initiated by this committee, must also meet the approval of the County Executive and County Council.

1. Employees Retirement Plan

Plan Description

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

For County employees hired on or after July 1, 1993, their participation in the County Plan is a condition of employment with the County. Participation classification is based on the employee's status as either uniformed or non-uniformed. County employees who meet these requirements are referred to as "qualified" or "covered" employees. A covered employee is any regular or probationary, full-time or part-time non-uniformed employee of the County who is regularly scheduled to work at least 50% of a full-time schedule. Members of the County Council are not eligible to participate in this Plan. The Frederick County Employees Retirement Plan provides benefits to the non-uniformed employees. As of July 1, 2021, the uniformed employees were transferred to the newly formed Frederick County Uniformed Employees Retirement Plan.

The type and number of employees covered as of June 30, 2023, was as follows:

	<u>Non-Uniformed</u>	<u>Non-Vested Terminations</u>	<u>Vested Terminations</u>
Retirees and beneficiaries currently receiving benefits	986	-	-
Terminated employees entitled to benefits	-	447	164
Active employees	1,506	-	-

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

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

Summary of Significant Accounting Policies

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

Funding Policy

Funding for the plan provides for periodic contributions based upon actuarial valuations. In September of 2018, the County adopted a funding policy for the County Plan. This policy establishes a formal methodology for financing the pension obligations of the County Plan, with a goal of maintaining a funding ratio between 95% - 105%. The objective of the policy is to reflect a reasonable and fiscally conservative approach to fund the obligations over

NOTES TO FINANCIAL STATEMENTS

(Continued)

a time frame that ensures benefit security while balancing the additional, and sometimes competing goals of intergenerational equity and a stable contribution rate. It is intended to provide flexibility to smooth the volatility of the investment marketplace and the actual economic and demographic experiences that differ from assumed experience. The Funding Policy was updated as of July 1, 2022, to accommodate the inclusion of both the Employees Retirement Plan and the Uniformed Employees Retirement Plan. The policy considers the actuarial determined contribution (ADC) and a minimum contribution equal to two times the total estimated employee contribution, as of the most recent actuarial valuation. Required contributions under the plan that are not funded by employee contributions are funded entirely by the County. Costs of administering the plan are financed on a current funding basis.

As of July 1, 2022, non-uniformed employees contribute six percent of their base pay under the plan. The County's required payroll contribution in FY23 was 11.6%.

Net Pension Liability

The components of the net pension liability of the County as of June 30, 2023, were as follows:

Total pension liability	\$ 578,414,841
Plan fiduciary net position	(507,065,755)
County's net pension liability	<u>\$ 71,349,086</u>
Plan fiduciary net position as a percentage of the total pension asset	87.66%

Annual Pension Costs

During the fiscal year ending June 30, 2023, contributions to the plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2021.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2021, rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll
Remaining amortization periods	3 years for ad hoc COLA, 12 years for grant funded employees, 30 years for surplus
Asset valuation method	5 year smooth market
Inflation	2.5%
Salary Increases	Rates vary by participant years of service.
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality rates	Pre-retirement mortality is 70% of Pub-2010 General Employees Amount-Weighted Mortality table with fully generational projection using scale MP2018.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The Plan has a commitment for investment in global infrastructure that has yet to be requested, so the expected return on those investments is not included at this time. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates for each major asset class are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Large Cap Domestic Equity	35.00%	6.14%
Mid Cap Domestic Equity	10.00%	6.58%
Small Cap Domestic Equity	10.00%	7.26%
International Equity	10.00%	7.75%
Fixed Income	34.00%	1.86%
Cash	1.00%	0.01%
Inflation	0.00%	2.50%
Total	100.00%	

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of expense, was 12.1%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

	1% Decrease - 6%	Current Discount Rate - 7%	1% Decrease - 8%
County's net pension liability (asset)	\$ 150,678,363	\$ 71,349,086	\$ 6,075,815

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2022	\$ 470,473,015	\$ 457,051,839	\$ 13,421,176
Changes for the year:			
Service cost	14,471,235	-	14,471,235
Interest	32,136,340	-	32,136,340
Change of benefit terms	70,465,266	-	70,465,266
Differences between expected and actual experience	13,633,863	-	13,633,863
Contributions - employer	-	11,897,449	(11,897,449)
Contributions - member	-	6,213,472	(6,213,472)
Net investment income	-	54,932,493	(54,932,493)
Benefit payments, including refunds of member contributions	(22,764,878)	(22,764,878)	-
Administrative expense	-	(276,796)	276,796
Other	-	12,176	(12,176)
Net Changes	107,941,826	50,013,916	57,927,910
Balances as of June 30, 2023	\$ 578,414,841	\$ 507,065,755	\$ 71,349,086

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

For the year ended June 30, 2023, the County recognized pension expense of \$70,692,370. As of June 30, 2023, the County reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,632,096	\$ 4,447,306
Changes of assumptions	670,851	-
Net difference between projected and actual earnings on pension plan investments	-	8,241,488
Total	\$ 12,302,947	\$ 12,688,794

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Years ending June 30	Total
2024	\$ (8,099,815)
2025	(9,816,208)
2026	19,425,607
2027	(1,895,431)

2. Uniformed Employees Retirement Plan

Plan Description

The Frederick County Employees Retirement Plan was established on July 1, 1993, under authority created by State Legislation and Section 2-2-2 of the County Code. Benefit provisions of the plan were adopted by ordinance after a public hearing. The plan was amended to reflect the participation of the uniformed employees in a separate retirement plan. The Frederick County Uniformed Employees Retirement Plan was established as of July 1, 2021, under Bill #21-05 that was adopted by the County Council on May 4, 2021. The Uniformed Employees Retirement Plan

The Retirement Plan Committee was established July 13, 1993. Their purpose is to administer and operate the pension plan. There are nine members that have staggered three-year terms. The committee membership requires representatives from the Human Resources Division, Finance Division, International Association of Firefighters (IAFF Local 3666), Fraternal Order of Police - Sheriff's Deputies (Lodge 102A), Fraternal Order of Police - Correctional Officers (Lodge 102B), two retirees and two non-uniformed at-large representatives. Changes to the Frederick County Employees Retirement Plan initiated by this committee, must also meet the approval of the County Executive and County Council.

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

For County employees hired on or after July 1, 1993, their participation in the County Plan is a condition of employment with the County. Participation classification is based on the employee's status as either uniformed or non-uniformed. County employees who meet these requirements are referred to as "qualified" or "covered" employees. A covered employee is any regular or probationary, full time or part time uniformed employee of the County who is regularly scheduled to work at least 50% of a full-time schedule. Members of the County Council are not eligible to participate in this Plan.

The type and number of employees covered as of June 30, 2023, was as follows:

	Uniformed	Non-Vested Terminations	Vested Terminations
Retirees and beneficiaries currently receiving benefits	330	-	-
Terminated employees entitled to benefits	-	55	31
Active employees	857	-	-
DROP participants	11	-	-

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

Summary of Significant Accounting Policies

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

Funding Policy

Funding for the plan provides for periodic contributions based upon actuarial valuations. In September of 2018, the County adopted a funding policy for the Frederick County Employees Retirement Plan. This policy establishes a formal methodology for financing the pension obligations of the County Plan, with a goal of maintaining a funding ratio between 95% - 105%. The objective of the policy is to reflect a reasonable and fiscally conservative approach to fund the obligations over a time frame that ensures benefit security while balancing the additional, and sometimes competing goals of intergenerational equity and a stable contribution rate. It is intended to provide flexibility to smooth the volatility of the investment marketplace and the actual economic and demographic experiences that differ from assumed experience. The Funding Policy was updated as of July 1, 2021, to accommodate

NOTES TO FINANCIAL STATEMENTS
(Continued)

the inclusion of both the Employees Retirement Plan and the Uniformed Employees Retirement Plan. The policy considers the actuarial determined contribution (ADC) and a minimum contribution equal to two (2) times the estimated employee rate, as of the most recent actuarial valuation. Required contributions under the plan that are not funded by employee contributions are funded entirely by the County. Costs of administering the plan are financed on a current funding basis.

As of July 1, 2022, uniformed employees contribute nine percent of their base pay under the plan. The County's required payroll contribution in FY23 was 17.9%.

Net Pension Liability

The components of the net pension liability of the County as of June 30, 2023, were as follows:

Total pension liability	\$ 459,901,864
Plan fiduciary net position	<u>(387,547,731)</u>
County's net pension liability	<u>\$ 72,354,133</u>
Plan fiduciary net position as a percentage of the total pension asset	84.27%

Annual Pension Costs

During the fiscal year ending June 30, 2023, contributions to the plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2021.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2021, rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll
Remaining amortization periods	3 years for ad hoc COLA, 13 years for assumption change, 14 years for DROP, 30 years for surplus
Asset valuation method	5 year smooth market
Inflation	2.5%
Salary Increases	Rates vary by participant years of service and status (law enforcement/corrections vs fire / rescue)
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Mortality rates	Pre-retirement mortality is 70% of Pub-2010 Safety Employees Amount-Weighted Mortality table with fully generational projection using scale MP2018 for Uniformed employees.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The Plan has a commitment for investment in global infrastructure that has yet to be requested, so the expected return on those investments is not included at this time. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates for each major asset class are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Large Cap Domestic Equity	35.00%	6.14%
Mid Cap Domestic Equity	10.00%	6.58%
Small Cap Domestic Equity	10.00%	7.26%
International Equity	10.00%	7.75%
Fixed Income	34.00%	1.86%
Cash	1.00%	0.01%
Inflation	0.00%	2.50%
Total	100.00%	

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of expense, was (12.1%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

	1% Decrease - 6%	Current Discount Rate - 7%	1% Increase - 8%
County's net pension liability (asset)	\$ 144,214,915	\$ 72,354,133	\$ 14,583,368

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2022	\$ 362,496,616	\$ 341,282,528	\$ 21,214,088
Changes for the year:			
Service cost	19,916,406	-	19,916,406
Interest	24,921,684	-	24,921,684
Change of benefit terms	66,139,226	-	66,139,226
Differences between expected and actual experience	(626,959)	-	(626,959)
Contributions - employer	-	11,681,292	(11,681,292)
Contributions - member	-	5,849,846	(5,849,846)
Net investment income	-	41,902,415	(41,902,415)
Benefit payments, including refunds of member contributions	(12,945,109)	(12,945,109)	-
Administrative expense	-	(232,206)	232,206
Other	-	8,965	(8,965)
Net Changes	97,405,248	46,265,203	51,140,045
Balances as of June 30, 2023	\$ 459,901,864	\$ 387,547,731	\$ 72,354,133

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

For the year ended June 30, 2023, the County recognized pension expense of \$96,161,599. As of June 30, 2023, the County reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,332,874	\$ 548,589
Net difference between projected and actual earnings on pension plan investments	35,056,773	-
Total	<u>\$ 47,389,647</u>	<u>\$ 548,589</u>

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

<u>Years ending June 30</u>	<u>Total</u>
2024	\$ 14,853,363
2025	14,853,363
2026	14,853,362
2027	(1,594,879)
2028	1,977,109
Thereafter	1,898,740

3. Length of Service Awards Program

Plan Description

In 1985, the County created the Length of Service Awards Program (LOSAP), a single employer defined benefit plan for eligible volunteers of Frederick County fire, rescue and emergency medical services. In FY19, the County Executive elected to create a Length of Service Award Program Trust which is funded entirely by the general fund. This trust provides benefits to volunteers who have completed certain eligibility and years of service requirements.

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

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

The LOSAP program also provides a death benefit to eligible volunteers. In the event a member who is receiving LOSAP benefits dies before receiving at least \$15,000 in total payments, their designated beneficiary will receive a partial benefit equal to the difference between payments received

NOTES TO FINANCIAL STATEMENTS
(Continued)

and \$15,000. A maximum benefit of \$15,000 will be paid to the designated beneficiaries of a member, age 65 or older, who has died after completing 5 years of active service but less than 25 years. The benefit will be pro-rated based on years served after 5 years. A member who has served a minimum of 5 years and is under 65 years of age will be covered under a \$15,000 LOSAP life insurance policy. The plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system of another entity.

As of the July 1, 2022, actuarial valuation, the type and number of participants consisted of the following:

Active volunteers	855
Terminated vested	35
Service retirements continuing to earn benefits	104
Service retirements not continuing to earn benefits	165
Total	<u>1,159</u>

Summary of Significant Accounting Policies

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

Funding Contribution Policy

The Length of Service Award Program (LOSAP) was established with resolution 84-45 and is funded with general revenue tax sources which are appropriated through the Annual Budget and Appropriation Ordinance of Frederick County. During fiscal year ending June 30, 2023, contributions were made slightly above with actuarially determined contribution requirements determined through an actuarial valuation as of July 1, 2021.

Net LOSAP Liability of the County

The components of the net LOSAP liability of the County as of June 30, 2023, were as follows:

Total LOSAP liability	\$ 12,454,391
Plan fiduciary net position	(3,718,712)
County's net LOSAP liability	<u>\$ 8,735,679</u>
Plan fiduciary net position as a percentage of the total LOSAP liability	29.86%

NOTES TO FINANCIAL STATEMENTS
(Continued)

Annual LOSAP Costs

For the year ended June 30, 2023, the County recognized LOSAP expense of \$699,963.

Actuarial assumptions

The total LOSAP liability was determined by an actuarial valuation as of July 1, 2021, rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Projected unit credit
Amortization method	Level payments over a closed period of 20 years
Remaining amortization period	Ranging from 14 to 20 years
Asset valuation method	Market value
Inflation	2.5%
Salary Increases	None
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Retirement age	The latter of 25 years of service and age 65
Mortality rates	Pub-2010 Safety Retirees Headcount-Weighted Mortality table with fully generational projection using scale MP2018

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

Long-term expected rate of return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap domestic equity	45%	6.14%
Small/mid cap domestic equity	10%	6.79%
International equity	10%	6.57%
Core fixed income	30%	1.86%
Treasury inflation protected securities	5%	1.67%
Inflation	0%	2.50%
Total	100%	

NOTES TO FINANCIAL STATEMENTS
(Continued)

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on LOSAP plan investments, net of LOSAP plan expense, was 11.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested. Actual returns may vary due to timing of contributions and redemptions.

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

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

	Decrease - 6%	Discount Rate - 7%	Increase - 8%
County's net LOSAP liability	\$ 10,014,800	\$ 8,735,679	\$ 7,649,463

Changes in the Net LOSAP Liability

	Total LOSAP Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net LOSAP Liability (a) - (b)
Balances as of June 30, 2022	\$ 12,479,584	\$ 2,965,023	\$ 9,514,561
Changes for the year:			
Service cost	183,432	-	183,432
Interest	844,733	-	844,733
Differences between expected and actual experience	(229,042)	-	(229,042)
Contributions - employer	-	1,207,434	(1,207,434)
Net investment income/ (loss)	-	395,356	(395,356)
Benefit payments, including refunds of member contributions	(824,708)	(824,708)	-
Administrative expense	-	(24,786)	24,786
Net Changes	(25,585)	753,296	(778,881)
Balances as of June 30, 2023	<u>\$ 12,453,999</u>	<u>\$ 3,718,319</u>	<u>\$ 8,735,680</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

As of June 30, 2023, the County reported deferred outflows of resources and deferred inflow of resources related to LOSAP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,341	\$ 722,875
Changes of assumptions	77,826	-
Net difference between projected and actual earnings on LOSAP plan investments	81,388	-
Total	<u>\$ 193,555</u>	<u>\$ 722,875</u>

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

<u>Years Ended June 30</u>	<u>Total</u>
2024	\$ (128,259)
2025	(130,053)
2026	(40,334)
2027	(86,667)
2028	(54,254)
Thereafter	(89,753)

4. Component Units

The employees at the BOE are covered under one of four defined benefit retirement plans. These plans are part of the Maryland State Retirement and Pension Systems and are cost sharing multiple-employer public employee retirement plans. Total state contributions on behalf of the BOE were \$31,971,017 in FY2323. This contribution was recognized as both revenue and expenditures for BOE.

As of June 30, 2023, the BOE reported a liability of approximately \$46.1 million for its proportionate share of the Employees Retirement System of the State of Maryland (ERS) net pension liability. The ERS net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The BOE's proportion of the ERS net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2023, the Board's proportion for ERS was 0.230%, which was .003% higher than its proportion measured as of June 30, 2022. For the year ended June 30, 2023, the public schools recognized pension expense for ERS of approximately \$5.8 million. Detailed retirement plan information for the BOE is available in their current year audited financial statements.

All regular employees of the Frederick Community College are covered under one of the two cost-sharing multiple-employer pension/retirement plans. One of these plans is provided directly by the State of Maryland, and the employer funding for eligible College employees is provided directly by the State. Only teachers employed by FCC are eligible. State contributions for the fiscal year for this plan totaled \$2,822,038. The other retirement plan, provided through TIAA/CREF or Fidelity, is an option for certain professional employees and is also provided for those College employees for which the

NOTES TO FINANCIAL STATEMENTS

(Continued)

State does not provide employer share funding of retirement benefits. The employer contributions toward these non-State plans totaled \$1,110,834. These non-State plans are defined contribution plans requiring an employer contribution of 7.25% of employees' base salary. Employee contributions to the non-State plans are not mandatory.

Substantially all employees of the FCPL are covered under the Maryland State Teachers' Retirement System or the Maryland State Teachers' Pension System. Plan members on December 31, 1979, are members of the Teachers' Retirement System unless they elected to join the Pension System. No new Retirement System members were accepted after December 31, 1979. A member of the Teachers' Retirement System may retire with full benefits at age 60 or with 30 years of service. A member of the Teachers' Pension System may retire with full benefits with 30 years of service or at age 62 or older with specified years of service. For both systems, vesting starts after five years of service. Benefits under both plans are established under Titles 22 and 23 of the State Personnel and Pensions Article of the Annotated Code of Maryland. Obligations to contribute to the plans were established under the above-referenced article of the Maryland Code. Members of the Retirement System and the Pension System contribute seven percent and five percent of their gross employee compensation, respectively. The FCPL's share of contributions for its employees is primarily the responsibility of the State. During the fiscal year ended June 30, 2023, the State paid \$992,368 in retirement costs on its behalf. This amount has been shown as grant revenue and current expenditures for the FCPL.

F. Post-Employment Benefits Plans

1. Retiree Health Benefit Plan

Plan Description

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

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

Membership of the Plan consisted of the following as of July 1, 2021, the date of the February 3, 2022, actuarial valuation report:

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

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

Funding Policy and Contributions

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

Benefits are based on the employee's hire date. For employees hired on or before July 1, 1992, the County pays approximately 84 percent of the cost of premiums for medical and hospitalization costs. Employees hired after July 1, 1992, and before August 1, 2008, also must have worked for the County for a minimum of ten total benefitted years; these employees pay 50% of the cost of premiums. Employees hired after August 1, 2008, also must have worked for the County for a minimum of ten total benefitted years; these employees will pay 75% of the cost of the premium with 10 to 14.9 years of service, 65% with 15 to 19.9 years, 55% with 20 to 24.9 years and 45% with over 25 years of service. Employees who have reached age 65 with 5 years of total benefitted service will pay 80% of the cost of the premium. If a retiree elects to discontinue coverage at the time of retirement or later, they have the option of re-enrolling in the County plan. Therefore, the number of retirees participating in the plan varies throughout the year.

For FY23, the County contributed \$5,652,975 to the Plan. Plan members receiving benefits contributed \$2,650,871 approximately 46% of the total premium. Administrative costs are financed through investment earnings.

Net OPEB Liability

As of June 30, 2023, the components of the net OPEB liability of the County were as follows:

Total OPEB liability	\$ 250,270,362
Plan fiduciary net position	217,788,739
County's net OPEB liability	<u>\$ 32,481,623</u>
Plan fiduciary net position as a percentage of the total OPEB liability	87.02%

NOTES TO FINANCIAL STATEMENTS

(Continued)

Annual OPEB Costs

During fiscal year ending June 30, 2023, contributions were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation as of July 1, 2021, the County recognized OPEB expense of \$3,059,782 for year ended June 30, 2023. This was a result of favorable market conditions in the current fiscal year.

Actuarial Assumptions

The total OPEB liability as of June 30, 2023, was determined by an actuarial valuation as of July 1, 2021, and rolled forward to June 30, 2023, using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.5%
Payroll growth rate	2.5% Annually
Investment Rate of Return	7.0% net of OPEB plan investment expenses including inflation
Healthcare Cost Trend Rate	6.0% in 2022. The ultimate trend is 3.94%
Actuarial Cost Method	Projected unit credit
Mortality Rates	Pre-retirement mortality is 70% of Pub-2010 Safety Employees Head Count-Weighted Mortality table with fully generational projection using scale MP2018 for Uniformed employees; 70% of Pub-2010 General Employees Head Count-Weighted Mortality table with fully generational projection using scale MP2018 for Non-Uniformed employees.
	Post-retirement mortality for healthy participants and beneficiaries is Pub-2010 General Retirees Head Count-Weighted Mortality table with fully generational projection using scale MP2018.
	Post-retirement mortality for disabled participant is Pub-2010 General Disabled Retirees Head Count-Weighted Mortality table with fully generational projection using scale MP2018.

Long-term expected rate of return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The Plan has a commitment for investment in global infrastructure that has yet to be requested, so the expected return on those investments is not included at this time. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates for each major asset class are summarized in the following table.

NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large cap equity	45%	6.14%
U.S. Small/mid cap equity	10%	6.79%
Non U.S. developed equity	10%	6.57%
Core Fixed income	35%	1.86%
Inflation	0%	2.50%
Total	<u>100%</u>	

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on OPEB plan investments, net of expense was 11.8%. The money-weighted return expresses investment performance, net of investment expense, adjusted for the changing amounts invested. Actual returns may vary due to timing of capital contributions and redemptions.

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

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

	<u>1% Decrease 6%</u>	<u>Current Discount Rate 7%</u>	<u>1% Increase 8%</u>
County's net OPEB liability	\$ 64,154,026	\$ 32,481,623	\$ 6,302,575

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

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

	<u>1% Decrease 2.94%</u>	<u>Trend Rate 3.94%</u>	<u>1% Increase 4.94%</u>
County's net OPEB (asset) liability	\$ (1,131,953)	\$ 32,481,623	\$ 74,263,903

NOTES TO FINANCIAL STATEMENTS
(Continued)

Changes in the net OPEB liability

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance as of June 30, 2022	\$ 236,312,028	\$ 198,533,703	\$ 37,778,325
Changes for the year			
Service cost	6,962,499	-	6,962,499
Interest	16,219,030	-	16,219,030
Differences between expected and actual experience	-	5,652,975	(5,652,975)
Trust Contribution - Employer	-	23,101,535	(23,101,535)
Trust Contribution - Member	-	(9,223,195)	9,223,195
Net Investment Income	-	(276,279)	276,279
Benefit Payments (net of retiree contributions)	(9,223,195)	-	(9,223,195)
Administrative expenses	-	-	-
Net Changes	13,958,334	19,255,036	(5,296,702)
Balance as of June 30, 2023	<u>\$ 250,270,362</u>	<u>\$ 217,788,739</u>	<u>\$ 32,481,623</u>

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

As of June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary government		
Difference between expected and actual experience	\$ 615,078	\$ 27,572,585
Changes of assumptions	4,890,709	9,048,351
Net difference between projected and actual earnings on OPEB plan investments	6,653,012	
	-	-
Total primary government	<u>\$ 12,158,799</u>	<u>\$ 36,620,936</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Year ending</u>	<u>Total</u>
2024	\$ (6,613,974)
2025	(6,834,684)
2026	(987,481)
2027	(10,017,950)
2028	(4,023)
Thereafter	(4,025)

2. Component Units

The BOE Retiree Health Benefit Plan (the "Plan") is a single employer defined benefit plan administered by the Board of Education. The Plan provides medical, dental, vision, and life insurance benefits to eligible participants (covered retirees, covered survivors, and with respect to certain benefits, their eligible dependents). As of June 30, 2023, there were 2,571 retirees (of which 673 had dependent coverage) and 5,720 active benefited employees in the Plan. The Board of Education has the authority to establish and amend post-employment benefits.

The Board of Education negotiates the contribution percentage between the BOE and the employees through union contracts and personnel policy. The required contribution is based on projected "pay-as-you-go" financing requirements. For FY23, the Board contributed \$16,352,953 to the plan. Of this amount \$14,798,453 was for BOE' share of retiree premiums, \$54,500 was contributed towards trust investment fees and \$1,500,000 was placed into a 115 Trust account (the Trust), which was established on May 29, 2008, for the purpose of pre-funding a portion of retiree health benefits in the future. Plan members receiving benefits contributed \$11,203,740 or approximately 41% of the total premiums. The rates for FY23 were based on the length of service of the retiree (two tiers), the age of the retiree (non-Medicare or Medicare eligible), and the type of insurance (medical Choice Advantage, medical PPO, and/or Dental).

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

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

G. Deferred Compensation

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

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

NOTES TO FINANCIAL STATEMENTS

(Continued)

amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. During FY23, approximately 34.5% of the County's eligible employees elected to participate in the plan.

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

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

H. Joint Venture

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

Northeast Maryland Waste Disposal Authority (NMWDA)

The NMWDA is a body politic and corporate and a public instrumentality of the State of Maryland. The NMWDA was established to assist the political subdivisions in the Northeast Maryland Region and the private sector in waste management and the development of waste disposal facilities adequate to accommodate the region's requirements for disposal of solid waste. The MWDA has the following eight member jurisdictions from the State of Maryland: Anne Arundel County, Baltimore City, Baltimore County, Carroll County, Frederick County, Harford County, Howard County and Montgomery County. The Maryland Environmental Service is an ex-officio member. As a participating government in NMWDA, the County paid fiscal year 2023 membership dues and fees for services amounting to \$174,081.

I. Subsequent Events

Retirement Plan Cost of Living Adjustment

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

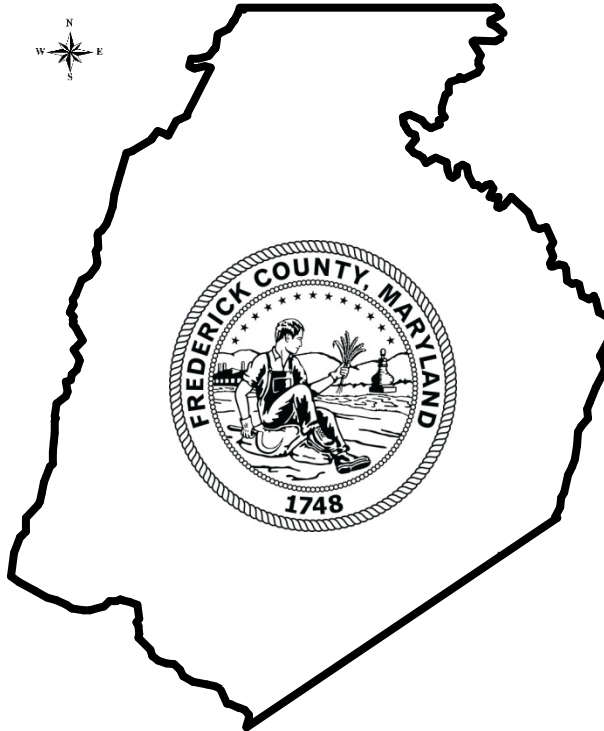
<u>Fiscal Year</u>	<u>Employee Retirement Plan</u>	<u>Uniformed Retirement Plan</u>	<u>Total</u>
2024	\$ 3,142,504	\$ 7,719,998	\$ 10,862,502
2025	1,610,533	6,690,665	8,301,198
2026	1,165,268	6,528,223	7,693,491
2027	796,267	6,353,478	7,149,745

J. New Governmental Accounting Standards Board (GASB) Standard

The County has adopted the provisions of Governmental Accounting Standard Board (GASB) issued Statement No. 91, Conduit Debt Obligations, Statement No. 94 entitled Public-Private Partnerships and Availability Payment Arrangements and Statement No. 96 entitled Subscription-Based Information Technology Arrangements and Statement No. 99, Omnibus 2022, the requirements related to leases, PPPs, and SBITAs.

As of June 30, 2023, GASB issued Statement No. 99, Omnibus 2022, the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53, Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62., and Statement No. 101, Compensated Absences. The County has not yet completed the process of evaluating the impact of these pronouncements on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION



The information provided in this section is required supplementary disclosures.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 14,471	\$ 11,756	\$ 26,468	\$ 24,286	\$ 22,689	\$ 22,387	\$ 21,310	\$ 20,272	\$ 20,127	\$ 21,309
Interest	32,137	30,403	48,722	45,446	42,252	39,564	36,760	34,936	32,636	30,170
Changes of benefit terms	70,465	4,783	10,508	-	11,649	-	-	-	-	-
Differences between expected and actual experience	13,634	(471)	(6,131)	2,175	(6,595)	(7,803)	2,501	(10,287)	(124)	-
Changes of assumptions	-	-	-	2,013	-	6,434	-	-	(2,341)	-
Benefit payments, including refunds of member contributions	(22,765)	(20,642)	(28,618)	(25,648)	(23,067)	(21,308)	(19,696)	(18,052)	(16,812)	(15,671)
Net change in total pension liability	107,942	25,829	50,949	48,272	46,928	39,274	40,875	26,869	33,486	35,808
Total pension liability - beginning	470,473	444,644	710,334	662,062	615,134	575,860	534,985	508,116	474,630	438,822
Total pension liability - ending	<u>\$ 578,415</u>	<u>\$ 470,473</u>	<u>\$ 761,283</u>	<u>\$ 710,334</u>	<u>\$ 662,062</u>	<u>\$ 615,134</u>	<u>\$ 575,860</u>	<u>\$ 534,985</u>	<u>\$ 508,116</u>	<u>\$ 474,630</u>
Plan fiduciary net position										
Contributions - employer	\$ 11,898	\$ 10,245	\$ 19,697	\$ 19,751	\$ 23,153	\$ 21,678	\$ 20,419	\$ 18,910	\$ 20,323	\$ 21,260
Contributions - member	6,214	5,361	10,005	9,421	9,401	8,093	7,681	7,199	7,022	6,880
Net investment income	54,932	(74,773)	200,543	34,269	46,159	56,674	66,342	3,253	22,501	67,022
Benefit payments, including refunds of member contributions	(22,765)	(20,642)	(28,618)	(25,648)	(23,067)	(21,308)	(19,696)	(18,052)	(16,812)	(15,671)
Administrative expense	(277)	(269)	(836)	(995)	(1,492)	(1,504)	(1,038)	(705)	(793)	(930)
Other	12	29	7	-	-	-	-	-	-	-
Net change in plan fiduciary net position	50,014	(80,049)	200,798	36,798	54,154	63,633	73,708	10,605	32,241	78,561
Plan fiduciary net position - beginning	457,052	537,101	726,213	689,415	635,261	571,628	497,920	487,315	455,074	376,513
Plan fiduciary net position - ending	<u>\$ 507,066</u>	<u>\$ 457,052</u>	<u>\$ 927,011</u>	<u>\$ 726,213</u>	<u>\$ 689,415</u>	<u>\$ 635,261</u>	<u>\$ 571,628</u>	<u>\$ 497,920</u>	<u>\$ 487,315</u>	<u>\$ 455,074</u>
Net position liability (asset) - ending	<u>\$ 71,349</u>	<u>\$ 13,421</u>	<u>\$ (165,728)</u>	<u>\$ (15,879)</u>	<u>\$ (27,353)</u>	<u>\$ (20,127)</u>	<u>\$ 4,232</u>	<u>\$ 37,065</u>	<u>\$ 20,801</u>	<u>\$ 19,556</u>
Plan fiduciary net position as a percentage of the total pension liability	87.66%	97.15%	121.77%	102.24%	104.13%	103.27%	99.27%	93.07%	95.91%	95.88%
Covered payroll	\$ 98,567	\$ 87,973	\$ 139,796	\$ 130,636	\$ 117,956	\$ 114,631	\$ 108,689	\$ 100,998	\$ 99,555	\$ 106,397
Net pension liability as a percentage of covered payroll	72.39%	15.26%	-118.55%	-12.16%	-23.19%	-17.56%	3.89%	36.70%	20.89%	18.38%
Expected average remaining service years of all participants	5	5	6	6	6	6	6	6	6	6
Annual money weighted rate of return, net of investment expenses	12.10%	-13.90%	27.70%	4.98%	7.34%	10.17%	13.46%	1.07%	5.18%	18.04%

Notes to Schedule:

The FY2021 and prior columns include both non-uniformed and uniformed values since all participants were in one plan. Starting in FY2022, only non-uniformed is presented.

Changes of assumptions: None

Benefit changes: None

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 7,179	\$ 9,273	\$ 19,697	\$ 19,751	\$ 16,929	\$ 17,365	\$ 17,455	\$ 18,808	\$ 18,721	\$ 18,687
Less: Contributions in relation to the actuarially determined contribution	11,897	10,244	19,697	19,751	23,153	21,678	20,419	18,910	20,323	21,260
Contribution deficiency (excess)	<u>\$ (4,718)</u>	<u>\$ (971)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,224)</u>	<u>\$ (4,313)</u>	<u>\$ (2,964)</u>	<u>\$ (102)</u>	<u>\$ (1,602)</u>	<u>\$ (2,573)</u>
Covered payroll	\$98,567	\$87,973	\$139,796	\$ 130,636	\$117,956	\$114,631	\$108,689	\$100,998	\$99,555	\$100,298
Contributions as a percentage of covered payroll	12.07%	11.65%	14.09%	15.12%	19.63%	18.91%	18.79%	18.72%	20.41%	21.20%

Notes to Schedule

Valuation date: July 1, 2021

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year. The assumptions shown below are used in the July 1, 2021, actuarial valuation to calculate the FY2023 actuarial determined contribution. Assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of payroll
Remaining amortization period	3 years for ad hoc COLA, 12 years for grant funded employees, 30 years for surplus
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	Rates vary by participant service
Investment rate of return	7.0% net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	Pre-retirement mortality is 70% of Pub-2010 General Employees Amount-Weighted Mortality table with fully generational projection using scale MP2018 for Non-Uniformed employees.

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

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			Information for FY2021 and earlier is not available. The Uniformed Plan was established in FY2022.							
Service cost	\$ 19,916	\$ 16,020								
Interest	24,922	21,767								
Changes of benefit terms	66,139	3,003								
Differences between expected and actual experience	(627)	16,444								
Benefit payments, including refunds of member contributions	(12,945)	(11,376)								
Net change in total pension liability	97,405	45,858								
Total pension liability - beginning	362,497	316,639								
Total pension liability - ending	<u>\$ 459,902</u>	<u>\$ 362,497</u>								
Plan fiduciary net position										
Contributions - employer	\$ 11,681	\$ 12,334								
Contributions - member	5,850	5,358								
Net investment income	41,902	(54,733)								
Benefit payments, including refunds of member contributions	(12,945)	(11,375)								
Administrative expense	(232)	(232)								
Other	9	21								
Net change in plan fiduciary net position	46,265	(48,627)								
Plan fiduciary net position - beginning	341,283	389,910								
Plan fiduciary net position - ending	<u>\$ 387,548</u>	<u>\$ 341,283</u>								
Net position liability (asset) - ending	<u>\$ 72,354</u>	<u>\$ 21,214</u>								
Plan fiduciary net position as a percentage of the total pension liability	84.27%	94.15%								
Covered payroll	\$ 65,385	\$ 59,740								
Net pension liability as a percentage of covered payroll	110.66%	35.51%								
Expected average remaining service years of all participants	8	8								
Annual money weighted rate of return, net of investment expenses	12.10%	-13.90%								
Notes to Schedule:										
Changes of assumptions: None										
Benefit changes: None										

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 11,681	\$ 12,334	Information for FY2021 and earlier is not available. The Uniformed Plan was established in FY2022.						
Less: Contributions in relation to the actuarially determined contribution	11,681	12,334							
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>							
Covered payroll	\$65,385	\$59,740							
Contributions as a percentage of covered payroll	17.87%	20.65%							

Notes to Schedule

Valuation date: July 1, 2021

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year. The assumptions shown below are those used in the July 1, 2021, actuarial valuation to calculate the FY2022 actuarial determined contribution. Assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of payroll
Remaining amortization period	3 years for ad hoc COLA, 13 years for assumption change, 14 years for DROP, 30 years for surplus
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	Rates vary by participant service and group (law enforcement/corrections and fire/rescue)
Investment rate of return	7.0% net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	Pre-retirement mortality is 70% of Pub-2010 Safety Employees Amount-Weighted Mortality table with fully generational projection using scale MP2018 for Uniformed employees.
	Post-retirement mortality for healthy participants and beneficiaries is Pub-2010 General Retirees Amount-Weighted Mortality table with fully generational projection using scale MP2018.
	Post-retirement mortality for disabled participants is Pub-2010 General Disabled Retirees Amount-Weighted Mortality table with fully generational projection using scale MP2018.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total LOSAP liability										
Service cost	\$ 183	\$ 195	\$ 186	\$ 191	\$ 202	\$ 171	\$ 167			
Interest	844	847	830	815	840	827	810			
Differences between expected and actual experience	(229)	(260)	55	(135)	(628)	(74)	-			
Changes of assumptions	-	-	-	156	-	-	-			
Benefit payments, including refunds of member contributions	(825)	(795)	(866)	(774)	(763)	(719)	(744)			
Net change in total LOSAP liability	(27)	(13)	205	253	(349)	205	233			
Total LOSAP liability - beginning	12,481	12,494	12,289	12,036	12,385	12,180	11,947			
Total LOSAP liability - ending	<u>\$ 12,454</u>	<u>\$ 12,481</u>	<u>\$ 12,494</u>	<u>\$ 12,289</u>	<u>\$ 12,036</u>	<u>\$ 12,385</u>	<u>\$ 12,180</u>			
Plan fiduciary net position										
Contributions - employer	\$ 1,207	\$ 1,207	\$ 1,202	\$ 1,187	\$ 1,461	\$ 1,241	\$ 1,006			
Net investment income	395	(441)	605	114	102	23	-			
Benefit payments, including refunds of member contributions	(825)	(795)	(866)	(774)	(763)	(719)	(744)			
Administrative expense	(25)	(9)	(15)	(12)	(24)	(20)	-			
Net change in plan fiduciary net position	752	(38)	926	515	776	525	262			
Plan fiduciary net position - beginning	2,966	3,004	2,078	1,563	787	262	-			
Plan fiduciary net position - ending	<u>\$ 3,718</u>	<u>\$ 2,966</u>	<u>\$ 3,004</u>	<u>\$ 2,078</u>	<u>\$ 1,563</u>	<u>\$ 787</u>	<u>\$ 262</u>			
Net position liability - ending	<u>\$ 8,736</u>	<u>\$ 9,515</u>	<u>\$ 9,490</u>	<u>\$ 10,211</u>	<u>\$ 10,473</u>	<u>\$ 11,598</u>	<u>\$ 11,918</u>			
Plan fiduciary net position as a percentage of the total LOSAP liability	29.86%	23.76%	24.06%	16.91%	12.99%	6.36%	2.15%			
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a			
Net LOSAP liability as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a			
Expected average remaining service years of all participants	8	8	8	8	8	9	9			
Annual money weighted rate of return, net of investment expenses	11.80%	-13.30%	26.80%	5.96%	7.75%	3.21%	0.00%			

Notes to Schedule:

Changes of assumptions: None

Benefit changes: None

Information for FY2016
and earlier is not available.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,147	\$ 1,207	\$ 1,202	\$ 1,187	\$ 1,461	\$ 1,461	\$ 1,430	Information for FY2016 and earlier is not available.		
Less: Contributions in relation to the actuarially determined contribution	<u>1,207</u>	<u>1,207</u>	<u>1,202</u>	<u>1,187</u>	<u>1,461</u>	<u>1,241</u>	<u>1,005</u>			
Contribution deficiency (excess)	<u>\$ (60)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 425</u>			
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a			
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a			

Notes to Schedule

Valuation date: July 1, 2021

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year. The assumptions shown below are used in the July 1, 2021, actuarial valuation to calculate the FY2023 actuarial determined contribution. Assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level payments over a closed period of 20 years
Remaining amortization period	Ranging from 14 to 20 years
Asset valuation method	Market value
Inflation	2.5%
Salary increases	None
Investment rate of return	7.0% net of LOSAP investment expense, including inflation
Retirement age	The latter of 25 years of service and age 65
Mortality	Pub-2010 Safety Retirees Headcount-Weighted Mortality table with fully generational projection using scale MP2018

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability										
Service cost	\$ 6,963	\$ 5,972	\$ 5,742	\$ 6,622	\$ 6,380	\$ 5,623	\$ 5,257	Information for FY2016 and earlier is not available		
Interest	16,218	15,349	14,500	17,869	16,845	15,251	14,311			
Differences between expected and actual experience	-	(4,565)	-	(47,073)	(1,633)	2,460	-			
Changes of assumptions	-	4,533	-	(18,097)	(6,787)	5,964	-			
Benefit payments, including refunds of member contributions	(9,223)	(8,488)	(7,741)	(7,151)	-	(6,278)	(5,998)			
Net change in total pension liability	13,958	12,801	12,501	(47,830)	14,805	23,020	13,570			
Total OPEB liability - beginning	236,312	223,511	211,010	258,840	244,035	221,015	207,445			
Total OPEB - ending	<u>\$ 250,270</u>	<u>\$ 236,312</u>	<u>\$ 223,511</u>	<u>\$ 211,010</u>	<u>\$ 258,840</u>	<u>\$ 244,035</u>	<u>\$ 221,015</u>			
Plan fiduciary net position										
Contributions - employer	\$ 5,653	\$ 6,864	\$ 6,529	\$ 12,385	\$ 12,031	\$ 10,833	\$ 10,343			
Net investment income	23,101	(30,110)	47,351	10,848	10,928	11,693	13,807			
Benefit payments, including refunds of member contributions	(9,223)	(8,488)	(7,741)	(7,151)	(6,787)	(6,279)	(5,998)			
Administrative expense	(276)	(27)	(30)	(28)	(13)	-	(52)			
Net change in plan fiduciary net position	19,255	(31,761)	46,109	16,054	16,159	16,247	18,100			
Plan fiduciary net position - beginning	198,534	230,295	184,186	168,132	151,973	135,726	117,626			
Plan fiduciary net position - ending	<u>\$ 217,789</u>	<u>\$ 198,534</u>	<u>\$ 230,295</u>	<u>\$ 184,186</u>	<u>\$ 168,132</u>	<u>\$ 151,973</u>	<u>\$ 135,726</u>			
Net OPEB liability (asset) - ending	<u>\$ 32,481</u>	<u>\$ 37,778</u>	<u>\$ (6,784)</u>	<u>\$ 26,824</u>	<u>\$ 90,708</u>	<u>\$ 92,062</u>	<u>\$ 85,289</u>			
Plan fiduciary net position as a percentage of the total OPEB liability	87.02%	84.01%	103.04%	87.29%	64.96%	62.27%	61.41%			
Covered payroll	\$ -	\$ -	\$ 139,796	\$ 130,636	\$ 117,956	\$ 114,631	\$ 108,689			
Expected average remaining service years of all participants	8	8	8	8	8	8	8			
Annual money weighted rate of return, net of investment expenses	11.80%	-13.30%	27.20%	6.22%	7.71%	8.39%	11.60%			

Notes to Schedule:

Benefit changes: Employees who retire at age 65 with 5 years of service are now eligible for a 20% County subsidy. Previously all retiring employees had a 10 year service requirement to receive a subsidy. In addition, for employees retiring after July 1, 2021, who are less than age 65, the 10 year consecutive years of service requirement has been changed to 10 years of total service requirement which includes service prior to a break of service.

Changes of assumptions: The retirement decrement was updated to be consistent with the pension plan, but is based on the DROP exit date instead of the DROP entry date, as required by the GASB 68 (pension) and GASB 75 (OPEB) accounting standards. The healthcare cost trend assumption was updated to be based on the 2022 BOA Getzen model.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 4,293	\$ 6,310	\$ 6,150	\$ 11,663	\$ 11,519	\$ 10,386	\$ 9,783	Information for FY2016 and earlier is not available.		
Less: Contributions in relation to the actuarially determined contribution	5,653	6,864	6,529	12,385	12,031	10,832	10,343			
Contribution deficiency (excess)	<u>\$ (1,360)</u>	<u>\$ (554)</u>	<u>\$ (379)</u>	<u>\$ (722)</u>	<u>\$ (512)</u>	<u>\$ (446)</u>	<u>\$ (560)</u>			
Covered payroll	\$ -	\$ -	\$ 139,796	\$ 130,635	\$ 117,956	\$ 114,631	\$ 108,689			
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a			

Notes to Schedule

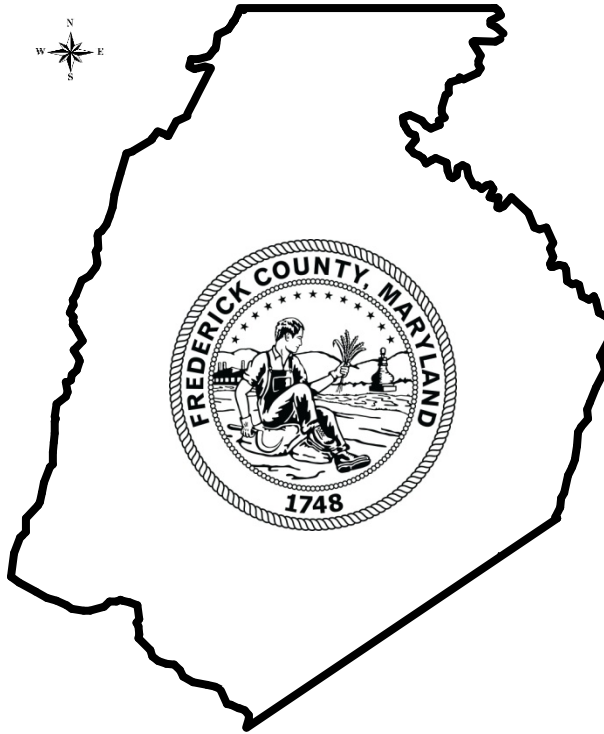
Valuation date: July 1, 2021

The FYE 2023 actuarially determined contribution (ADC) is based on July 1, 2021, census data and asset information. The liability is based on 7/1/2021 data rolled forward to 6/30/2023. The trust assets were as of 7/1/2021. Actuarial valuations are done every other year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16 years
Asset valuation method	Market value
Inflation	2.5%
Healthcare cost trend	6.0% for 2022. The ultimate trend is 3.94%
Payroll growth rate	2.5% Annually
Investment rate of return	7.0% net of OPEB investment expense, including inflation
Mortality Rate	Pre-retirement mortality is 70% of Pub-2010 Safety Employees Head Count-Weighted Mortality table with fully generational projection using scale MP2018 for Uniformed employees; 70% of Pub-2010 General Employees Head Count-Weighted Mortality table with fully generational projection using scale MP2018 for Non-Uniformed employees. Post-retirement mortality for healthy participants and beneficiaries is Pub-2010 General Retirees Head Count-Weighted Mortality table with fully generational projection using scale MP2018. Post-retirement mortality for disabled participant is Pub-2010 General Disabled Retirees Head Count-Weighted Mortality table with fully generational projection using scale MP2018.

FUND STATEMENTS AND SCHEDULES



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

**FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue Funds						Total Non Major Governmental Funds (See Exhibit II-A-3)
	Opioid Abatement	Watershed Protection & Restoration	Electric Lighting Tax Districts	Hotel Rental Tax	Sheriff's/ Judicial Activities	Loan Activities	
Assets							
Cash	\$ -	\$ -	\$ -	\$ -	\$ 296,484	\$ -	\$ 296,484
Equity in pooled invested cash	-	5,440	8,022	310,550	1,551,601	15,490,598	17,366,211
Total cash and cash equivalents	-	5,440	8,022	310,550	1,848,085	15,490,598	17,662,695
Receivables, net of allowance for uncollectibles:							
Accounts	4,127	-	21	297,689	87,316	4,568	393,721
Prepaid items	-	-	-	-	-	12,000	12,000
Long term receivables, net of allowance for uncollectibles:							
Non-profit organization loans	-	-	-	1,158,596	-	-	1,158,596
Housing loans	-	-	-	-	-	13,328,057	13,328,057
Cash and cash equivalents - restricted	1,672,440	-	-	-	-	-	1,672,440
Total assets	\$ 1,676,567	\$ 5,440	\$ 8,043	\$ 1,766,835	\$ 1,935,401	\$ 28,835,223	\$ 34,227,509
Liabilities and fund balance							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 63,140	\$ -	\$ 63,140
Accrued liabilities	-	-	1,768	608,239	-	-	610,007
Due to third parties	-	-	-	-	176,969	-	176,969
Other liabilities	-	-	-	-	-	12,657	12,657
Unearned revenues	1,018,137	-	-	1,158,596	-	-	2,176,733
Total liabilities	1,018,137	-	1,768	1,766,835	240,109	12,657	3,039,506
Deferred inflows of resources							
Unavailable revenue - property taxes	-	-	-	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund balances							
Nonspendable	-	-	-	-	-	12,000	12,000
Restricted	658,430	-	-	-	119,707	13,366,036	14,144,173
Committed	-	5,440	6,275	-	1,575,585	15,444,530	17,031,830
Total fund balance	658,430	5,440	6,275	-	1,695,292	28,822,566	31,188,003
Total liabilities and fund balance	\$ 1,676,567	\$ 5,440	\$ 8,043	\$ 1,766,835	\$ 1,935,401	\$ 28,835,223	\$ 34,227,509

**FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
SHERIFF'S/ JUDICIAL ACTIVITIES - SPECIAL REVENUE FUNDS
JUNE 30, 2023**

	Sheriff's Drug Enforcement	Narcotics Investigative Section	State's Attorney Law Enforcement Aid	Inmates' Canteen	Total Sheriff's/Judicial Activities (See Exhibit II-B-1)
Assets					
Cash	\$ 87,570	\$ 7,721	\$ 22,999	\$ 178,194	\$ 296,484
Equity in pooled invested cash	104,939	116,081	51,951	1,278,630	1,551,601
Total cash and cash equivalents	<u>192,509</u>	<u>123,802</u>	<u>74,950</u>	<u>1,456,824</u>	<u>1,848,085</u>
Receivables, net of allowance for uncollectibles:					
Accounts	-	-	-	87,316	87,316
Total assets	<u>\$ 192,509</u>	<u>\$ 123,802</u>	<u>\$ 74,950</u>	<u>\$ 1,544,140</u>	<u>\$ 1,935,401</u>
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ -	\$ 748	\$ -	\$ 62,392	\$ 63,140
Due to third parties	-	-	-	176,969	176,969
Total liabilities	<u>-</u>	<u>748</u>	<u>-</u>	<u>239,361</u>	<u>240,109</u>
Fund balances					
Restricted	94,339	-	25,368	-	119,707
Committed	98,170	123,054	49,582	1,304,779	1,575,585
Total fund balance	<u>192,509</u>	<u>123,054</u>	<u>74,950</u>	<u>1,304,779</u>	<u>1,695,292</u>
Total liabilities and fund balance	<u>\$ 192,509</u>	<u>\$ 123,802</u>	<u>\$ 74,950</u>	<u>\$ 1,544,140</u>	<u>\$ 1,935,401</u>

**FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
LOAN ACTIVITIES - SPECIAL REVENUE FUNDS
JUNE 30, 2023**

	<u>Housing Initiative</u>	<u>Non-Profit Organizations Loans</u>	<u>Fire/Rescue Loans</u>	<u>Total Loan Activities (See Exhibit II-B-1)</u>
Assets				
Equity in pooled invested cash	\$ 15,257,742	\$ 20,000	\$ 212,856	\$ 15,490,598
Total cash and cash equivalents	15,257,742	20,000	212,856	15,490,598
Receivables, net of allowance for uncollectibles:				
Accounts	4,568	-	-	4,568
Prepaid items	12,000	-	-	12,000
Long term receivables, net of allowance for uncollectibles:				
Housing loans	13,328,057	-	-	13,328,057
Total assets	<u>\$ 28,602,367</u>	<u>\$ 20,000</u>	<u>\$ 212,856</u>	<u>\$ 28,835,223</u>
Liabilities and fund balance				
Liabilities				
Other liabilities	\$ 12,657	\$ -	\$ -	\$ 12,657
Total liabilities	<u>12,657</u>	<u>-</u>	<u>-</u>	<u>12,657</u>
Fund balances				
Nonspendable	12,000	-	-	12,000
Restricted	13,366,036	-	-	13,366,036
Committed	15,211,674	20,000	212,856	15,444,530
Total fund balance	<u>28,589,710</u>	<u>20,000</u>	<u>212,856</u>	<u>28,822,566</u>
Total liabilities and fund balance	<u>\$ 28,602,367</u>	<u>\$ 20,000</u>	<u>\$ 212,856</u>	<u>\$ 28,835,223</u>

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Special Revenue Funds						Total Nonmajor Governmental Funds (See Exhibit II-A-5)
	Opioid Abatement	Watershed Protection & Restoration	Electric Lighting Tax Districts	Hotel Rental Tax	Sheriff's/ Judicial Activities	Loan Activities	
Revenues							
Storm Water Remediation Fee	\$ -	\$ 404	\$ -	\$ -	\$ -	\$ -	\$ 404
Lighting tax levy	-	-	11,994	-	-	-	11,994
Other local taxes	-	-	-	2,792,408	-	1,208,722	4,001,130
Charges for services	-	-	-	-	998,178	-	998,178
Fines and forfeitures	-	-	-	-	182,669	-	182,669
Interest from loans	-	-	-	-	-	29,395	29,395
Investment earnings	16,144	195	-	6,017	52,853	606,505	681,714
Miscellaneous revenue	642,286	-	461	162,999	18,872	704,073	1,528,691
Total revenues	658,430	599	12,455	2,961,424	1,252,572	2,548,695	7,434,175
Expenditures							
General government	-	-	-	41,556	-	-	41,556
Public safety	-	-	-	-	1,078,043	-	1,078,043
Public works	-	-	14,152	-	-	-	14,152
Community development and public housing	-	-	-	-	-	487,174	487,174
Economic development and opportunity	-	-	-	2,756,869	-	-	2,756,869
Total expenditures	-	-	14,152	2,798,425	1,078,043	487,174	4,377,794
Excess (deficiency) of revenues over expenditures	658,430	599	(1,697)	162,999	174,529	2,061,521	3,056,381
Other financing sources (uses)							
Transfers in from Grants Fund	-	-	-	-	-	50,000	50,000
Transfers out to Debt Service Fund	-	-	-	(162,999)	-	-	(162,999)
Total other financing sources (uses)	-	-	-	(162,999)	-	50,000	(112,999)
Net change in fund balances	658,430	599	(1,697)	-	174,529	2,111,521	2,943,382
Fund balance - beginning of year	-	4,841	7,972	-	1,520,763	26,711,045	28,244,621
Fund balance - end of year	\$ 658,430	\$ 5,440	\$ 6,275	\$ -	\$ 1,695,292	\$ 28,822,566	\$ 31,188,003

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SHERIFF'S/JUDICIAL ACTIVITIES - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Sheriff's Drug Enforcement	Narcotics Investigative Section	State's Attorney Law Enforcement Aid	Inmates' Canteen	Total Sheriff's/Judicial Activities (See Exhibit II-B-4)
Revenues					
Charges for services	\$ -	\$ -	\$ -	\$ 998,178	\$ 998,178
Fines and forfeitures	29,994	131,026	21,649	-	182,669
Investment earnings	3,481	3,279	1,804	44,289	52,853
Miscellaneous revenue	-	17,506	1,366	-	18,872
Total revenues	<u>33,475</u>	<u>151,811</u>	<u>24,819</u>	<u>1,042,467</u>	<u>1,252,572</u>
Expenditures					
Public safety	<u>22,130</u>	<u>87,034</u>	<u>35,216</u>	<u>933,663</u>	<u>1,078,043</u>
Total expenditures	<u>22,130</u>	<u>87,034</u>	<u>35,216</u>	<u>933,663</u>	<u>1,078,043</u>
Other financing sources (uses)					
Transfers out to general fund	-	-	-	-	-
Transfers in/out to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>11,345</u>	<u>64,777</u>	<u>(10,397)</u>	<u>108,804</u>	<u>174,529</u>
Fund balance - beginning of year	<u>181,164</u>	<u>58,277</u>	<u>85,347</u>	<u>1,195,975</u>	<u>1,520,763</u>
Fund balance - end of year	<u>\$ 192,509</u>	<u>\$ 123,054</u>	<u>\$ 74,950</u>	<u>\$ 1,304,779</u>	<u>\$ 1,695,292</u>

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
LOAN ACTIVITIES - SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Housing Initiative	Non-Profit Organizations Loans	Fire/Rescue Loans	Total Loan Activities (See Exhibit II-B-4)
Revenues				
Other local taxes	\$ 1,208,722	\$ -	\$ -	\$ 1,208,722
Interest from loans	29,395	-	-	29,395
Investment earnings	598,971	-	7,534	606,505
Miscellaneous revenue	704,073	-	-	704,073
Total revenues	<u>2,541,161</u>	<u>-</u>	<u>7,534</u>	<u>2,548,695</u>
Expenditures				
Community development and public housing	487,174	-	-	487,174
Total expenditures	<u>487,174</u>	<u>-</u>	<u>-</u>	<u>487,174</u>
Excess (deficiency) of revenues over expenditures	<u>2,053,987</u>	<u>-</u>	<u>7,534</u>	<u>2,061,521</u>
Other financing sources (uses)				
Transfer in from grants fund	50,000	-	-	50,000
Total other financing sources (uses)	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Net change in fund balances	2,103,987	-	7,534	2,111,521
Fund balance - beginning of year	<u>26,485,723</u>	<u>20,000</u>	<u>205,322</u>	<u>26,711,045</u>
Fund balance - end of year	<u>\$ 28,589,710</u>	<u>\$ 20,000</u>	<u>\$ 212,856</u>	<u>\$ 28,822,566</u>

FREDERICK COUNTY, MARYLAND
SPECIAL REVENUE FUNDS
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Hotel Rental Tax			Housing Initiative			School Construction		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues									
Lighting tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	2,346,000	2,792,408	446,408	1,294,031	1,208,722	(85,309)	8,640,984	8,071,313	(569,671)
Grants from federal government	-	-	-	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Interest from loans	-	-	-	-	29,395	29,395	-	-	-
Investment earnings	200	6,017	5,817	16,500	598,971	582,471	329,947	693,390	363,443
Miscellaneous revenue	171,000	162,999	(8,001)	2,500,000	1,007,170	(1,492,830)	-	-	-
Total revenues	<u>2,517,200</u>	<u>2,961,424</u>	<u>444,224</u>	<u>3,810,531</u>	<u>2,844,258</u>	<u>(966,273)</u>	<u>8,970,931</u>	<u>8,764,703</u>	<u>(206,228)</u>
Expenditures									
General government	45,451	41,556	3,895	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-	-	-	-
Community development and public housing	-	-	-	9,890,503	5,478,091	4,412,412	-	-	-
Economic development and opportunity	2,300,749	2,756,869	(456,120)	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Total expenditures	<u>2,346,200</u>	<u>2,798,425</u>	<u>(452,225)</u>	<u>9,890,503</u>	<u>5,478,091</u>	<u>4,412,412</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>171,000</u>	<u>162,999</u>	<u>(8,001)</u>	<u>(6,079,972)</u>	<u>(2,633,833)</u>	<u>3,446,139</u>	<u>8,970,931</u>	<u>8,764,703</u>	<u>(206,228)</u>
Other financing sources (uses)									
Appropriated fund balance	-	-	-	6,029,972	5,449,182	(580,790)	(2,606,931)	-	2,606,931
Transfers in from general fund	-	-	-	-	-	-	-	-	-
Transfers in from grants fund	-	-	-	50,000	50,000	-	-	-	-
Transfers out to capital projects fund	-	-	-	-	-	-	(2,000,000)	(2,000,000)	-
Transfers out to general fund	-	-	-	-	-	-	-	-	-
Transfers out to fleet services	-	-	-	-	-	-	-	-	-
Transfers out to housing initiative	-	-	-	-	-	-	-	-	-
Transfers out to debt service fund	(171,000)	(162,999)	8,001	-	-	-	(4,364,000)	(4,362,534)	1,466
Total other financing sources (uses)	<u>(171,000)</u>	<u>(162,999)</u>	<u>8,001</u>	<u>6,079,972</u>	<u>5,499,182</u>	<u>(580,790)</u>	<u>(8,970,931)</u>	<u>(6,362,534)</u>	<u>2,608,397</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,865,349</u>	<u>\$ 2,865,349</u>	<u>\$ -</u>	<u>2,402,169</u>	<u>\$ 2,402,169</u>
Fund balance - beginning of year		-			26,485,723			-	
Net change in reserves and adjustments to GAAP basis		-			(761,362)			(2,402,169)	
Fund balance - end of year		<u>\$ -</u>			<u>\$ 28,589,710</u>			<u>\$ -</u>	

FREDERICK COUNTY, MARYLAND
SPECIAL REVENUE FUNDS
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Impact Fees			Parks Acquisition & Development			Electric Lighting Tax Districts		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues									
Lighting tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,889	\$ 11,994	\$ 105
Other local taxes	-	-	-	6,476,203	6,049,248	(426,955)	-	-	-
Grants from federal government	-	-	-	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-	-	-	-
Charges for services	34,619,640	23,244,100	(11,375,540)	-	-	-	-	-	-
Interest from loans	-	-	-	-	-	-	-	-	-
Investment earnings	2,427,832	4,846,279	2,418,447	124,556	723,915	599,359	-	461	461
Miscellaneous revenue	-	-	-	-	-	-	-	-	-
Total revenues	<u>37,047,472</u>	<u>28,090,379</u>	<u>(8,957,093)</u>	<u>6,600,759</u>	<u>6,773,163</u>	<u>172,404</u>	<u>11,889</u>	<u>12,455</u>	<u>566</u>
Expenditures									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	14,385	14,152	233
Health	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-	-	-	-
Community development and public housing	-	-	-	-	-	-	-	-	-
Economic development and opportunity	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,385</u>	<u>14,152</u>	<u>233</u>
Excess (deficiency) of revenues over expenditures	<u>37,047,472</u>	<u>28,090,379</u>	<u>(8,957,093)</u>	<u>6,600,759</u>	<u>6,773,163</u>	<u>172,404</u>	<u>(2,496)</u>	<u>(1,697)</u>	<u>799</u>
Other financing sources (uses)									
Appropriated fund balance	(28,843,040)	-	28,843,040	5,225,590	-	(5,225,590)	2,496	-	(2,496)
Transfers in from general fund	-	16,668	16,668	-	-	-	-	-	-
Transfers out to capital projects fund	(6,170,046)	(6,170,046)	-	(10,559,615)	(10,559,615)	-	-	-	-
Transfers out to general fund	-	-	-	-	-	-	-	-	-
Transfers out to grants fund	-	-	-	-	-	-	-	-	-
Proceeds from refunding bonds	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-
Premium on public facilities bonds	-	-	-	-	-	-	-	-	-
Transfers out to fleet services fund	-	-	-	-	-	-	-	-	-
Transfers out to debt service fund	(2,051,054)	(2,006,694)	44,360	(1,266,734)	(1,102,207)	-	-	-	-
Total other financing sources (uses)	<u>(37,064,140)</u>	<u>(8,160,072)</u>	<u>28,904,068</u>	<u>(6,600,759)</u>	<u>(11,661,822)</u>	<u>(5,225,590)</u>	<u>2,496</u>	<u>-</u>	<u>(2,496)</u>
Net change in fund balances	<u>\$ (16,668)</u>	<u>19,930,307</u>	<u>\$ 19,946,975</u>	<u>\$ -</u>	<u>(4,888,659)</u>	<u>\$ (5,053,186)</u>	<u>\$ -</u>	<u>(1,697)</u>	<u>\$ (1,697)</u>
Fund balance - beginning of year		-			-			7,972	
Net change in reserves and adjustments to GAAP basis		<u>(19,930,307)</u>			<u>4,888,659</u>			<u>-</u>	
Fund balance - end of year		<u>\$ -</u>			<u>\$ -</u>			<u>\$ 6,275</u>	

FREDERICK COUNTY, MARYLAND
SPECIAL REVENUE FUNDS
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Opioid Abatement		
	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues			
Lighting tax levy	\$ -	\$ -	\$ -
Other local taxes	-	-	-
Grants from federal government	-	-	-
Grants from state government	602,631	-	(602,631)
Charges for services	-	-	-
Interest from loans	-	-	-
Investment earnings	1,000	16,144	15,144
Miscellaneous revenue	-	642,286	642,286
Total revenues	<u>603,631</u>	<u>658,430</u>	<u>54,799</u>
Expenditures			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health	-	-	-
Social services	-	-	-
Conservation of natural resources	-	-	-
Community development and public housing	-	-	-
Economic development and opportunity	-	-	-
Debt service	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>603,631</u>	<u>658,430</u>	<u>54,799</u>
Other financing sources (uses)			
Appropriated fund balance	-	-	-
Transfers in from general fund	-	-	-
Transfers out to capital projects fund	-	-	-
Transfers out to general fund	-	-	-
Transfers out to grants fund	-	-	-
Proceeds from refunding bonds	-	-	-
Payment to refunded bond escrow agent	-	-	-
Premium on public facilities bonds	-	-	-
Transfers out to fleet services fund	-	-	-
Transfers out to debt service fund	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 603,631</u>	<u>658,430</u>	<u>\$ 54,799</u>
Fund balance - beginning of year		-	
Net change in reserves and adjustments to GAAP basis		<u>-</u>	
Fund balance - end of year		<u>\$ 658,430</u>	

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Amended Budget	Actual	Variance - Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ 1,966,885	\$ 1,966,885
Total revenues	<u>-</u>	<u>1,966,885</u>	<u>1,966,885</u>
Expenditures			
Principal and interest for general obligation bonds:			
General government	15,916,278	15,782,876	133,402
Parks and recreation	1,921,545	1,905,440	16,105
Watershed restoration	1,208,196	1,198,070	10,126
Transportation	11,759,150	11,660,591	98,559
Public Safety	3,593,794	3,563,673	30,121
Frederick County Public Libraries	425,471	421,905	3,566
Frederick Community College	3,964,033	3,930,809	33,224
Frederick County Public Schools	28,846,783	28,605,005	241,778
Municipalities	1,247,994	1,237,534	10,460
Tourism	338,701	335,862	2,839
Principal and interest for:			
Installment purchase agreements	8,109,300	8,119,856	(10,556)
Long term leases	1,674,400	2,091,617	(417,217)
Debt issuance costs	1,134,413	702,946	431,467
Total expenditures	<u>80,140,058</u>	<u>79,556,184</u>	<u>583,874</u>
Excess (deficiency) of revenues over expenditures	<u>(80,140,058)</u>	<u>(77,589,299)</u>	<u>2,550,759</u>
Other financing sources (uses)			
Transfers in from general fund	49,599,362	49,599,362	-
Transfers in from special revenue funds:			
Agricultural preservation fund	8,148,300	8,147,837	(463)
Hotel rental tax fund	171,000	162,999	(8,001)
Transfers in from capital project funds:			
Impact fee fund	2,049,825	2,006,694	(43,131)
Parks acquisition & development fund	1,095,400	1,102,207	6,807
School construction fund	4,364,000	4,362,534	(1,466)
Refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Premium on debt	707,038	660,822	(46,216)
Total other financing sources (uses)	<u>66,134,925</u>	<u>66,042,455</u>	<u>(92,470)</u>
Net change in fund balances	<u>\$ (14,005,133)</u>	<u>(11,546,844)</u>	<u>\$ 2,458,289</u>
Net change in reserves and adjustment to GAAP basis		-	
Fund balance - beginning of year		<u>21,748,329</u>	
Fund balance - end of year		<u>\$ 10,201,485</u>	

FREDERICK COUNTY, MARYLAND
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Project Budget</u>	<u>Current Year Actual</u>	<u>Total To Date</u>	<u>Variance - Positive (Negative)</u>
Revenues				
Grants from federal government				
Highways	\$ 17,561,296	\$ 490,231	\$ 117,812	\$ (17,443,484)
Miscellaneous grants	5,088,632	518,410	606,707	(4,481,925)
Grants from state government:				
Highways	5,024,000	-	-	(5,024,000)
Program open space	4,108,777	-	(222,044)	(4,330,821)
Detention center	6,648,092	2,176,272	3,035,227	(3,612,865)
Education	152,372,994	55,084,585	58,849,023	(93,523,971)
Education - library	3,609,000	1,212,078	1,424,349	(2,184,651)
Watershed restoration	1,631,504	218,766	229,128	(1,402,376)
Miscellaneous grants	11,556,529	3,198,859	2,625,920	(8,930,609)
Other	7,390,738	6,664,258	4,724,200	(2,666,538)
Total revenues	<u>214,991,562</u>	<u>69,563,459</u>	<u>71,390,322</u>	<u>(143,601,240)</u>
Expenditures				
General government	255,505,586	47,703,773	59,603,337	195,902,249
Roads and bridges	216,579,059	31,736,066	53,457,748	163,121,311
Board of Education	358,979,114	53,918,603	137,398,456	221,580,658
Frederick Community College	55,680,414	6,277,746	12,304,941	43,375,473
Parks and recreation	94,531,398	11,305,117	22,092,668	72,438,730
Watershed restoration	49,439,984	3,860,603	3,824,757	45,615,227
Municipal	1,492,590	-	612,050	880,540
Total expenditures	<u>1,032,208,145</u>	<u>154,801,908</u>	<u>289,293,957</u>	<u>742,914,188</u>
Excess (deficiency) of revenues over expenditures	<u>(817,216,583)</u>	<u>(85,238,449)</u>	<u>(217,903,635)</u>	<u>599,312,948</u>
Other financing sources (uses)				
Transfers in from general fund	177,056,989	22,894,842	104,978,160	(72,078,829)
Transfers in from grant fund	3,665,270	704,724	704,724	(2,960,546)
Transfers in from impact fees fund	91,225,783	6,170,046	61,489,215	(29,736,568)
Transfers in from parks acquisition & development fund	38,943,966	10,559,615	24,251,941	(14,692,025)
Transfers in from development road improvement fund	3,153,070	-	264,004	(2,889,066)
Transfers in from school construction fund	18,144,471	2,000,000	7,773,195	(10,371,276)
Transfers in from water and sewer fund	2,073,963	3,859	597,776	(1,476,187)
Transfers in from solid waste fund	75,828	-	161,149	85,321
Transfers out from water and sewer fund	-	(48,717)	(701,405)	(701,405)
General obligation bonds issued	448,980,614	96,315,000	121,279,686	(327,700,928)
Premium on debt	32,153,436	12,750,533	43,286,389	11,132,953
Capital leases	1,743,193	-	401,940	(1,341,253)
Total other financing sources (uses)	<u>817,216,583</u>	<u>151,349,902</u>	<u>364,486,774</u>	<u>(452,729,809)</u>
Net change in fund balances	<u>\$ -</u>	<u>66,111,453</u>	<u>\$ 146,583,139</u>	<u>\$ 146,583,139</u>
Net change in reserves and adjustment to GAAP basis		32,832,155		
Fund balance - beginning of year		283,122,180		
Fund balance - end of year		<u>\$ 382,065,788</u>		

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2023

	Worker's Compensation	Health Insurance	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-10)
Assets					
Current assets:					
Equity in pooled invested cash	\$ 18,202,022	\$ 3,911,561	\$ 356,968	\$ 16,566,094	\$ 39,036,645
Restricted cash and cash equivalents					-
Total cash and cash equivalents	18,202,022	3,911,561	356,968	16,566,094	39,036,645
Receivables, net of allowance for uncollectible					
Accounts	336,000	486,712	113,857	84,731	1,021,300
Inventories	-	-	-	697,253	697,253
Prepaid items	-	-	135,699	-	135,699
Total current assets	18,538,022	4,398,273	606,524	17,348,078	40,890,897
Noncurrent assets:					
Capital assets:					
Buildings and improvements	-	-	-	1,833,133	1,833,133
Equipment	-	-	620,089	43,088,115	43,708,204
Right-to-use assets	-	-	-	518,415	518,415
Accumulated depreciation/amortization	-	-	(545,445)	(24,887,924)	(25,433,369)
Total noncurrent assets	-	-	74,644	20,551,739	20,626,383
Total assets	18,538,022	4,398,273	681,168	37,899,817	61,517,280
Liabilities					
Current liabilities:					
Payroll and benefit deductions	3,414	-	10,756	96,048	110,218
Accrued expenses	33,800	4,115,657	4,556	200,020	4,354,033
Other liabilities	-	-	13	-	13
Current portion of prefunded loss claims	2,152,450	-	-	-	2,152,450
Current portion of leases	-	-	-	165,365	165,365
Current portion of compensated absences	754	-	1,844	19,234	21,832
Total current liabilities	2,190,418	4,115,657	17,169	480,667	6,803,911
Noncurrent liabilities:					
Liability for prefunded loss claims	3,676,836	-	-	-	3,676,836
Liability for long-term portion of leases	-	-	-	148,901	148,901
Liability for compensated absences	560	-	26,843	164,682	192,085
Total noncurrent liabilities	3,677,396	-	26,843	313,583	4,017,822
Total liabilities	5,867,814	4,115,657	44,012	794,250	10,821,733
Net position					
Net investment in capital assets	-	-	74,644	20,551,739	20,626,383
Unrestricted	12,670,208	282,616	562,512	16,553,828	30,069,164
Total net position	\$ 12,670,208	\$ 282,616	\$ 637,156	\$ 37,105,567	\$ 50,695,547

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Worker's Compensation</u>	<u>Health Insurance</u>	<u>Voice Services</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds (See Exhibit II-A-11)</u>
Operating revenues					
Service charges	\$ 7,013,829	\$ 18,414,194	\$ 1,029,763	\$ 16,240,035	\$ 42,697,821
Other revenues	40,983	973,424	-	6,565	1,020,972
Total operating revenues	<u>7,054,812</u>	<u>19,387,618</u>	<u>1,029,763</u>	<u>16,246,600</u>	<u>43,718,793</u>
Operating expenses					
Personnel services	99,898	-	327,659	2,562,820	2,990,377
Other operating expenses (including administrative overhead)	258,318	845,156	442,897	1,276,283	2,822,654
Prefunded loss & estimated claims	3,002,307	-	-	-	3,002,307
Insurance	782,984	18,342,021	-	-	19,125,005
Supplies	-	-	139	6,593,112	6,593,251
Repairs and maintenance	-	-	303,431	1,064,896	1,368,327
Depreciation/amortization expense	-	-	49,763	4,013,414	4,063,177
Total operating expenses	<u>4,143,507</u>	<u>19,187,177</u>	<u>1,123,889</u>	<u>15,510,525</u>	<u>39,965,098</u>
Operating income (loss)	<u>2,911,305</u>	<u>200,441</u>	<u>(94,126)</u>	<u>736,075</u>	<u>3,753,695</u>
Nonoperating revenues (expenses)					
Investment earnings	580,987	82,175	14,303	538,744	1,216,209
Insurance recovery	-	-	-	11,221	11,221
Interest expense	-	-	-	(11,248)	(11,248)
Contributions and donations	-	-	-	34,812	34,812
Gain (loss) on disposition of capital assets	-	-	-	8,675	8,675
Total nonoperating revenues (expenses)	<u>580,987</u>	<u>82,175</u>	<u>14,303</u>	<u>582,204</u>	<u>1,259,669</u>
Net income (loss) before contributions and transfers	<u>3,492,292</u>	<u>282,616</u>	<u>(79,823)</u>	<u>1,318,279</u>	<u>5,013,364</u>
Transfers in (out)	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>2,867,569</u>	<u>3,267,569</u>
Total contributions and transfers	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>2,867,569</u>	<u>3,267,569</u>
Change in net position	3,892,292	282,616	(79,823)	4,185,848	8,280,933
Net position - beginning of year	<u>8,777,916</u>	<u>-</u>	<u>716,979</u>	<u>32,919,719</u>	<u>42,414,614</u>
Net position - end of year	<u>\$ 12,670,208</u>	<u>\$ 282,616</u>	<u>\$ 637,156</u>	<u>\$ 37,105,567</u>	<u>\$ 50,695,547</u>

**FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Worker's Compensation	Health Insurance	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-12)
Cash flows from operating activities					
Cash received from residents and customers	\$ -	\$ -	\$ 412,745	\$ 981,094	\$ 1,393,839
Cash paid to suppliers	(1,018,328)	(15,071,519)	(743,730)	(9,700,858)	(26,534,435)
Cash paid to employees	(2,501,665)	-	(340,226)	(2,556,110)	(5,398,001)
Internal activity - receipts from other funds	6,963,063	18,900,906	569,717	15,305,765	41,739,451
Net cash provided by operating activities	<u>3,443,070</u>	<u>3,829,387</u>	<u>(101,494)</u>	<u>4,029,891</u>	<u>11,200,854</u>
Cash flows from noncapital financing activities					
Transfers in	400,000	-	-	2,867,568	3,267,568
Net cash provided (used) by noncapital financing activities	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>2,867,568</u>	<u>3,267,568</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	-	-	-	(6,642,211)	(6,642,211)
Recoveries for damages	-	-	-	11,220	11,220
Proceeds from sale of capital assets	-	-	-	326,802	326,802
Payment of bond, note, and lease principals	-	-	-	(142,596)	(142,596)
Interest paid on bonds, notes, and leases	-	-	-	(11,248)	(11,248)
Net cash provided (used) by capital & related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,458,033)</u>	<u>(6,458,033)</u>
Cash flows from investing activities					
Interest received on investments	580,987	82,174	14,303	538,743	1,216,207
Net cash provided by investing activities	<u>580,987</u>	<u>82,174</u>	<u>14,303</u>	<u>538,743</u>	<u>1,216,207</u>
Net increase (decrease) in cash and cash equivalents	4,424,057	3,911,561	(87,191)	978,169	9,226,596
Cash and cash equivalents - beginning of year	13,777,965	-	444,159	15,587,925	29,810,049
Cash and cash equivalents - end of year	<u>\$ 18,202,022</u>	<u>\$ 3,911,561</u>	<u>\$ 356,968</u>	<u>\$ 16,566,094</u>	<u>\$ 39,036,645</u>

(continued)

**FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Worker's Compensation</u>	<u>Health Insurance</u>	<u>Voice Services</u>	<u>Fleet Services</u>	<u>Total Internal Service Funds (See Exhibit II-A-12)</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 2,911,305	\$ 200,441	\$ (94,126)	\$ 736,075	\$ 3,753,695
Adjustments to reconcile net operating income to net cash provided by operating activities:					
Depreciation	-	-	49,763	4,013,414	4,063,177
Change in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(91,749)	(486,712)	(47,300)	46,824	(578,937)
Inventory	-	-	-	(41)	(41)
Prepaid items	-	-	(861)	20,942	20,081
(Increase) decrease in:					
Accounts payable	-	-	-	(2,240)	(2,240)
Accrued expenses	23,025	4,115,658	(1,371)	(791,740)	3,345,572
Liability for compensated leave	545	-	(7,612)	6,657	(410)
Other liabilities	599,944	-	13	-	599,957
Net cash provided by operating activities	<u>\$ 3,443,070</u>	<u>\$ 3,829,387</u>	<u>\$ (101,494)</u>	<u>\$ 4,029,891</u>	<u>\$ 11,200,854</u>

Non-cash investing, capital, and financing activities: None

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFITS TRUST FUNDS
JUNE 30, 2023

	Employees Retirement Plan	Uniformed Employees Retirement Plan	Other Post Employment Benefits Trust	Length of Service Award Program Trust	Total Pension Trust Funds (See Exhibit II-A-13)
ASSETS					
Cash and cash equivalents	\$ 645,652	\$ 42,136	\$ 2,126,686	\$ 22,783	\$ 2,837,257
Investments:					
Money markets	5,802,424	12,568,017	179,163	172	18,549,776
Fixed income securities	171,426,250	126,541,444	72,434,244	1,277,283	371,679,221
Equity securities	331,272,902	249,273,193	143,640,325	2,430,367	726,616,787
Target date securities	-	293,554	-	-	293,554
Accounts receivable	1,210	-	1,173,208	-	1,174,418
Interest receivable	445,643	327,946	133,046	1	906,636
Total assets	<u>509,594,081</u>	<u>389,046,290</u>	<u>219,686,672</u>	<u>3,730,606</u>	<u>1,122,057,649</u>
LIABILITIES					
Accounts payable	2,526,187	1,464,155	284,642	11,894	4,286,878
Accrued benefit payments	2,139	1,025	-	-	3,164
Other liabilities	-	33,379	1,613,291	-	1,646,670
Total liabilities	<u>2,528,326</u>	<u>1,498,559</u>	<u>1,897,933</u>	<u>11,894</u>	<u>5,936,712</u>
NET POSITION					
Net position restricted for pension	507,065,755	387,547,731	-	3,718,712	898,332,198
Net position restricted for other post employment benefits	-	-	217,788,739	-	217,788,739
Total net position	<u>\$ 507,065,755</u>	<u>\$ 387,547,731</u>	<u>\$ 217,788,739</u>	<u>\$ 3,718,712</u>	<u>\$ 1,116,120,937</u>

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

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFITS TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Employees Retirement Plan	Uniformed Employees Retirement Plan	Other Post Employment Benefits Trust	Length of Service Award Program Trust	Total Pension Trust Funds (See Exhibit II-A-14)
Additions					
Contributions					
Employer contributions	\$ 11,897,449	\$ 11,681,292	\$ 4,511,070	\$ -	\$ 28,089,811
Member contributions	6,213,472	5,849,846	2,650,871	-	14,714,189
County contributions	-	-	-	1,207,434	1,207,434
Other	12,176	8,965	1,141,905	-	1,163,046
Total contributions	<u>18,123,097</u>	<u>17,540,103</u>	<u>8,303,846</u>	<u>1,207,434</u>	<u>45,174,480</u>
Investment income					
Net appreciation in fair value of plan investments	45,732,269	34,888,961	18,765,827	306,738	99,693,795
Interest and dividends	10,228,136	7,789,481	4,438,669	92,735	22,549,021
Investment expense	(1,027,912)	(776,027)	(102,961)	(4,117)	(1,911,017)
Net investment income	<u>54,932,493</u>	<u>41,902,415</u>	<u>23,101,535</u>	<u>395,356</u>	<u>120,331,799</u>
Total additions	<u>73,055,590</u>	<u>59,442,518</u>	<u>31,405,381</u>	<u>1,602,790</u>	<u>165,506,279</u>
Deductions					
Benefit premiums and refunds	22,764,878	12,945,109	5,798,225	824,708	42,332,920
Benefit claims incurred	-	-	6,075,840	-	6,075,840
Administrative expenses	276,796	232,206	276,280	24,785	810,067
Total deductions	<u>23,041,674</u>	<u>13,177,315</u>	<u>12,150,345</u>	<u>849,493</u>	<u>49,218,827</u>
Change in net position	50,013,916	46,265,203	19,255,036	753,297	116,287,452
Net position - beginning of year	<u>457,051,839</u>	<u>341,282,528</u>	<u>198,533,703</u>	<u>2,965,415</u>	<u>999,833,485</u>
Net position - end of year	<u>\$ 507,065,755</u>	<u>\$ 387,547,731</u>	<u>\$ 217,788,739</u>	<u>\$ 3,718,712</u>	<u>\$ 1,116,120,937</u>

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

FREDERICK COUNTY, MARYLAND
OTHER CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	<u>Tax Agency</u>	<u>Subdivision and Driveway Deposits</u>	<u>Work Release</u>	<u>Law Library</u>	<u>Juror's Fund</u>	<u>Total Other Custodial</u>
Assets						
Cash and cash equivalents	\$ 2,712,516	\$ 4,908,067	\$ 16,065	\$ 441,246	\$ 34,600	\$ 8,112,494
Receivables (net of allowance for uncollectibles):						
Interest	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-
Accounts	11,563	-	-	-	-	11,563
Total Assets	<u>2,724,079</u>	<u>4,908,067</u>	<u>16,065</u>	<u>441,246</u>	<u>34,600</u>	<u>8,124,057</u>
Liabilities						
Accounts payable	-	-	-	-	-	-
Accrued benefit payments	-	-	-	-	-	-
Due to third parties	2,724,079	-	16,065	368,021	34,600	3,142,765
Bond forfeitures	-	-	-	73,225	-	73,225
Performance deposits	-	4,908,067	-	-	-	4,908,067
Retirement benefit deductions	-	-	-	-	-	-
Total Liabilities	<u>2,724,079</u>	<u>4,908,067</u>	<u>16,065</u>	<u>441,246</u>	<u>34,600</u>	<u>8,124,057</u>
NET POSITION						
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**FREDERICK COUNTY, MARYLAND
OTHER CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Tax Agency</u>	<u>Subdivision and Driveway Deposits</u>	<u>Work Release</u>	<u>Tax Incremental Financing Bond</u>	<u>Law Library</u>	<u>Juror's Fund</u>	<u>Total Other Custodial</u>
Additions							
Other	\$ 12,240,256	\$ 3,494,862	\$ 1,184,789	\$ 7,724,261	\$ 114,305	\$ 170,100	\$ 24,928,573
Total Additions	<u>12,240,256</u>	<u>3,494,862</u>	<u>1,184,789</u>	<u>7,724,261</u>	<u>114,305</u>	<u>170,100</u>	<u>24,928,573</u>
Deductions							
Third party payments	12,240,256	3,494,862	1,184,789	7,724,261	114,305	170,100	24,928,573
Total Deductions	<u>12,240,256</u>	<u>3,494,862</u>	<u>1,184,789</u>	<u>7,724,261</u>	<u>114,305</u>	<u>170,100</u>	<u>24,928,573</u>
Change in net position	-	-	-	-	-	-	-
Net position - beginning of year	-	-	-	-	-	-	-
Net Position - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

FREDERICK COUNTY, MARYLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE (1)
JUNE 30, 2023

	<u>2023</u>
Governmental funds capital assets	
Land and improvements	\$ 221,934,721
Buildings	310,915,989
Equipment	126,731,342
Infrastructure	458,379,055
Construction in progress	58,487,974
Total governmental funds capital assets	<u><u>\$ 1,176,449,081</u></u>
 Investment in governmental funds capital assets by source	
Capital projects fund (2)	\$ 910,984,556
General fund	44,214,431
Special revenue funds	133,884,678
Donations	87,365,416
Total governmental funds capital assets	<u><u>\$ 1,176,449,081</u></u>

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$46,578,167 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Position.

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

FREDERICK COUNTY, MARYLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION (1)
JUNE 30, 2023

Function	Land and Improvements	Buildings	Equipment	Infrastructure	Construction in Progress	Total
General government	\$ 6,277,104	\$ 81,723,279	\$ 24,452,362	\$ -	\$ -	\$ 112,452,745
Public safety	10,240,386	91,317,185	75,634,633	-	-	177,192,204
Public works	8,102,189	24,895,384	16,502,371	-	-	49,499,944
Public health	5,141,472	38,577,162	638,257	-	-	44,356,891
Social services	859,146	11,035,999	561,704	-	-	12,456,849
Recreation and culture	78,649,427	60,639,084	10,296,178	3,815,709	-	153,400,398
Conservation of natural resources	109,681,713	-	128,984	-	-	109,810,697
Economic development and opportunity	217,969	1,204,949	39,800	-	-	1,462,718
Infrastructure	2,765,316	-	-	454,563,345	-	457,328,661
Construction in progress	-	-	-	-	58,487,974	58,487,974
Total governmental funds capital assets	<u>\$ 221,934,722</u>	<u>\$ 309,393,042</u>	<u>\$ 128,254,289</u>	<u>\$ 458,379,054</u>	<u>\$ 58,487,974</u>	<u>\$ 1,176,449,081</u>

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$46,578,167 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Position.

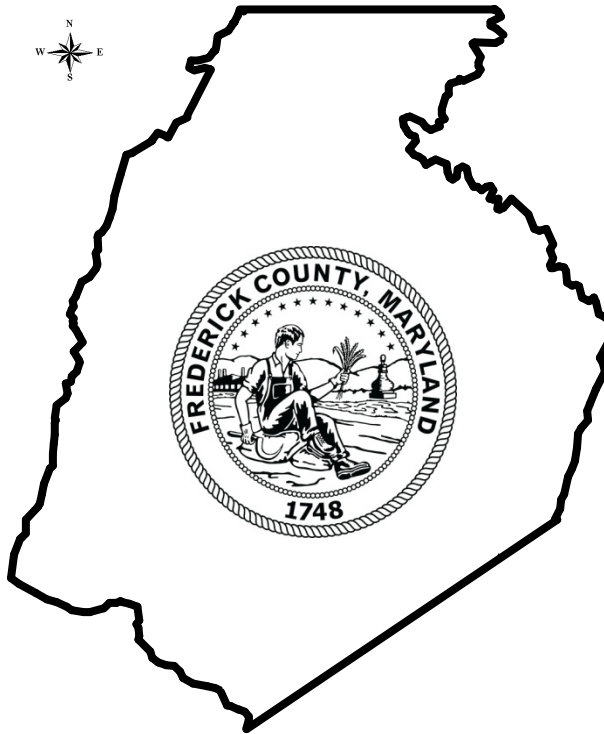
FREDERICK COUNTY, MARYLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION (1)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Function	Governmental Funds Capital Assets July 1, 2022	Additions	Deductions	Governmental Funds Capital Assets June 30, 2023
General government	\$ 82,796,461	\$ 31,499,324	\$ 1,843,040	\$ 112,452,745
Public safety	171,739,569	5,605,780	153,145	177,192,204
Public works	35,023,233	14,421,998	472,285	48,972,946
Public health	8,694,601	35,662,290	-	44,356,891
Social services	11,383,452	1,853,315	252,920	12,983,847
Recreation and culture	147,594,841	6,577,606	772,050	153,400,397
Conservation of natural resources	101,670,644	8,140,052	-	109,810,696
Economic development and opportunity	1,457,279	5,440	-	1,462,719
Infrastructure	436,602,513	20,726,149	-	457,328,662
Construction in progress	75,655,406	63,921,333	81,088,765	58,487,974
Total governmental funds capital assets	<u>\$ 1,072,617,999</u>	<u>\$ 188,413,287</u>	<u>\$ 84,582,205</u>	<u>\$ 1,176,449,081</u>

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$46,578,167 are excluded from the above amounts. Generally, the capital assets of Internal Service Funds are included as governmental activities in the Statement of Net Position.

STATISTICAL SECTION

(Unaudited)



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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018 (3)</u>	<u>2017</u>	<u>2016 (2)</u>	<u>2015</u>	<u>2014</u>
Governmental activities										
Net Investment in capital assets	\$ 253,509,140	\$ 295,771,237	\$ 283,144,078	\$ 278,494,160	\$ 318,947,830	\$ 324,840,212	\$ 307,568,324	\$ 297,438,174	\$ 259,453,783	\$ 254,191,895
Restricted	257,207,582	263,038,238	138,862,168	165,999,648	200,971,860	173,536,423	163,711,175	182,283,535	145,342,639	138,179,573
Unrestricted (Deficit) (1)	146,717,276	120,131,163	106,283,881	(119,663,607)	(255,175,876)	(323,725,357)	(233,227,495)	(235,936,549)	(183,217,496)	(178,367,506)
Total governmental activities net position	<u>657,433,998</u>	<u>678,940,638</u>	<u>528,290,127</u>	<u>324,830,201</u>	<u>264,743,814</u>	<u>174,651,278</u>	<u>238,052,004</u>	<u>243,785,160</u>	<u>221,578,926</u>	<u>214,003,962</u>
Business-type activities										
Net Investment in capital assets	530,091,234	526,392,006	522,956,366	507,409,906	472,364,314	449,599,222	442,194,425	438,579,430	425,865,230	401,049,591
Restricted	660,911	7,561,911	1,740,387	3,488,995	30,968,191	38,935,350	27,602,398	8,854,679	2,036,901	1,326,742
Unrestricted (Deficit)	260,984,509	230,821,036	212,361,518	181,779,367	154,769,121	122,915,156	118,937,571	101,822,626	105,728,749	107,306,474
Total business-type activities net position	<u>791,736,654</u>	<u>764,774,953</u>	<u>737,058,271</u>	<u>692,678,268</u>	<u>658,101,626</u>	<u>611,449,728</u>	<u>588,734,394</u>	<u>549,256,735</u>	<u>533,630,880</u>	<u>509,682,807</u>
Primary government										
Net Investment in capital assets	783,600,374	822,163,243	806,100,444	785,904,066	791,312,144	774,439,434	749,762,749	736,017,604	685,319,013	655,241,486
Restricted	257,868,493	270,600,149	140,602,555	169,488,643	231,940,051	212,471,773	191,313,573	191,138,214	147,379,540	139,506,315
Unrestricted (Deficit) (1)	407,701,785	350,952,199	318,645,399	62,115,760	(100,406,755)	(200,810,201)	(114,289,924)	(134,113,923)	(77,488,747)	(71,061,032)
Total primary government net position	<u>\$ 1,449,170,652</u>	<u>\$ 1,443,715,591</u>	<u>\$ 1,265,348,398</u>	<u>\$ 1,017,508,469</u>	<u>\$ 922,845,440</u>	<u>\$ 786,101,006</u>	<u>\$ 826,786,398</u>	<u>\$ 793,041,895</u>	<u>\$ 755,209,806</u>	<u>\$ 723,686,769</u>

(1) Deficits occur in unrestricted net position for governmental activities because the County issues debt to fund construction costs for the Board of Education, yet the Board of Education owns the capital assets. See the Management's Discussion and Analysis for further details.

(2) Restated due to the implementation of GASB Statement No. 73 in fiscal year 2017 required a restatement of unrestricted net position

(3) Restated due to the implementation of GASB Statement No. 75 in fiscal year 2018 required a restatement of unrestricted net position

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities:										
General government	\$ 122,513,461	\$ 74,715,112	\$ 67,652,494	\$ 66,970,477	\$ 68,549,392	\$ 63,460,776	\$ 68,013,736	\$ 57,212,165	\$ 60,751,789	\$ 52,314,050
Public safety	259,493,005	165,609,269	117,620,237	131,909,914	131,166,006	118,905,575	113,039,674	109,986,688	102,524,827	102,479,766
Public works	61,101,075	46,869,517	47,607,716	58,559,965	52,700,033	53,272,452	44,509,357	46,776,331	37,487,379	36,262,384
Health	21,510,203	12,007,630	15,511,095	7,908,820	7,321,929	7,418,055	7,312,583	7,155,032	6,087,893	6,618,902
Social services	18,400,762	9,581,840	9,394,624	9,386,860	8,739,411	8,156,301	6,990,145	8,193,173	13,667,150	8,618,986
Education	392,435,136	389,980,082	404,170,596	360,992,908	314,234,528	351,197,463	331,171,787	286,993,704	271,936,166	269,815,733
Parks, recreation and culture	34,958,357	26,463,578	23,674,856	24,511,355	22,399,034	23,678,439	20,007,099	19,898,672	19,604,270	19,424,328
Conservation of natural resources	17,898,380	17,030,285	6,710,967	16,158,540	11,642,334	9,749,130	10,624,901	5,461,861	3,782,468	2,451,626
Community development and public housing	15,653,765	16,421,537	14,414,529	8,325,583	8,369,398	8,479,237	8,256,051	7,857,125	6,906,365	7,065,314
Economic development and opportunity	15,867,698	15,198,806	19,874,243	14,462,151	11,164,606	10,572,727	9,103,679	8,130,895	7,782,637	7,128,852
Interest on long term debt	16,504,412	14,890,075	14,704,000	19,116,730	18,789,477	18,792,919	17,918,468	19,414,360	17,826,278	18,608,011
Total governmental activities expenses	<u>976,336,254</u>	<u>788,767,731</u>	<u>741,335,357</u>	<u>718,303,304</u>	<u>655,076,148</u>	<u>673,683,074</u>	<u>636,947,480</u>	<u>577,080,006</u>	<u>548,357,222</u>	<u>530,787,952</u>
Business-type activities:										
Water and sewer	49,203,377	55,119,268	49,554,673	50,846,081	48,117,760	43,576,797	40,909,521	39,275,344	34,933,323	34,528,670
Solid waste management	31,001,695	29,036,305	28,417,710	25,342,752	23,730,871	27,238,710	19,648,104	20,021,489	19,829,130	19,474,982
Comprehensive care facility	29,371,186	29,882,675	27,961,688	28,605,554	27,350,922	25,858,932	20,679,299	-	-	21,928,222
Public housing	617,400	196,375	329,752	179,034	185,840	176,422	166,198	165,457	163,740	194,866
Total business-type activities expenses	<u>110,193,658</u>	<u>114,234,623</u>	<u>106,263,823</u>	<u>104,973,421</u>	<u>99,385,393</u>	<u>96,850,861</u>	<u>81,403,122</u>	<u>59,462,290</u>	<u>54,926,193</u>	<u>76,126,740</u>
Total primary government expenses	<u>\$ 1,086,529,912</u>	<u>\$ 903,002,354</u>	<u>\$ 847,599,180</u>	<u>\$ 823,276,725</u>	<u>\$ 754,461,541</u>	<u>\$ 770,533,935</u>	<u>\$ 718,350,602</u>	<u>\$ 636,542,296</u>	<u>\$ 603,283,415</u>	<u>\$ 606,914,692</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 30,654,197	\$ 50,106,150	\$ 57,713,374	\$ 38,888,420	\$ 49,171,958	\$ 35,709,760	\$ 31,796,658	\$ 23,323,815	\$ 19,555,583	\$ 16,430,929
Public safety	9,707,148	9,221,113	9,231,074	7,349,152	8,574,631	10,255,623	8,555,612	7,483,879	6,895,014	5,543,192
Public works	192,471	46,678	197,736	768,577	814,575	1,005,135	1,014,323	1,014,588	937,256	1,048,985
Health	186,879	171,405	122,548	195,102	248,377	316,946	345,202	257,160	239,230	293,068
Social services	1,700	2,400	620,983	1,913,469	1,767,433	1,958,040	1,812,220	1,840,224	1,514,741	1,334,066
Parks, recreation and culture	2,385,965	1,698,421	739,088	1,270,099	1,744,240	1,626,022	1,654,271	1,401,608	1,222,224	1,249,899
Conservation of natural resources	255,691	274,181	272,291	396,570	459,396	292,960	320,147	271,956	237,143	229,566
Community development and public housing	-	-	882,524	-	-	-	-	-	-	-
Economic development and opportunity	-	-	-	-	-	-	-	-	-	287,303
Operating grants and contributions:	43,820,186	58,058,037	119,061,676	36,059,297	27,056,986	27,818,407	24,429,063	21,321,993	23,553,216	20,861,610
Capital grants and contributions:	11,468,252	5,481,533	6,794,341	5,841,541	9,553,286	8,452,087	11,454,285	14,833,955	8,130,387	3,673,967
Total governmental activities program revenues	<u>\$ 98,672,489</u>	<u>\$ 125,059,918</u>	<u>\$ 195,635,635</u>	<u>\$ 92,682,226</u>	<u>\$ 99,390,882</u>	<u>\$ 87,434,980</u>	<u>\$ 81,381,781</u>	<u>\$ 71,749,178</u>	<u>\$ 62,284,794</u>	<u>\$ 50,952,585</u>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Business-type activities:										
Charges for services:										
Water and sewer	\$ 49,566,802	\$ 48,375,592	\$ 52,195,206	\$ 44,395,954	\$ 40,678,445	\$ 39,897,755	\$ 34,597,137	\$ 31,400,630	\$ 28,935,733	\$ 26,515,370
Solid waste management	30,840,882	32,163,973	29,633,475	27,793,158	28,218,241	25,920,502	25,238,901	24,952,098	24,951,765	23,837,722
Comprehensive care facility	29,195,876	28,706,295	26,203,317	27,304,063	27,475,458	25,993,069	20,193,147	-	-	16,261,305
Public housing	152,789	146,353	249,704	136,182	129,366	128,367	127,729	126,095	125,304	120,875
Operating grants and contributions:	777,258	307,755	485,063	1,077,649	-	986	-	-	-	-
Capital grants and contributions:	14,943,491	29,047,876	41,894,490	35,638,453	45,159,377	25,227,165	39,754,531	21,740,182	24,576,946	25,481,073
Total business-type activities program revenues	125,477,098	138,747,844	150,661,255	136,345,459	141,660,887	117,167,844	119,911,445	78,219,005	78,589,748	92,216,345
Total primary government program revenues	<u>\$ 224,149,587</u>	<u>\$ 263,807,762</u>	<u>\$ 346,296,890</u>	<u>\$ 229,027,685</u>	<u>\$ 241,051,769</u>	<u>\$ 204,602,824</u>	<u>\$ 201,293,226</u>	<u>\$ 149,968,183</u>	<u>\$ 140,874,542</u>	<u>\$ 143,168,930</u>
Net (Expense)/Revenue										
Governmental activities	\$ (877,663,765)	\$ (663,707,813)	\$ (545,699,722)	\$ (625,621,077)	\$ (555,685,266)	\$ (586,248,094)	\$ (555,565,699)	\$ (505,330,828)	\$ (486,072,428)	\$ (479,835,367)
Business-type activities	15,283,440	24,513,221	44,397,432	31,372,038	42,275,494	20,316,983	38,508,323	18,756,715	23,663,555	16,089,605
Total primary government net expense	<u>\$ (862,380,325)</u>	<u>\$ (639,194,592)</u>	<u>\$ (501,302,290)</u>	<u>\$ (594,249,040)</u>	<u>\$ (513,409,772)</u>	<u>\$ (565,931,111)</u>	<u>\$ (517,057,376)</u>	<u>\$ (486,574,113)</u>	<u>\$ (462,408,873)</u>	<u>\$ (463,745,762)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Local property taxes	\$ 396,593,277	\$ 367,314,626	\$ 353,985,406	\$ 336,865,559	\$ 322,656,757	\$ 308,184,413	\$ 293,611,922	\$ 282,362,326	\$ 271,031,681	\$ 267,892,085
Local income taxes	353,471,729	343,872,869	310,436,264	275,113,624	252,609,768	228,887,334	203,994,345	201,920,167	204,424,356	177,325,988
Other local taxes	59,602,013	83,755,209	67,925,455	45,642,199	44,428,145	40,061,715	38,329,124	32,936,414	27,257,030	25,883,856
Build America Bonds Subsidy	-	-	-	678,783	1,246,061	1,244,234	1,247,613	1,277,965	1,274,642	1,274,184
Investment earnings	17,231,381	(2,638,880)	(1,333,396)	12,419,466	12,422,655	3,048,508	338,486	4,855,222	2,213,961	1,911,117
Miscellaneous	29,061,806	24,534,305	17,788,884	15,369,133	11,804,103	9,413,511	11,600,117	12,131,643	7,006,950	6,008,732
Gain / (Loss) on disposal of assets	2,786,352	123,093	-	-	(133,395)	384,230	284,109	-	(5,388)	-
Transfers	(2,589,433)	(2,602,898)	357,035	(381,300)	743,708	166,960	426,827	4,000,000	-	(3,283,705)
Total governmental activities	<u>856,157,125</u>	<u>814,358,324</u>	<u>749,159,648</u>	<u>685,707,464</u>	<u>645,777,802</u>	<u>591,390,905</u>	<u>549,832,543</u>	<u>539,483,737</u>	<u>513,203,232</u>	<u>477,012,257</u>
Business-type activities:										
Build America Bonds Subsidy	-	-	-	5,165	374,401	364,816	388,152	336,301	337,240	337,121
Investment earnings	8,822,091	410,301	258,327	3,060,246	4,611,389	2,107,163	1,033,861	-	366,410	382,050
Miscellaneous	128,000	-	-	-	-	79,277	934	532,839	-	16,926
Gain / (Loss) on disposal of assets	138,737	190,262	81,279	(242,107)	134,322	14,055	(26,784)	-	(419,132)	-
Transfers	2,589,433	2,602,898	(357,035)	381,300	(743,708)	(166,960)	(426,827)	(4,000,000)	-	3,283,705
Total business-type activities	<u>11,678,261</u>	<u>3,203,461</u>	<u>(17,429)</u>	<u>3,204,604</u>	<u>4,376,404</u>	<u>2,398,351</u>	<u>969,336</u>	<u>(3,130,860)</u>	<u>284,518</u>	<u>4,019,802</u>
Total primary government	<u>\$ 867,835,386</u>	<u>\$ 817,561,785</u>	<u>\$ 749,142,219</u>	<u>\$ 688,912,068</u>	<u>\$ 650,154,206</u>	<u>\$ 593,789,256</u>	<u>\$ 550,801,879</u>	<u>\$ 536,352,877</u>	<u>\$ 513,487,750</u>	<u>\$ 481,032,059</u>
Change in Net Position										
Governmental activities	\$ (21,506,640)	\$ 150,650,511	\$ 203,459,926	\$ 60,086,387	\$ 90,092,536	\$ 5,142,811	\$ (5,733,156)	\$ 34,152,909	\$ 27,130,804	\$ (2,823,110)
Business-type activities	26,961,701	27,716,682	44,380,003	34,576,642	46,651,898	22,715,334	39,477,659	15,625,855	23,948,073	20,109,407
Total primary government	<u>\$ 5,455,061</u>	<u>\$ 178,367,193</u>	<u>\$ 247,839,929</u>	<u>\$ 94,663,029</u>	<u>\$ 136,744,434</u>	<u>\$ 27,858,145</u>	<u>\$ 33,744,503</u>	<u>\$ 49,778,764</u>	<u>\$ 51,078,877</u>	<u>\$ 17,286,297</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund										
Nonspendable	\$ 3,466,889	\$ 1,780,898	\$ 1,992,197	\$ 2,322,098	\$ 1,331,441	\$ 2,229,603	\$ 2,289,616	\$ 2,460,677	\$ 2,106,066	\$ 875,623
Restricted	1,147,701	1,073,801	1,022,443	1,007,637	923,383	948,467	1,144,725	1,811,085	2,284,366	1,789,157
Committed	177,090,764	132,509,448	160,411,112	104,888,763	95,977,890	83,364,687	85,447,354	85,472,727	70,701,317	28,937,617
Assigned	13,860,588	22,202,024	23,792,064	20,378,839	18,022,430	15,879,549	6,101,299	6,157,055	5,105,750	45,598,798
Unassigned	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Total General Fund	<u>195,865,942</u>	<u>157,866,171</u>	<u>187,517,816</u>	<u>128,897,337</u>	<u>116,555,144</u>	<u>102,722,306</u>	<u>95,282,994</u>	<u>96,201,544</u>	<u>80,497,499</u>	<u>77,501,195</u>
All other Governmental Funds										
Nonspendable										
Special revenue funds	7,391,727	4,132,115	5,070,564	1,407,940	142,663	68,514	-	6,994,203	7,444,229	6,752,481
Restricted										
Capital project funds	237,394,149	157,469,374	54,872,475	89,703,384	61,163,223	36,790,982	31,645,560	83,037,492	29,625,910	22,756,077
Debt Service fund	609,276	14,023,877	375	-	65,324,590	66,579,921	68,405,176	-	-	-
Special revenue funds	18,056,456	12,786,836	5,858,397	4,722,876	4,654,874	4,788,291	4,672,649	1,872,261	1,986,081	1,729,249
Committed										
Capital project funds	144,671,639	125,652,806	50,142,462	61,282,273	43,440,533	62,057,709	56,382,750	64,277,420	61,532,982	56,746,856
Special revenue funds	117,234,977	135,052,314	109,804,174	72,094,610	64,022,464	56,678,124	53,082,809	52,533,574	50,610,317	46,106,305
Assigned										
Debt Service fund	9,592,209	7,724,452	475,146	1,117,574	2,414,441	5,444,470	4,374,736	-	-	-
Special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,645,840</u>
Total all other governmental funds	<u>534,950,433</u>	<u>456,841,774</u>	<u>226,223,593</u>	<u>230,328,657</u>	<u>241,162,788</u>	<u>232,408,011</u>	<u>218,563,680</u>	<u>208,714,950</u>	<u>151,199,519</u>	<u>139,736,808</u>
Total Governmental Fund Balance	<u>\$ 730,816,375</u>	<u>\$ 614,707,945</u>	<u>\$ 413,741,409</u>	<u>\$ 359,225,994</u>	<u>\$ 357,717,932</u>	<u>\$ 335,130,317</u>	<u>\$ 313,846,674</u>	<u>\$ 304,916,494</u>	<u>\$ 231,697,018</u>	<u>\$ 217,238,003</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues										
Local property taxes	\$ 396,499,821	\$ 367,378,768	\$ 354,969,939	\$ 335,820,170	\$ 322,884,602	\$ 308,037,634	\$ 293,528,978	\$ 282,362,800	\$ 271,415,720	\$ 267,862,169
Local income taxes	346,027,995	314,419,691	289,489,750	246,930,060	236,272,579	217,210,924	202,906,047	203,361,507	195,202,656	174,145,880
Other local taxes	62,593,924	85,451,185	71,625,568	48,135,688	46,076,846	41,716,007	39,937,950	34,539,017	28,836,221	27,401,993
Licenses and permits	5,590,690	7,212,432	7,690,951	6,564,047	6,637,041	5,870,061	5,531,434	4,781,330	4,094,070	3,360,551
Grants from federal government	30,693,959	61,915,504	93,285,646	26,736,692	18,949,590	23,301,956	19,562,749	23,577,357	17,301,232	14,384,629
Grants from state government	25,082,996	16,272,965	17,676,213	15,663,621	18,035,651	13,343,947	16,499,117	12,685,953	14,067,186	8,004,219
Charges for services	34,503,448	50,844,442	57,693,326	42,857,164	54,085,952	41,607,173	37,851,416	29,101,150	25,074,489	22,750,120
Fines and forfeitures	232,182	176,532	135,351	245,049	255,800	310,369	288,871	295,013	402,343	266,718
Interest from loans	29,395	41,043	21,676	-	-	34	298	4,721	2,201	23,312
Investment income	22,278,756	(2,694,272)	(1,347,507)	12,263,761	12,170,159	2,871,799	248,415	4,820,107	2,193,040	1,862,271
Build America bond subsidy	-	-	-	1,202,253	1,253,644	1,254,053	1,247,613	1,277,965	1,275,215	1,265,591
Miscellaneous	14,094,380	11,897,437	9,046,816	8,570,615	7,020,621	7,433,392	8,317,174	8,028,474	6,920,048	8,261,245
Total revenues	<u>937,627,546</u>	<u>912,915,727</u>	<u>900,287,729</u>	<u>744,989,120</u>	<u>723,642,485</u>	<u>662,957,349</u>	<u>625,920,062</u>	<u>604,835,394</u>	<u>566,784,421</u>	<u>529,588,698</u>
Expenditures										
Current										
General government	71,906,126	57,042,106	56,043,867	50,754,795	49,505,808	44,818,908	44,901,162	42,600,221	41,515,466	38,637,465
Public safety	167,617,311	152,871,902	140,891,736	134,590,574	121,994,860	117,507,126	112,413,340	105,100,235	102,933,508	96,852,558
Public works	30,829,878	28,587,064	29,107,401	26,422,898	29,787,527	28,128,388	24,760,896	27,662,046	25,594,930	24,590,164
Health	13,014,920	14,188,300	18,646,287	8,735,091	7,371,604	7,468,654	7,403,305	6,864,090	6,407,492	6,446,902
Social services	15,568,899	10,199,865	10,486,827	9,584,714	8,473,225	7,895,895	7,163,574	7,101,453	12,959,464	7,420,761
Education	387,323,370	356,241,391	332,009,176	313,406,322	301,059,766	287,567,740	273,253,016	264,499,491	256,036,118	255,444,856
Parks, recreation and culture	24,677,390	22,249,759	19,394,299	19,407,856	19,067,361	17,589,839	17,153,413	16,418,611	16,039,160	15,791,538
Conservation of natural resources	18,418,866	16,779,570	9,413,628	11,409,486	11,353,474	11,549,402	12,272,476	10,967,872	7,135,337	5,311,395
Community development and public housing	15,511,098	16,611,844	14,601,896	8,413,162	8,408,070	8,517,484	8,275,968	7,858,215	6,925,622	7,063,243
Economic development and opportunity	14,285,416	16,196,442	21,042,906	14,856,671	11,200,665	10,697,281	9,151,557	8,089,745	7,808,805	7,137,461
Miscellaneous	3,473,147	5,663,575	2,926,658	(69,049)	4,330,921	1,864,036	4,641,857	6,393,719	3,665,209	2,967,580
Intergovernmental	6,221,697	8,560,785	5,798,804	5,869,132	5,463,438	5,392,457	5,102,156	5,057,136	4,876,200	4,812,532
Debt service										
Principal	56,919,943	38,559,290	39,703,648	75,859,824	43,251,842	40,698,573	40,521,476	38,547,782	36,280,911	33,334,242
Interest	22,636,241	21,029,092	19,463,550	-	22,361,610	17,739,886	17,739,886	17,791,749	18,215,612	20,791,313
Capital projects	84,328,985	122,884,355	133,768,530	117,293,868	65,349,543	127,082,296	103,057,067	62,117,010	45,349,937	30,550,542
Total expenditures	<u>932,733,287</u>	<u>887,665,340</u>	<u>853,299,213</u>	<u>796,535,344</u>	<u>708,979,714</u>	<u>734,517,965</u>	<u>687,811,149</u>	<u>627,069,375</u>	<u>591,743,771</u>	<u>557,152,552</u>
Excess of revenues over expenditures	<u>4,894,259</u>	<u>25,250,387</u>	<u>46,988,516</u>	<u>(51,546,224)</u>	<u>14,662,771</u>	<u>(71,560,616)</u>	<u>(61,891,087)</u>	<u>(22,233,981)</u>	<u>(24,959,350)</u>	<u>(27,563,854)</u>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Other Financing Sources (Uses)										
Transfers in from:										
General Fund	\$ 83,356,729	\$ 139,968,119	\$ 71,860,048	\$ 71,571,287	\$ 65,748,719	\$ 61,722,743	\$ 60,410,203	\$ 17,980,116	\$ 15,748,182	\$ 14,146,422
Special Revenue Funds	9,065,560	4,251,270	3,767,263	5,984,309	4,232,755	3,198,428	7,956,116	-	-	-
Capital Projects Fund	7,471,435	7,041,851	10,322,499	11,666,585	11,971,181	11,453,087	11,340,453	-	-	-
Enterprise Funds	3,859	70,377	1,080,000	118,700	633,377	119,000	-	4,000,000	-	-
Internal Service Funds	-	-	-	-	-	-	-	-	3,235,721	300,000
Transfer out to:										
General Fund	-	(12,011)	(18,871)	(264,767)	(295,252)	-	-	-	-	-
Special Revenue Funds	(10,895,857)	(12,946,910)	(9,235,227)	(9,037,000)	(6,725,940)	(6,234,579)	(6,139,510)	(5,440,407)	(5,715,547)	(5,402,015)
Capital Projects Fund	(23,616,234)	(80,035,647)	(18,259,536)	(18,951,787)	(17,107,782)	(14,954,639)	(13,055,192)	(12,539,709)	(10,032,635)	(8,744,407)
Enterprise Funds	(2,593,292)	(2,673,275)	(816,665)	(500,000)	-	-	(2,999,332)	-	-	(2,583,705)
Internal Service Funds	(3,267,569)	(6,097,798)	(1,770,477)	(1,866,461)	(1,244,049)	(1,323,181)	(795,276)	(276,478)	(171,288)	-
Debt Service Fund	(65,381,633)	(58,266,672)	(58,436,177)	(60,968,627)	(57,823,681)	(55,185,040)	(60,512,070)	-	-	-
Gain on sale of property	-	-	-	-	-	-	-	-	350,000	-
Proceeds from public facilities and refunding bonds	96,315,000	174,830,657	7,830,000	133,241,018	-	120,326,182	56,901,147	112,006,339	87,103,930	-
Payment to refunded bond escrow agent	-	(8,824,890)	-	(90,150,822)	-	(43,852,615)	-	(34,523,171)	(54,546,633)	-
Payment to refunded lease escrow agent	-	-	-	-	-	-	-	-	(910,517)	-
Bond premium on public facilities and refunding bonds	13,411,355	17,135,762	-	11,585,003	-	15,198,824	12,039,897	11,508,322	2,375,660	-
Installment purchase agreement	1,225,340	1,275,316	1,204,042	626,849	1,527,513	2,376,049	1,970,599	2,738,445	1,981,492	693,837
Right-to-use Lease	4,596,531	-	-	-	-	-	-	-	-	-
SBITAs	1,522,947	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>111,214,171</u>	<u>175,716,149</u>	<u>7,526,899</u>	<u>53,054,287</u>	<u>7,924,844</u>	<u>92,844,259</u>	<u>70,821,267</u>	<u>95,453,457</u>	<u>39,418,365</u>	<u>(1,589,868)</u>
Net change in fund balances	<u>\$ 116,108,430</u>	<u>\$ 200,966,536</u>	<u>\$ 54,515,415</u>	<u>\$ 1,508,063</u>	<u>\$ 22,587,615</u>	<u>\$ 21,283,643</u>	<u>\$ 8,930,180</u>	<u>\$ 73,219,476</u>	<u>\$ 14,459,015</u>	<u>\$ (29,153,722)</u>
Total expenditures	\$ 932,733,287	\$ 887,665,340	\$ 853,299,213	\$ 796,535,344	\$ 708,979,714	\$ 734,517,965	\$ 687,811,149	\$ 627,069,375	\$ 591,743,771	\$ 557,152,552
Less: Capital outlay	(70,432,603)	(54,664,537)	(55,568,126)	(39,125,685)	(35,947,417)	(10,926,354)	(6,765,350)	(885,721)	(3,307,691)	(4,692,445)
Noncapital expenditures	<u>\$ 862,300,684</u>	<u>\$ 833,000,803</u>	<u>\$ 797,731,087</u>	<u>\$ 757,409,659</u>	<u>\$ 673,032,297</u>	<u>\$ 723,591,611</u>	<u>\$ 681,045,799</u>	<u>\$ 626,183,654</u>	<u>\$ 588,436,080</u>	<u>\$ 552,460,107</u>
Debt service	<u>\$ 79,556,184</u>	<u>\$ 59,588,382</u>	<u>\$ 59,167,198</u>	<u>\$ 75,859,824</u>	<u>\$ 65,613,452</u>	<u>\$ 58,438,459</u>	<u>\$ 58,261,362</u>	<u>\$ 56,339,531</u>	<u>\$ 54,496,523</u>	<u>\$ 54,125,555</u>
Debt service as a percentage of noncapital expenditures	9.23%	7.15%	7.42%	10.02%	9.75%	8.08%	8.55%	9.00%	9.26%	9.80%

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

Fiscal Year	Real Property Taxable Assessed Value					Limited Business Personal Property (4)		Total	
	Residential Property	Commercial Property	Industrial Property	Total Real Property	Direct Tax Rate (1)	Public Utilities		Taxable Assessed Value	Direct Tax Rate (1) (3)
						Taxable Assessed Value	Direct Tax Rate (1) (2)		
2023	\$ 30,223,737,291	\$ 6,340,818,906	\$ 1,646,310,469	\$ 38,210,866,666	1.060	\$ 459,572,190	2.65	\$ 38,670,438,856	1.079
2022	28,264,833,614	6,076,723,936	1,555,435,172	35,896,992,722	1.060	450,214,975	2.65	36,347,207,697	1.080
2021	26,513,344,391	5,800,702,651	1,484,737,023	33,798,784,065	1.060	435,500,515	2.65	34,234,284,580	1.080
2020	25,161,249,769	5,605,718,164	1,439,406,759	32,206,374,692	1.060	425,897,500	2.65	32,632,272,192	1.081
2019	23,868,391,244	5,392,964,469	1,428,302,251	30,689,657,964	1.060	416,801,030	2.65	31,106,458,994	1.081
2018	22,758,173,436	5,209,332,611	1,396,834,400	29,364,340,447	1.060	393,853,430	2.65	29,758,193,877	1.081
2017	21,635,023,165	5,027,530,566	1,310,743,601	27,973,297,332	1.060	374,887,120	2.65	28,348,184,452	1.081
2016	20,809,732,203	4,793,034,691	1,282,299,164	26,885,066,058	1.060	342,546,890	2.34	27,227,612,948	1.076
2015	20,062,491,947	4,672,981,701	1,279,373,375	26,014,847,023	1.060	302,584,420	2.34	26,317,431,443	1.075
2014	19,696,121,250	4,509,960,797	1,259,675,094	25,465,757,141	1.064	299,508,700	2.34	25,765,265,841	1.079

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

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

(1) Per \$100 of assessed value

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

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Direct Real Property Tax Rates										
Frederick County (1)	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.064
Total Direct Real Property Tax Rates	<u>\$ 1.060</u>	<u>\$ 1.060</u>	<u>\$ 1.060</u>	<u>\$ 1.060</u>	<u>\$ 1.060</u>	<u>\$ 1.060</u>	<u>\$ 1.060</u>	<u>\$ 1.060</u>	<u>\$ 1.060</u>	<u>\$ 1.064</u>
Overlapping real property tax rates										
<u>Fire and lighting tax districts</u>										
Braddock lighting tax district	\$ 0.010	\$ 0.010	\$ 0.010	\$ 0.015	\$ 0.015	\$ 0.015	\$ 0.015	\$ 0.015	\$ 0.018	\$ 0.018
Libertytown lighting tax district	0.010	0.010	0.010	0.013	0.013	0.013	0.013	0.013	0.013	0.013
New Addition lighting tax district	0.012	0.012	0.012	0.017	0.017	0.017	0.017	0.017	0.013	0.013
State	0.112	0.112	0.112	0.112	0.112	0.112	0.112	0.112	0.112	0.112
<u>Municipalities (2)</u>										
Brunswick	0.410	0.410	0.410	0.410	0.420	0.430	0.440	0.462	0.462	0.462
Burkittsville	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.140	0.140
Emmitsburg	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360
Frederick	0.731	0.731	0.731	0.731	0.731	0.731	0.731	0.731	0.731	0.731
Middletown	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.232	0.232
Mt. Airy	0.166	0.166	0.166	0.166	0.166	0.166	0.170	0.170	0.170	0.170
Myersville	0.346	0.346	0.346	0.361	0.376	0.391	0.391	0.391	0.391	0.391
New Market	0.120	0.120	0.117	0.120	0.120	0.120	0.120	0.120	0.120	0.120
Rosemont	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Thurmont	0.299	0.299	0.299	0.299	0.304	0.285	0.293	0.302	0.310	0.309
Walkersville	0.140	0.140	0.140	0.160	0.160	0.160	0.160	0.150	0.150	0.150
Woodsboro	0.139	0.139	0.141	0.123	0.124	0.126	0.125	0.126	0.127	0.128

(1) In FY2023, the County offered a tax differential to any municipality that wanted to substitute the tax rate with the current tax equity program.

County's Frederick City tax differential rate: 0.9487

County's Myersville tax differential rate: 0.9423

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

Source: County Treasury Office

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

<u>Name of Taxpayer</u>	<u>Fiscal Year 2023</u>			<u>Fiscal Year 2014</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>
Potomac Edison Company	\$ 225,787,220	1	0.58 %	\$ 146,236,300	1	0.57 %
Astrazeneca Pharmaceuticals	129,228,023	2	0.33	-	-	-
Kite Pharma Inc.	117,221,867	3	0.30	-	-	-
RIV 402, LLC	105,657,300	4	0.27	95,725,000	2	0.37
The Kroger Company	93,638,867	5	0.24	-	-	-
Costco Wholesale Corporation	88,307,230	6	0.23	45,803,400	7	0.18
Apartments at Urban Green LLC	76,519,167	7	0.20	-	-	-
Washington Gas Light Company	62,739,910	8	0.16	42,309,880	8	0.16
B R Lake Linganore DST	58,716,267	9	0.15	-	-	-
PR Financing Limited Partnership	58,070,600	10	0.15	72,497,700	3	0.28
Verizon Maryland LLC	-	-	-	59,862,380	4	0.23
Medimmune, Inc.	-	-	-	51,825,900	5	0.20
River X, LLC	-	-	-	47,105,200	6	0.18
WRIT Frederick Crossing Land, LLC	-	-	-	40,412,367	9	0.16
LSREF2 Tractor Reo (Frederick) LLC	-	-	-	38,407,100	10	0.15
Totals	<u>\$ 1,015,886,451</u>		<u>2.61 %</u>	<u>\$ 640,185,227</u>		<u>2.48 %</u>

Source: County Treasury Office

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

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>	<u>Adjustments (1)</u>	<u>Total Adjusted Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
				<u>Amount</u>	<u>Percentage of Original Levy</u>		<u>Amount</u>	<u>Percentage of Adjusted Levy</u>
2023	\$ 386,688,395	\$ (3,293,261)	\$ 383,395,135	\$ 383,170,283	99.94 %	\$ -	\$ 383,170,283	99.94 %
2022	361,954,333	(567,233)	361,387,100	361,277,039	99.97	(82,493)	361,194,546	99.95
2021	338,833,698	1,541,214	340,374,912	340,176,400	99.94	38,891	340,215,291	99.95
2020	325,721,487	(2,595,515)	323,125,972	322,731,079	99.88	315,016	323,046,095	99.98
2019	310,250,830	(1,969,739)	308,281,091	308,100,885	99.94	97,870	308,198,755	99.97
2018	295,980,742	(1,920,093)	294,060,649	293,695,909	99.88	241,509	293,937,418	99.96
2017	282,599,043	(2,049,697)	280,549,346	280,316,897	99.92	151,690	280,468,587	99.97
2016	271,195,289	(1,674,469)	269,520,820	269,144,537	99.86	(143,853)	269,000,684	99.81
2015	261,968,145	(1,625,791)	260,342,354	260,153,968	99.93	35,968	260,189,936	99.94
2014	258,299,607	(1,435,910)	256,863,697	256,652,511	99.92	102,175	256,754,686	99.96

Source: County Treasury Office

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

(1) Only additions and abatements are included in this column for fiscal years 2014 through 2023.

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

Governmental Activities									
Fiscal Year	General Obligation Bonds (1)	Notes from Direct Borrowings & Direct Placements	Financed Purchase Obligations	Leases (2)	SBITAs (2)	Agricultural Preservation Installment Purchase Agreements	Total Governmental Activities		
2023	\$ 635,590,843	\$ 35,299,437	\$ 3,187,530	\$ 5,052,116	\$ 1,003,508	\$ 43,242,261	\$ 723,375,695		
2022	554,544,530	35,865,530	5,130,373	930,270	-	47,976,410	644,447,113		
2021	422,793,504	27,617,926	6,639,313	-	-	48,519,652	505,570,395		
2020	466,363,786	20,067,010	8,109,121	-	-	48,086,285	542,626,202		
2019	465,331,349	20,289,803	9,540,862	-	-	50,654,101	545,816,115		
2018	512,600,827	20,396,848	3,239,985	-	-	50,618,445	586,856,105		
2017	461,159,303	20,474,307	3,704,232	-	-	49,113,314	534,451,156		
2016	467,042,767	20,551,121	106,708	-	-	52,440,249	540,140,845		
2015	417,177,384	20,561,131	289,042	-	-	52,332,153	490,359,710		
2014	433,189,044	335,652	1,474,560	-	-	53,505,061	488,504,317		
Business-Type Activities									
Fiscal Year	General Obligation Bonds (1)	Notes from Direct Borrowings & Direct Placements	Financed Purchase Obligations	Leases (2)	SBITAs (2)	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (3)	Per Capita (3)
2023	\$ 63,078,926	\$ 50,515,664	\$ 74,212	\$ 46,189	\$ -	\$ 113,714,991	\$ 837,090,686	N/A	\$ -
2022	97,808,245	52,681,241	113,342	76,735	-	150,602,828	795,049,941	N/A	2,838
2021	100,355,456	51,467,792	248,660	-	-	152,071,908	657,642,303	N/A	2,420
2020	113,864,115	55,638,415	364,862	-	-	169,867,392	712,493,594	4.0%	2,684
2019	138,399,421	59,724,637	319,416	-	-	198,443,474	744,259,589	4.5%	2,863
2018	152,461,139	64,352,465	163,353	-	-	216,976,957	803,833,062	5.0%	3,149
2017	148,748,940	67,533,907	231,830	-	-	216,514,677	750,965,833	4.1%	3,013
2016	103,784,507	72,476,241	287,798	-	-	176,548,546	716,689,391	5.5%	2,902
2015	106,048,518	77,416,338	-	-	-	183,464,856	673,824,566	5.2%	2,765
2014	123,494,437	71,834,384	-	-	-	195,328,821	683,833,138	5.2%	2,839

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

(1) Presented net of unamortized premium/discount.

(2) New GASB requirements - Leases (GASB 87) in FY2022 and SBITAs (GASB 96) in FY2023.

(3) See Exhibit III-A-13 for personal income and population data. All information updated as of June 30, 2023.

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

Fiscal Year	General Obligation Debt (1)	Direct Borrowing Bonds (2)	Installment Purchase Agreements (3)	Accumulated Resources to Paying the Principal of General Bonded Debt (4)	Total Net General Obligation Debt Outstanding	Percentage of Total Estimated Actual Value of Taxable Property (5)	Per Capita (5)
2023	\$ 698,669,769	\$ 50,035,000	\$ 43,242,261	\$ -	\$ 791,947,030	2.05%	\$ 2,759
2022	652,352,775	50,820,000	47,976,410	-	751,149,185	2.07%	2,684
2021	523,148,960	37,480,000	48,519,652	-	609,148,612	1.78%	2,242
2020	580,227,901	30,053,433	48,086,285	(82,095,000)	576,272,619	1.77%	2,171
2019	603,730,771	30,335,000	50,654,101	(82,095,000)	602,624,872	1.94%	2,318
2018	665,061,966	30,490,000	50,618,445	(82,095,000)	664,075,411	2.23%	2,602
2017	640,513,242	-	49,113,314	(82,095,000)	607,531,556	2.14%	2,437
2016	601,547,272	-	52,440,249	-	653,987,521	2.40%	2,648
2015	553,945,902	-	53,505,061	-	607,450,963	2.31%	2,493
2014	556,683,481	-	53,783,983	-	610,467,464	2.37%	2,534

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

(1) Presented net of unamortized premium/discount

(2) Direct borrowings exclude MD Department of the Environment loans as they do not carry a general obligation commitment.

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

(4) Externally restricted funds for payment of principal on general bonded debt.

(5) See Exhibit III-A-5 for real property tax values and Exhibit III-A-13 for population values.

**FREDERICK COUNTY, MARYLAND
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2023**

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct:			
Frederick County	\$ <u>723,375,695</u>	100%	\$ <u>723,375,695</u>
Overlapping Debt:			
Component Units:			
Frederick County Public Schools	31,772,077	100%	31,772,077
Frederick Community College	6,358,654	100%	6,358,654
Towns, Cities and Villages:			
Brunswick	1,544,963	100%	1,544,963
Burkittsville	118,529	100%	118,529
Frederick City	45,512,776	100%	45,512,776
Middletown	1,752,500	100%	1,752,500
Myersville	3,403,130	100%	3,403,130
Thurmont	39,800	100%	39,800
Subtotal Overlapping:	<u>90,502,429</u>		<u>90,502,429</u>
Totals	\$ <u><u>813,878,124</u></u>		\$ <u><u>813,878,124</u></u>

Source: Division of Finance

(1) Debt repaid by general government activities

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014 (1)</u>
Debt limitation	\$ 1,117,429,129	\$ 1,053,158,568	\$ 1,673,886,522	\$ 1,597,003,053	\$ 1,692,327,206	\$ 1,613,639,986	\$ 1,551,079,602	\$ 1,495,999,620	\$ 1,545,915,950
Less: Total debt applicable to limit (2)	<u>751,149,185</u>	<u>609,148,610</u>	<u>658,354,185</u>	<u>647,564,101</u>	<u>701,148,445</u>	<u>652,533,314</u>	<u>626,480,249</u>	<u>586,867,153</u>	<u>195,328,821</u>
Legal debt margin	<u>\$ 366,279,944</u>	<u>\$ 444,009,958</u>	<u>\$ 1,015,532,337</u>	<u>\$ 949,438,952</u>	<u>\$ 991,178,761</u>	<u>\$ 961,106,672</u>	<u>\$ 924,599,353</u>	<u>\$ 909,132,467</u>	<u>\$ 1,350,587,129</u>
Total net debt applicable to the limit as a percentage of debt limit	67.22%	57.84%	39.33%	40.55%	41.43%	40.44%	40.39%	39.23%	12.64%

Legal debt margin calculation for Fiscal Year 2023 (2)

Assessable Basis - Real Property (3)	\$38,210,866,666
Debt limitation - 3% of assessable basis in real property (3)	\$ 1,146,326,000
Assessable Basis - Personal Property (public utilities)	459,572,190
Debt limitation - 9% of assessable basis in personal property	<u>41,361,497</u>
Total Debt Limit	<u>1,187,687,497</u>
Amount of Debt Applicable to Debt Limit:	
Total Bonds and Direct Borrowings (1)	748,704,769
Total Installment Purchase Agreements	<u>43,242,261</u>
Total debt applicable to limit	<u>791,947,030</u>
Legal debt margin	<u>\$ 395,740,467</u>

Total net debt applicable to the limit as a percentage of debt limit 66.68%

(1) With the implementation of GASB 65 in FY14, the general obligation bonds are presented net of unamortized premium/discount. Deferred loss on bond refundings is no longer considered part of outstanding debt.

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

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

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

<u>Year</u>	<u>Population(1)</u>	<u>Personal Income (thousands of dollars) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment (3)</u>	<u>Community College Academic State FTE (4)</u>			<u>Unemployment Rate (5)</u>
					<u>Credit</u>	<u>Non- Credit</u>	<u>Total</u>	
2023	287,079	N/A	N/A	46,899	3,367	547	3,914	2.0
2022	279,835	N/A	N/A	45,220	2,938	448	3,386	3.2
2021	271,717	\$ 19,255,710	\$ 68,704	43,221	3,139	395	3,534	4.9
2020	265,480	17,676,642	66,664	43,828	3,318	572	3,890	7.6
2019	259,942	16,649,205	64,147	42,789	3,293	639	3,932	3.6
2018	255,265	15,816,571	61,869	42,204	3,534	652	4,186	4.1
2017	249,277	14,934,448	59,259	41,378	3,424	647	4,071	3.7
2016	246,972	13,882,887	56,072	40,720	3,594	613	4,207	4.0
2015	243,692	13,447,457	54,803	40,757	3,582	560	4,142	5.0
2014	240,911	12,918,918	53,040	40,715	3,672	529	4,201	5.4

Sources: (1) Census Population Estimates (July 1,2022)
(2) US Bureau of Economic Analysis (All data updated as of November 2022)
(3) Frederick County Board of Education
(4) Frederick Community College
(5) Maryland Department of Labor, Licensing & Regulation (May 2023)
N/A - Not available

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

<u>Employer</u>	2023			2014		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Fort Detrick	10,200 *	1	9.77 %	11,000	1	11.53 %
Frederick County Board of Education	7,013	2	6.72	5,700	2	5.97
Frederick Health Hospital (formerly Frederick Memorial Healthcare System)	3,300	3	3.16	2,696	3	2.83
Frederick County Government	2,885	4	2.76	1,877	5	1.97
Leidos Biomedical (formerly SAIC-Frederick)	2,440	5	2.34	1,872	6	1.96
Frederick Community College	1,313	6	1.26	939	8	0.98
Frederick City Government	905	7	0.87	831	10	0.87
Thermo Fisher Scientific (formerly Life Technologies)	766	8	0.73	-	-	-
Costco Wholesale	725	9	0.69	-	-	-
AstraZeneca	725	10	0.69	-	-	-
Wells Fargo Home Mortgage	-	-	-	1,881	4	1.97
Bechtel Corporation (formerly Bechtel Power)	-	-	-	1,578	7	1.65
State Farm Insurance	-	-	-	900	9	0.94
United Health Care (formerly MAMSI)	-	-	-	700	11	0.73
	<u>30,272</u>		<u>28.99 %</u>	<u>29,974</u>		<u>31.40 %</u>

* Includes military personnel, contractors and offsite annex

Source: Frederick County Office of Economic Development

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

<u>Function/Program</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General government	526	399	375	368	349	341	338	318	291	287
Public safety	1,187	1,068	1,035	1,043	967	915	898	837	819	808
Public works	476	390	385	402	394	402	385	374	370	343
Health	200	164	203	161	153	149	154	157	158	157
Social services	117	108	108	116	111	106	104	98	97	97
Parks, recreation and culture	85	69	58	59	46	46	46	46	45	48
Library	182	126	128	161	106	119	115	115	107	111
Conservation of natural resources	29	19	15	8	8	8	8	7	7	8
Community dev. & public housing	14	14	11	12	11	11	11	10	9	9
Economic dev. & opportunity	69	37	40	41	39	37	34	30	33	28
Total	<u>2,885</u>	<u>2,394</u>	<u>2,358</u>	<u>2,371</u>	<u>2,184</u>	<u>2,134</u>	<u>2,093</u>	<u>1,992</u>	<u>1,936</u>	<u>1,896</u>

Source: Division of Finance

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

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government										
Human Resources										
Employment announcements issued	517	528	345	322	333	314	323	297	228	220
Employment applications received/reviewed	13,525	11,446	11,620	13,478	15,227	13,755	14,976	13,947	12,219	12,500
Finance/Accounting										
Accounts payable checks/ACH's generated (1)	22,811	65,866	23,224	23,694	23,359	21,639	19,315	19,223	19,160	20,163
Procurement & Contracting										
Formal bids, sole source & emergencies	747	782	750	699	614	406	287	286	265	223
Treasurer										
Invoices prepared	2,317	2,216	2,299	2,268	2,332	2,447	1,874	1,791	1,953	2,183
Property tax bills/delinquent notices mailed (2)	119,645	115,594	112,278	110,865	108,320	109,509	108,101	107,557	106,460	104,890
Building Maintenance										
Buildings	185	185	162	162	166	165	164	162	162	155
Work orders/service requests	4,150	3,726	3,111	3,226	3,542	3,703	3,800	4,004	3,700	4,064
Square feet of properties managed	1,692,336	1,692,336	1,547,683	1,502,889	1,513,635	1,524,239	1,526,544	1,527,176	1,527,176	1,462,965
Facility Services										
Number of leases managed	31	31	31	31	33	17	28	28	28	30
Square feet of leased property managed	84,522	84,522	222,071	45,817	77,257	74,286	100,238	100,238	100,238	110,238
Pieces of outgoing U.S. mail	183,686	177,116	194,277	218,756	272,739	233,430	243,253	234,145	231,078	406,924
Elections										
Registered voters	198,137	193,203	190,684	182,962	177,333	169,113	167,809	163,131	152,913	149,393
Liquor Board										
Regular liquor licenses	360	357	345	345	336	332	331	322	310	306
Liquor inspections	2,700	2,200	2,022	6,597	3,926	6,597	8,825	10,084	9,747	7,323
Internal Audit										
Internal audits performed (3)	11	18	12	12	13	12	10	12	10	7
Circuit Court										
New cases filed	6,850	6,302	4,828	7,501	9,190	8,379	8,181	8,734	9,756	9,704
Public Safety										
Housing units permitted (4)	625	1,432	2,155	1,518	2,226	1,410	1,263	1,302	721	1,296
Sheriff's Office										
Administration Bureau										
Civil Process papers served	24,027	18,601	11,318	17,447	21,995	22,521	22,701	23,416	23,970	23,181
Courthouse Security										
Prisoners handled: adult/juvenile	3,094	2,177	1,104	3,205	3,570	3,793	4,750	5,129	4,608	4,149
Operations: Law Enforcement										
Arrests: adult/juvenile	3,338	4,268	2,173	3,214	4,046	3,902	3,924	4,162	3,770	3,372
Calls for service	141,956	142,344	106,404	103,758	113,762	108,045	93,621	121,158	90,251	95,223
Adult Detention Center										
Average daily populaton	282	262	232	257	298	321	398	374	407	360
Emergency Communications										
Fire/EMS dispatches	41,561	41,911	35,482	34,022	35,682	36,739	35,222	33,646	33,324	32,114
Police dispatches	285,584	283,070	250,287	262,879	277,548	301,502	277,546	262,803	240,922	208,541
Administrative phone calls	377,244	352,293	338,472	303,752	359,884	363,781	383,672	298,311	264,044	274,703
Animal Control/ECC/Park Dispatches	38,437	35,687	38,439	29,386	31,972	31,647	28,228	28,375	28,001	19,735
911 calls	112,959	108,979	96,836	84,898	97,610	90,032	93,249	136,708	100,162	107,321
Text to 911 (5)	559	575	643	284	198	188	178	272	-	-

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

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

(3) FY14 - FY23 includes special projects, agreed upon procedure reports, reviews, audits and closed follow up reports.

(4) For FY14 - FY16 the data represents housing units permitted. FY15 - FY23 numbers include the County and all municipalities, but excludes the City of Frederick.

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

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

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety, Cont'd										
Animal Control										
Calls for service	8,086	8,320	8,068	8,766	10,968	10,543	10,446	11,834	11,700	11,154
Public Works										
Water facilities										
Customers	28,010	27,914	27,500	26,540	26,000	24,536	23,636	22,666	21,926	21,213
Annual production (1,000 gals.)	2,388,340	2,447,201	2,564,934	2,538,827	2,337,841	2,341,430	2,215,190	2,441,675	2,414,284	2,395,882
Sewer facilities										
Customers	37,491	36,767	35,650	34,624	34,183	33,267	32,178	30,978	30,201	29,454
Fleet Services										
Work orders	5,127	4,957	5,250	5,171	5,934	5,725	5,510	5,646	5,700	5,516
Vehicles maintained	1,216	1,147	1,176	1,116	1,141	1,054	966	962	981	874
Highway Operations										
County roads - mileage maintained	1,302	1,297	1,292	1,285	1,279	1,285	1,273	1,273	1,273	1,272
Tar and chip maintenance (miles)	72	56	67	55	56	61	87	64	44	8
Usage of salt & anti-skid (tons)	4,024	13,806	20,507	6,124	31,668	21,242	12,426	12,995	30,307	37,222
Transportation Engineering										
Bridges inspected	146	146	140	141	134	142	103	145	103	145
Road overlay (miles)	47	41	39	32	32	33	33	25	13	49
Construction Management										
CIP and developer funded subdivision projects completed	41	46	35	48	32	45	32	38	26	40
TransIT										
Passenger trips	688,568	554,464	413,434	431,933	593,853	614,551	636,862	677,808	761,088	839,297
Revenue vehicle miles (1)	1,040,525	1,056,860	967,870	990,472	1,214,758	1,142,403	1,126,156	1,130,887	1,108,172	1,059,840
Revenue vehicle hours (1)	78,125	81,103	75,444	74,005	85,986	83,902	81,855	81,037	78,603	77,365
Health										
Public health nursing/non-nursing contacts (2)	71,030	87,464	56,301	41,567	41,363	42,044	40,533	24,775	19,641	20,535
Mental health visits	3,729	4,075	4,353	3,612	3,836	7,518	12,781	16,514	11,902	13,498
Peer service encounters (3)	2,246	4,428	2,249	2,416	2,086	8,544	39,620	35,401	21,581	39,755
Environmental health reviews/inspections	16,355	16,263	14,641	14,098	17,390	16,591	16,610	16,150	12,478	12,437
School health program										
Children served (4)	33,162	20,661	6,039	28,035	31,031	42,340	41,984	40,819	40,757	40,715
Health room visits	288,277	240,272	20,167	210,260	305,928	299,000	345,604	338,167	331,992	317,079
Developmental Center										
Dental visits for children	3,472	3,425	2,708	2,971	3,848	4,090	4,065	4,109	3,970	3,897
Infants & Toddlers Program children served	925	754	728	743	797	744	682	636	607	555
School-based services visits	22,788	21,869	20,646	20,815	20,575	20,521	20,327	19,133	14,000	14,810
School-based assessments	379	428	235	335	385	376	414	325	220	*
Audiology services visits	299	245	96	508	693	775	810	798	786	778
Social Services										
Child & Adult Care Food Program										
Home visits (5)	n/a	n/a	n/a	n/a	n/a	850	900	850	850	850
Senior Services										
Home delivered meals served to elderly	106,527	129,179	131,470	94,100	79,000	80,000	58,000	57,635	51,951	41,003
Congregate meals served (6)	45	-	-	6,000	10,000	10,500	10,000	10,751	10,366	9,485

*Information not available

(1) FY19 - FY23 TransIT miles and hours are based on FTA/NTD approved sampling.

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

(3) Formerly substance abuse visits in FY14 - FY18. FY19 - FY23 data reflects peer service encounters across all peer programs.

(4) The FY19 - FY23 values reflect children who visited a health room. FY18 and prior years reflect the number of children enrolled who had access to a health room.

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

(6) Congregate meals were not served in FY21 and FY22 due to COVID19. Meals were resumed in FY23, but with less frequency.

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

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Parks, recreation and culture										
Parks acres maintained	2,445	2,445	2,445	2,282	2,099	2,099	2,099	2,099	2,096	2,074
Recreation registrations	28,921	23,987	8,852	17,408	21,754	21,025	20,896	19,244	18,788	13,564
Conservation of natural resources										
Agriculture										
Farms	1,373	1,373	1,373	1,373	1,373	1,308	1,308	1,308	1,308	1,308
Acreage	188,576	188,576	188,576	188,576	188,576	181,512	181,512	181,512	181,512	181,512
Preserved land										
Farms	583	546	515	492	482	467	455	439	426	413
Acreage	75,559	72,298	70,100	67,166	65,546	63,565	61,667	59,220	57,198	55,542
Community development and public housing										
Bell Court housing project (28 units)										
Occupancy rate	99%	99%	99%	99%	99%	94%	100%	100%	100%	99%
Economic development and opportunity										
Workforce Services										
One - stop services - customers served	3,848	4,292	4,632	9,389	5,210	5,896	6,132	5,911	5,324	5,511
One - stop services - youth customers served	331	437	402	223	295	284	377	335	255	237
Job openings received	6,101	7,388	6,037	5,439	5,244	4,879	4,755	3,708	3,968	3,073
Customized training provided (trainees)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Frederick Business works projects (trainees)	71	35	17	61	84	90	45	1	91	n/a
Recruitment for business (1)	285	135	115	100	110	80	5	58	80	91
Customized business services support (2)	505	200	250	195	416	300	439	318	415	454
Website unique visitors	38,000	30,650	25,681	36,955	47,876	36,410	35,313	41,054	50,380	68,344
Office of Economic Development										
Website views/social media engagements (3)	257,611	249,950	202,222	237,614	208,728	29,382	1,243	513,951	413,000	396,800
Inquiries (4)	n/a	n/a	n/a	n/a	n/a	n/a	2,100	2,100	2,100	2,100
Prospects	138	84	112	96	124	106	195	120	150	185
Projects (4)	n/a	n/a	n/a	n/a	n/a	n/a	500	400	500	410
Business visits (5)	295	241	233	243	264	284	400	350	350	348
Business assistance (6)	492	1,860	2,231	2,413	2,328	2,501	500	400	300	275

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

(2) Formerly customized & onsite recruitment events

(3) Formerly average web hits per month for FY14 - FY16 and average page views per month for FY17 - FY18. FY19 - FY23 totals include Office of Economic Development, Homegrown and Root website views/social media engagements

(4) Indicators are no longer being tracked

(5) Formerly companies visited

(6) Formerly companies assisted

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

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

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government										
Building maintenance										
Buildings managed	184	185	162	162	166	165	164	162	162	155
Public Safety										
Fire/rescue stations	30	30	29	29	29	29	30	30	30	30
Adult Detention Center average daily population	299	262	232	257	298	321	398	374	407	360
Public Works										
County roads - mileage	1,301	1,297	1,292	1,285	1,279	1,285	1,273	1,273	1,273	1,272
Water facilities										
Plants/Distribution Systems	13	13	13	13	13	13	13	13	13	13
Daily capacity (1,000 gals.)	17,005	17,005	17,005	17,005	17,005	17,061	17,198	17,198	17,282	18,124
Miles of water mains	380	379	373	364	355	344	336	321	314	308
Hydrants	3,520	3,512	3,447	3,339	3,224	3,117	3,026	2,843	2,783	2,689
Sewer facilities										
Plants/Collection Systems	12	12	12	12	12	12	12	12	12	13
Daily capacity (1,000 gals.)	16,043	16,043	16,043	16,043	16,043	16,043	16,043 *	16,043 *	16,043	8,533
Miles of sewer mains	450	446	437	427	416	406	396	377	373	371
Bridges										
Bridges (over 20' spans)	222	224	223	221	221	222	219	218	218	219
Fleet services										
Vehicles	1,249	1,160	1,176	1,097	1,008	1,054	1,001	996	987	940
Parks, Recreation and Culture										
County park acreage	2,445	2,445	2,445	2,282	2,099	2,099	2,099	2,099	2,096	2,074
County facilities	46	46	42	41	40	39	39	39	37	37

*FY16 and FY17 reflect updated capacity

Sources: Fire/Rescue, Sheriff, Public Works, Fleet Services, Parks and Recreation, Division of Water and Sewer Utilities

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