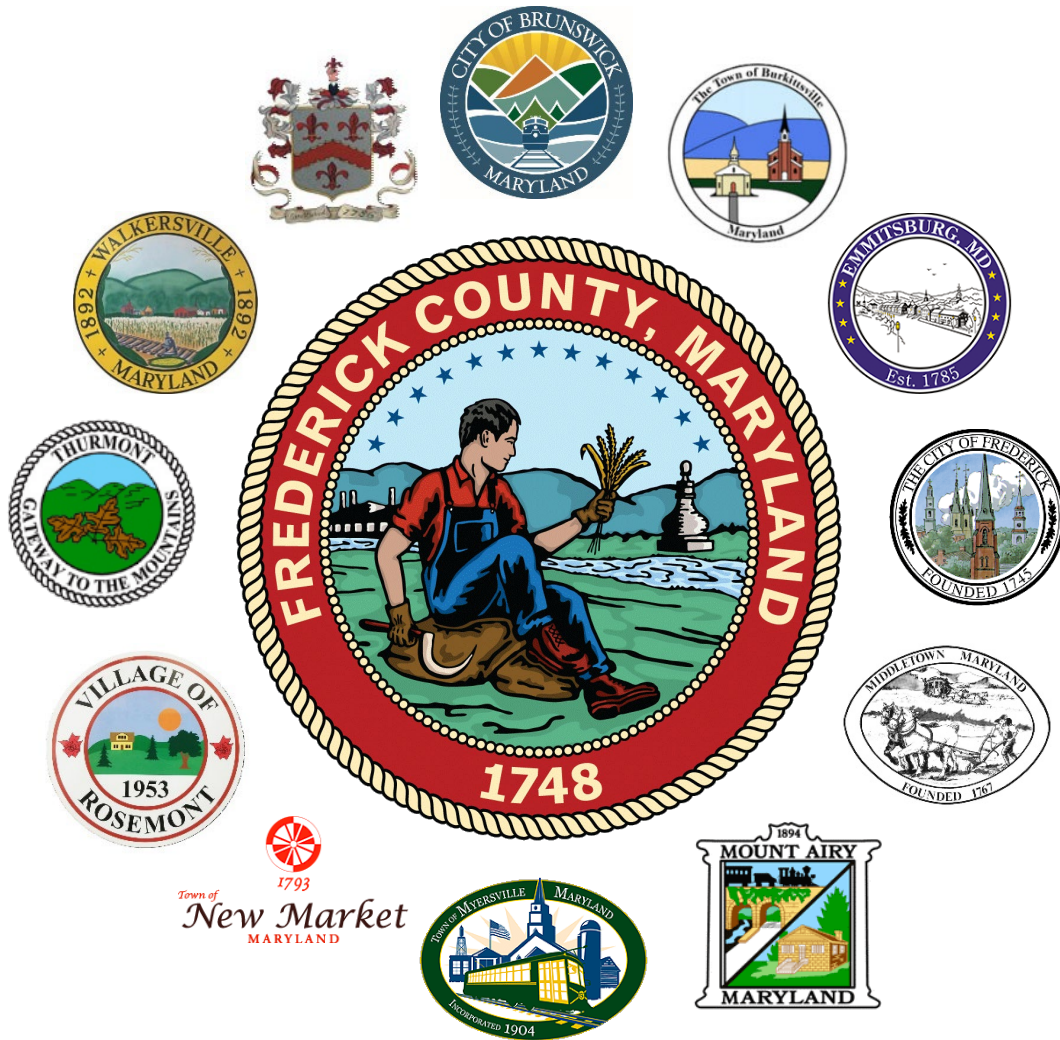


# Frederick County Maryland

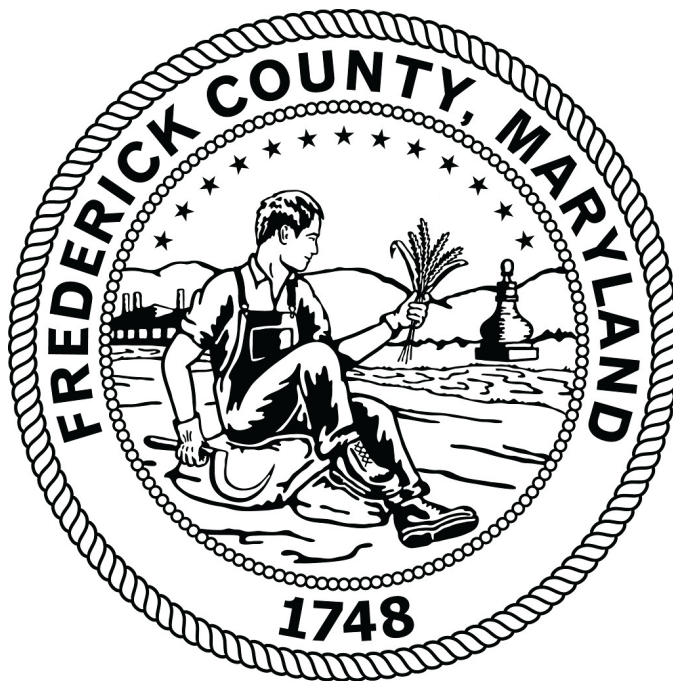


**Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2024**

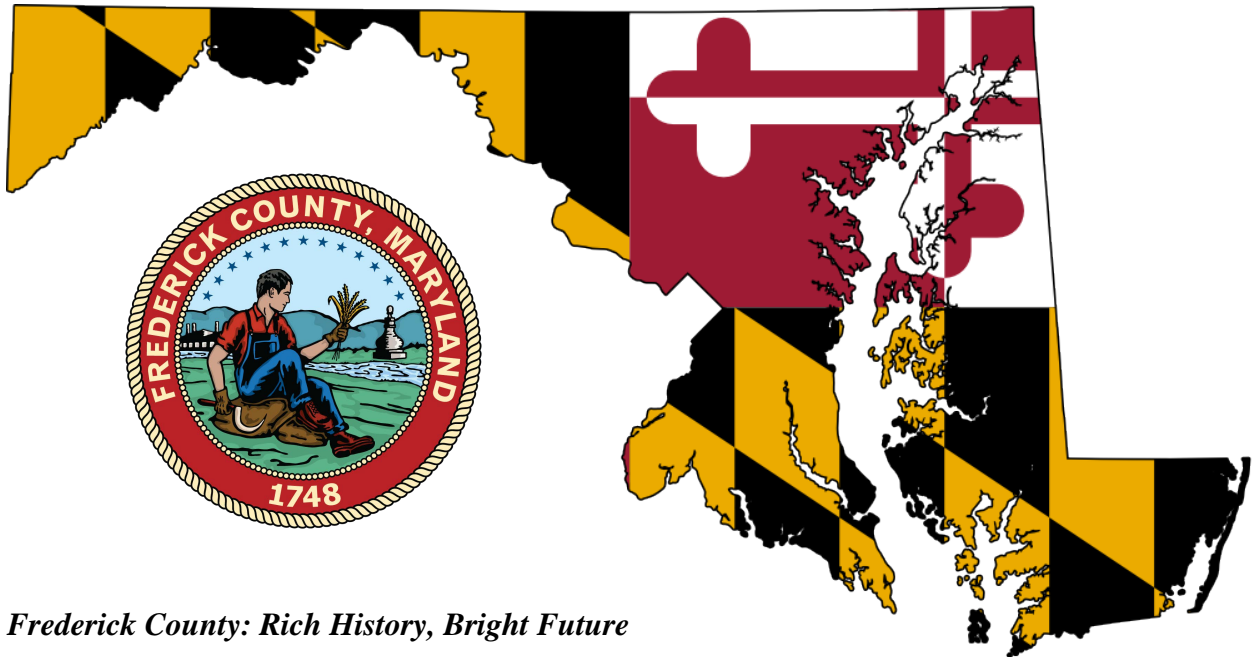
Front Cover:

The cover depicts the Frederick County, Maryland seal and the twelve municipalities within Frederick County. The municipalities are as follows: Brunswick, Burkittsville, Emmitsburg, Frederick, Middletown, Mt. Airy, Myersville, New Market, Rosemont, Thurmont, Walkersville, and Woodsboro.

Frederick County, Maryland  
Annual Comprehensive Financial Report  
Fiscal Year 2024  
July 1, 2023 – June 30, 2024



# 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, 2024  
TABLE OF CONTENTS**

| <b><u>Exhibit</u></b> | <b><u>Description</u></b>   | <b><u>Page</u></b> |
|-----------------------|---|--------------------|
| <b>I</b>              | <b>INTRODUCTORY SECTION</b>   |                    |
|                       | Letter of Transmittal .....   | 1                  |
|                       | GFOA Certificate of Achievement.....  | 8                  |
|                       | Government Organization Chart.....  | 9                  |
|                       | Summary of Elected and Appointed Officials .....  | 11                 |
| <b>II</b>             | <b>FINANCIAL SECTION</b>  |                    |
|                       | Report of Independent Public Accountants.....   | 13                 |
|                       | Management's Discussion and Analysis.....   | 17                 |
|                       | Basic Financial Statements:   |                    |
|                       | Government-wide Financial Statements:   |                    |
| II-A-1                | Statement of Net Position .....   | 33                 |
| II-A-2                | Statement of Activities.....  | 35                 |
|                       | Fund Financial Statements:  |                    |
| II-A-3                | Balance Sheet – Governmental Funds .....  | 36                 |
| II-A-4                | Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net<br>Position .....   | 37                 |
| II-A-5                | Statement of Revenues, Expenditures and Changes in Fund Balances –<br>Governmental Funds .....  | 38                 |
| II-A-6                | Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund<br>Balances of the Governmental Funds to the Statement of Activities..... | 39                 |
| II-A-7                | Statement of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis –<br>Budget and Actual – General Fund.....                            | 41                 |
| II-A-8                | Statement of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis –<br>Budget and Actual – Grants Fund.....                             | 48                 |
| II-A-9                | Statement of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis –<br>Budget and Actual – Agricultural Preservation Fund .....         | 49                 |
| II-A-10               | Statement of Net Position – Proprietary Funds .....   | 50                 |
| II-A-11               | Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....   | 52                 |
| II-A-12               | Statement of Cash Flows – Proprietary Funds .....   | 53                 |
| II-A-13               | Statement of Fiduciary Net Position.....  | 55                 |
| II-A-14               | Statement of Changes in Fiduciary Net Position .....  | 56                 |
| II-A-15               | Notes to Financial Statements .....   | 57                 |
|                       | Note 1. Summary of Significant Accounting Policies .....  | 57                 |
|                       | A. Financial Reporting Entity.....  | 57                 |
|                       | B. Government-Wide and Fund Financial Statements.....   | 59                 |
|                       | C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation .....   | 59                 |
|                       | D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or<br>Fund Balance.....   | 62                 |
|                       | 1. Pooled Cash and Investments .....  | 62                 |
|                       | 2. Property Taxes Receivable .....  | 63                 |
|                       | 3. Inventories and Prepaids .....   | 63                 |
|                       | 4. Capital Assets .....   | 63                 |
|                       | 5. Deferred Outflows/Inflows .....  | 64                 |
|                       | 6. Compensated Absences .....   | 65                 |
|                       | 7. Long-Term Obligations.....   | 65                 |
|                       | 8. Leases and Subscription-Based Information Technology Arrangements.....   | 65                 |
|                       | 9. Net Position/Fund Balances.....  | 67                 |
|                       | 10. Estimates.....  | 68                 |
|                       | Note 2. Stewardship, Compliance and Accountability .....  | 68                 |
|                       | A. Budgetary Data .....   | 68                 |
|                       | B. Reconciliation of Budgetary Basis to GAAP Basis.....   | 70                 |
|                       | Note 3. Detailed Notes on All Funds .....   | 70                 |

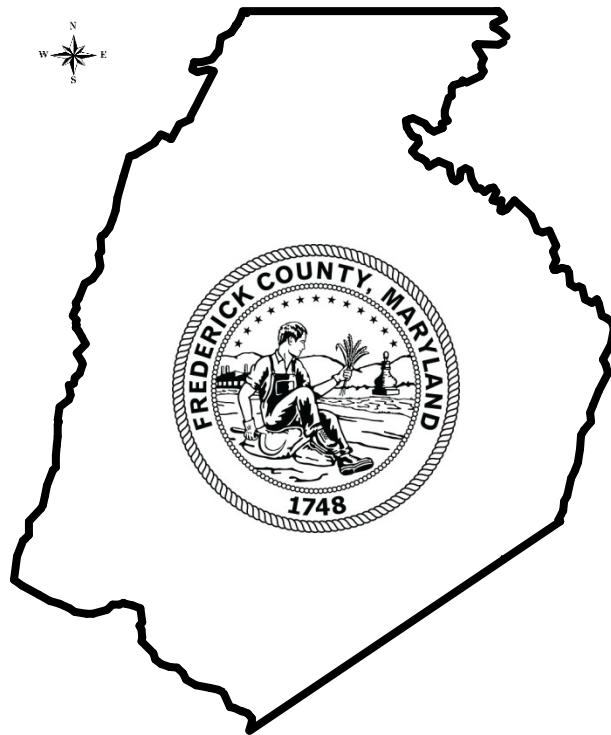
| <b><u>Exhibit</u></b> | <b><u>Description</u></b>   | <b><u>Page</u></b> |
|-----------------------|---|--------------------|
| A.                    | Cash, Investments and Equity in Pooled Invested Cash .....                              | 70                 |
| 1.                    | Deposits .....  | 70                 |
| 2.                    | Investments .....   | 72                 |
| B.                    | Receivables and Payables .....  | 87                 |
| 1.                    | Accounts and Other Receivables .....  | 87                 |
| 2.                    | Due To/From Primary Government and Component Units .....                                | 87                 |
| C.                    | Capital Assets .....  | 88                 |
| D.                    | Interfund Receivables, Payables and Transfers .....                                     | 93                 |
| 1.                    | Primary Government Interfund Receivables and Payable Balances .....                     | 93                 |
| 2.                    | Interfund Transfers – Primary Government .....  | 93                 |
| E.                    | Leases .....  | 93                 |
| 1.                    | Leases Receivable .....   | 94                 |
| 2.                    | Leases Payable .....  | 95                 |
| 3.                    | Financed Purchase Obligations .....   | 97                 |
| F.                    | Subscription-Based Information Technology Arrangements (SBITAs) .....                   | 99                 |
| 1.                    | SBITAs Payable .....  | 100                |
| G.                    | Non-Current Liabilities .....   | 103                |
| 1.                    | Changes in Non-Current Liabilities .....  | 103                |
| 2.                    | General Obligation Bonds .....  | 105                |
| 3.                    | Notes from Direct Borrowings and Direct Placements .....                                | 107                |
| 4.                    | Agricultural Preservation Installment Purchase Agreements .....                         | 109                |
| 5.                    | Certificates of Participation .....   | 110                |
| 6.                    | Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care Costs ..... | 111                |
| H.                    | Fund Balances/Net Position .....  | 112                |
| 1.                    | Governmental Funds - Nonspendable .....   | 112                |
| 2.                    | Governmental Funds - Restricted .....   | 112                |
| 3.                    | Governmental Funds - Committed .....  | 113                |
| 4.                    | Governmental Funds - Assigned .....   | 114                |
| 5.                    | Governmental Funds - Unassigned .....   | 114                |
| 6.                    | Business-Type Activities with Unrestricted Net Position .....                           | 114                |
| 7.                    | Net Investment in Capital Assets .....  | 115                |
| Note 4.               | Other Information .....   | 115                |
| A.                    | Commitments and Contingencies .....   | 115                |
| 1.                    | Construction Commitments .....  | 115                |
| 2.                    | Federal Financial Assistance .....  | 116                |
| 3.                    | Pending Litigation .....  | 116                |
| 4.                    | Economic Dependency .....   | 116                |
| 5.                    | Risk Management .....   | 117                |
| 6.                    | Contingent Liability .....  | 117                |
| B.                    | Arbitrage Rebate Requirements .....   | 117                |
| C.                    | Tax Abatements .....  | 118                |
| D.                    | Conduit Debt .....  | 120                |
| 1.                    | Community Development Authority (Special Tax) Financing .....                           | 120                |
| 2.                    | Tax Increment Financing .....   | 121                |
| 3.                    | Other Conduit Financing .....   | 123                |
| E.                    | Retirement and Pension Programs .....   | 124                |
| 1.                    | Employees Retirement Plan .....   | 125                |
| 2.                    | Uniformed Employees Retirement Plan .....   | 129                |
| 3.                    | Length of Service Awards Program .....  | 135                |
| 4.                    | Component Units .....   | 139                |
| F.                    | Post-Employment Benefit Plans .....   | 140                |
| 1.                    | Retiree Health Benefit Plan .....   | 140                |
| 2.                    | Component Units .....   | 145                |
| G.                    | Deferred Compensation .....   | 145                |
| H.                    | Joint Venture .....   | 146                |
| I.                    | Subsequent Events .....   | 146                |
| J.                    | New Governmental Accounting Standards Board (GASB) Standard .....                       | 147                |

| <b><u>Exhibit</u></b>  | <b><u>Description</u></b>   | <b><u>Page</u></b> |
|--|---|--------------------|
| Required Supplementary Information:  |   |                    |
| II-A-16  | Schedule of Changes in Net Pension Liability and Related Ratios<br>Frederick County Employees Retirement Plan .....                         | 149                |
| II-A-17  | Schedule of Employer Contributions – Frederick County Employees Retirement Plan .....   | 150                |
| II-A-18  | Schedule of Changes in Net Pension Liability and Related Ratios<br>Frederick County Uniformed Employees Retirement Plan .....               | 151                |
| II-A-19  | Schedule of Employer Contributions – Frederick County Uniformed Employees<br>Retirement Plan.....   | 152                |
| II-A-20  | Schedule of Changes in Net Pension Liability and Related Ratios<br>Frederick County Length of Service Awards Program .....                  | 153                |
| II-A-21  | Schedule of Employer Contributions – Frederick County Length of Service Awards Program .....  | 154                |
| II-A-22  | Schedule of Changes in Net OPEB Liability and Related Ratios – Frederick County Retiree<br>Health Benefit Plan.....                         | 155                |
| II-A-23  | Schedule of Employer Contributions – Frederick County Retiree Health Benefit Plan .....   | 156                |
| Supplementary Data:  |   |                    |
| Combining and Individual Fund Statements and Supplementary Schedules:                |   |                    |
| Nonmajor Funds:  |   |                    |
| II-B-1   | Combining Balance Sheet – Nonmajor Governmental Funds .....   | 157                |
| II-B-2   | Combining Balance Sheet – Sheriff's/Judicial Activities – Special Revenue Funds.....  | 158                |
| II-B-3   | Combining Balance Sheet – Loan Activities – Special Revenue Funds.....  | 159                |
| II-B-4   | Combining Statement of Revenues, Expenditures and Changes in Fund Balances –<br>Nonmajor Governmental Funds.....                            | 160                |
| II-B-5   | Combining Statement of Revenues, Expenditures and Changes in Fund Balances –<br>Sheriff's/Judicial Activities – Special Revenue Funds ..... | 161                |
| II-B-6   | Combining Statement of Revenues, Expenditures and Changes in Fund Balances –<br>Loan Activities – Special Revenue Funds .....               | 162                |
| II-B-7   | Special Revenue Funds - Schedules of Revenues, Expenditures and Changes in<br>Fund Balance – Budgetary Basis – Budget and Actual .....      | 163                |
| Debt Service Fund:   |   |                    |
| II-B-8   | Statement of Revenues, Expenditures and Changes in Fund Balances – Budgetary Basis –<br>Budget and Actual - Debt Service Fund.....          | 166                |
| Capital Projects Fund:   |   |                    |
| II-B-9   | Statement of Revenues, Expenditures and Changes in Fund Balances – Budgetary Basis –<br>Budget and Actual - Capital Projects Fund .....     | 167                |
| Internal Service Funds:  |   |                    |
| II-B-10  | Combining Statement of Net Position – Internal Service Funds .....  | 168                |
| II-B-11  | Combining Statement of Revenues, Expenses and Changes in Fund Net Position –<br>Internal Service Funds .....                                | 169                |
| II-B-12  | Combining Statement of Cash Flows – Internal Service Funds.....   | 170                |
| Pension Funds:   |   |                    |
| II-B-13  | Combining Statement of Net Position – Pension and Other Post Employment Benefits Trust<br>Funds .....                                       | 172                |
| II-B-14  | Combining Statement of Changes in Net Position – Pension and Other Post Employment<br>Benefits Trust Funds.....                             | 173                |
| Custodial Funds:   |   |                    |
| II-B-15  | Combining Statement of Net Position – Custodial Funds .....   | 174                |
| II-B-16  | Combining Statement of Changes in Net Position – Custodial Funds.....   | 175                |
| Capital Assets used in the Operation of Governmental Funds:                          |   |                    |
| II-B-17  | Schedule by Source .....  | 176                |
| II-B-18  | Schedule by Function.....   | 177                |
| II-B-19  | Schedule of Changes by Function .....   | 178                |
| <b>III</b>   | <b>STATISTICAL SECTION</b>  |                    |
| Statistical Data (Not covered by Report of Independent Certified Public Accountants) |   |                    |
| III-A-1  | Net Position by Component, Last Ten Fiscal Years .....  | 179                |
| III-A-2  | Changes in Net Position, Last Ten Fiscal Years.....   | 180                |

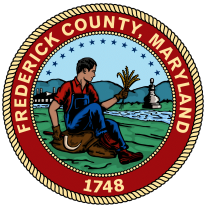
| <b><u>Exhibit</u></b> | <b><u>Description</u></b>  | <b><u>Page</u></b> |
|-----------------------|--|--------------------|
| III-A-3               | Fund Balances, Governmental Funds, Last Ten Fiscal Years .....                           | 182                |
| III-A-4               | Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years .....                | 183                |
| III-A-5               | Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years .....         | 185                |
| III-A-6               | Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years .....                   | 186                |
| III-A-7               | Principal Property Tax Payers, Current Year and Nine Years Ago .....                     | 187                |
| III-A-8               | General Fund Property Tax Levies and Collections, Last Ten Fiscal Years .....            | 188                |
| III-A-9               | Ratios of Outstanding Debt by Type, Last Ten Fiscal Years .....                          | 189                |
| III-A-10              | Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years .....                   | 190                |
| III-A-11              | Direct and Overlapping Governmental Activities Debt .....                                | 191                |
| III-A-12              | Computation of Legal Debt Margin, Last Ten Fiscal Years .....                            | 192                |
| III-A-13              | Demographic and Economic Statistics, Last Ten Fiscal Years .....                         | 193                |
| III-A-14              | Principal Employers, Current Year and Nine Years Ago .....                               | 194                |
| III-A-15              | Full Time-Equivalent County Government Employees by Function, Last Ten Fiscal Years .... | 195                |
| III-A-16              | Operating Indicators by Function, Last Ten Fiscal Years .....                            | 196                |
| III-A-17              | Capital Asset Statistics by Function, Last Ten Fiscal Years .....                        | 199                |



# INTRODUCTORY SECTION







# FREDERICK COUNTY GOVERNMENT

## DIVISION OF FINANCE

Accounting Department

Jessica Fitzwater  
*County Executive*

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

November 18, 2024

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, 2024.

### 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, 2024. 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 in the north central part of Maryland, is 664 square miles in area, and serves an estimated population of 293,391. 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](http://www.frederickcountymd.gov).

### **The Reporting Entity**

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

Incorporated municipalities within Frederick County provide some or all 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**

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.

No expenditure of County funds may be made in excess of appropriation at the department or agency level. Transfer of appropriations among the items set forth therein may be authorized in accordance with the County Charter Section 509.

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

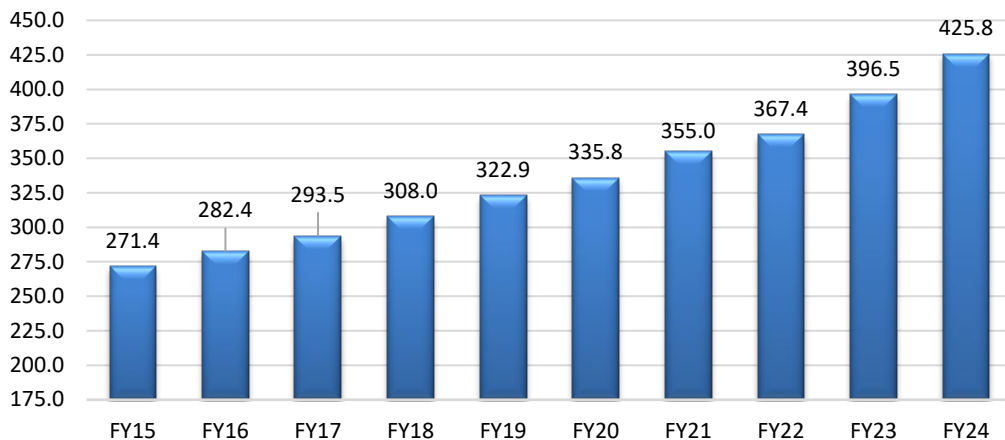
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

**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 3.2% as of August 2024, and is below the State rate of 3.4% for the same period. Average employment in Frederick County is 134,456 as of August 2024.

The County's largest revenue source remains real property taxes. Real property assessed values increased by 7.1% in FY24 and this trend continues into FY25 as values have grown to \$43.8 billion from \$40.9 billion. General Fund property taxes are projected to increase in FY25 by \$53.3 million over FY24, representing a 12.5% increase. The real estate market has experienced an increase in property assessments, which have increased over the past nine years. The FY25 real property tax rate was also increased from \$1.06 to \$1.11 per \$100 of assessed value with the additional five cents being dedicated to school construction.

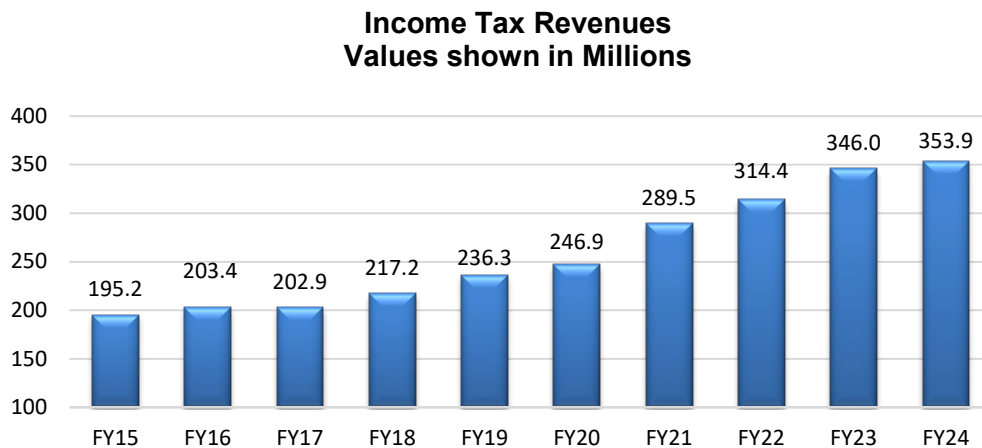
**Property Tax Revenues**  
Values shown in Millions



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 \$353.9 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 \$388.8 million for FY25.



**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 FY25 budget reflects the County Executive administration's core values of accountability, inclusion, and sustainability by developing a budget that delivers a healthy Frederick County. This budget focuses on ensuring Frederick County maintains its strong financial health and provides efficient people-focused services its residents rely on for social, environmental, and physical health and safety. It uses out-come based strategies to ensure our division budgets align with the goals of Livable Frederick. Livable Frederick is our roadmap to a prosperous and healthy future for everyone in Frederick County. It is fiscally responsible and uses one-time funding for one-time expenses. Total Operating Revenue is budgeted at \$928.5 million for FY25, representing a 10.2% increase over FY24.

Below are some highlights from Executive Fitzwater's FY25 budget:

- Makes a significant investment in Frederick County Public Schools at \$10.4 million more than the legally required maintenance of effort to maintain the County's funding commitment to education.
- The property tax rate was increased five cents per \$100 of assessed value to \$1.11 which will generate nearly \$21.5 million in additional revenue that is solely dedicated to school construction projects that focus on rehabbing or replacing our older school building.
- Makes a strategic one-time investment of \$1.5 million in our Housing Initiative Fund that will support our first-time homebuyer assistance program, attracting additional affordable units and helping people stay in their homes.
- Includes a 2% cost-of-living adjustment and a merit increase for eligible 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***

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, 2023. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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



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

The preparation of this report could not have been accomplished without the dedicated team effort of the County's Finance Division staff. Each member of the division has my sincere appreciation for the contributions made in preparation of this report. Special recognition is given to the Deputy Director of Finance, Robin Inskeep, Director of Accounting, Melanie Thom and her Accounting Supervisors, Ronni Bowman, Kathi Tritsch, and Stephanie Musson, 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](http://www.FrederickCountyMD.gov/reports). In addition, copies of this report are placed in the Frederick County Public Library system for use by the 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  
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**County of Frederick  
Maryland**

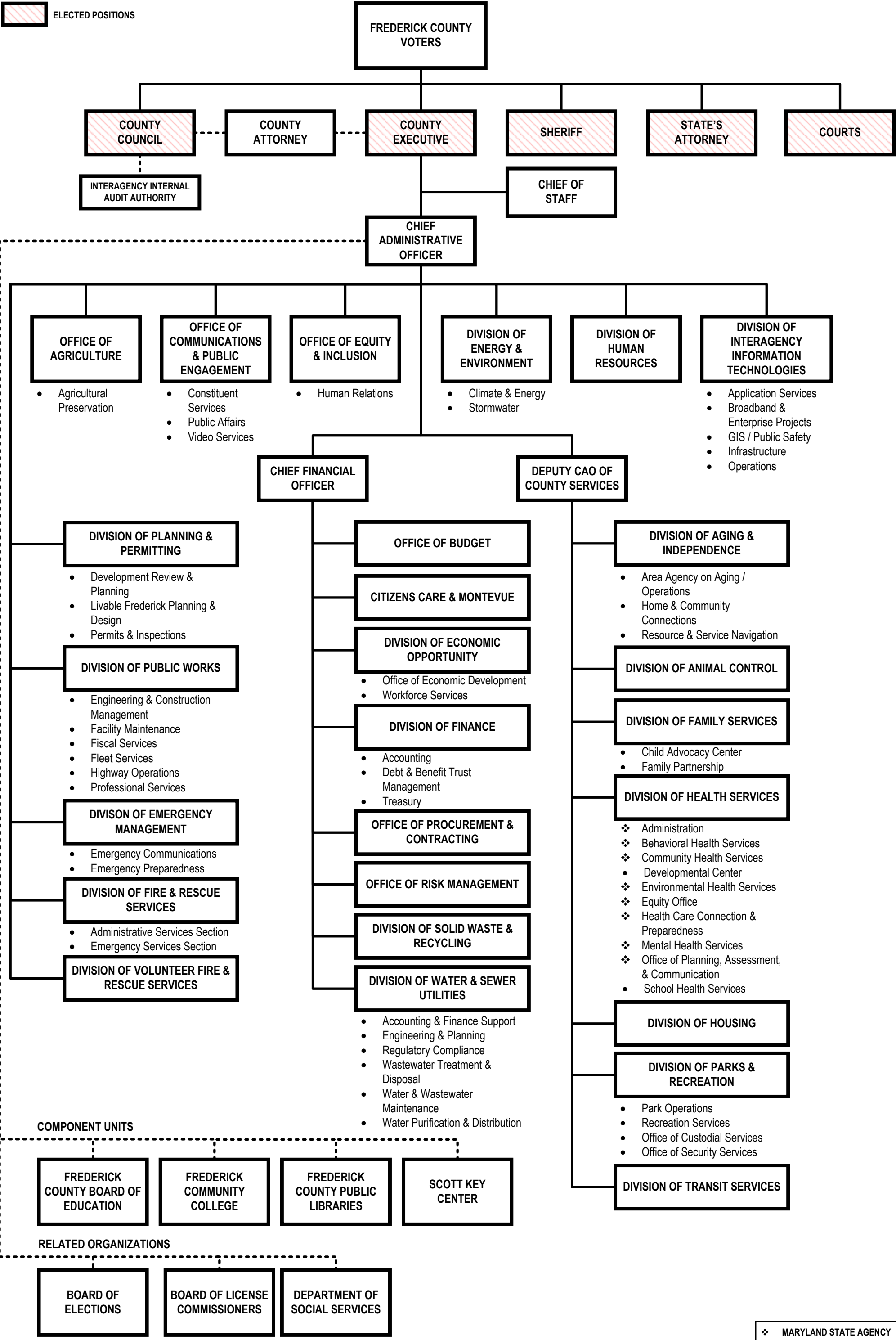
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

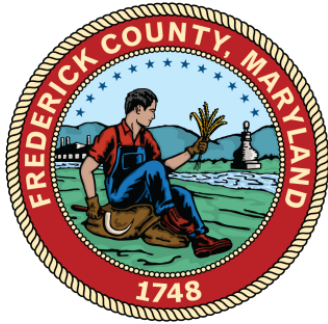
*Christopher P. Morill*

Executive Director/CEO

FREDERICK COUNTY GOVERNMENT  
ORGANIZATIONAL CHART



9



# Frederick County Elected Officials



**Jessica Fitzwater**  
County Executive

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## 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 Richard J. Sandy

**Clerk of the Circuit Court**

Sandra K. Dalton, Clerk

**Appointed Officials**

**County Executive's Cabinet**

Chief of Staff  
Community Liaison  
Government Affairs Director

Patrick Murray, Esquire  
Ysela Bravo  
Victoria Venable

Chief Administrative Officer  
Deputy Chief Administrative Officer  
Chief Financial Officer

John Peterson  
Leslie Barnes-Keating  
Daniel Lewis, CPFO

Chief Equity & Inclusion Officer  
County Attorney  
Director, Agriculture  
Director, Budget  
Director, Communications & Public Engagement  
Director, Procurement & Contracting  
Director, Risk Management  
Division Director, Aging & Independence  
Division Director, Animal Control  
Division Director, Economic Opportunity  
Division Director, Emergency Management  
Division Director, Energy & Environment  
Division Director, Family Services  
Division Director, Finance  
Division Director / Fire Chief, Fire & Rescue Services  
Division Director / Health Officer, Health Services\*  
Division Director, Housing  
Division Director, Human Resources  
Acting Division Director / CIO, Interagency Information Technologies  
Division Director, Internal Audit\*  
Division Director, Parks & Recreation  
Division Director, Planning & Permitting  
Division Director, Public Works  
Acting Division Director, Solid Waste & Recycling  
Division Director, Transit Services  
Division Director, Volunteer Fire & Rescue Services  
Division Director, Water & Sewer Utilities

Tiffani Kenney  
Bryon Black, Esquire  
Katie Stevens  
Kelly Weaver, CPA  
Vivian Laxton  
Diane Fouché  
Lauren Vandergrift  
Kathy Schey  
David Luckenbaugh  
Lara Fritts  
Anthony Rosano  
Shannon Moore  
Kelli Goetz  
Erin White, CPA  
Tom Coe  
Barbara Brookmyer, MD, MPH  
Vincent Rogers  
Emily Fiftal, JD  
Nick Hetrick  
Tricia Reaver, CPA  
Jeremy Kortright  
Deborah Carpenter  
Jason Stitt  
Lee Zimmerman  
Roman Steichen  
M. Shane Darwick  
Mark Schweitzer

\* Positions are appointed by other agencies

## **Component Units**

### **Board of Education**

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

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

|                  |                     |
|------------------|---------------------|
| Chairperson      | Theodore M. Luck    |
| Vice Chairperson | Tom Lynch, Esquire  |
| Trustee          | Carolyn Kimberlin   |
| Trustee          | Tracey McPherson    |
| Trustee          | Dr. John Molesworth |
| Trustee          | Dr. William Reid    |
| Trustee          | Myrna Whitworth     |
| President        | Dr. Annesa Cheek    |

### **Frederick County Public Library Board of Trustees**

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

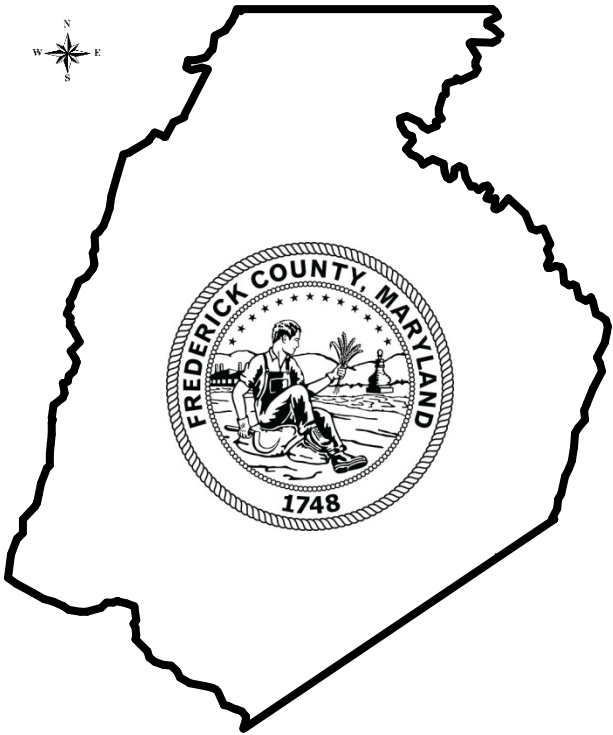
### **Scott Key Center Board of Directors**

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

### **Interagency Internal Audit Authority**

|                         |                    |
|-------------------------|--------------------|
| Internal Audit Director | Tricia Reaver, CPA |
|-------------------------|--------------------|

# 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, 2024, 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, 2024, 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 0.08 percent, 0.24 percent, and 0.42 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Scott Key Center, Inc., is based solely on the report of the other auditors.

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

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, 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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards



Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, 2024

*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, 2024. 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 \$1,550.3 million (net position), approximately 52.8% of which is attributable to the County's business-type activities. Of total net position, \$854.2 million is the net investment in capital assets and \$205.3 million is restricted for specific purposes. The County's unrestricted portion of net position is \$490.8 million. Unrestricted net position is composed of \$209.1 million in the governmental activities and a balance of \$281.7 million unrestricted in the business-type activities.
- The total government-wide net position increased by \$101.1 million in FY24. The governmental activities net position increased by \$74.7 million, compared to a decrease of \$21.5 million in FY23. The business-type activities net position increased by \$26.4 million, reflecting a smaller increase than the \$27.0 million increase in FY23.

#### Fund Level:

- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$657.8 million, a decrease of \$73.1 million from the prior year. The County's proprietary funds reported a combined net position of \$815.9 million, representing a \$26.4 million increase over the prior year.
- At the end of FY24, the total committed, assigned and unassigned fund balances for the County's General Fund was \$174.4 million or approximately 22.0% 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 like 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 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 way 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 \$1,550.3 million at the close of the fiscal year.

### Statement of Net Position

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

| Statement of Net Position<br>as of June 30<br>(In Thousands) |                            |                   |                             |                   |                                |                     |
|--|----------------------------|-------------------|-----------------------------|-------------------|--------------------------------|---------------------|
|  | Governmental<br>Activities |                   | Business-type<br>Activities |                   | Total<br>Primary<br>Government |                     |
|  | 2024                       | 2023              | 2024                        | 2023              | 2024                           | 2023                |
| Current and other assets                                     | \$ 970,839                 | \$ 970,090        | \$ 316,496                  | \$ 298,149        | \$ 1,287,335                   | \$ 1,268,239        |
| Capital assets   | 707,568                    | 665,526           | 642,168                     | 640,505           | 1,349,736                      | 1,306,031           |
| Total assets   | 1,678,407                  | 1,635,616         | 958,664                     | 938,654           | 2,637,071                      | 2,574,270           |
| Deferred outflows of resources                               | 56,507                     | 72,710            | 598                         | 803               | 57,105                         | 73,513              |
| Current and other liabilities                                | 140,960                    | 127,310           | 18,605                      | 19,069            | 159,565                        | 146,379             |
| Long-term debt outstanding                                   | 757,551                    | 872,833           | 122,489                     | 128,652           | 880,040                        | 1,001,485           |
| Total Liabilities  | 898,511                    | 1,000,143         | 141,094                     | 147,721           | 1,039,605                      | 1,147,864           |
| Deferred inflows of resources                                | 104,255                    | 50,749            | -                           | -                 | 104,255                        | 50,749              |
| Net Position:  |                            |                   |                             |                   |                                |                     |
| Net investment in capital assets                             | 318,362                    | 253,509           | 535,859                     | 530,091           | 854,221                        | 783,600             |
| Restricted   | 204,682                    | 257,208           | 600                         | 661               | 205,282                        | 257,869             |
| Unrestricted   | 209,104                    | 146,717           | 281,709                     | 260,984           | 490,813                        | 407,701             |
| Total net position   | <u>\$ 732,148</u>          | <u>\$ 657,434</u> | <u>\$ 818,168</u>           | <u>\$ 791,736</u> | <u>\$ 1,550,316</u>            | <u>\$ 1,449,170</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, \$854.2 million or 55.1%, 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 \$205.3 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 \$490.8 million. Unrestricted net position is composed of \$209.1 million in the governmental activities and \$281.7 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 FY23 to FY24. There was an increase in the unrestricted net position of the Governmental Activities of \$62.4 million while the Business Activities unrestricted net position increased \$20.7 million.

The net position of the governmental activities increased \$74.7 million during FY24. In the governmental activities, total revenues increased 7.4%, expenses decreased \$21.9 million, and the net position increased \$96.2 million from prior year. Governmental activities general revenues for FY24 showed an increase in property taxes of \$29.0 million, an increase in income taxes of \$34.7 million, and an increase of \$23.1 million in investment earnings. This was offset by a decrease in recordation tax of \$8.4 million. Expenses for the governmental activities decreased \$21.9 million, 2.2% from the prior year.

The net position of the business-type activities increased \$26.4 million during FY24. Business type activities revenue for FY24 showed an increase in investment income of \$5.9 million. Expenses for the business-type activities increased \$3.9 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)

|  | <b>Governmental<br/>Activities</b> |                   | <b>Business-type<br/>Activities</b> |                   | <b>Total<br/>Primary<br/>Government</b> |                     |
|--|------------------------------------|-------------------|-------------------------------------|-------------------|---|---------------------|
|  | <b>2024</b>                        | <b>2023</b>       | <b>2024</b>                         | <b>2023</b>       | <b>2024</b>                             | <b>2023</b>         |
| <b>REVENUES</b>                                |                                    |                   |                                     |                   |   |                     |
| <b>Program revenues</b>                        |                                    |                   |                                     |                   |   |                     |
| Charges for services                           | \$ 46,767                          | \$ 43,384         | \$ 109,797                          | \$ 109,756        | \$ 156,564                              | \$ 153,140          |
| Operating grants and contributions             | 45,168                             | 43,820            | 4,218                               | 777               | 49,386                                  | 44,597              |
| Capital grants and contributions               | 7,938                              | 11,468            | 12,853                              | 14,944            | 20,791                                  | 26,412              |
| <b>General revenues</b>                        |                                    |                   |                                     |                   |   |                     |
| Local property taxes                           | 425,608                            | 396,593           | -                                   | -                 | 425,608                                 | 396,593             |
| Local income taxes                             | 388,198                            | 353,472           | -                                   | -                 | 388,198                                 | 353,472             |
| Other local taxes                              | 52,672                             | 59,602            | -                                   | -                 | 52,672                                  | 59,602              |
| Investment earnings                            | 40,353                             | 17,231            | 14,708                              | 8,822             | 55,061                                  | 26,053              |
| Miscellaneous                                  | 21,005                             | 29,062            | 39                                  | 128               | 21,044                                  | 29,190              |
| Gain/Loss on Disposal of Assets                | 294                                | 2,786             | 80                                  | 139               | 374                                     | 2,925               |
| <b>Total revenues</b>                          | <b>1,028,003</b>                   | <b>957,418</b>    | <b>141,695</b>                      | <b>134,566</b>    | <b>1,169,698</b>                        | <b>1,091,984</b>    |
| <b>EXPENSES</b>                                |                                    |                   |                                     |                   |   |                     |
| <b>Program activities</b>                      |                                    |                   |                                     |                   |   |                     |
| <b>Governmental activities:</b>                |                                    |                   |                                     |                   |   |                     |
| General government                             | 93,761                             | 122,514           | -                                   | -                 | 93,761                                  | 122,514             |
| Public safety                                  | 199,486                            | 259,493           | -                                   | -                 | 199,486                                 | 259,493             |
| Public works                                   | 60,370                             | 61,101            | -                                   | -                 | 60,370                                  | 61,101              |
| Health   | 13,051                             | 21,510            | -                                   | -                 | 13,051                                  | 21,510              |
| Social services                                | 15,066                             | 18,401            | -                                   | -                 | 15,066                                  | 18,401              |
| Education                                      | 484,595                            | 392,435           | -                                   | -                 | 484,595                                 | 392,435             |
| Parks, recreation, and culture                 | 35,592                             | 34,958            | -                                   | -                 | 35,592                                  | 34,958              |
| Conservation of natural resources              | 13,217                             | 17,898            | -                                   | -                 | 13,217                                  | 17,898              |
| Community development and public housing       | 13,840                             | 15,654            | -                                   | -                 | 13,840                                  | 15,654              |
| Economic development and opportunity           | 9,508                              | 15,868            | -                                   | -                 | 9,508                                   | 15,868              |
| Interest on long term debt                     | 15,969                             | 16,504            | -                                   | -                 | 15,969                                  | 16,504              |
| <b>Business-type activities:</b>               |                                    |                   |                                     |                   |   |                     |
| Water and sewer                                | -                                  | -                 | 53,629                              | 49,203            | 53,629                                  | 49,203              |
| Solid waste management                         | -                                  | -                 | 32,545                              | 31,002            | 32,545                                  | 31,002              |
| Comprehensive Care Facility                    | -                                  | -                 | 27,658                              | 29,372            | 27,658                                  | 29,372              |
| Public Housing                                 | -                                  | -                 | 265                                 | 617               | 265                                     | 617                 |
| <b>Total expenses</b>                          | <b>954,455</b>                     | <b>976,336</b>    | <b>114,097</b>                      | <b>110,194</b>    | <b>1,068,552</b>                        | <b>1,086,530</b>    |
| <b>Change in net position before transfers</b> | <b>73,548</b>                      | <b>(18,918)</b>   | <b>27,598</b>                       | <b>24,372</b>     | <b>101,146</b>                          | <b>5,454</b>        |
| <b>Transfers</b>                               | <b>1,166</b>                       | <b>(2,589)</b>    | <b>(1,166)</b>                      | <b>2,589</b>      | <b>-</b>                                | <b>-</b>            |
| <b>Change in net position</b>                  | <b>74,714</b>                      | <b>(21,507)</b>   | <b>26,432</b>                       | <b>26,961</b>     | <b>101,146</b>                          | <b>5,454</b>        |
| <b>Net position - beginning of year</b>        | <b>657,434</b>                     | <b>678,941</b>    | <b>791,736</b>                      | <b>764,775</b>    | <b>1,449,170</b>                        | <b>1,443,716</b>    |
| <b>Net position - ending of year</b>           | <b>\$ 732,148</b>                  | <b>\$ 657,434</b> | <b>\$ 818,168</b>                   | <b>\$ 791,736</b> | <b>\$ 1,550,316</b>                     | <b>\$ 1,449,170</b> |

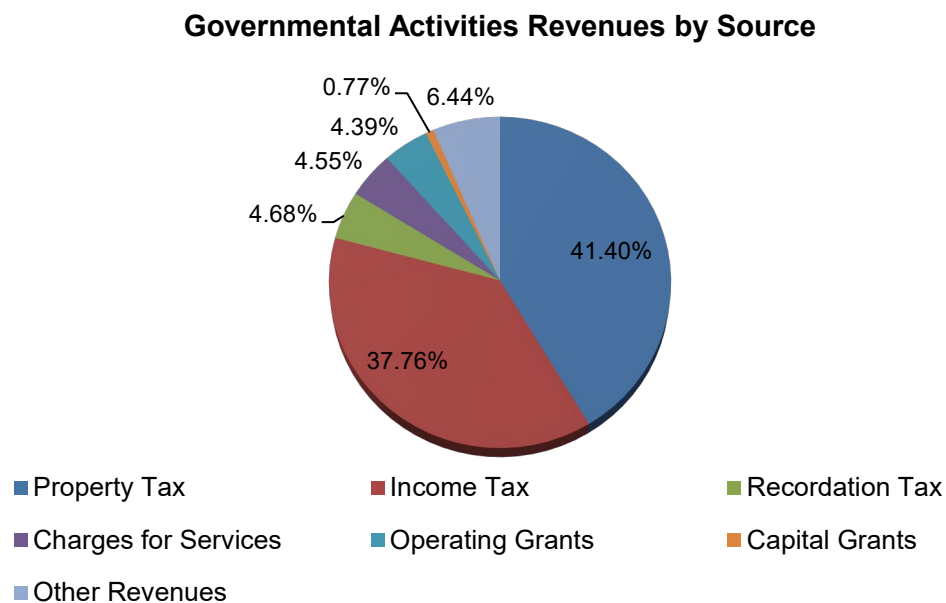
**Governmental Activities:** As noted earlier, the government's net position increased by \$101.1 million during the fiscal year. The net position of governmental activities increased \$74.7 million. Governmental activity revenues increased by \$70.6 million during FY24 with a decrease in expenses of \$21.9 million. The County realized its largest increase in revenues from property tax, income tax, and investment earnings. The decrease in governmental activities expenses were primarily in the areas of public safety, general government, and health that were offset by an increase in education expenses.

Key elements impacting the governmental activities revenues include:

- Local property tax revenue increase in FY24 by \$29.0 million or 7.3% over prior year primarily due to an increase in real property assessments.

- Increases in income tax revenues of \$34.7 million, reflecting a 9.8% increase over FY23. This increase is attributable to new income tax rates that took effect in January 2024 as well as the results of a growing economy.
- Recordation tax, included in other taxes, decreased \$8.4 million in FY24 over FY23. In FY24 the number of homeowners refinancing their mortgages continues to decrease due to increasing interest rates which slowed the related collection of recordation tax revenue.
- Investment earnings increased \$23.1 million in FY24 over FY23 primarily due to significant increases in yields on short-term investments.

The following chart illustrates the governmental activities revenues received by source for FY24:

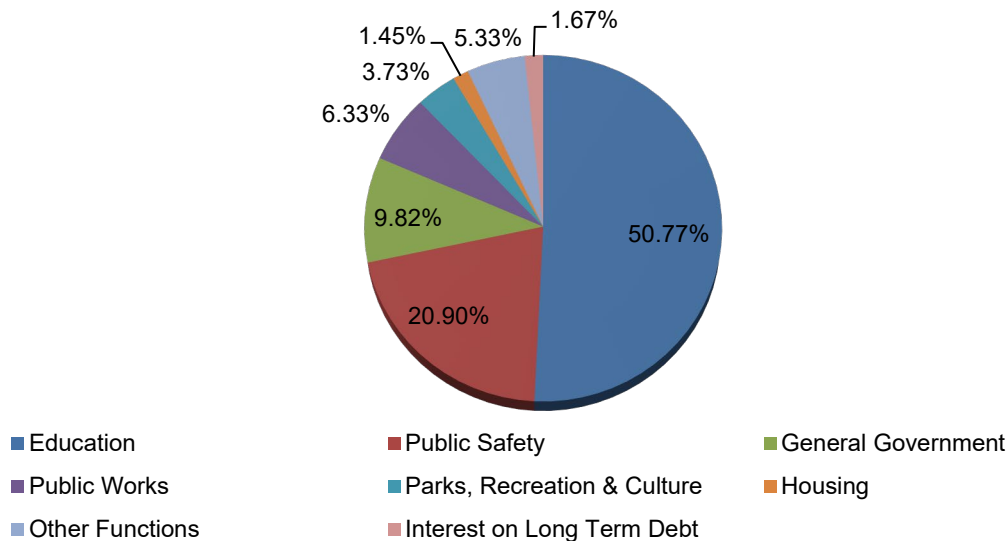


Governmental activities expenses decreased by \$21.9 million in FY24 or 2.2% from FY23. The largest contributors to this decrease were in the areas of:

- All expense categories except for Education decreased by \$114.1 million when compared to prior year. While overall day-to-day operations of the County did increase in FY24 by \$14.5 million, this increase was fully offset by a decrease in the aggregate pension expense in FY24 of \$128.6 million. The significant decrease in the aggregate pension expense is the result of significant increases in net investment income in all plans.
- Overall Education expenses increased in FY24 by \$92.2 million. Operating funding for our local education system continues to grow including an additional \$53.3 million in funding in FY24, which includes \$49.1 million over the Maintenance of Effort level, the minimum level required by state law. This supports the County Executive's focus on our education system. Capital project expenses increased \$37.3 million in FY24 due to several school additions, replacements and modernization projects. Operating support to the local community college, increased \$2.1 million offset by a decrease in capital projects expenses of \$469 thousand.

The following chart illustrates the governmental activities expenses by function for FY24:

**Governmental Activities Expenses by Function**



**Business-type Activities:** Business-type activities increased Frederick County's net position by \$26.4 million in FY24, compared to an increase of \$27.0 million in FY23.

Total Revenues for business-type activities increased by \$7.1 million in FY24, primarily due to an increase in investment earnings of \$5.9 million resulting from a significant increase in interest rates during the period.

Total Expenses for business-type activities increased by \$3.9 million in FY24.

- The Water & Sewer and Solid Waste Funds reported a \$4.4 million and \$1.5 million increase in expense respectively in FY24, primarily due to inflationary conditions.
- Expenses for the Comprehensive Care Facility decreased by \$1.7 million in FY24 primarily due to a shift from an institutional model to a service coordination model at the Montevue Assisted Living facility.

## 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 \$657.8 million. Approximately 98.5% of this total amount (\$648.1 million) constitutes restricted, committed, assigned and unassigned fund balance, which is generally available for spending. The remainder of fund balance (\$9.7 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 \$414.7 million is \$68.1 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 \$175.7 million. Reducing the committed fund balance of \$157.3 million for the legislative mandate noted earlier still provides a fund balance of \$89.2 million spendable for current operations. The remainder of the fund balance (\$3.6 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 \$179.3 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 22.2% of total general fund expenditures, while total fund balance represents 22.6% of that same amount.

The County's General Fund total fund balance decreased by \$16.6 million during the current fiscal year. The increase is mostly due to an increase in revenues of \$49.4 million 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 \$36.4 million, with \$1.9 million included in the restricted category due to the legally binding nature of the grant agreements. The Grants Fund total fund balance decreased \$1.9 million during the current fiscal year primarily due the County's continued spending of grant funding received in prior years. Grants from federal government did increase by \$1.2 million.

The Capital Projects Fund has a total fund balance of \$318.7 million. The decrease in fund balance for the current fiscal year of \$63.3 million was primarily the result of not issuing general obligation bond during FY24.

The Agricultural Land Preservation Fund has total fund balance of \$74.4 million. The fiscal year fund balance increased by \$1.2 mostly due to a decrease in participation in the Installment Purchase and Conservation Reserve Enhancement programs. Debt Service paid during the fiscal year also decreased by \$2.3 million.

The Debt Service Fund has a total fund balance of \$11.8 million. The fiscal year fund balance increased by \$1.6 million primarily due to FY24 investment income.

**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 FY24, the enterprise funds reported a combined total net position of \$815.9 million. Of that total, the unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$231.0 million and the unrestricted net position in the Solid Waste Management Fund totaled \$38.8 million. The Comprehensive Care Facility Fund ended the year with an unrestricted net position of \$9.7 million. The Bell Court Apartment Fund had an unrestricted net position of negative \$11,851.

The County's internal service funds ended FY24 with a total net position of \$55.5 million. Net Position included \$21.7 million of net investment in capital assets and the remaining \$33.8 million of unrestricted net position for all internal service funds. Overall, there was an increase in net position of \$4.8 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 \$20.9 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 \$6.8 million of the increase from the adopted budget. Other notable increases to the adopted budget included supplemental appropriations to the Board of Education comprised of \$9.1 million from FY23 unaudited general fund balance and \$5 million revenue stabilization fund balance.

During the year, revenues were greater than budgetary estimates by \$17.2 million and expenditures were less than budgetary estimates by \$29.4 million. Cautious spending partially contributed to the \$29.4 million or 3.5% decrease in actual General Fund expenditures compared to the final General Fund budget. The favorable variances totaled \$47.5 million, thereby leaving the County to only draw upon \$22.8 million of the \$70.4 million of the appropriated fund balance.

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

### **Revenues:**

- One of the primary factors contributing to total revenues being greater than the amount budgeted in FY24 by \$17.2 million was investment income that exceeded budget estimates by \$16.7 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 \$29.4 million is salary and fringe savings attributable to position vacancies in FY24. The County has experienced an unprecedented challenge in recruiting staff for vacant positions throughout the organization.
- The general government function was one of the biggest contributors with \$7.2 million in savings. The three largest areas of savings were in management services with \$2.3 million, interagency information technologies (IIT) with \$1.3 million and planning and zoning with \$952 thousand. Maintenance and custodial which comprise management services experienced savings in utility related costs primarily due to a mild winter with remaining savings as a direct result of vacant positions. IIT had savings in contracted services primarily due to timing of contracts. Planning and zoning which is comprised of permits and inspections experienced vacancies throughout the year.
- The non-departmental function had \$7.2 million in savings. This positive budget variance is primarily the result of \$5.7 million in various contingencies related to severe weather and fuel cost reserves being underspent as well as \$3.6 million being set aside in the FY24 budget to partially replenish a \$5 million supplemental appropriation to the Board of Education from revenue stabilization reserve. Non-departmental employee benefits also realize budget savings of \$883 thousand primarily related to position vacancies throughout the organization.
- Notable savings occurred in the public safety function that resulted in a positive budget variance of \$6.4 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. Emergency communications also experienced savings in contracted services due to timing of contracts.

- Public works had \$2.9 million in savings primarily due to position vacancies and a mild winter which attributed to savings in contracted services and other snow removal costs.
- Social services had \$1.4 million in savings mostly due to vacancies, particularly in senior services and Scott Key Center.
- Economic development and opportunity had \$1.3 million in savings primarily due to savings in Community Partnership Grant Program. The FY24 budget included use of admission and amusement tax funds however, this tax was not approved by the County Council during the year.
- Education function has \$1.2 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, 2023, and 2024, amount to \$1,306.0 million and \$1,349.7 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 3.3%.

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

|                                  | Governmental<br>Activities |                   | Business-type<br>Activities |                   | Totals              |                     |
|----------------------------------|----------------------------|-------------------|-----------------------------|-------------------|---------------------|---------------------|
|                                  | 2024                       | 2023              | 2024                        | 2023              | 2024                | 2023                |
| Land                             | \$ 162,086                 | \$ 150,098        | \$ 8,528                    | \$ 8,528          | \$ 170,614          | \$ 158,626          |
| Buildings & improv.              | 398,133                    | 377,835           | 332,525                     | 325,951           | 730,658             | 703,786             |
| Right-to-use buildings & improv. | 5,228                      | 5,228             | -                           | -                 | 5,228               | 5,228               |
| Equipment                        | 179,980                    | 170,439           | 62,366                      | 58,791            | 242,346             | 229,230             |
| Right-to-use equipment           | 814                        | 518               | 134                         | 107               | 948                 | 625                 |
| Right-to-use SBITAs              | 6,406                      | 1,523             | -                           | -                 | 6,406               | 1,523               |
| Infrastructure                   | 463,027                    | 458,379           | 489,716                     | 486,939           | 952,743             | 945,318             |
| Construction in progress         | 76,605                     | 58,488            | 37,644                      | 32,591            | 114,249             | 91,079              |
| Accum. depreciation/amortization | (584,711)                  | (556,982)         | (288,745)                   | (272,402)         | (873,456)           | (829,384)           |
| Total                            | <u>\$ 707,568</u>          | <u>\$ 665,526</u> | <u>\$ 642,168</u>           | <u>\$ 640,505</u> | <u>\$ 1,349,736</u> | <u>\$ 1,306,031</u> |

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

### Governmental Activities:

- Costs were incurred for the following major projects and capital purchases:
  - Pavement Management \$18.3 million
  - Middletown Library 6.9 million
  - Adult Detention Center Medical Unit 6.6 million
  - Fire Apparatus and Vehicle Replacement 5.3 million
  - Old National Pike Park Phase II 4.8 million
  - Christophers Crossing Widening 4.4 million



- The following transfers were made to the Frederick County Board of Education for school construction:
  - Systemic Projects \$17.0 million
  - Crestwood Middle School Addition 8.1 million
  - Valley Elementary School Replacement 4.8 million
  - Brunswick Elementary Modernization and Feasibility Study 4.7 million
- The following transfers were made to the Frederick Community College for school construction:
  - Systemic Projects \$1.0 million

### Business-type Activities:

- Construction costs were incurred for the following major projects:
  - Maintenance Building Expansion Relocation \$6.5 million
  - Lewistown Wastewater Treatment Plant Improvements 1.0 million

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

### Long-Term Debt

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

|   | Governmental<br>Activities |                   | Business-type<br>Activities |                   | Totals            |                   |
|---|----------------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|
|   | 2024                       | 2023              | 2024                        | 2023              | 2024              | 2023              |
| Bonds Payable   | \$ 562,569                 | \$ 593,387        | \$ 59,461                   | \$ 61,278         | \$ 622,030        | \$ 654,665        |
| Ag Easement Notes (IPA)                               | 40,005                     | 43,242            | -                           | -                 | 40,005            | 43,242            |
| Notes from Direct Borrowings<br>and Direct Placements | 27,030                     | 35,299            | 45,869                      | 50,516            | 72,899            | 85,815            |
| Lease Agreements                                      | 4,383                      | 5,052             | 185                         | 120               | 4,568             | 5,172             |
| SBITA Agreements                                      | 1,394                      | 1,003             | -                           | -                 | 1,394             | 1,003             |
| Total   | <u>\$ 635,381</u>          | <u>\$ 677,983</u> | <u>\$ 105,515</u>           | <u>\$ 111,914</u> | <u>\$ 740,896</u> | <u>\$ 789,897</u> |

As of year-end, the County had \$622.0 million in general obligation bonds outstanding compared to a total of \$654.7 million last year, a 5.0% decrease. This decrease of \$32.6 million decrease is attributable to principal payments.

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

Pursuant to the Charter of Frederick County Maryland, future authorizations for general obligation borrowings will be granted by the County Council. Section 508 of the Charter sets limitations for general obligation borrowings. This 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 \$532.5 million.

Principal payments and reductions of all the County's long-term liabilities (as shown in note 3.G) were \$334.5 million and \$8.5 million in the governmental and business-type activities, respectively.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The General Fund budget for FY25 is based on County property tax rate of \$1.11 per \$100 assessed value with five cents being dedicated to school construction and income tax rates ranging from 2.25% to 3.20%. The FY25 budget reflects a 10.2% increase in revenues compared to FY24.
- A \$.05 increase to the property tax rate was passed for FY25 increasing the rate from \$1.06 to \$1.11. The additional \$.05 is dedicated to school construction focusing on rehabbing or replacing existing schools per the budget ordinance. The County continues to see a healthy appreciation of existing housing assessments and new housing starts continuing to grow. The County continues to be a desirable place to live facilitating an increase in housing values and providing a market for the development pipeline already approved. As a result, property tax revenue is projected to increase 12.5%.
- Income tax revenues is budget to increase by 10.9% in FY25. Beginning in January 2024, new income tax rates were adopted ranging from 2.25% to 3.20%. Overall, the new rates did increase the budgeted amount, but the primary increase is due to continued growth in the underlying income growth of residents.
- In FY25, Frederick County Public Schools are funded at \$437.1 million, which is \$10.4 million over the state-required Maintenance of Effort level.
- Funding for Frederick Community College increased \$1.6 million in FY25 to advance the strategic goals of their Board of Trustees. The total appropriation for FY25 is \$26.3 million.
- The appropriation for Frederick County Libraries increased \$701,912 to support life-long learning, educational needs and home schooling. The budget includes an increase in the library system's materials funding formula so they can enhance their popular digital materials and reduce hold lists. The total appropriation for FY24 is \$16.9 million.
- As a result of operations in FY24, there remains \$34.9 million of fund balance in the General Fund that is committed for use in the FY26 budget. This represents a decrease from the \$53.4 million programmed as a budgeted use of fund balance in the FY25 budget.
- As of August 2024, the average unemployment rate for the County was 3.2 percent, while the average unemployment rate for the State of Maryland was 3.4 percent.

Below is the property tax rates for Frederick County and the State of Maryland. The County and the City of Frederick and the Town of Myersville's differential tax rates increased in FY25.

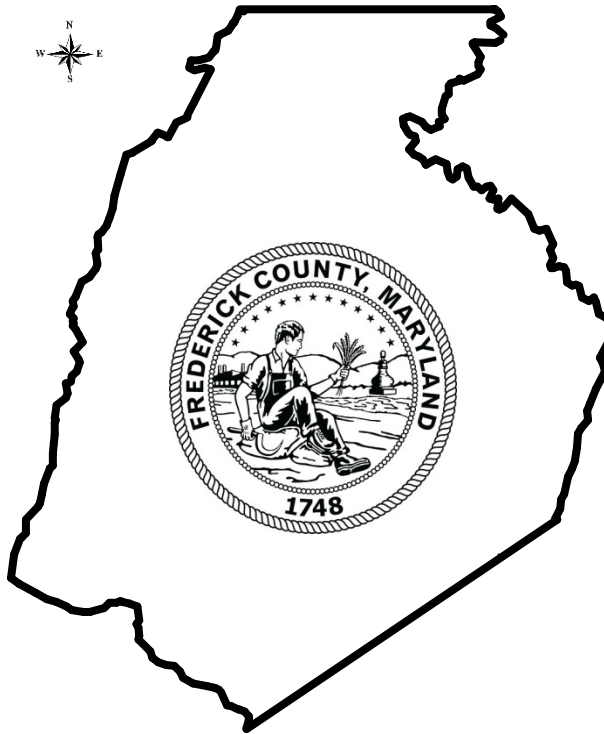
| <b>Jurisdiction</b>                 | <b>FY 2025</b> | <b>FY 2024</b> |
|-------------------------------------|----------------|----------------|
| State of Maryland                   | 0.1120         | 0.1120         |
| Frederick County                    | 1.1100         | 1.0600         |
| City of Frederick Differential      | 1.0077         | 0.9552         |
| Town of Myersville Differential     | 1.0198         | 0.9438         |
| Total Real Property Assessed Values | 43.8B          | 40.9B          |

## **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, 2024**

|  | Primary Government      |                          |               | Component Units    |                   |                  |                  |
|--|-------------------------|--------------------------|---------------|--------------------|-------------------|------------------|------------------|
|  | Governmental Activities | Business-type Activities | Total         | Board of Education | Community College | Public Libraries | Scott Key Center |
| <b>Assets</b>  |                         |                          |               |                    |                   |                  |                  |
| Cash   | \$ 430,856              | \$ 2,930                 | \$ 433,786    | \$ 26,186,121      | \$ 36,537,218     | \$ 6,263         | \$ 694,423       |
| Equity in pooled invested cash                             | 570,995,610             | 263,476,372              | 834,471,982   | -                  | -                 | -                | -                |
| Cash and cash equivalents - restricted                     | 53,247,203              | 3,231,881                | 56,479,084    | -                  | -                 | 20,000           | -                |
| Total cash and cash equivalents                            | 624,673,669             | 266,711,183              | 891,384,852   | 26,186,121         | 36,537,218        | 26,263           | 694,423          |
| Investments - restricted                                   | -                       | -                        | -             | -                  | -                 | 499,453          | -                |
| Investments  | 68,972,082              | 19,967,300               | 88,939,382    | 40,059,190         | 21,733,708        | -                | 100,831          |
| Receivables, net of allowance for uncollectibles:          |                         |                          |               |                    |                   |                  |                  |
| Property taxes   | 6,717,940               | -                        | 6,717,940     | -                  | -                 | -                | -                |
| Accounts   | 9,176,318               | 17,915,285               | 27,091,603    | 14,657,756         | 1,044,142         | 16,466           | 199,168          |
| Intergovernmental  | 209,531,032             | -                        | 209,531,032   | 16,814,244         | 3,009,358         | -                | -                |
| Lease receivable   | 140,226                 | -                        | 140,226       | -                  | -                 | -                | -                |
| Internal balances  | (2,229,647)             | 2,229,647                | -             | -                  | -                 | -                | -                |
| Net OPEB asset   | 24,158,761              | -                        | 24,158,761    | -                  | -                 | -                | -                |
| Due from primary government                                | -                       | -                        | -             | 8,517,665          | -                 | 7,610,251        | -                |
| Due from component units                                   | 261,718                 | 30,256                   | 291,974       | -                  | -                 | -                | -                |
| Inventories  | 7,032,876               | 108,526                  | 7,141,402     | 1,443,542          | 208,209           | -                | -                |
| Prepaid items  | 3,957,057               | 8,531,019                | 12,488,076    | 1,357,138          | 825,673           | 94,894           | 22,378           |
| Long-term receivables, net of allowance for uncollectibles | 18,447,208              | 1,002,982                | 19,450,190    | -                  | 23,814            | -                | -                |
| Capital assets:  |                         |                          |               |                    |                   |                  |                  |
| Land   | 162,085,631             | 8,527,737                | 170,613,368   | 53,469,196         | 271,620           | -                | -                |
| Buildings and improvements                                 | 398,133,027             | 332,524,781              | 730,657,808   | 1,299,015,972      | 152,921,119       | -                | -                |
| Right-to-use building and improvements                     | 5,227,861               | -                        | 5,227,861     | 44,591,612         | -                 | -                | -                |
| Equipment  | 179,980,191             | 62,365,490               | 242,345,681   | 81,977,322         | 8,106,373         | 441,602          | 50,487           |
| Right-to-use equipment                                     | 813,691                 | 134,510                  | 948,201       | -                  | -                 | -                | -                |
| Right-to-use SBITA   | 6,406,029               | -                        | 6,406,029     | 6,949,384          | 1,371,079         | 250,721          | -                |
| Library collection   | -                       | -                        | -             | -                  | 2,083,723         | 6,073,476        | -                |
| Infrastructure   | 463,027,219             | 489,715,661              | 952,742,880   | -                  | -                 | -                | -                |
| Construction in progress                                   | 76,605,451              | 37,644,416               | 114,249,867   | 57,153,955         | 2,355,323         | -                | -                |
| Accumulated depreciation/amortization                      | (584,710,715)           | (288,744,566)            | (873,455,281) | (588,970,270)      | (74,683,439)      | (1,801,625)      | (50,487)         |
| Total assets   | 1,678,407,625           | 958,664,227              | 2,637,071,852 | 1,063,222,827      | 155,807,920       | 13,211,501       | 1,016,800        |
| <b>Deferred Outflows of Resources</b>                      |                         |                          |               |                    |                   |                  |                  |
| Deferred outflow related to nonuniformed pension           | 18,005,344              | -                        | 18,005,344    | 20,698,650         | -                 | -                | -                |
| Deferred outflow related to uniformed pension              | 22,883,425              | -                        | 22,883,425    | -                  | -                 | -                | -                |
| Deferred outflow related to LOSAP                          | 97,340                  | -                        | 97,340        | -                  | -                 | -                | -                |
| Deferred outflow related to OPEB                           | 14,999,531              | -                        | 14,999,531    | 92,366,114         | -                 | -                | -                |
| Deferred charge on refunding                               | 521,143                 | 598,411                  | 1,119,554     | -                  | -                 | -                | -                |
| Total deferred outflows of resources                       | 56,506,783              | 598,411                  | 57,105,194    | 113,064,764        | -                 | -                | -                |

(continued)

FREDERICK COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
JUNE 30, 2024

|   | Primary Government      |                          |                         | Component Units       |                       |                      |                   |
|---|-------------------------|--------------------------|-------------------------|-----------------------|-----------------------|----------------------|-------------------|
|   | Governmental Activities | Business-type Activities | Total                   | Board of Education    | Community College     | Public Libraries     | Scott Key Center  |
| <b>Liabilities</b>                              |                         |                          |                         |                       |                       |                      |                   |
| Accounts payable                                | \$ 478,567              | \$ 479,305               | \$ 957,872              | \$ 40,043,117         | \$ 2,139,123          | \$ 3,429             | \$ 6,164          |
| Accrued liabilities                             | 23,680,633              | 6,280,687                | 29,961,320              | 900,235               | 813,607               | -                    | 402               |
| Accrued payroll and benefit deductions          | 11,784,207              | 626,376                  | 12,410,583              | 16,290,223            | 3,075,035             | 441,772              | 13,049            |
| Property taxes payable                          | 187,742                 | -                        | 187,742                 | -                     | -                     | -                    | -                 |
| Due to third parties                            | 13,735,963              | -                        | 13,735,963              | -                     | -                     | -                    | -                 |
| Due to primary government                       | -                       | -                        | -                       | 534,781               | -                     | -                    | 329,233           |
| Due to other governmental units                 | 234,836                 | -                        | 234,836                 | -                     | -                     | -                    | -                 |
| Due to component units                          | 16,244,982              | -                        | 16,244,982              | -                     | -                     | -                    | -                 |
| Unearned revenues                               | 10,998,637              | 112,077                  | 11,110,714              | -                     | 1,951,757             | 709,843              | -                 |
| Other liabilities                               | 6,722,483               | 3,663,658                | 10,386,141              | -                     | -                     | -                    | -                 |
| Noncurrent liabilities:                         |                         |                          |                         |                       |                       |                      |                   |
| Due within one year                             | 56,713,669              | 7,443,045                | 64,156,714              | 14,215,655            | 663,324               | 141,587              | -                 |
| Due in more than one year                       | 757,729,374             | 122,489,523              | 880,218,897             | 591,440,335           | 4,985,649             | 739,232              | -                 |
| Total liabilities                               | <u>898,511,093</u>      | <u>141,094,671</u>       | <u>1,039,605,764</u>    | <u>663,424,346</u>    | <u>13,628,495</u>     | <u>2,035,863</u>     | <u>348,848</u>    |
| <b>Deferred Inflows of Resources</b>            |                         |                          |                         |                       |                       |                      |                   |
| Deferred inflow related to nonuniformed pension | 23,039,977              | -                        | 23,039,977              | 2,493,028             | -                     | -                    | -                 |
| Deferred inflow related to uniformed pension    | 470,219                 | -                        | 470,219                 | -                     | -                     | -                    | -                 |
| Deferred inflow related to LOSAP                | 756,294                 | -                        | 756,294                 | -                     | -                     | -                    | -                 |
| Deferred inflow related to OPEB                 | 79,553,039              | -                        | 79,553,039              | 384,728,826           | -                     | -                    | -                 |
| Deferred inflow related to Leases               | 435,962                 | -                        | 435,962                 | -                     | -                     | -                    | -                 |
| Total deferred inflows of resources             | <u>104,255,491</u>      | <u>-</u>                 | <u>104,255,491</u>      | <u>387,221,854</u>    | <u>-</u>              | <u>-</u>             | <u>-</u>          |
| <b>Net Position</b>                             |                         |                          |                         |                       |                       |                      |                   |
| Net investment in capital assets                | 318,361,802             | 535,859,437              | 854,221,239             | 903,076,143           | 86,806,011            | 4,851,617            | -                 |
| Restricted for:                                 |                         |                          |                         |                       |                       |                      |                   |
| School and library construction                 | 159,787,399             | -                        | 159,787,399             | -                     | -                     | -                    | -                 |
| Additional or expanded road facilities          | 8,781,212               | -                        | 8,781,212               | -                     | -                     | -                    | -                 |
| Capital projects                                | -                       | 599,847                  | 599,847                 | -                     | -                     | -                    | -                 |
| Agricultural preservation                       | 1,887,316               | -                        | 1,887,316               | -                     | -                     | -                    | -                 |
| Debt service                                    | 171,534                 | -                        | 171,534                 | -                     | -                     | -                    | -                 |
| Housing Loans                                   | 15,338,197              | -                        | 15,338,197              | -                     | -                     | -                    | -                 |
| Watershed/general gov't                         | 13,016,966              | -                        | 13,016,966              | -                     | -                     | -                    | -                 |
| Health  | 2,203,734               | -                        | 2,203,734               | -                     | -                     | -                    | -                 |
| Grants  | 1,939,196               | -                        | 1,939,196               | -                     | -                     | -                    | -                 |
| Animal control                                  | 971,859                 | -                        | 971,859                 | -                     | -                     | -                    | -                 |
| Other purposes                                  | 584,321                 | -                        | 584,321                 | -                     | 18,388,113            | 519,453              | -                 |
| Unrestricted (Deficit)                          | 209,104,288             | 281,708,683              | 490,812,971             | (777,434,752)         | 36,985,301            | 5,804,568            | 667,952           |
| Total net position                              | <u>\$ 732,147,824</u>   | <u>\$ 818,167,967</u>    | <u>\$ 1,550,315,791</u> | <u>\$ 125,641,391</u> | <u>\$ 142,179,425</u> | <u>\$ 11,175,638</u> | <u>\$ 667,952</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, 2024**

| Functions/Programs   | Program Revenues       |                       |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                         |                       |                       |                      |                   |
|--|------------------------|-----------------------|------------------------------------|----------------------------------|---|--------------------------|-------------------------|-----------------------|-----------------------|----------------------|-------------------|
|  | Expenses               | Charges for Services  | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          |                         | Component Units       |                       |                      |                   |
|  |                        |                       |                                    |                                  | Governmental Activities                           | Business-type Activities | Total                   | Board of Education    | Community College     | Public Libraries     | Scott Key Center  |
| <b>Primary government:</b>                                   |                        |                       |                                    |                                  |   |                          |                         |                       |                       |                      |                   |
| Governmental activities:                                     |                        |                       |                                    |                                  |   |                          |                         |                       |                       |                      |                   |
| General government   | \$ 93,760,966          | \$ 31,253,189         | \$ 4,773,985                       | \$ 43,080                        | \$ (57,690,712)                                   | \$ -                     | \$ (57,690,712)         | \$ -                  | \$ -                  | \$ -                 | \$ -              |
| Public safety  | 199,485,980            | 12,219,283            | 11,940,311                         | 4,098,413                        | (171,227,973)                                     | -                        | (171,227,973)           | -                     | -                     | -                    | -                 |
| Public works   | 60,369,779             | 63,885                | 9,794,672                          | 779,009                          | (49,732,213)                                      | -                        | (49,732,213)            | -                     | -                     | -                    | -                 |
| Health   | 13,051,260             | 170,000               | 3,140,011                          | 199,986                          | (9,541,263)                                       | -                        | (9,541,263)             | -                     | -                     | -                    | -                 |
| Social services  | 15,065,650             | 1,200                 | 1,828,071                          | 3,999                            | (13,232,380)                                      | -                        | (13,232,380)            | -                     | -                     | -                    | -                 |
| Education  | 484,594,580            | -                     | -                                  | -                                | (484,594,580)                                     | -                        | (484,594,580)           | -                     | -                     | -                    | -                 |
| Parks, recreation and culture                                | 35,592,591             | 2,794,745             | 16,591                             | 2,747,652                        | (30,033,603)                                      | -                        | (30,033,603)            | -                     | -                     | -                    | -                 |
| Conservation of natural resources                            | 13,216,949             | 264,653               | 819,751                            | 16,769                           | (12,115,776)                                      | -                        | (12,115,776)            | -                     | -                     | -                    | -                 |
| Community development and public housing                     | 13,840,341             | -                     | 9,867,026                          | -                                | (3,973,315)                                       | -                        | (3,973,315)             | -                     | -                     | -                    | -                 |
| Economic development and opportunity                         | 9,508,363              | -                     | 2,987,941                          | 49,728                           | (6,470,694)                                       | -                        | (6,470,694)             | -                     | -                     | -                    | -                 |
| Interest on long term debt                                   | 15,968,848             | -                     | -                                  | -                                | (15,968,848)                                      | -                        | (15,968,848)            | -                     | -                     | -                    | -                 |
| Total governmental activities                                | <u>954,455,307</u>     | <u>46,766,955</u>     | <u>45,168,359</u>                  | <u>7,938,636</u>                 | <u>(854,581,357)</u>                              | <u>-</u>                 | <u>(854,581,357)</u>    | <u>-</u>              | <u>-</u>              | <u>-</u>             | <u>-</u>          |
| Business-type activities:                                    |                        |                       |                                    |                                  |   |                          |                         |                       |                       |                      |                   |
| Water and sewer  | 53,629,453             | 52,726,576            | 2,414,863                          | 12,853,309                       | -   | 14,365,295               | 14,365,295              | -                     | -                     | -                    | -                 |
| Solid waste management                                       | 32,544,491             | 29,370,953            | 1,803,571                          | -                                | -   | (1,369,967)              | (1,369,967)             | -                     | -                     | -                    | -                 |
| Comprehensive care facility                                  | 27,658,186             | 27,544,104            | -                                  | -                                | -   | (114,082)                | (114,082)               | -                     | -                     | -                    | -                 |
| Public housing   | 265,427                | 154,823               | -                                  | -                                | -   | (110,604)                | (110,604)               | -                     | -                     | -                    | -                 |
| Total business-type activities                               | <u>114,097,557</u>     | <u>109,796,456</u>    | <u>4,218,434</u>                   | <u>12,853,309</u>                | <u>-</u>  | <u>12,770,642</u>        | <u>12,770,642</u>       | <u>-</u>              | <u>-</u>              | <u>-</u>             | <u>-</u>          |
| Total primary government                                     | <u>\$1,068,552,864</u> | <u>\$ 156,563,411</u> | <u>\$ 49,386,793</u>               | <u>\$ 20,791,945</u>             | <u>(854,581,357)</u>                              | <u>12,770,642</u>        | <u>(841,810,715)</u>    | <u>-</u>              | <u>-</u>              | <u>-</u>             | <u>-</u>          |
| <b>Component Units:</b>                                      |                        |                       |                                    |                                  |   |                          |                         |                       |                       |                      |                   |
| Board of Education   | \$ 925,868,728         | \$ 10,954,566         | \$ 254,575,902                     | \$ 76,951,110                    | -   | -                        | -                       | (583,387,150)         | -                     | -                    | -                 |
| Community College  | 81,457,192             | 20,767,404            | 59,720,822                         | 2,927,322                        | -   | -                        | -                       | -                     | 1,958,356             | -                    | -                 |
| Public Libraries   | 18,123,099             | 186,419               | 20,057,578                         | -                                | -   | -                        | -                       | -                     | -                     | 2,120,898            | -                 |
| Scott Key Center   | 4,486,352              | 3,143,157             | 1,371,088                          | -                                | -   | -                        | -                       | -                     | -                     | -                    | 27,893            |
| Total Component Units  | <u>\$1,029,935,371</u> | <u>\$ 35,051,546</u>  | <u>\$ 335,725,390</u>              | <u>\$ 79,878,432</u>             | <u>-</u>  | <u>-</u>                 | <u>-</u>                | <u>(583,387,150)</u>  | <u>1,958,356</u>      | <u>2,120,898</u>     | <u>27,893</u>     |
| General Revenues:  |                        |                       |                                    |                                  |   |                          |                         |                       |                       |                      |                   |
| Local property taxes   |                        |                       |                                    |                                  | 425,607,865                                       | -                        | 425,607,865             | -                     | -                     | -                    | -                 |
| Local income taxes   |                        |                       |                                    |                                  | 388,197,848                                       | -                        | 388,197,848             | -                     | -                     | -                    | -                 |
| Recordation taxes  |                        |                       |                                    |                                  | 48,099,545  | -                        | 48,099,545              | -                     | -                     | -                    | -                 |
| Hotel rental tax   |                        |                       |                                    |                                  | 2,838,085   | -                        | 2,838,085               | -                     | -                     | -                    | -                 |
| Payment-in-Lieu taxes  |                        |                       |                                    |                                  | 1,051,840   | -                        | 1,051,840               | -                     | -                     | -                    | -                 |
| Adult-use cannabis sales and use taxes                       |                        |                       |                                    |                                  | 95,533  | -                        | 95,533                  | -                     | -                     | -                    | -                 |
| Agriculture transfer tax                                     |                        |                       |                                    |                                  | 586,087   | -                        | 586,087                 | -                     | -                     | -                    | -                 |
| Grants and contributions not restricted to specific programs |                        |                       |                                    |                                  | -   | -                        | -                       | 628,294,748           | -                     | -                    | 1,628             |
| Investment earnings  |                        |                       |                                    |                                  | 40,353,152  | 14,707,897               | 55,061,049              | 3,501,806             | 3,032,174             | 25,255               | 35,225            |
| Miscellaneous  |                        |                       |                                    |                                  | 21,005,160  | 39,100                   | 21,044,260              | 761,425               | -                     | -                    | 1,670             |
| Gain/Loss on disposal of assets                              |                        |                       |                                    |                                  | 293,742   | 80,000                   | 373,742                 | -                     | -                     | -                    | -                 |
| Transfers  |                        |                       |                                    |                                  | 1,166,326   | (1,166,326)              | -                       | -                     | -                     | -                    | -                 |
| Total general revenues and transfers                         |                        |                       |                                    |                                  | <u>929,295,183</u>                                | <u>13,660,671</u>        | <u>942,955,854</u>      | <u>632,557,979</u>    | <u>3,032,174</u>      | <u>25,255</u>        | <u>38,523</u>     |
| Change in net position                                       |                        |                       |                                    |                                  | <u>74,713,826</u>                                 | <u>26,431,313</u>        | <u>101,145,139</u>      | <u>49,170,829</u>     | <u>4,990,530</u>      | <u>2,146,153</u>     | <u>66,416</u>     |
| Net position - beginning 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>    |
| Total net position - end of year                             |                        |                       |                                    |                                  | <u>\$ 732,147,824</u>                             | <u>\$ 818,167,967</u>    | <u>\$ 1,550,315,791</u> | <u>\$ 125,641,391</u> | <u>\$ 142,179,425</u> | <u>\$ 11,175,638</u> | <u>\$ 667,952</u> |

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

**FREDERICK COUNTY, MARYLAND  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024**

|   | General               | Grants Fund          | Capital Projects      | Agricultural Preservation | Debt Service         | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------------|----------------------|-----------------------|---------------------------|----------------------|-----------------------------|--------------------------|
| <b>Assets</b>   |                       |                      |                       |                           |                      |                             |                          |
| Cash  | \$ 214,113            | \$ 2,961             | \$ -                  | \$ -                      | \$ -                 | \$ 213,782                  | \$ 430,856               |
| Equity in pooled invested cash  | 145,461,457           | 8,535,342            | 295,592,456           | 46,023,080                | 11,588,683           | 20,874,497                  | 528,075,515              |
| Total cash and cash equivalents   | 145,675,570           | 8,538,303            | 295,592,456           | 46,023,080                | 11,588,683           | 21,088,279                  | 528,506,371              |
| Investments   | 39,936,700            | -                    | -                     | 29,035,382                | -                    | -                           | 68,972,082               |
| Receivables, net of allowance for uncollectibles:                       |                       |                      |                       |                           |                      |                             |                          |
| Property taxes  | 6,717,940             | -                    | -                     | -                         | -                    | -                           | 6,717,940                |
| Accounts  | 6,953,021             | 473,258              | 39,660                | 47,394                    | 171,534              | 425,368                     | 8,110,235                |
| Intergovernmental   | 197,928,733           | 9,303,515            | 2,298,784             | -                         | -                    | -                           | 209,531,032              |
| Lease receivable  | 140,226               | -                    | -                     | -                         | -                    | -                           | 140,226                  |
| Prepaid items   | 392,519               | 542,156              | -                     | 2,889,795                 | 3,818                | -                           | 3,828,288                |
| Due from component units  | 24,714                | 237,004              | -                     | -                         | -                    | -                           | 261,718                  |
| Inventories   | 3,143,087             | 3,177,422            | -                     | -                         | -                    | -                           | 6,320,509                |
| Long-term receivables, net of allowance for uncollectibles:             |                       |                      |                       |                           |                      |                             |                          |
| Employee salary advances  | 8,347                 | -                    | -                     | -                         | -                    | -                           | 8,347                    |
| Non-profit organization loans   | 78,381                | -                    | -                     | -                         | -                    | 983,135                     | 1,061,516                |
| Housing loans   | -                     | 1,029,196            | -                     | -                         | -                    | 15,306,196                  | 16,335,392               |
| Lease receivable  | 131,953               | -                    | -                     | -                         | -                    | -                           | 131,953                  |
| Other long term receivables   | -                     | 910,000              | -                     | -                         | -                    | -                           | 910,000                  |
| Cash and cash equivalents - restricted                                  | 34,875                | 18,508,594           | 32,466,507            | -                         | -                    | 2,237,227                   | 53,247,203               |
| Total assets  | <u>\$ 401,166,066</u> | <u>\$ 42,719,448</u> | <u>\$ 330,397,407</u> | <u>\$ 77,995,651</u>      | <u>\$ 11,764,035</u> | <u>\$ 40,040,205</u>        | <u>\$ 904,082,812</u>    |
| <b>Liabilities and Fund Balances</b>                                    |                       |                      |                       |                           |                      |                             |                          |
| Liabilities:  |                       |                      |                       |                           |                      |                             |                          |
| Accounts payable  | \$ 450,254            | \$ -                 | \$ -                  | \$ -                      | \$ -                 | \$ 28,313                   | \$ 478,567               |
| Accrued liabilities   | 2,060,163             | 1,082,073            | 5,972,424             | 184                       | 3,818                | 858,185                     | 9,976,847                |
| Payroll and benefit deductions  | 11,012,198            | 646,518              | 116,920               | 8,571                     | -                    | -                           | 11,784,207               |
| Property taxes payable  | 187,742               | -                    | -                     | -                         | -                    | -                           | 187,742                  |
| Due to third parties  | 13,624,078            | -                    | -                     | -                         | -                    | 111,885                     | 13,735,963               |
| Due to other governmental units   | 88,469                | 6,649                | -                     | 139,718                   | -                    | -                           | 234,836                  |
| Due to component units  | 15,748,292            | -                    | -                     | -                         | -                    | -                           | 15,748,292               |
| Other liabilities   | 823                   | 2,991,783            | 3,703,629             | -                         | -                    | 26,248                      | 6,722,483                |
| Unearned revenues   | 2,249,630             | 1,607,595            | 1,860,696             | 3,425,946                 | -                    | 1,854,770                   | 10,998,637               |
| Total liabilities   | <u>45,421,649</u>     | <u>6,334,618</u>     | <u>11,653,669</u>     | <u>3,574,419</u>          | <u>3,818</u>         | <u>2,879,401</u>            | <u>69,867,574</u>        |
| <b>Deferred Inflows of Resources</b>                                    |                       |                      |                       |                           |                      |                             |                          |
| Unavailable revenue   | 176,189,083           | -                    | -                     | -                         | -                    | -                           | 176,189,083              |
| Lease related   | 268,138               | -                    | -                     | -                         | -                    | -                           | 268,138                  |
| Total deferred inflows of resources                                     | <u>176,457,221</u>    | <u>-</u>             | <u>-</u>              | <u>-</u>                  | <u>-</u>             | <u>-</u>                    | <u>176,457,221</u>       |
| <b>Fund balances:</b>   |                       |                      |                       |                           |                      |                             |                          |
| Nonspendable  | 3,622,334             | 3,719,578            | -                     | 2,889,795                 | 3,818                | -                           | 10,235,525               |
| Restricted  | 1,299,629             | 1,939,196            | 181,585,577           | 1,887,316                 | 171,534              | 17,798,482                  | 204,681,734              |
| Committed   | 157,293,364           | 30,726,056           | 137,158,161           | 69,644,121                | -                    | 19,362,322                  | 414,184,024              |
| Assigned  | 16,771,869            | -                    | -                     | -                         | 11,584,865           | -                           | 28,356,734               |
| Unassigned  | 300,000               | -                    | -                     | -                         | -                    | -                           | 300,000                  |
| Total fund balances   | <u>179,287,196</u>    | <u>36,384,830</u>    | <u>318,743,738</u>    | <u>74,421,232</u>         | <u>11,760,217</u>    | <u>37,160,804</u>           | <u>657,758,017</u>       |
| <br>Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 401,166,066</u> | <u>\$ 42,719,448</u> | <u>\$ 330,397,407</u> | <u>\$ 77,995,651</u>      | <u>\$ 11,764,035</u> | <u>\$ 40,040,205</u>        | <u>\$ 904,082,812</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, 2024

|  |    |             |
|--|----|-------------|
| Total fund balance - governmental funds (See Exhibit II-A-3) | \$ | 657,758,017 |
|--|----|-------------|

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                                       | \$ | 162,085,631          |             |
| Buildings and Improvements                 |    | 398,133,027          |             |
| Right-to-use buildigs and improvements     |    | 5,227,861            |             |
| Equipment                                  |    | 179,980,191          |             |
| Right-to-use equipment                     |    | 813,691              |             |
| Right-to-use SBITA                         |    | 6,406,029            |             |
| Infrastructure                             |    | 463,027,219          |             |
| Construction-in-progress                   |    | 76,605,451           |             |
| Less Accumulated Depreciation/Amortization |    | <u>(584,710,715)</u> | 707,568,385 |

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

|  |         |                   |            |
|--|---------|-------------------|------------|
| Deferred Outflows on Refundings                | 521,143 |                   |            |
| Deferred Outflows related to pensions and OPEB |         | <u>55,985,640</u> | 56,506,783 |

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  | (562,569,367) |                    |               |
| Notes from direct Borrowings and Direct Placements                           |               | (27,029,955)       |               |
| Unamortized Premium on Bonds Payable   |               | (34,148,261)       |               |
| Installment Purchase Agreements  |               | (40,004,518)       |               |
| Financed Purchase Obligations  |               | (1,990,767)        |               |
| Compensated Absences   |               | (16,166,922)       |               |
| Prefunded Loss Claims  |               | (5,784,057)        |               |
| Net LOSAP Pension Liability  |               | (10,995,751)       |               |
| Termination Benefits   |               | (353,319)          |               |
| Lease Liabiity   |               | (4,382,781)        |               |
| Subscription-Based Information Technology Arrangements                       |               | (1,394,252)        |               |
| Net Pension Liabilities  |               | (109,623,093)      |               |
| Net OPEB Asset   |               | 24,158,761         |               |
| Accrued Bond, Lease & SBITA Interest   |               | (8,514,205)        |               |
| Recognition of Deferred Inflows - unavailable revenues in governmental funds |               | <u>176,189,083</u> | (622,609,404) |

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

|   |                      |  |               |
|---|----------------------|--|---------------|
| Deferred Inflows Related to pensions and OPEB | <u>(103,819,529)</u> |  | (103,819,529) |
|---|----------------------|--|---------------|

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.

|  |    |                           |
|--|----|---------------------------|
| Net position of governmental activities (See Exhibit II-A-1) | \$ | <u><u>732,147,824</u></u> |
|--|----|---------------------------|

**FREDERICK COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

|   | General               | Grants               | Capital Projects      | Agricultural Preservation | Debt Service         | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------------|----------------------|-----------------------|---------------------------|----------------------|-----------------------------|--------------------------|
| <b>Revenues</b>                                   |                       |                      |                       |                           |                      |                             |                          |
| Local property taxes                              | \$ 425,781,883        | \$ -                 | \$ -                  | \$ -                      | \$ -                 | \$ 13,173                   | \$ 425,795,056           |
| Local income taxes                                | 353,880,862           | -                    | -                     | -                         | -                    | -                           | 353,880,862              |
| Other local taxes                                 | 30,492,929            | -                    | 12,287,846            | 12,873,933                | -                    | 3,889,925                   | 59,544,633               |
| Licenses and permits                              | 6,235,845             | -                    | -                     | -                         | -                    | -                           | 6,235,845                |
| Grants from federal government                    | 425,699               | 30,586,861           | 196,794               | -                         | -                    | -                           | 31,209,354               |
| Grants from state government                      | 6,301,699             | 8,682,628            | 8,528,280             | 16,591                    | -                    | 645,442                     | 24,174,640               |
| Charges for services                              | 11,600,803            | 189,922              | 22,642,704            | -                         | -                    | 977,993                     | 35,411,422               |
| Fines and forfeitures                             | 47,508                | -                    | -                     | -                         | -                    | 219,497                     | 267,005                  |
| Interest from loans                               | -                     | -                    | -                     | -                         | -                    | 28,873                      | 28,873                   |
| Investment income                                 | 19,460,354            | 1,252,232            | 10,517,062            | 2,713,213                 | 3,237,714            | 1,050,227                   | 38,230,802               |
| Miscellaneous                                     | 5,824,498             | 878,835              | 303,153               | 3,408,164                 | -                    | 3,791,247                   | 14,205,897               |
| Total revenues                                    | <u>860,052,080</u>    | <u>41,590,478</u>    | <u>54,475,839</u>     | <u>19,011,901</u>         | <u>3,237,714</u>     | <u>10,616,377</u>           | <u>988,984,389</u>       |
| <b>Expenditures</b>                               |                       |                      |                       |                           |                      |                             |                          |
| General government                                | 71,893,131            | 4,908,267            | -                     | 590,303                   | -                    | 769,572                     | 78,161,273               |
| Public safety                                     | 183,974,618           | 8,083,400            | -                     | -                         | -                    | 998,835                     | 193,056,853              |
| Public works                                      | 25,220,613            | 9,976,249            | -                     | -                         | -                    | 16,555                      | 35,213,417               |
| Health  | 10,451,023            | 4,850,740            | -                     | -                         | -                    | -                           | 15,301,763               |
| Social services                                   | 9,311,010             | 7,327,312            | -                     | -                         | -                    | -                           | 16,638,322               |
| Education   | 442,645,332           | -                    | -                     | -                         | -                    | -                           | 442,645,332              |
| Parks, recreation and culture                     | 28,664,580            | 6,725                | -                     | -                         | -                    | -                           | 28,671,305               |
| Conservation of natural resources                 | 5,587,707             | 819,751              | -                     | 12,614,925                | -                    | -                           | 19,022,383               |
| Community development and public housing          | 1,046,555             | 12,620,064           | -                     | -                         | -                    | 376,090                     | 14,042,709               |
| Economic development and opportunity              | 4,327,295             | 3,010,041            | -                     | -                         | -                    | 2,804,383                   | 10,141,719               |
| Miscellaneous                                     | 3,579,890             | -                    | -                     | -                         | -                    | -                           | 3,579,890                |
| Intergovernmental                                 | 6,322,652             | -                    | -                     | -                         | -                    | -                           | 6,322,652                |
| Debt service                                      | -                     | -                    | -                     | -                         | 68,061,561           | -                           | 68,061,561               |
| Capital projects                                  | -                     | -                    | 131,914,703           | -                         | -                    | -                           | 131,914,703              |
| Total expenditures                                | <u>793,024,406</u>    | <u>51,602,549</u>    | <u>131,914,703</u>    | <u>13,205,228</u>         | <u>68,061,561</u>    | <u>4,965,435</u>            | <u>1,062,773,882</u>     |
| Excess (deficiency) of revenues over expenditures | <u>67,027,674</u>     | <u>(10,012,071)</u>  | <u>(77,438,864)</u>   | <u>5,806,673</u>          | <u>(64,823,847)</u>  | <u>5,650,942</u>            | <u>(73,789,493)</u>      |
| <b>Other financing sources (uses)</b>             |                       |                      |                       |                           |                      |                             |                          |
| Transfers in from:                                |                       |                      |                       |                           |                      |                             |                          |
| General fund                                      | -                     | 9,032,057            | 20,927,647            | 510,274                   | 52,327,730           | 493,352                     | 83,291,060               |
| Grants fund                                       | 175,772               | -                    | 434,321               | -                         | -                    | 4,025                       | 614,118                  |
| Capital projects fund                             | -                     | -                    | -                     | -                         | 8,046,588            | -                           | 8,046,588                |
| Special revenue funds                             | -                     | -                    | -                     | -                         | 6,008,261            | -                           | 6,008,261                |
| Enterprise funds                                  | -                     | -                    | 974,934               | -                         | -                    | -                           | 974,934                  |
| Transfers out to:                                 |                       |                      |                       |                           |                      |                             |                          |
| General fund                                      | -                     | (175,772)            | -                     | -                         | -                    | -                           | (175,772)                |
| Capital projects fund                             | (20,927,647)          | (434,321)            | -                     | -                         | -                    | -                           | (21,361,968)             |
| Special revenue funds                             | (10,035,683)          | (4,025)              | -                     | -                         | -                    | -                           | (10,039,708)             |
| Internal service funds                            | (2,018,024)           | (286,029)            | (134,885)             | -                         | -                    | -                           | (2,438,938)              |
| Enterprise funds                                  | -                     | (34,300)             | (38,615)              | -                         | -                    | -                           | (72,915)                 |
| Debt service fund                                 | (52,327,730)          | -                    | (8,046,588)           | (5,832,743)               | -                    | (175,518)                   | (66,382,579)             |
| Installment purchase agreements                   | -                     | -                    | -                     | 741,162                   | -                    | -                           | 741,162                  |
| Sale of general capital assets                    | 108,984               | -                    | -                     | -                         | -                    | -                           | 108,984                  |
| Insurance proceeds                                | 72,657                | -                    | -                     | -                         | -                    | -                           | 72,657                   |
| Leases (as lessee)                                | 295,275               | -                    | -                     | -                         | -                    | -                           | 295,275                  |
| SBITAs  | 1,049,976             | -                    | -                     | -                         | -                    | -                           | 1,049,976                |
| Total other financing sources and (uses)          | <u>(83,606,420)</u>   | <u>8,097,610</u>     | <u>14,116,814</u>     | <u>(4,581,307)</u>        | <u>66,382,579</u>    | <u>321,859</u>              | <u>731,135</u>           |
| Net change in fund balances                       | <u>(16,578,746)</u>   | <u>(1,914,461)</u>   | <u>(63,322,050)</u>   | <u>1,225,366</u>          | <u>1,558,732</u>     | <u>5,972,801</u>            | <u>(73,058,358)</u>      |
| Fund balances - beginning 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>       |
| Fund balances - end of year                       | <u>\$ 179,287,196</u> | <u>\$ 36,384,830</u> | <u>\$ 318,743,738</u> | <u>\$ 74,421,232</u>      | <u>\$ 11,760,217</u> | <u>\$ 37,160,804</u>        | <u>\$ 657,758,017</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, 2024**

Net change in fund balances - total governmental funds (See Exhibit II-A-5) \$ (73,058,358)

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                    | \$ 77,456,815       |            |
| Depreciation/Amortization Expense | <u>(35,414,850)</u> | 42,041,965 |

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          | 173,801,719        |            |
| Income Taxes - Recognized as Income in the Prior Year   | (139,484,733)      |            |
| Other Revenues - Deferred in the Fund Statements        | 2,387,364          |            |
| Other Revenues - Recognized as Income in the Prior Year | <u>(3,970,691)</u> | 32,733,659 |

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                   | (741,162)        |            |
| Issuance of Leases  | (295,275)        |            |
| Issuance of SBITAs  | (1,049,976)      |            |
| Prefunded Loss Claims   | (3,362,046)      |            |
| Principal Payments on General Obligation Debt                 | 30,817,604       |            |
| Principal Payments on Direct Borrowings and Direct Placements | 8,269,482        |            |
| Principal Payments on Financed Purchase Obligations           | 1,196,763        |            |
| Principal Payments on IPAs                                    | 3,978,905        |            |
| Principal Payments on SBITAs                                  | 659,232          |            |
| Principal Payments on Prefunded Loss Claims                   | 3,407,275        |            |
| Principal Payments on Leases                                  | 964,610          |            |
| Amortization of Bond Premiums                                 | 8,055,611        |            |
| Amortization of Deferred Loss on Bonds                        | <u>(143,974)</u> | 51,757,049 |

(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                       | 5,003,488       |            |
| Net Other Post Employment Benefit | 16,549,013      |            |
| Net LOSAP                         | (2,389,706)     |            |
| Accrued Interest - Prior Year     | 8,423,837       |            |
| Accrued Interest - Current Year   | (8,514,205)     |            |
| Compensated Absences Accrual      | (726,830)       |            |
| Termination Benefits Accrual      | <u>(54,918)</u> | 18,290,679 |

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

2,948,832

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

\$ 74,713,826

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, 2024**

Exhibit II-A-7

|   | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> | <u>Actual<br/>(Non-GAAP)</u> | <u>Variance-<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|---------------------------|------------------------------|--|
| <b>Local property taxes</b>                 |                            |                           |                              |  |
| Real property (inc. additions & abatements) | \$ 433,580,204             | \$ 433,580,204            | \$ 421,560,182               | \$ (12,020,022)                              |
| Personal property                           | 75,000                     | 75,000                    | 475,278                      | 400,278                                      |
| Public utilities                            | 12,000,000                 | 12,000,000                | 12,371,176                   | 371,176                                      |
| Payments in lieu of taxes                   | 615,000                    | 615,000                   | 712,516                      | 97,516                                       |
| Total levy                                  | <u>446,270,204</u>         | <u>446,270,204</u>        | <u>435,119,152</u>           | <u>(11,151,052)</u>                          |
| Homestead credit                            | (6,450,255)                | (6,450,255)               | (6,237,760)                  | 212,495                                      |
| Other tax credits and refunds               | (4,548,998)                | (4,548,998)               | (4,494,033)                  | 54,965                                       |
| Municipal tax differential                  | (11,017,661)               | (11,017,661)              | -                            | 11,017,661                                   |
| Interest - delinquent taxes                 | 3,300,000                  | 3,300,000                 | 4,112,572                    | 812,572                                      |
| Discounts allowed on taxes                  | <u>(2,525,000)</u>         | <u>(2,525,000)</u>        | <u>(2,718,048)</u>           | <u>(193,048)</u>                             |
| Total adjustments                           | <u>(21,241,914)</u>        | <u>(21,241,914)</u>       | <u>(9,337,269)</u>           | <u>11,904,645</u>                            |
| Total local property taxes                  | <u>425,028,290</u>         | <u>425,028,290</u>        | <u>425,781,883</u>           | <u>753,593</u>                               |
| <b>Local income taxes</b>                   | <u>350,539,128</u>         | <u>350,539,128</u>        | <u>353,880,862</u>           | <u>3,341,734</u>                             |
| <b>Other local taxes</b>                    |                            |                           |                              |  |
| Recordation                                 | 29,519,150                 | 29,519,150                | 23,523,853                   | (5,995,297)                                  |
| 911 fees - local                            | 8,100,000                  | 8,100,000                 | 6,873,193                    | (1,226,807)                                  |
| Adult-use cannabis                          | -                          | -                         | 95,533                       | 95,533                                       |
| Admissions & amusements                     | 1,200,000                  | 1,200,000                 | -                            | (1,200,000)                                  |
| Security interest filing fees               | <u>200</u>                 | <u>200</u>                | <u>350</u>                   | <u>150</u>                                   |
| Total other local taxes                     | <u>38,819,350</u>          | <u>38,819,350</u>         | <u>30,492,929</u>            | <u>(8,326,421)</u>                           |
| <b>Licenses and permits</b>                 |                            |                           |                              |  |
| Alcoholic beverage licenses                 | 458,700                    | 458,700                   | 559,190                      | 100,490                                      |
| Traders' licenses                           | 210,000                    | 210,000                   | 217,004                      | 7,004  |
| Animal licenses                             | 47,000                     | 47,000                    | 39,457                       | (7,543)                                      |
| Marriage fees                               | 17,000                     | 17,000                    | 18,565                       | 1,565  |
| Building permits                            | 2,150,000                  | 2,150,000                 | 1,471,230                    | (678,770)                                    |
| Electrical permits                          | 1,000,000                  | 1,000,000                 | 785,643                      | (214,357)                                    |
| Plumbing permits                            | 1,300,000                  | 1,300,000                 | 592,498                      | (707,502)                                    |
| Grading permits                             | 800,000                    | 800,000                   | 682,989                      | (117,011)                                    |
| Miscellaneous licenses and permits          | <u>920,500</u>             | <u>920,500</u>            | <u>1,869,269</u>             | <u>948,769</u>                               |
| Total licenses and permits                  | <u>6,903,200</u>           | <u>6,903,200</u>          | <u>6,235,845</u>             | <u>(667,355)</u>                             |
| <b>Grants from federal government</b>       | <u>207,369</u>             | <u>207,369</u>            | <u>425,699</u>               | <u>218,330</u>                               |

**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, 2024**

Exhibit II-A-7

|   | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> | <u>Actual<br/>(Non-GAAP)</u> | <u>Variance-<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|---------------------------|------------------------------|--|
| <b>Grants from state government</b>         |                            |                           |                              |  |
| Police protection                           | \$ 1,100,000               | \$ 1,100,000              | \$ 1,635,354                 | \$ 535,354                                   |
| Aid for fire, rescue and ambulance services | 610,000                    | 610,000                   | 607,216                      | (2,784)                                      |
| Highway user revenues                       | 3,300,000                  | 3,300,000                 | 3,936,954                    | 636,954                                      |
| County inmate housing                       | 100,000                    | 100,000                   | 122,175                      | 22,175                                       |
| Total grants from state government          | <u>5,110,000</u>           | <u>5,110,000</u>          | <u>6,301,699</u>             | <u>1,191,699</u>                             |
| <b>Charges for services</b>                 |                            |                           |                              |  |
| Planning and zoning fees                    | 1,155,900                  | 1,155,900                 | 1,616,998                    | 461,098                                      |
| Court costs, fees and charges               | 101,000                    | 101,000                   | 140,582                      | 39,582                                       |
| Other general government                    | 220,500                    | 220,500                   | 226,995                      | 6,495  |
| Public safety                               | 4,300,500                  | 4,300,500                 | 6,028,528                    | 1,728,028                                    |
| Public improvement inspections              | 200,000                    | 200,000                   | 45,163                       | (154,837)                                    |
| Weed control                                | 297,621                    | 297,621                   | 264,653                      | (32,968)                                     |
| Municipal recoveries                        | 375,000                    | 375,000                   | 483,139                      | 108,139                                      |
| Recreation                                  | 1,806,869                  | 1,914,869                 | 2,794,745                    | 879,876                                      |
| Total charges for services                  | <u>8,457,390</u>           | <u>8,565,390</u>          | <u>11,600,803</u>            | <u>3,035,413</u>                             |
| <b>Fines and forfeitures</b>                |                            |                           |                              |  |
| Court                                       | 25,000                     | 25,000                    | 16,063                       | (8,937)                                      |
| Alcoholic beverages                         | 1,000                      | 1,000                     | 25,350                       | 24,350                                       |
| Other fines and forfeitures                 | 4,000                      | 4,000                     | 6,095                        | 2,095  |
| Total fines and forfeitures                 | <u>30,000</u>              | <u>30,000</u>             | <u>47,508</u>                | <u>17,508</u>                                |
| <b>Investment income</b>                    | <u>2,750,011</u>           | <u>2,750,011</u>          | <u>19,460,354</u>            | <u>16,710,343</u>                            |
| <b>Miscellaneous revenues</b>               |                            |                           |                              |  |
| Rents and concessions                       | 1,962,616                  | 1,962,616                 | 1,968,866                    | 6,250  |
| Contributions and donations                 | 45,000                     | 84,525                    | 128,174                      | 43,649                                       |
| Other miscellaneous revenues                | 2,794,817                  | 2,836,708                 | 3,727,458                    | 890,750                                      |
| Total miscellaneous revenues                | <u>4,802,433</u>           | <u>4,883,849</u>          | <u>5,824,498</u>             | <u>940,649</u>                               |
| Total revenues                              | <u>842,647,171</u>         | <u>842,836,587</u>        | <u>860,052,080</u>           | <u>17,215,493</u>                            |
| <b>General government</b>                   |                            |                           |                              |  |
| <b>Legislative and executive</b>            |                            |                           |                              |  |
| County executive                            | 1,357,929                  | 1,357,929                 | 1,178,835                    | 179,094                                      |
| County executive administration             | 1,151,793                  | 1,151,793                 | 1,171,076                    | (19,283)                                     |
| County council                              | 1,018,323                  | 1,018,323                 | 999,528                      | 18,795                                       |
| Total legislative and executive             | <u>3,528,045</u>           | <u>3,528,045</u>          | <u>3,349,439</u>             | <u>178,606</u>                               |



**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, 2024**

Exhibit II-A-7

|                                   | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> | <u>Actual<br/>(Non-GAAP)</u> | <u>Variance-<br/>Positive<br/>(Negative)</u> |
|-----------------------------------|----------------------------|---------------------------|------------------------------|--|
| <b>Judicial</b>                   |                            |                           |                              |  |
| Circuit court                     | \$ 2,220,429               | \$ 2,227,680              | \$ 2,130,434                 | \$ 97,246                                    |
| Orphans court                     | 39,694                     | 39,694                    | 38,467                       | 1,227  |
| State's attorney                  | 9,361,067                  | 9,447,231                 | 9,096,039                    | 351,192                                      |
| Grand jury                        | 97,395                     | 97,395                    | 70,664                       | 26,731                                       |
| Total judicial                    | <u>11,718,585</u>          | <u>11,812,000</u>         | <u>11,335,604</u>            | <u>476,396</u>                               |
| <b>Elections</b>                  |                            |                           |                              |  |
| Board of supervisors of elections | <u>3,631,512</u>           | <u>3,631,512</u>          | <u>3,077,248</u>             | <u>554,264</u>                               |
| <b>Financial administration</b>   |                            |                           |                              |  |
| Finance administration            | 625,625                    | 625,625                   | 612,140                      | 13,485                                       |
| Debt & benefit trust management   | 300,851                    | 300,851                   | 275,243                      | 25,608                                       |
| Accounting                        | 2,523,003                  | 2,523,003                 | 2,315,640                    | 207,363                                      |
| Independent auditing              | 71,900                     | 71,900                    | 69,800                       | 2,100  |
| Budgeting                         | 1,441,345                  | 1,441,345                 | 1,306,735                    | 134,610                                      |
| Procurement & contracting         | 1,610,011                  | 1,610,011                 | 1,470,884                    | 139,127                                      |
| Risk management                   | 819,624                    | 830,171                   | 780,646                      | 49,525                                       |
| Treasury                          | 1,456,206                  | 1,431,291                 | 1,271,339                    | 159,952                                      |
| Total financial administration    | <u>8,848,565</u>           | <u>8,834,197</u>          | <u>8,102,427</u>             | <u>731,770</u>                               |
| <b>Legal</b>                      |                            |                           |                              |  |
| County attorney                   | 2,017,092                  | 2,017,092                 | 1,709,238                    | 307,854                                      |
| Ethics commission                 | 10,419                     | 10,419                    | 3,713                        | 6,706  |
| Police accountability board       | 196,403                    | 196,403                   | 63,885                       | 132,518                                      |
| Total financial administration    | <u>2,223,914</u>           | <u>2,223,914</u>          | <u>1,776,836</u>             | <u>447,078</u>                               |
| <b>Personnel administration</b>   |                            |                           |                              |  |
| Human resources                   | <u>2,428,252</u>           | <u>2,428,252</u>          | <u>2,270,880</u>             | <u>157,372</u>                               |
| <b>Planning &amp; Zoning</b>      |                            |                           |                              |  |
| Permits & inspection              | 5,331,124                  | 5,216,169                 | 4,574,144                    | 642,025                                      |
| Planning & development review     | 4,225,526                  | 4,445,854                 | 4,135,874                    | 309,980                                      |
| Total planning and zoning         | <u>9,556,650</u>           | <u>9,662,023</u>          | <u>8,710,018</u>             | <u>952,005</u>                               |
| <b>Management services</b>        |                            |                           |                              |  |
| Custodial/security                | 3,894,712                  | 3,837,756                 | 3,083,340                    | 754,416                                      |
| Maintenance                       | 13,161,007                 | 12,496,682                | 10,949,632                   | 1,547,050                                    |
| Total management services         | <u>17,055,719</u>          | <u>16,334,438</u>         | <u>14,032,972</u>            | <u>2,301,466</u>                             |

**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, 2024**

Exhibit II-A-7

|  | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> | <u>Actual<br/>(Non-GAAP)</u> | <u>Variance-<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|---------------------------|------------------------------|--|
| <b>Other general government</b>              |                            |                           |                              |  |
| Interagency information technologies         | \$ 20,173,976              | \$ 19,651,965             | \$ 18,350,634                | \$ 1,301,331                                 |
| Communication & Public Engagement            | 1,207,977                  | 1,207,977                 | 1,176,593                    | 31,384                                       |
| Office of equity and inclusion               | 321,786                    | 321,786                   | 253,039                      | 68,747                                       |
| Internal audit                               | 455,705                    | 455,705                   | 430,224                      | 25,481                                       |
| Board of liquor license commissioners        | 652,199                    | 652,199                   | 650,605                      | 1,594  |
| Total other general government               | <u>22,811,643</u>          | <u>22,289,632</u>         | <u>20,861,095</u>            | <u>1,428,537</u>                             |
| <br>Total general government                 | <u>81,802,885</u>          | <u>80,744,013</u>         | <u>73,516,519</u>            | <u>7,227,494</u>                             |
| <br><b>Public safety</b>                     |                            |                           |                              |  |
| Sheriff                                      | 38,565,774                 | 38,483,302                | 37,720,932                   | 762,370                                      |
| Detention center                             | 21,321,576                 | 21,696,336                | 21,488,372                   | 207,964                                      |
| Work release center                          | 4,978,026                  | 4,604,236                 | 3,218,892                    | 1,385,344                                    |
| Ambulance billing                            | 621,708                    | 657,000                   | 666,271                      | (9,271)                                      |
| Fire and rescue operations                   | 80,699,856                 | 85,497,223                | 88,161,385                   | (2,664,162)                                  |
| Fire/rescue admin services                   | 1,965,807                  | 2,019,154                 | 1,987,612                    | 31,542                                       |
| Emergency communications                     | 15,559,287                 | 16,687,066                | 13,298,633                   | 3,388,433                                    |
| Volunteer fire and rescue                    | 8,832,022                  | 9,423,709                 | 8,760,147                    | 663,562                                      |
| Volunteer training                           | 1,477,260                  | 1,504,883                 | 622,805                      | 882,078                                      |
| Fire & rescue professional services training | 3,998,872                  | 4,111,931                 | 2,847,483                    | 1,264,448                                    |
| Emergency preparedness                       | 915,158                    | 1,047,916                 | 916,311                      | 131,605                                      |
| Fire inspection                              | 858,620                    | 858,620                   | 840,796                      | 17,824                                       |
| Fire/rescue state grant allocation           | 610,000                    | 610,000                   | 607,218                      | 2,782  |
| Director of division of fire rescue services | 1,047,119                  | 1,047,119                 | 986,546                      | 60,573                                       |
| Emergency management                         | 1,483,609                  | 1,483,609                 | 1,306,792                    | 176,817                                      |
| Animal control                               | 2,810,436                  | 2,862,520                 | 2,738,939                    | 123,581                                      |
| Total public safety                          | <u>185,745,130</u>         | <u>192,594,624</u>        | <u>186,169,134</u>           | <u>6,425,490</u>                             |
| <br><b>Public works</b>                      |                            |                           |                              |  |
| Highways                                     | 21,170,660                 | 21,992,309                | 20,203,564                   | 1,788,745                                    |
| Public works administration                  | 3,346,005                  | 3,166,304                 | 2,998,006                    | 168,298                                      |
| Facilities and project management            | 823,965                    | 838,443                   | 696,986                      | 141,457                                      |
| Transportation engineering                   | 1,646,773                  | 1,743,769                 | 1,471,056                    | 272,713                                      |
| Constructon inspection                       | 1,369,842                  | 1,484,431                 | 986,222                      | 498,209                                      |
| Total public works                           | <u>28,357,245</u>          | <u>29,225,256</u>         | <u>26,355,834</u>            | <u>2,869,422</u>                             |

**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, 2024**

Exhibit II-A-7

|   | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> | <u>Actual<br/>(Non-GAAP)</u> | <u>Variance-<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|---------------------------|------------------------------|--|
| <b>Health</b>                                 |                            |                           |                              |  |
| County administrator                          | \$ 174,682                 | \$ 194,329                | \$ 193,737                   | \$ 592                                       |
| Core services                                 | 3,041,218                  | 3,071,559                 | 3,071,549                    | 10   |
| Detention center substance abuse              | 132,572                    | 132,572                   | 132,572                      | -  |
| Mental health                                 | 2,077,385                  | 2,077,385                 | 1,899,460                    | 177,925                                      |
| School health                                 | 10,000                     | 10,000                    | -                            | 10,000                                       |
| Health equity office                          | 319,466                    | 319,466                   | 240,451                      | 79,015                                       |
| Frederick County Developmental Center         | 5,310,522                  | 5,310,522                 | 4,918,268                    | 392,254                                      |
| Total health                                  | <u>11,065,845</u>          | <u>11,115,833</u>         | <u>10,456,037</u>            | <u>659,796</u>                               |
| <b>Social services</b>                        |                            |                           |                              |  |
| Contribution to department of social services | 662,531                    | 662,531                   | 728,638                      | (66,107)                                     |
| Scott Key Center                              | 4,275,628                  | 4,275,853                 | 3,833,567                    | 442,286                                      |
| Senior services                               | 3,430,214                  | 3,631,963                 | 2,804,534                    | 827,429                                      |
| Children & Family administration              | 333,612                    | 342,415                   | 291,227                      | 51,188                                       |
| Family services administration                | 749,652                    | 430,710                   | 351,736                      | 78,974                                       |
| Family partnership                            | 434,039                    | 441,539                   | 392,687                      | 48,852                                       |
| Child advocacy center                         | 642,784                    | 642,784                   | 626,174                      | 16,610                                       |
| Deinstitutionalization day care               | 11,514                     | 11,514                    | 11,514                       | -  |
| Other non-county agencies                     | 62,000                     | 82,772                    | 82,772                       | -  |
| Other social services                         | 41,724                     | 47,724                    | 42,753                       | 4,971  |
| Total social services                         | <u>10,643,698</u>          | <u>10,569,805</u>         | <u>9,165,602</u>             | <u>1,404,203</u>                             |
| <b>Education</b>                              |                            |                           |                              |  |
| Maryland School for the Blind                 | 2,000                      | 2,000                     | -                            | 2,000  |
| Frederick County Board of Education           | 404,907,809                | 419,094,317               | 417,969,854                  | 1,124,463                                    |
| Frederick Community College                   | 24,735,845                 | 24,735,845                | 24,675,478                   | 60,367                                       |
| Total education                               | <u>429,645,654</u>         | <u>443,832,162</u>        | <u>442,645,332</u>           | <u>1,186,830</u>                             |
| <b>Parks, recreation and culture</b>          |                            |                           |                              |  |
| Frederick County Public Libraries             | 16,109,040                 | 16,113,568                | 15,876,404                   | 237,164                                      |
| Parks   | 12,957,590                 | 13,230,814                | 12,682,063                   | 548,751                                      |
| Frederick Arts Council                        | 50,000                     | 50,000                    | 50,000                       | -  |
| Maryland Ensemble Theater                     | 20,000                     | 20,000                    | 20,000                       | -  |
| Historical Society of Frederick County        | 45,000                     | 45,000                    | 45,000                       | -  |
| Total parks, recreation and culture           | <u>29,181,630</u>          | <u>29,459,382</u>         | <u>28,673,467</u>            | <u>785,915</u>                               |

**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, 2024**

Exhibit II-A-7

|   | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u> | <u>Actual<br/>(Non-GAAP)</u> | <u>Variance-<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|---------------------------|------------------------------|--|
| <b>Conservation of natural resources</b>        |                            |                           |                              |  |
| Extension service                               | \$ 456,372                 | \$ 456,372                | \$ 449,131                   | \$ 7,241                                     |
| Weed control                                    | 297,621                    | 297,621                   | 277,493                      | 20,128                                       |
| Climate and energy                              | 1,549,348                  | 2,168,796                 | 2,089,844                    | 78,952                                       |
| Watershed management                            | 2,886,730                  | 3,957,442                 | 3,947,582                    | 9,860  |
| Soil conservation                               | 141,226                    | 151,226                   | 141,280                      | 9,946  |
| Agriculture                                     | -                          | 236,906                   | 243,700                      | (6,794)                                      |
| Second Chance Wildlife Center                   | 25,000                     | 25,000                    | 25,000                       | -  |
| Total conservation of natural resources         | <u>5,356,297</u>           | <u>7,293,363</u>          | <u>7,174,030</u>             | <u>119,333</u>                               |
| <b>Community development and public housing</b> |                            |                           |                              |  |
| Housing administration                          | 1,066,284                  | 1,237,126                 | 1,046,555                    | 190,571                                      |
| Total community development and public housing  | <u>1,066,284</u>           | <u>1,237,126</u>          | <u>1,046,555</u>             | <u>190,571</u>                               |
| <b>Economic development and opportunity</b>     |                            |                           |                              |  |
| Office of economic development                  | 2,232,131                  | 2,093,931                 | 2,009,715                    | 84,216                                       |
| Workforce services                              | 1,050,157                  | 1,088,568                 | 895,732                      | 192,836                                      |
| Human relations                                 | 205,241                    | 205,241                   | 181,562                      | 23,679                                       |
| Community partnership grants                    | 2,350,000                  | 2,330,353                 | 1,309,592                    | 1,020,761                                    |
| Total economic development and opportunity      | <u>5,837,529</u>           | <u>5,718,093</u>          | <u>4,396,601</u>             | <u>1,321,492</u>                             |
| <b>Non-departmental</b>                         |                            |                           |                              |  |
| Property and liability insurance                | 2,248,252                  | 2,249,310                 | 2,109,006                    | 140,304                                      |
| Employee benefits                               | 1,705,498                  | 1,752,876                 | 869,729                      | 883,147                                      |
| County contingency                              | 300,000                    | 300,000                   | -                            | 300,000                                      |
| Other various contingencies                     | 5,773,619                  | 5,791,663                 | 103,075                      | 5,688,588                                    |
| Indirect cost recovery                          | (3,420,030)                | (3,420,030)               | (3,419,178)                  | (852)  |
| Dues & subscriptions                            | 289,600                    | 289,600                   | 300,333                      | (10,733)                                     |
| Other miscellaneous                             | 346,476                    | 433,970                   | 404,882                      | 29,088                                       |
| Leases  | -                          | 1,309,909                 | 1,158,547                    | 151,362                                      |
| SBITAs  | -                          | 1,731,010                 | 1,731,008                    | 2  |
| Rollover COVID-19                               | -                          | 100,000                   | 100,000                      | -  |
| Total non-departmental                          | <u>7,243,415</u>           | <u>10,538,308</u>         | <u>3,357,401</u>             | <u>7,180,907</u>                             |
| <b>Intergovernmental</b>                        |                            |                           |                              |  |
| Financial corporations grant to municipalities  | 50,000                     | 50,000                    | 49,273                       | 727  |
| State Department of Assessments and Taxation    | 900,618                    | 1,000,124                 | 1,000,124                    | -  |
| Towns   | 30,000                     | 30,000                    | 30,000                       | -  |

**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, 2024**

Exhibit II-A-7

|   | <u>Original<br/>Budget</u> | <u>Amended<br/>Budget</u>  | <u>Actual<br/>(Non-GAAP)</u> | <u>Variance-<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|----------------------------|------------------------------|--|
| Tax rebate to municipalities                                | 5,243,256                  | 5,243,256                  | 5,243,255                    | 1  |
| Total intergovernmental                                     | 6,223,874                  | 6,323,380                  | 6,322,652                    | 728  |
| <br>Total expenditures                                      | <br>\$ 802,169,486         | <br>\$ 828,651,345         | <br>\$ 799,279,164           | <br>\$ 29,372,181                            |
| <b>Other financing sources (uses)</b>                       |                            |                            |                              |  |
| Transfers in from:  |                            |                            |                              |  |
| Grants special revenue fund                                 | -                          | 175,772                    | 175,772                      | -  |
| Transfers out to:   |                            |                            |                              |  |
| Grants special revenue fund                                 | (13,787,202)               | (9,854,370)                | (9,032,057)                  | 822,313                                      |
| Agriculture preservation special revenue fund               | (510,274)                  | (510,274)                  | (510,274)                    | -  |
| Opioid abatement special revenue fund                       | (493,352)                  | (493,352)                  | (493,352)                    | -  |
| Capital projects fund                                       | (20,977,647)               | (20,927,647)               | (20,927,647)                 | -  |
| Internal servie funds                                       | (1,792,480)                | (2,018,524)                | (2,018,024)                  | 500  |
| Debt service fund   | (52,327,730)               | (52,327,730)               | (52,327,730)                 | -  |
| Gain/loss asset disposition                                 | -                          | -                          | 108,984                      | 108,984                                      |
| Insurance proceeds  | -                          | -                          | 72,657                       | 72,657                                       |
| Leases  | -                          | 370,337                    | 295,275                      | (75,062)                                     |
| SBITAs  | -                          | 1,049,977                  | 1,049,976                    | (1)  |
| Total other financing sources (uses)                        | <u>(89,888,685)</u>        | <u>(84,535,811)</u>        | <u>(83,606,420)</u>          | <u>929,391</u>                               |
| <br>Budgeted use of fund balance                            | <br>\$ <u>(49,411,000)</u> | <br>\$ <u>(70,350,569)</u> | <br>(22,833,504)             | <br>\$ <u>47,517,065</u>                     |
| <br>Net change in reserves and adjustments to<br>GAAP basis |                            |                            | 6,254,758                    |  |
| <br>Fund balance - beginning of year                        |                            |                            | 195,865,942                  |  |
| Fund balance - end of year                                  |                            |                            | <u>\$ 179,287,196</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, 2024**

|   | <b>Original<br/>Budget</b> | <b>Amended<br/>Budget</b> | <b>Actuals</b>       | <b>Variance -<br/>Positive<br/>(Negative)</b> |
|---|----------------------------|---------------------------|----------------------|---|
| <b>Revenues</b>                                     |                            |                           |                      |   |
| Grants from federal government                      | \$ 44,975,438              | \$ 66,290,859             | \$ 30,586,861        | \$ (35,703,998)                               |
| Grants from state government                        | 11,895,745                 | 15,993,020                | 8,682,628            | (7,310,392)                                   |
| Charges for services                                | 929,890                    | 182,000                   | 189,922              | 7,922   |
| Interest earnings                                   | -                          | 108                       | 1,252,232            | 1,252,124                                     |
| Miscellaneous                                       | 1,656,547                  | 2,559,670                 | 878,835              | (1,680,835)                                   |
| Total revenues                                      | <u>59,457,620</u>          | <u>85,025,657</u>         | <u>41,590,478</u>    | <u>(43,435,179)</u>                           |
| <b>Expenditures</b>                                 |                            |                           |                      |   |
| General government                                  | 7,742,128                  | 13,631,628                | 5,798,101            | 7,833,527                                     |
| Public safety                                       | 24,051,891                 | 37,457,111                | 5,074,122            | 32,382,989                                    |
| Public works  | 21,882,075                 | 20,610,840                | 10,727,524           | 9,883,316                                     |
| Health  | 15,562,883                 | 15,286,061                | 4,853,365            | 10,432,696                                    |
| Social services                                     | 7,906,108                  | 12,839,512                | 7,133,899            | 5,705,613                                     |
| Parks and recreation                                | 16,894                     | 6,724                     | -                    | 6,724   |
| Conservation of natural resources                   | 850,789                    | 1,929,305                 | 614,044              | 1,315,261                                     |
| Community development and public housing            | 12,791,750                 | 14,638,145                | 12,743,089           | 1,895,056                                     |
| Economic development and opportunity                | 11,770,976                 | 7,905,800                 | 3,457,819            | 4,447,981                                     |
| Total expenditures                                  | <u>102,575,494</u>         | <u>124,305,126</u>        | <u>50,401,963</u>    | <u>73,903,163</u>                             |
| Excess (deficiency) of revenues over expenditures   | <u>(43,117,874)</u>        | <u>(39,279,469)</u>       | <u>(8,811,485)</u>   | <u>30,467,984</u>                             |
| <b>Other financing sources (uses)</b>               |                            |                           |                      |   |
| Transfers in from:                                  |                            |                           |                      |   |
| General fund  | 13,787,202                 | 10,122,750                | 9,032,057            | (1,090,693)                                   |
| Transfers out to:                                   |                            |                           |                      |   |
| General fund  | -                          | (175,772)                 | (175,772)            | -   |
| Special revenue funds                               | -                          | (4,025)                   | (4,025)              | -   |
| Enterprise funds                                    | -                          | (34,300)                  | (34,300)             | -   |
| Capital projects                                    | -                          | (434,321)                 | (434,321)            | -   |
| Internal service fund                               | -                          | (286,029)                 | (286,029)            | -   |
| Total other financing sources (uses)                | <u>13,787,202</u>          | <u>9,188,303</u>          | <u>8,097,610</u>     | <u>(1,090,693)</u>                            |
| Budgeted use of fund balance                        | <u>\$ (29,330,672)</u>     | <u>\$ (30,091,166)</u>    | <u>(713,875)</u>     | <u>\$ 29,377,291</u>                          |
| Net change in reserves and adjustment to GAAP basis |                            |                           | (1,200,586)          |   |
| Fund balance - beginning                            |                            |                           | 38,299,291           |   |
| Fund balance - ending                               |                            |                           | <u>\$ 36,384,830</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, 2024**

|  | Original<br>Budget    | Amended<br>Budget      | Actuals              | Variance -<br>Positive<br>(Negative) |
|--|-----------------------|------------------------|----------------------|--------------------------------------|
| <b>Revenues</b>  |                       |                        |                      |                                      |
| Other local taxes                                      | \$ 15,869,531         | \$ 16,167,150          | \$ 12,873,933        | \$ (3,293,217)                       |
| Grants from state government                           | 3,002,491             | 8,282,824              | 16,591               | (8,266,233)                          |
| Investment income                                      | 336,092               | 336,092                | 2,713,213            | 2,377,121                            |
| Miscellaneous  | 4,000,000             | 2,115,179              | 3,408,164            | 1,292,985                            |
| Total revenues   | <u>23,208,114</u>     | <u>26,901,245</u>      | <u>19,011,901</u>    | <u>(7,889,344)</u>                   |
| <b>Expenditures</b>                                    |                       |                        |                      |                                      |
| General government                                     | -                     | 1,239,570              | 590,303              | 649,267                              |
| Conservation of natural resources                      | 27,110,738            | 41,330,033             | 12,611,885           | 28,718,148                           |
| Total expenditures                                     | <u>27,110,738</u>     | <u>42,569,603</u>      | <u>13,202,188</u>    | <u>29,367,415</u>                    |
| Excess (deficiency) of revenues over<br>expenditures   | <u>(3,902,624)</u>    | <u>(15,668,358)</u>    | <u>5,809,713</u>     | <u>21,478,071</u>                    |
| <b>Other financing sources (uses)</b>                  |                       |                        |                      |                                      |
| Transfer from general fund                             | 510,274               | 510,274                | 510,274              | -                                    |
| Transfer to debt service fund                          | (5,897,910)           | (5,897,910)            | (5,832,743)          | 65,167                               |
| Installment purchase agreement                         | 3,978,905             | 3,978,905              | 741,162              | (3,237,743)                          |
| Total other financing sources (uses)                   | <u>(1,408,731)</u>    | <u>(1,408,731)</u>     | <u>(4,581,307)</u>   | <u>(3,172,576)</u>                   |
| Budgeted use of fund balance                           | <u>\$ (5,311,355)</u> | <u>\$ (17,077,089)</u> | 1,228,406            | <u>\$ 18,305,495</u>                 |
| Net change in reserves and adjustment to<br>GAAP basis |                       |                        | (3,040)              |                                      |
| Fund balance - beginning                               |                       |                        | 73,195,866           |                                      |
| Fund balance - ending                                  |                       |                        | <u>\$ 74,421,232</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, 2024**

| <b>Business-type Activities-Enterprise Funds</b>          |                         |                               |                                    |                              |                               |   |
|---|-------------------------|-------------------------------|------------------------------------|------------------------------|-------------------------------|---|
|   | <b>Enterprise Funds</b> |                               | <b>Nonmajor Enterprise Fund</b>    |                              | <b>Total Enterprise Funds</b> | <b>Governmental Activities-Internal Service Funds</b> |
|   | <b>Water and Sewer</b>  | <b>Solid Waste Management</b> | <b>Comprehensive Care Facility</b> | <b>Bell Court Apartments</b> |                               |   |
| <b>Assets</b>   |                         |                               |                                    |                              |                               |   |
| Current assets:   |                         |                               |                                    |                              |                               |   |
| Cash  | \$ 300                  | \$ 2,630                      | \$ -                               | \$ -                         | \$ 2,930                      | \$ -  |
| Equity in pooled invested cash                            | 205,297,454             | 50,315,080                    | 7,815,571                          | 48,267                       | 263,476,372                   | 42,920,095  |
| Restricted cash and cash equivalents                      | 2,575,661               | -                             | 56,372                             | 599,848                      | 3,231,881                     | -   |
| Total cash and cash equivalents                           | 207,873,415             | 50,317,710                    | 7,871,943                          | 648,115                      | 266,711,183                   | 42,920,095  |
| Receivables, net of allowance for uncollectibles accounts | 10,772,090              | 2,769,689                     | 4,373,459                          | 47                           | 17,915,285                    | 1,066,083   |
| Due from component units                                  | 30,256                  | -                             | -                                  | -                            | 30,256                        | -   |
| Inventories   | 108,526                 | -                             | -                                  | -                            | 108,526                       | 712,367   |
| Prepaid items   | 8,335,190               | -                             | 195,829                            | -                            | 8,531,019                     | 128,769   |
| Total current assets                                      | 227,119,477             | 53,087,399                    | 12,441,231                         | 648,162                      | 293,296,269                   | 44,827,314  |
| Noncurrent assets:  |                         |                               |                                    |                              |                               |   |
| Notes receivable  | 1,002,982               | -                             | -                                  | -                            | 1,002,982                     | -   |
| Long-term investments                                     | 9,983,650               | 9,983,650                     | -                                  | -                            | 19,967,300                    | -   |
| Capital assets:   |                         |                               |                                    |                              |                               |   |
| Land  | 5,558,373               | 2,837,164                     | -                                  | 132,200                      | 8,527,737                     | -   |
| Buildings and improvements                                | 275,016,449             | 55,630,452                    | -                                  | 1,877,880                    | 332,524,781                   | 1,833,133   |
| Equipment   | 52,526,411              | 8,757,251                     | 882,666                            | 199,162                      | 62,365,490                    | 47,441,213  |
| Right-to-use equipment                                    | -                       | -                             | 134,510                            | -                            | 134,510                       | 518,415   |
| Other improvements  | 485,337,106             | 4,378,555                     | -                                  | -                            | 489,715,661                   | -   |
| Accumulated depreciation/amortization                     | (241,073,691)           | (45,119,580)                  | (761,397)                          | (1,789,898)                  | (288,744,566)                 | (27,939,916)  |
| Construction in progress                                  | 37,542,585              | 101,831                       | -                                  | -                            | 37,644,416                    | 152,055   |
| Total noncurrent assets                                   | 625,893,865             | 36,569,323                    | 255,779                            | 419,344                      | 663,138,311                   | 22,004,900  |
| Total assets  | 853,013,342             | 89,656,722                    | 12,697,010                         | 1,067,506                    | 956,434,580                   | 66,832,214  |
| <b>Deferred Outflows of Resources</b>                     |                         |                               |                                    |                              |                               |   |
| Deferred charge on refunding                              | 591,164                 | 7,247                         | -                                  | -                            | 598,411                       | -   |
| Total deferred outflows of resources                      | 591,164                 | 7,247                         | -                                  | -                            | 598,411                       | -   |

(continued)



FREDERICK COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2024

|  | Business-type Activities-Enterprise Funds |                        |                             |                       |                        |  |
|--|---|------------------------|-----------------------------|-----------------------|------------------------|--|
|  | Enterprise Funds                          |                        | Nonmajor Enterprise Fund    |                       | Total Enterprise Funds | Governmental Activities-Internal Service Funds |
|  | Water and Sewer                           | Solid Waste Management | Comprehensive Care Facility | Bell Court Apartments |                        |  |
| <b>Liabilities</b>   |   |                        |                             |                       |                        |  |
| Current liabilities:   |   |                        |                             |                       |                        |  |
| Accounts payable   | \$ 476,874                                | \$ 2,431               | \$ -                        | \$ -                  | \$ 479,305             | \$ -   |
| Payroll and benefit deductions   | 483,440                                   | 142,936                | -                           | -                     | 626,376                | 101,343  |
| Accrued expenses   | 2,058,567                                 | 1,973,844              | 2,204,761                   | 43,515                | 6,280,687              | 4,224,344                                      |
| Unearned revenues  | 105,259                                   | 6,818                  | -                           | -                     | 112,077                | -  |
| Security deposits  | 2,384,579                                 | 175,337                | -                           | 16,651                | 2,576,567              | -  |
| Other liabilities  | 889,066                                   | 9,813                  | 188,212                     | -                     | 1,087,091              | -  |
| Current portion landfill closure and postclosure liability   | -   | 313,200                | -                           | -                     | 313,200                | -  |
| Current portion general obligation bonds, notes and leases   | 5,941,590                                 | 987,002                | 24,227                      | -                     | 6,952,819              | 105,644  |
| Current portion of prefunded loss claims   | -   | -                      | -                           | -                     | -                      | 1,664,515                                      |
| Current portion of compensated absences  | 72,169                                    | 33,907                 | 70,950                      | -                     | 177,026                | 10,680   |
| Total current liabilities  | <u>12,411,544</u>                         | <u>3,645,288</u>       | <u>2,488,150</u>            | <u>60,166</u>         | <u>18,605,148</u>      | <u>6,106,526</u>                               |
| Noncurrent liabilities:  |   |                        |                             |                       |                        |  |
| Long term portion landfill closure and postclosure liability   | -   | 21,074,011             | -                           | -                     | 21,074,011             | -  |
| Long term portion general obligation bonds, notes and leases   | 98,050,413                                | 1,836,490              | 110,283                     | -                     | 99,997,186             | 43,257   |
| Liability for prefunded loss claims  | -   | -                      | -                           | -                     | -                      | 4,119,541                                      |
| Liability for compensated absences   | 936,372                                   | 175,804                | 283,804                     | -                     | 1,395,980              | 232,878  |
| Accrued termination benefits   | 22,346                                    | -                      | -                           | -                     | 22,346                 | -  |
| Total noncurrent liabilities   | <u>99,009,131</u>                         | <u>23,086,305</u>      | <u>394,087</u>              | <u>-</u>              | <u>122,489,523</u>     | <u>4,395,676</u>                               |
| Total liabilities  | <u>111,420,675</u>                        | <u>26,731,593</u>      | <u>2,882,237</u>            | <u>60,166</u>         | <u>141,094,671</u>     | <u>10,502,202</u>                              |
| <b>Net Position</b>  |   |                        |                             |                       |                        |  |
| Net investment in capital assets   | 511,220,601                               | 24,098,223             | 121,269                     | 419,344               | 535,859,437            | 21,703,944                                     |
| Restricted for:  |   |                        |                             |                       |                        |  |
| Capital projects   | -   | -                      | -                           | 599,847               | 599,847                | -  |
| Unrestricted   | 230,963,230                               | 38,834,153             | 9,693,504                   | (11,851)              | 279,479,036            | 33,762,175                                     |
| Total net position   | <u>\$ 742,183,831</u>                     | <u>\$ 62,932,376</u>   | <u>\$ 9,814,773</u>         | <u>\$ 1,007,340</u>   | <u>815,938,320</u>     | <u>\$ 55,466,119</u>                           |
| Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds. |   |                        |                             |                       | 2,229,647              |  |
| Net position of business-type activities   |   |                        |                             |                       | <u>\$ 818,167,967</u>  |  |

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

**FREDERICK COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

|  | <b>Business-type Activities Enterprise Funds</b> |                               |                                    |                              |                               |  |
|--|--|-------------------------------|------------------------------------|------------------------------|-------------------------------|--|
|  | <b>Major Enterprise Funds</b>                    |                               | <b>Nonmajor Enterprise Fund</b>    |                              | <b>Total Enterprise Funds</b> | <b>Governmental Activities- Internal Service Funds</b> |
|  | <b>Water and Sewer</b>                           | <b>Solid Waste Management</b> | <b>Comprehensive Care Facility</b> | <b>Bell Court Apartments</b> |                               |  |
| <b>Operating revenues</b>  |  |                               |                                    |                              |                               |  |
| Service charges  | \$ 52,614,571                                    | \$ 29,323,077                 | \$ 27,515,239                      | \$ -                         | \$ 109,452,887                | \$ 62,038,414  |
| Rental charges   | -  | -                             | -                                  | 154,803                      | 154,803                       | -  |
| Total net charges for services   | 52,614,571                                       | 29,323,077                    | 27,515,239                         | 154,803                      | 109,607,690                   | 62,038,414   |
| Delinquent fees collected  | 112,005  | 47,876                        | -                                  | -                            | 159,881                       | -  |
| Federal grant revenues   | -  | -                             | -                                  | -                            | -                             | -  |
| State grant revenues   | 738,814  | -                             | -                                  | -                            | 738,814                       | -  |
| Other revenues   | 1,982,631  | 1,803,571                     | 28,865                             | 20                           | 3,815,087                     | 1,951,077  |
| Total operating revenues   | 55,448,021                                       | 31,174,524                    | 27,544,104                         | 154,823                      | 114,321,472                   | 63,989,491   |
| <b>Operating expenses</b>  |  |                               |                                    |                              |                               |  |
| Personnel services   | 14,080,403                                       | 3,689,217                     | -                                  | 40,672                       | 17,810,292                    | 3,719,923  |
| Operating expenses (including administrative overhead)   | 11,029,913                                       | 26,892,471                    | 27,491,042                         | 147,556                      | 65,560,982                    | 4,157,715  |
| Prefunded loss & estimated claims  | -  | -                             | -                                  | -                            | -                             | 3,308,775  |
| Insurance  | 942,012  | 90,270                        | 106,027                            | 4,595                        | 1,142,904                     | 40,417,507   |
| Supplies   | 3,870,115  | 55,987                        | -                                  | 94                           | 3,926,196                     | 6,345,419  |
| Repairs and maintenance  | 3,944,731  | 360,794                       | -                                  | -                            | 4,305,525                     | 1,722,263  |
| Depreciation/amortization expense  | 16,868,713                                       | 1,424,539                     | 48,060                             | 72,554                       | 18,413,866                    | 4,604,057  |
| Total operating expenses   | 50,735,887                                       | 32,513,278                    | 27,645,129                         | 265,471                      | 111,159,765                   | 64,275,659   |
| Operating income (loss)  | 4,712,134  | (1,338,754)                   | (101,025)                          | (110,648)                    | 3,161,707                     | (286,168)  |
| <b>Nonoperating revenues (expenses)</b>  |  |                               |                                    |                              |                               |  |
| Investment earnings  | 11,122,253                                       | 3,323,537                     | 261,987                            | 120                          | 14,707,897                    | 2,122,350  |
| Miscellaneous income (expense)   | (639,263)  | 39,100                        | (12,818)                           | -                            | (612,981)                     | -  |
| Insurance recovery   | -  | -                             | -                                  | -                            | -                             | 43,477   |
| Interest expense   | (2,229,128)                                      | (68,665)                      | (198)                              | -                            | (2,297,991)                   | (9,365)  |
| Contributions and donations  | -  | -                             | -                                  | -                            | -                             | 12,276   |
| Gain (loss) on disposition of capital assets   | (66,347)   | 80,000                        | -                                  | -                            | 13,653                        | 184,758  |
| Total nonoperating revenues (expenses)   | 8,187,515  | 3,373,972                     | 248,971                            | 120                          | 11,810,578                    | 2,353,496  |
| Net income (loss) before contributions and transfers   | 12,899,649                                       | 2,035,218                     | 147,946                            | (110,528)                    | 14,972,285                    | 2,067,328  |
| Capital contributions  | 12,546,727                                       | -                             | -                                  | -                            | 12,546,727                    | -  |
| Transfers in   | 38,615   | -                             | -                                  | 34,300                       | 72,915                        | 2,703,244  |
| Transfers (out)  | (1,145,856)                                      | (93,385)                      | -                                  | -                            | (1,239,241)                   | -  |
| Total contributions and transfers  | 11,439,486                                       | (93,385)                      | -                                  | 34,300                       | 11,380,401                    | 2,703,244  |
| Change in net position   | 24,339,135                                       | 1,941,833                     | 147,946                            | (76,228)                     | 26,352,686                    | 4,770,572  |
| Net position - beginning of year   | 717,844,696                                      | 60,990,543                    | 9,666,827                          | 1,083,568                    |                               | 50,695,547   |
| Net position - end of year   | \$ 742,183,831                                   | \$ 62,932,376                 | \$ 9,814,773                       | \$ 1,007,340                 |                               | \$ 55,466,119  |
| Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds. |  |                               |                                    |                              | 78,627                        |  |
| Change in net position of business-type activities (Exhibit II-A-2)                                      |  |                               |                                    |                              | \$ 26,431,313                 |  |

Included in service charges in the Solid Waste Fund is a discount of \$1,350,620.

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, 2024**

|  | <b>Business-type Activities - Enterprise Funds</b> |                               |                                    |                              |                               |  |
|--|--|-------------------------------|------------------------------------|------------------------------|-------------------------------|--|
|  | <b>Major Enterprise Funds</b>                      |                               | <b>Nonmajor Enterprise Fund</b>    |                              | <b>Total Enterprise Funds</b> | <b>Governmental Activities- Internal Service Funds</b> |
|  | <b>Water and Sewer</b>                             | <b>Solid Waste Management</b> | <b>Comprehensive Care Facility</b> | <b>Bell Court Apartments</b> |                               |  |
| <b>Cash flows from operating activities</b>                        |  |                               |                                    |                              |                               |  |
| Cash received from residents and customers                         | \$ 55,567,516                                      | \$ 31,292,129                 | \$ 27,831,546                      | \$ 155,794                   | \$ 114,846,985                | \$ 1,470,313   |
| Cash paid to suppliers   | (22,019,085)                                       | (26,871,738)                  | (27,549,026)                       | (162,283)                    | (76,602,132)                  | (55,253,370)   |
| Cash paid to employees   | (14,039,400)                                       | (3,712,803)                   | -                                  | (40,727)                     | (17,792,930)                  | (3,699,158)  |
| Internal activity - receipts from other funds                      | -  | -                             | -                                  | -                            | -                             | 62,456,862   |
| Net cash provided (used) by operating activities                   | <u>19,509,031</u>                                  | <u>707,588</u>                | <u>282,520</u>                     | <u>(47,216)</u>              | <u>20,451,923</u>             | <u>4,974,647</u>                                       |
| <b>Cash flows from noncapital financing activities</b>             |  |                               |                                    |                              |                               |  |
| Transfers in   | 38,615   | -                             | -                                  | 34,300                       | 72,915                        | 2,703,244  |
| Transfers out  | (1,145,856)  | (93,385)                      | -                                  | -                            | (1,239,241)                   | -  |
| Net cash provided (used) by noncapital financing activities        | <u>(1,107,241)</u>                                 | <u>(93,385)</u>               | <u>-</u>                           | <u>34,300</u>                | <u>(1,166,326)</u>            | <u>2,703,244</u>                                       |
| <b>Cash flows from capital and related financing activities</b>    |  |                               |                                    |                              |                               |  |
| Acquisition and construction of capital assets                     | (19,068,247)                                       | (2,038,869)                   | (90,713)                           | -                            | (21,197,829)                  | (6,189,126)  |
| Recoveries for damages   | -  | -                             | -                                  | -                            | -                             | 43,477   |
| Proceeds from sale of capital assets                               | 8,785  | 80,000                        | -                                  | -                            | 88,785                        | 403,587  |
| Payment of bond, note, and lease principals                        | (5,518,400)  | (969,823)                     | (28,173)                           | -                            | (6,516,396)                   | (165,365)  |
| Interest paid on bonds, notes, and leases                          | (1,530,302)  | (73,816)                      | (198)                              | -                            | (1,604,316)                   | (9,365)  |
| Contributed capital  | 12,546,727   | -                             | -                                  | -                            | 12,546,727                    | -  |
| Net cash provided (used) by capital & related financing activities | <u>(13,561,437)</u>                                | <u>(3,002,508)</u>            | <u>(119,084)</u>                   | <u>-</u>                     | <u>(16,683,029)</u>           | <u>(5,916,792)</u>                                     |
| <b>Cash flows from investing activities</b>                        |  |                               |                                    |                              |                               |  |
| Purchase of investments  | (15,000,000)                                       | (15,000,000)                  | -                                  | -                            | (30,000,000)                  | -  |
| Proceeds from the sale of investments                              | 40,000,000   | 20,000,000                    | -                                  | -                            | 60,000,000                    | -  |
| Interest received on investments                                   | 11,142,449   | 3,244,043                     | 261,368                            | 120                          | 14,647,980                    | 2,122,351  |
| Net cash provided (used) by investing activities                   | <u>36,142,449</u>                                  | <u>8,244,043</u>              | <u>261,368</u>                     | <u>120</u>                   | <u>44,647,980</u>             | <u>2,122,351</u>                                       |
| Net increase (decrease) in cash and cash equivalents               | 40,982,802   | 5,855,738                     | 424,804                            | (12,796)                     | 47,250,548                    | 3,883,450  |
| Cash and cash equivalents - beginning of year                      | <u>166,890,613</u>                                 | <u>44,461,972</u>             | <u>7,447,139</u>                   | <u>660,911</u>               | <u>219,460,635</u>            | <u>39,036,645</u>                                      |
| Cash and cash equivalents - end of year                            | <u>\$ 207,873,415</u>                              | <u>\$ 50,317,710</u>          | <u>\$ 7,871,943</u>                | <u>\$ 648,115</u>            | <u>\$ 266,711,183</u>         | <u>\$ 42,920,095</u>                                   |

(continued)

**FREDERICK COUNTY, MARYLAND  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

|   | <b>Business-type Activities - Enterprise Funds</b> |                               |                                    |                              |                               |  |  |
|---|--|-------------------------------|------------------------------------|------------------------------|-------------------------------|--|--|
|   | <b>Major Enterprise Funds</b>                      |                               | <b>Nonmajor Enterprise Fund</b>    |                              | <b>Total Enterprise Funds</b> | <b>Governmental Activities- Internal Service Funds</b> |  |
|   | <b>Water and Sewer</b>                             | <b>Solid Waste Management</b> | <b>Comprehensive Care Facility</b> | <b>Bell Court Apartments</b> |                               |  |  |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>     |  |                               |                                    |                              |                               |  |  |
| Operating income (loss)   | \$ 4,712,134                                       | \$ (1,338,754)                | \$ (101,025)                       | \$ (110,648)                 | \$ 3,161,707                  | \$ (286,168)   |  |
| Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities: |  |                               |                                    |                              |                               |  |  |
| Depreciation  | 16,868,713   | 1,424,539                     | 48,060                             | 72,554                       | 18,413,866                    | 4,604,057  |  |
| Landfill closing costs  | -  | (384,425)                     | -                                  | -                            | (384,425)                     | -  |  |
| Accrued termination benefits  | 6,828  | (12,658)                      | -                                  | -                            | (5,830)                       | -  |  |
| Change in assets and liabilities:   |  |                               |                                    |                              |                               |  |  |
| (Increase) decrease:  |  |                               |                                    |                              |                               |  |  |
| Accounts receivable   | 107,793  | 131,937                       | 115,513                            | 971                          | 356,214                       | (44,783)   |  |
| Bad debt allowance  | -  | 11,228                        | 72,112                             | -                            | 83,340                        | -  |  |
| Inventory   | (15,210)   | -                             | -                                  | -                            | (15,210)                      | (15,114)   |  |
| Prepaid items   | (1,375,865)  | -                             | 33,827                             | -                            | (1,342,038)                   | 6,930  |  |
| Increase (decrease):  |  |                               |                                    |                              |                               |  |  |
| Accounts payable  | -  | 2,067                         | -                                  | -                            | 2,067                         | -  |  |
| Accrued expenses  | (825,888)  | (231,895)                     | 10,288                             | 34,275                       | (1,013,220)                   | (138,567)  |  |
| Deferred revenues   | 18,250   | (14,333)                      | -                                  | -                            | 3,917                         | -  |  |
| Liability for compensated leave   | 18,824   | 2,425                         | 3,928                              | -                            | 25,177                        | 29,642   |  |
| Due to other funds  | -  | -                             | -                                  | (44,368)                     | (44,368)                      | -  |  |
| Closure liability   | -  | 1,110,570                     | -                                  | -                            | 1,110,570                     | -  |  |
| Other liabilities   | (6,548)  | 6,887                         | 99,817                             | -                            | 100,156                       | 818,650  |  |
| Net cash provided (used) by operating activities  | \$ <u>19,509,031</u>                               | \$ <u>707,588</u>             | \$ <u>282,520</u>                  | \$ <u>(47,216)</u>           | \$ <u>20,451,923</u>          | \$ <u>4,974,647</u>                                    |  |

Non-cash investing, capital, and financing activities:

Included in interest income in the Water and Sewer Fund is an unrealized gain of \$110,500. Included in interest income in the Solid Waste Fund is an unrealized loss of \$39,100.

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

**FREDERICK COUNTY, MARYLAND**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2024**

|                                | <b>Pension/OPEB<br/>Trust Funds</b> | <b>Custodial Funds</b> |
|--------------------------------|-------------------------------------|------------------------|
| <b>ASSETS</b>                  |                                     |                        |
| Cash and cash equivalents      | \$ 11,578,239                       | \$ 11,057,697          |
| Investments:                   |                                     |                        |
| Money markets                  | 32,217,964                          | -                      |
| Fixed income securities        | 395,202,303                         | -                      |
| Equity securities              | 779,345,507                         | -                      |
| Global infrastructure          | 57,386,468                          | -                      |
| Target date securities         | 550,128                             | -                      |
| Receivables:                   |                                     |                        |
| Accounts receivable            | 1,034,678                           | 33,386                 |
| Interest receivable            | 1,073,068                           | -                      |
| Total assets                   | <u>1,278,388,355</u>                | <u>11,091,083</u>      |
| <b>LIABILITIES</b>             |                                     |                        |
| Accounts payable               | 789,567                             | -                      |
| Accrued benefit payments       | 4,465,860                           | -                      |
| Due to third parties           | -                                   | 4,865,108              |
| Bond forfeitures               | -                                   | 54,450                 |
| Performance deposits           | -                                   | 6,171,525              |
| Other liabilities              | 367,085                             | -                      |
| Total liabilities              | <u>5,622,512</u>                    | <u>11,091,083</u>      |
| <b>NET POSITION</b>            |                                     |                        |
| Restricted for:                |                                     |                        |
| Pensions                       | 1,024,135,865                       | -                      |
| Other post employment benefits | 248,629,978                         | -                      |
| Total net position             | <u>\$ 1,272,765,843</u>             | <u>\$ -</u>            |

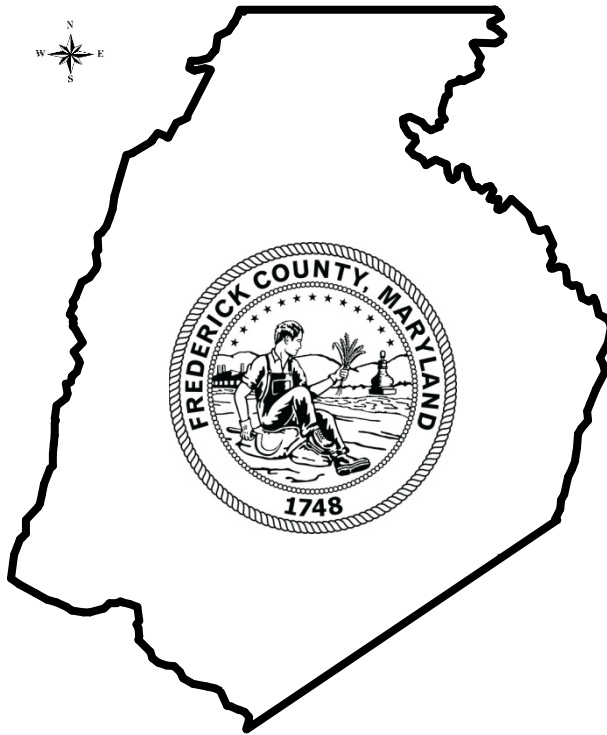
The notes to the financial statements are an integral part of this statement.

**FREDERICK COUNTY, MARYLAND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

|  | <b>Pension/OPEB<br/>Trust Funds</b> | <b>Custodial Funds</b> |
|--|-------------------------------------|------------------------|
| <b>Additions</b>                                   |                                     |                        |
| Contributions                                      |                                     |                        |
| Employer contributions                             | \$ 50,779,566                       | \$ -                   |
| Member contributions                               | 15,867,260                          | -                      |
| County contributions                               | 1,207,434                           | -                      |
| Other  | 1,874,337                           | 43,399,806             |
| Total contributions                                | <u>69,728,597</u>                   | <u>43,399,806</u>      |
| Investment income                                  |                                     |                        |
| Net appreciation in fair value of plan investments | 121,548,927                         | -                      |
| Interest and dividends                             | 24,150,774                          | -                      |
| Investment expense                                 | <u>(2,379,914)</u>                  | <u>-</u>               |
| Net investment income                              | <u>143,319,787</u>                  | <u>-</u>               |
| Total additions                                    | <u>213,048,384</u>                  | <u>43,399,806</u>      |
| <b>Deductions</b>                                  |                                     |                        |
| Benefit premiums and refunds                       | 42,160,151                          | -                      |
| Benefit claims incurred                            | 13,307,370                          | -                      |
| Administrative expenses                            | 935,957                             | -                      |
| Third party payments                               | <u>-</u>                            | <u>43,399,806</u>      |
| Total deductions                                   | <u>56,403,478</u>                   | <u>43,399,806</u>      |
| Change in net position                             | 156,644,906                         | -                      |
| Net position - beginning of year                   | <u>1,116,120,937</u>                | <u>-</u>               |
| Net position - end of year                         | <u>\$ 1,272,765,843</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, 2024**

**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)*

Scott Key Center, Inc. (SKC, Inc.) is a local non-profit organization with the purpose of providing employment opportunities and community involvement for individuals with developmental disabilities in Frederick County. This purpose is achieved through the operation of the Scott Key Center (the Center) which is a department within the Division of Aging and Independence of Frederick County, Maryland. SKC, Inc. is fiscally dependent on the County to achieve its mission. The County has assumed the obligation to provide financial support, including all necessary personnel, including payroll taxes and fringe benefits for operation of the Center. In addition, Frederick County provides use of buildings facilities, including maintenance, utilities, telephone, as well as transportation services including buses, related maintenance, fuel and drivers.

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](http://www.fcps.org)

Frederick Community College  
7932 Opossumtown Pike  
Frederick, Maryland 21702  
[www.frederick.edu](http://www.frederick.edu)

Scott Key Center, Inc.  
1050 Rocky Springs Road  
Frederick, Maryland 21702  
[www.scottkeycenter.org](http://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

## NOTES TO FINANCIAL STATEMENTS (Continued)

### B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

### 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, 2024, was \$41,393,539,093. 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 \$0.9552 and \$0.9438, respectively. In addition, taxes were levied in three lighting tax districts. The County collected 99.96% 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 \$6,164,445 and is included in total property taxes receivable of \$6,717,940 on the Statement of Net Position. This compares to the current portion of the prior year levy of \$4,821,390 included in the total property taxes of \$5,686,157 as of June 30, 2023.

### 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.

### 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.

## NOTES TO FINANCIAL STATEMENTS

(Continued)

Most capital assets used in operations are depreciated using the straight-line method over their estimated useful lives. The County defines capital assets, other than infrastructure, 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 - 9 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    |

### 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



## NOTES TO FINANCIAL STATEMENTS (Continued)

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. The County recognizes a deferred inflow of resources in the government-wide and fund financial statements for leases. 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, and subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

### 6. *Compensated Absences*

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

### 7. *Long-Term Obligations*

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

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

### 8. *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

## NOTES TO FINANCIAL STATEMENTS (Continued)

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.

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,

## NOTES TO FINANCIAL STATEMENTS

### (Continued)

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.6.

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

- *Nonspendable* – This component includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.
- *Restricted* – This component consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
- *Committed* – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal County Council legislative action. Those committed amounts cannot be used for any other purpose unless the County Council removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

## NOTES TO FINANCIAL STATEMENTS (Continued)

- *Assigned* – This component consists of amounts that are constraints imposed by the County Executive or their designee(s) but are neither restricted nor committed. The assigned amounts that are allocated for future use by the County Executive or their designee(s) but are not spendable until a budget ordinance is passed by the County Council.
- *Unassigned* – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

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

### 10. Estimates

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

## NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary Data

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

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

1. The County Executive must hold at least two public hearings to receive public comment. One hearing must occur in December to receive proposals for inclusion in the budget. The other hearing shall be held in March to receive comments on budget requests.
2. All departments submit their proposed budgets for the upcoming fiscal year (commencing the following July 1) to the Budget Director.
3. All budget requests are compiled and reviewed by the Budget Office and, with direction from the County Executive, a proposed budget is prepared, along with a budget message.
4. The County Executive submits a proposed budget to the County Council no later than April 15 of each year.
5. At least one public hearing on the proposed budget must be held by the County Council.

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

6. After the public hearing the County Council may decrease or delete any items in the budget, except those required by State law, by provisions for debt service on obligations then outstanding or for estimated cash deficits.
7. If the County Council's decrease or deletion from the proposed budget equals or exceeds a one percent change in the total budget or equals or exceeds a fifty percent decrease in any one-line item, the County Council must proceed with a public hearing after posting a fair summary of the change. This notice must be posted on the County website at least two days in advance of the hearing.
8. Adoption of the Budget Ordinance will (by the affirmative vote of not less than four members of the Council) occur no later than May 31. If the Council fails to adopt the budget by May 31, then the proposed budget submitted by the County Executive will become law.
9. The County Council then levies the amount of taxes required by the budget to ensure that the Budget is balanced so that proposed revenues equal proposed expenditures.
10. The County Council adopts the budget for funds at various levels of budgetary control as defined in the annual Budget Adoption Ordinance. Budgetary schedules in this document may display greater detail than the legal level of budget adoption.
11. Unless otherwise provided by law and except for grant appropriations or grant funds deposited in special accounts dedicated to specific functions, activities or purposes, all unexpended and unencumbered appropriations in the Operating Budget at the end of the fiscal year shall revert into the treasury. No appropriation for a capital project in the Capital Budget may revert until the purpose for which the appropriation was made is accomplished or abandoned; but any capital project shall be considered abandoned if three fiscal years elapse without any expenditure from or encumbrance of the appropriation.
12. Formal budgetary integration is employed as a management control device for all funds for which a budget is legally adopted, namely, the General Fund, Special Revenue Funds (except: Sheriff's/Judicial Activities, Non-Profit Organization Loans, Fire/Rescue Loans and Watershed Protection and Restoration), Enterprise Funds and Capital Projects Fund. Budgets that are maintained for management control but are not legally adopted include the Other Post Employment Benefit Trust Fund, Pension Trust Fund, Length of Service Award Program Trust Fund, Debt Service Fund and Internal Service Funds.
13. During the fiscal year, the Executive may transfer unencumbered appropriations in the Operating Budget within the same department, agency, or office and within the same fund. On the recommendation of the Executive, the Council may transfer unencumbered appropriations in the Operating Budget between departments, agencies and offices within the same fund. A transfer may not be made between the Operating Budget and Capital Budget appropriations. On the recommendation of the Executive, the Council may transfer appropriations between capital projects within the same fund provided the Council neither creates nor abandons any capital projects except in accordance with Section 512 of the County charter.
14. On the recommendation of the Executive, the Council may make supplemental appropriations from any contingency appropriations in the Budget; from revenues received from anticipated sources but in excess of budget estimates; or from revenues received from sources not anticipated in the budget.

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:

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

- 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.
- Principal payments on debt are treated as expenditures.
- The use of prior years' fund balance is reported as another financing source (appropriated fund balance).
- Depreciation is not budgeted.
- Leases and subscription-based technology arrangements are budgeted to only reflect the current year outlay.

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

**B. Reconciliation of Budgetary Basis to GAAP Basis**

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

|                                 | <b>General Fund</b>   |                       |   |                                       |
|---------------------------------|-----------------------|-----------------------|---|---------------------------------------|
|                                 | <u>Revenues</u>       | <u>Expenditures</u>   | <u>Other Financing<br/>Sources (Uses)</u> | <u>Net change in<br/>Fund Balance</u> |
| Budgetary Basis                 | \$ 860,052,080        | \$ 799,279,164        | \$ (83,606,420)                           | \$ (22,833,504)                       |
| Basis Adjustments:              |                       |                       |   |                                       |
| Encumbrance adjustment          | -                     | (6,142,619)           | -   | 6,142,619                             |
| Inventory adjustment            | -                     | (112,139)             | -   | 112,139                               |
| Net affect of basis adjustments | -                     | (6,254,758)           | -   | 6,254,758                             |
| GAAP Basis                      | <u>\$ 860,052,080</u> | <u>\$ 793,024,406</u> | <u>\$ (83,606,420)</u>                    | <u>\$ (16,578,746)</u>                |

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

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

*1. Deposits*

**Primary Government**

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**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, 2024, Frederick County's carrying amount of deposits was \$7,710,684 and the bank balance was \$7,833,970. The County's deposits are categorized below to give an indication of the level of custodial credit risk assumed by the County at year-end. The bank's balances were collateralized as follows:

|   |                     |
|---|---------------------|
| Federal Deposit Insurance Corporation (FDIC)            | \$ 371,317          |
| Held by the government's agent in the government's name | 7,462,653           |
| Total Bank Balance                                      | <u>\$ 7,833,970</u> |

The County's cash and investments as of June 30, 2024, totaled \$980,324,234 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   | \$ 433,786            |
| Equity in Pooled Invested Cash                         | 834,471,982           |
| Investments  | 88,939,382            |
| Restricted Cash and Investments                        | 56,479,084            |
| Total  | <u>\$ 980,324,234</u> |
| Deposit & Investment Summary:                          |                       |
| Investments  | \$ 995,257,526        |
| Cash on Hand   | 18,223                |
| Deposits   | 7,710,684             |
| Less: Component Units and Agency Fund Cash Equivalents |                       |
| Pension Trust and OPEB Benefit Trusts                  | (11,578,239)          |
| Frederick County Public Libraries                      | (26,263)              |
| Custodial Funds  | (11,057,697)          |
| Total  | <u>\$ 980,324,234</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, 2024, BOE's cash on hand for petty cash was \$100. The carrying amount of the Board's deposits was \$26,186,021 and investments, including \$191,669,979 of fiduciary funds, were \$231,729,169. The bank balance was \$31,803,863. The deposits of the Board were not exposed to custodial risk as of June 30, 2024.

As of June 30, 2024, FCC's cash on hand for petty cash was \$4,100. The carrying amount of the college's deposits was \$23,877,859 and the bank balance was \$24,412,111. Cash equivalents as shown on the Statement of Net Position, were \$12,285,518 and included Frederick Community College Foundation, Inc. in the amount of \$369,741. The deposits of the college were not exposed to custodial risk as of June 30, 2024.

As of June 30, 2024, FCPL's cash on hand for petty cash was \$3,470. The carrying amount of FCPL's deposits was \$30,580.21 including \$20,000 of restricted cash. The bank balance was \$2,793.35. The deposits of the library were not exposed to custodial risk as of June 30, 2024.

As of June 30, 2024, SKC Inc.'s cash and cash equivalents were \$694,423 which is comprised of cash and a certificate of deposit at a financial institution insured by FDIC up to \$250,000. \$444,423 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, 2024:

| <u>Investment Type (All funds)</u>  | <u>Fair Value</u>     | <u>0-18 Month<br/>Maturities</u> | <u>18-24 Month<br/>Maturities</u> | <u>&gt; 24 Month<br/>Maturities</u> |
|-------------------------------------|-----------------------|----------------------------------|-----------------------------------|-------------------------------------|
| U. S. Treasuries                    | \$ 29,035,382         | \$ 3,668,146                     | \$ 1,388,782                      | \$ 23,978,454                       |
| MD Local Government Investment Pool | 906,318,144           | 906,318,144                      | -                                 | -                                   |
| Federal Agency Securities           | 59,904,000            | 59,904,000                       | -                                 | -                                   |
| Total Fair Value                    | <u>\$ 995,257,526</u> | <u>\$ 969,890,290</u>            | <u>\$ 1,388,782</u>               | <u>\$ 23,978,454</u>                |



**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

| Investments by fair value level              | June 30, 2024  | Fair Value Measurement Using |               |           |
|--|----------------|------------------------------|---------------|-----------|
|  |                | (Level 1)                    | (Level 2)     | (Level 3) |
| U. S. Treasuries                             | \$ 29,035,382  | \$ -                         | \$ 29,035,382 | \$ -      |
| Federal Agricultural Mortgage Corp           | 19,969,400     | -                            | 19,969,400    | -         |
| Federal Home Loan Bank                       | 39,934,600     | -                            | 39,934,600    | -         |
| Total investments by fair value levels       | 88,939,382     | \$ -                         | \$ 88,939,382 | \$ -      |
| <b>Investments carried at amortized cost</b> |                |                              |               |           |
| MD Local Government Investment Pool          | 906,318,144    |                              |               |           |
| Total investments carried at amortized cost  | 906,318,144    |                              |               |           |
| Total investments at fair value              | \$ 995,257,526 |                              |               |           |

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

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

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

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

1. U. S. Treasury securities
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

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

5. Money market mutual funds that contain only securities of the organizations listed in items 1), 2), and 3) above
6. Certificates of deposit (collateralized within the guidelines of the Annotated Code of Maryland, State Finance and Procurement Article 6-202)
7. Maryland Local Government Investment Pool (MLGIP)
8. Commercial paper issued by a company with a short-term debt rating in the highest letter and numeral rating by at least one nationally recognized statistical rating organization as designated by the Security Exchange Commission

The County's investments have received the followings ratings:

| <u>Investment</u>                         | <u>Fair Value</u> | <u>Moody's</u> | <u>Standard &amp; Poor's</u> | <u>Fitch Ratings</u> |
|---|-------------------|----------------|------------------------------|----------------------|
| MD Local Government Investment Pool       | \$906,318,144     | not rated      | AAAm                         | not rated            |
| Federal Agricultural Mortgage Corporation | 19,969,400        | not rated      | not rated                    | not rated            |
| Federal Home Loan Bank                    | 39,934,600        | 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) | \$ 906,318,144        | 91.064 %              |
| U. S. Treasuries                            | 29,035,382            | 2.917                 |
| Federal Agricultural Mortgage Corp          | 19,969,400            | 2.006                 |
| Federal Home Loan Bank                      | 39,934,600            | 4.013                 |
| Total Fair Value                            | <u>\$ 995,257,526</u> | <u>100.000 %</u>      |

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

1. In an amount not less than 102% of the principal amount of the repurchase agreement,

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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 include 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 contributions. 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 Plans' objective is to achieve a real rate of return over the long term, solely in the financial interest of the Plans, its participants, and beneficiaries. To help achieve this return, professional investment managers are employed by the Plans 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 contracts with two global infrastructure managers. All calls for capital have been fulfilled. The Plans employ Wilmington Trust as custodian for their assets.

**Investments** – The Plans' 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.

| 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%     |

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

As of June 30, 2024, the Plans held the following investments and maturities (DROP asset value is \$1,039,506 all in the 0-18 month maturity range):

| <b>Investment Type</b>    | <b>Total Fair Value</b> | <b>0 - 18 Month Maturities</b> | <b>18 - 24 Month Maturities</b> | <b>&gt; 24 Month Maturities</b> |
|---------------------------|-------------------------|--------------------------------|---------------------------------|---------------------------------|
| Money Market Funds        | \$ 32,065,086           | \$ 32,065,086                  | \$ -                            | \$ -                            |
| Fixed Income:             |                         |                                |                                 |                                 |
| Fixed Income Mutual Funds | 200,962,328             | 200,962,328                    | -                               | -                               |
| Corporate Bonds & Notes   | 43,905,206              | 8,151,719                      | 3,503,919                       | 32,249,568                      |
| US Government Agencies    | 48,133,115              | 1,249,204                      | -                               | 46,883,911                      |
| US Treasury Obligations   | 21,933,178              | 891,207                        | 580,858                         | 20,461,113                      |
| Other Government Agencies | 3,154,634               | 1,178,312                      | -                               | 1,976,322                       |
| Equities:                 |                         |                                |                                 |                                 |
| Equity Mutual Funds       | 272,230,069             | 272,230,069                    | -                               | -                               |
| Common & Collective Funds | 109,748,711             | 109,748,711                    | -                               | -                               |
| Common Equity Securities  | 242,326,367             | 242,326,367                    | -                               | -                               |
| Global Infrastructure     | 46,311,886              | -                              | -                               | 46,311,886                      |
| Target Date Funds         | 550,128                 | 550,128                        | -                               | -                               |
| <b>Total Fair Value</b>   | <b>\$ 1,021,320,708</b> | <b>\$ 869,353,131</b>          | <b>\$ 4,084,777</b>             | <b>\$ 147,882,800</b>           |

As of June 30, 2024, the following recurring fair value measurements (DROP asset value is \$1,039,506):

| <b>Investments by fair value level</b>        | <b>Total Pension Assets</b> | <b>Fair Value Measurement Using</b> |                       |                      |
|---|-----------------------------|-------------------------------------|-----------------------|----------------------|
|   |                             | <b>(Level 1)</b>                    | <b>(Level 2)</b>      | <b>(Level 3)</b>     |
| Fixed Income:                                 |                             |                                     |                       |                      |
| Fixed Income Mutual Funds                     | \$ 200,962,328              | \$ 200,962,328                      | \$ -                  | \$ -                 |
| Corporate Bonds & Notes                       | 43,905,206                  | -                                   | 43,905,206            | -                    |
| US Government Agencies                        | 48,133,115                  | -                                   | 48,133,115            | -                    |
| US Treasury Obligations                       | 21,933,178                  | -                                   | 21,933,178            | -                    |
| Other Government Agencies                     | 3,154,634                   | -                                   | 3,154,634             | -                    |
| Equities:                                     |                             |                                     |                       |                      |
| Equity Mutual Funds                           | 272,230,069                 | 272,230,069                         | -                     | -                    |
| Common & Collective Funds                     | 109,748,711                 | -                                   | -                     | 109,748,711          |
| Common Equity Securities                      | 242,326,367                 | 242,326,367                         | -                     | -                    |
| Global Infrastructure                         | 46,311,886                  | -                                   | -                     | 46,311,886           |
| Target Date Funds                             | 550,128                     | 550,128                             | -                     | -                    |
| <b>Total investments by fair value levels</b> | <b>989,255,622</b>          | <b>\$ 716,068,892</b>               | <b>\$ 117,126,133</b> | <b>\$156,060,597</b> |
| <b>Investments carried at amortized cost</b>  |                             |                                     |                       |                      |
| Money Market Funds                            | 32,065,086                  |                                     |                       |                      |
| Total investments carried at amortized cost   | 32,065,086                  |                                     |                       |                      |
| <b>Total investments at fair value</b>        | <b>\$ 1,021,320,708</b>     |                                     |                       |                      |

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

Equities - 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
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.

## NOTES TO FINANCIAL STATEMENTS

*(Continued)*

### *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 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 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, 2024, the Plan's fixed income investments had the following characteristics (DROP assets are \$1,039,506 and all show as unrated) :

| <b>Credit Rating or Comparable</b> | <b>Standard &amp; Poor's<br/>Fair Value</b> | <b>Moody's<br/>Fair Value</b> | <b>Fitch<br/>Fair Value</b> |
|------------------------------------|---|-------------------------------|-----------------------------|
| AAA to A1                          | \$ 32,090,000                               | \$ 56,078,907                 | \$ -                        |
| BAA3 to BA1                        | 17,496,458                                  | 15,024,970                    | -                           |
| Not rated                          | 971,734,250                                 | 950,216,831                   | 1,021,320,708               |
| Total Fair Value                   | <u>\$ 1,021,320,708</u>                     | <u>\$ 1,021,320,708</u>       | <u>\$ 1,021,320,708</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 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, 2024.

**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.

| <b>Asset Class</b>                      | <b>Range</b> | <b>Target</b> |
|---|--------------|---------------|
| 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%            |

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

As of June 30, 2024, the Plan held the following investments and maturities:

| Investment Type (All funds) | Fair Value          | 0 - 18 Month<br>Maturities | 18 - 24 Month<br>Maturities | > 24 Month<br>Maturities |
|-----------------------------|---------------------|----------------------------|-----------------------------|--------------------------|
| Money Market Funds          | \$ 238              | \$ 238                     | \$ -                        | \$ -                     |
| Equity Mutual Funds         | 2,922,012           | 2,922,012                  | -                           | -                        |
| Fixed Income Mutual Funds   | 1,557,839           | 1,557,839                  | -                           | -                        |
| Total Fair Value            | <u>\$ 4,480,089</u> | <u>\$ 4,480,089</u>        | <u>\$ -</u>                 | <u>\$ -</u>              |

Frederick County has the following recurring fair value measurements as of June 30, 2024:

| Investments by fair value level              | June 30, 2024       | Fair Value Measurement Using |             |             |
|--|---------------------|------------------------------|-------------|-------------|
|  |                     | (Level 1)                    | (Level 2)   | (Level 3)   |
| Equity Mutual Funds                          | \$ 2,922,012        | \$ 2,922,012                 | \$ -        | \$ -        |
| Fixed Income Mutual Funds                    | 1,557,839           | 1,557,839                    | -           | -           |
| Total investments by fair value levels       | <u>4,479,851</u>    | <u>\$ 4,479,851</u>          | <u>\$ -</u> | <u>\$ -</u> |
| <b>Investments carried at amortized cost</b> |                     |                              |             |             |
| Money Market Funds                           | 238                 |                              |             |             |
| Total investments carried at amortized cost  | <u>-</u>            |                              |             |             |
| Total investments at fair value              | <u>\$ 4,480,089</u> |                              |             |             |

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

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

**Foreign Currency Risk** – The Plan's exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The Plan's investment policy does not establish any limitation related to foreign currency risk. The country of origin for the investments is the United States; therefore, the Plan did not have foreign currency risk as of June 30, 2024.

**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



**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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 contracted with two global infrastructure managers in FY24. 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.

| <b>Asset Class</b>        | <b>Range</b> | <b>Target</b> |
|---------------------------|--------------|---------------|
| 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, 2024, the Plan held the following investments and maturities:

| <b>Investment Type (All funds)</b> | <b>Fair Value</b>     | <b>0 - 18 Month<br/>Maturities</b> | <b>18 - 24 Month<br/>Maturities</b> | <b>&gt; 24 Month<br/>Maturities</b> |
|------------------------------------|-----------------------|------------------------------------|-------------------------------------|-------------------------------------|
| Money Market Funds                 | \$ 152,640            | \$ 152,640                         | \$ -                                | \$ -                                |
| Equity Mutual Funds                | 152,118,348           | 152,118,348                        | -                                   | -                                   |
| Fixed Income Mutual Funds          | 61,679,618            | 61,679,618                         | -                                   | -                                   |
| Corporate and Foreign Bonds        | 6,655,469             | 384,909                            | 501,802                             | 5,768,758                           |
| Global Infrastructure              | 11,074,582            | -                                  | -                                   | 11,074,582                          |
| US Treasury Obligations            | 7,220,916             | 74,915                             | -                                   | 7,146,001                           |
| Total Fair Value                   | <u>\$ 238,901,573</u> | <u>\$ 214,410,430</u>              | <u>\$ 501,802</u>                   | <u>\$ 23,989,341</u>                |

Frederick County has the following recurring fair value measurements as of June 30, 2024:

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

| Investments by fair value level              | June 30, 2024  | Fair Value Measurement Using |               |               |
|--|----------------|------------------------------|---------------|---------------|
|  |                | (Level 1)                    | (Level 2)     | (Level 3)     |
| Equity Mutual Funds                          | \$ 152,118,348 | \$ 152,118,348               | \$ -          | \$ -          |
| Fixed Income Mutual Funds                    | 61,679,618     | 61,679,618                   | -             | -             |
| Corporate and Foreign Bonds                  | 6,655,469      | -                            | 6,655,469     | -             |
| Global Infrastructure                        | 11,074,582     | -                            | -             | 11,074,582    |
| US Treasury Obligations                      | 7,220,916      | -                            | 7,220,916     | -             |
| Total investments by fair value levels       | 238,748,933    | \$ 213,797,966               | \$ 13,876,385 | \$ 11,074,582 |
| <b>Investments carried at amortized cost</b> |                |                              |               |               |
| Money Market Funds                           | 152,640        |                              |               |               |
| Total investments carried at amortized cost  | 152,640        |                              |               |               |
| Total investments at fair value              | \$ 238,901,573 |                              |               |               |

**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

*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.

## NOTES TO FINANCIAL STATEMENTS

*(Continued)*

### *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.

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).

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### *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.

The money market funds are unrated, as are the mutual funds and common equity securities within the Plan. As of June 30, 2024, the Plan's fixed income investments had the following characteristics:

| <b>Credit Rating or Comparable</b> | <b>Standard &amp; Poor's<br/>Fair Value</b> | <b>Moody's<br/>Fair Value</b> | <b>Fitch<br/>Fair Value</b> |
|------------------------------------|---|-------------------------------|-----------------------------|
| AAA to A1                          | \$ 2,159,572                                | \$ 9,768,107                  | \$ -                        |
| BAA3 to BA1                        | 4,431,638                                   | 3,968,284                     | -                           |
| Not rated                          | 232,310,363                                 | 225,165,182                   | -                           |
| Total Fair Value                   | <u>\$ 238,901,573</u>                       | <u>\$ 238,901,573</u>         | <u>\$ -</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, 2024.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**Component Units**

The Board of Education's investments as of June 30, 2024, are categorized in the following table:

| <b>Investment Type</b>  | <b>Fair Value</b>     | <b>Investment Maturities (in Years)</b> |             |             |
|-------------------------|-----------------------|---|-------------|-------------|
|                         |                       | <b>Less than 1</b>                      | <b>1-5</b>  | <b>6-10</b> |
| MLGIP                   | \$ 40,054,541         | \$ 40,054,541                           | \$ -        | \$ -        |
| Money Market            | 55,252                | 55,252                                  | -           | -           |
| Certificates of Deposit | 4,649                 | 4,649                                   | -           | -           |
| Fixed Income Securities | 65,530,353            | 65,530,353                              | -           | -           |
| Equity Securities       | 126,084,374           | 126,084,374                             | -           | -           |
| Total                   | <u>\$ 231,729,169</u> | <u>\$ 231,729,169</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, 2024, of \$191,614,727 that include Fixed Income Securities and Equity Securities. These investments were valued using quoted market prices (Level 1 inputs).

MLGIP of \$40,054,541, Money Market of \$55,252 and Certificates of Deposit of \$4,649 are valued using amortized cost method, which estimates market value. The above investment balances include fiduciary funds in the amount of \$191,669,979. Total net investment income per the statement of activities as of June 30, 2024, was \$3,501,806.

FCC's investments as of June 30, 2024, were as follows:

| <b>Investment Type</b> | <b>Fair Value</b>    | <b>Investment Maturities (in Years)</b> |             |             |
|------------------------|----------------------|---|-------------|-------------|
|                        |                      | <b>Less than 1</b>                      | <b>1-5</b>  | <b>6-10</b> |
| MLGIP                  | <u>\$ 12,285,518</u> | <u>\$ 12,285,518</u>                    | <u>\$ -</u> | <u>\$ -</u> |

Total net investment income for FCC (excluding the FCC Foundation) as of June 30, 2024, was \$1,370,504. The Frederick Community College Foundation investments as of June 30, 2024, were:

| <b>Investment Type</b>     | <b>Cost</b>          | <b>Fair Value</b>    | <b>Unrealized Gains (Losses)</b> |
|----------------------------|----------------------|----------------------|----------------------------------|
| USMF Fund                  | \$ 19,991,962        | \$ 21,521,449        | \$ 1,529,487                     |
| Certificate of Deposit     | 212,259              | 212,259              | -                                |
| Charitable Remainder Trust | 21,604               | 23,814               | 2,210                            |
| Total Investments          | <u>\$ 20,225,825</u> | <u>\$ 21,757,522</u> | <u>\$ 1,531,697</u>              |

As of June 30, 2024, the Foundation had 366,818.19 units of the University System of Maryland Foundation, Inc. Unitized Investment Fund valued at \$58.67 per unit with a value of \$21,521,449.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

FCPL's investments as of June 30, 2024, 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                   | \$ 499,453        | \$ 499,453                              | \$ -        | \$ -        | 5.64%                           |
| Certificates of Deposit | 20,000            | 20,000                                  | -           | -           | 1.30%                           |
| Total Investments       | <u>\$ 519,453</u> | <u>\$ 519,453</u>                       | <u>\$ -</u> | <u>\$ -</u> |                                 |

Total net investment income per the statement of activities for the year ended June 30, 2024, was \$25,255.

SKC, Inc., investments as of June 30, 2024, 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. | \$ 105,959        | \$ 100,831        | \$ (5,128)                       |
| Total Investments   | <u>\$ 105,959</u> | <u>\$ 100,831</u> | <u>\$ (5,128)</u>                |

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

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

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the BOE, FCC, FCPL and SKC Inc., will not be able to recover all or portion of the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2024, 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.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**B. Receivables and Payables**

*1. Accounts and Other Receivables*

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The associated allowance for doubtful accounts has been established in the following business-type funds, Comprehensive Care Facility, \$524,286 and Solid Waste, \$31,922.

*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, 2024, are reconciled as follows:

|   | <b>BOE</b>          | <b>FCC</b>  | <b>FCPL</b>         | <b>SKC</b>        | <b>TOTAL</b>         |
|---|---------------------|-------------|---------------------|-------------------|----------------------|
| Due from component units per Primary Government                                 | \$ 291,974          | \$ -        | \$ -                | \$ -              | \$ 291,974           |
| Add: Payable recorded by component unit in FY24                                 | 242,807             | -           | -                   | 329,233           | 572,040              |
| Due to primary government per Component Units<br>(included in accounts payable) | <u>\$ 534,781</u>   | <u>\$ -</u> | <u>\$ -</u>         | <u>\$ 329,233</u> | <u>\$ 864,014</u>    |
| Due to component units per Primary Government                                   | \$ 8,310,421        | \$ 205      | \$ 7,572,035        | \$ 362,321        | \$ 16,244,982        |
| Add: Receivables recorded by component unit in FY24                             | 207,244             | -           | 38,216              | -                 | 245,460              |
| Less: Receivable recorded by component unit in FY24                             | -                   | (205)       | -                   | (362,321)         | (362,526)            |
| Due from primary government per Component Units                                 | <u>\$ 8,517,665</u> | <u>\$ -</u> | <u>\$ 7,610,251</u> | <u>\$ -</u>       | <u>\$ 16,127,916</u> |

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**C. Capital Assets**

Capital Asset activity for the year ended June 30, 2024, is as follows:

|   | <b>Primary Government</b>    |                      |                        |                       |
|---|------------------------------|----------------------|------------------------|-----------------------|
|   | <b>Beginning<br/>Balance</b> | <b>Increases</b>     | <b>Decreases</b>       | <b>Ending Balance</b> |
| <b>Governmental Activities</b>  |                              |                      |                        |                       |
| Capital assets not being depreciated:   |                              |                      |                        |                       |
| Land  | \$ 150,098,248               | \$ 11,987,383        | \$ -                   | \$ 162,085,631        |
| Construction in progress  | 58,487,974                   | 42,723,280           | (24,605,803)           | 76,605,451            |
| Total capital assets at historical cost not being depreciated                       | <u>208,586,222</u>           | <u>54,710,663</u>    | <u>(24,605,803)</u>    | <u>238,691,082</u>    |
| Capital assets being depreciated:   |                              |                      |                        |                       |
| Buildings and improvements  | 377,834,787                  | 20,876,132           | (577,892)              | 398,133,027           |
| Right-to-use buildings and improvements   | 5,227,861                    | -                    | -                      | 5,227,861             |
| Equipment   | 170,439,546                  | 17,716,608           | (8,175,963)            | 179,980,191           |
| Right-to-use equipment  | 518,416                      | 295,275              | -                      | 813,691               |
| Right-to-use SBITAs   | 1,522,947                    | 5,007,132            | (124,050)              | 6,406,029             |
| Infrastructure  | 458,379,055                  | 4,875,264            | (227,100)              | 463,027,219           |
| Total capital assets at historical cost being depreciated                           | <u>1,013,922,612</u>         | <u>48,770,411</u>    | <u>(9,105,005)</u>     | <u>1,053,588,018</u>  |
| Less accumulated depreciation for:  |                              |                      |                        |                       |
| Buildings and improvements  | 153,061,342                  | 11,449,211           | (401,026)              | 164,109,527           |
| Right-to-use buildings and improvements   | 488,129                      | 813,328              | -                      | 1,301,457             |
| Equipment   | 113,338,278                  | 12,733,056           | (6,934,373)            | 119,136,961           |
| Right-to-use equipment  | 194,888                      | 287,023              | -                      | 481,911               |
| Right-to-use SBITAs   | 449,411                      | 616,501              | (124,050)              | 941,862               |
| Infrastructure  | 289,450,366                  | 9,515,731            | (227,100)              | 298,738,997           |
| Total accumulated depreciation  | <u>556,982,414</u>           | <u>35,414,850</u>    | <u>(7,686,549)</u>     | <u>584,710,715</u>    |
| Total capital assets being depreciated, net of accumulated depreciation             | <u>456,940,198</u>           | <u>13,355,561</u>    | <u>(1,418,456)</u>     | <u>468,877,303</u>    |
| Governmental activities capital assets, net of accumulated depreciation             | <u>\$ 665,526,420</u>        | <u>\$ 68,066,224</u> | <u>\$ (26,024,259)</u> | <u>\$ 707,568,385</u> |
| Depreciation/amortization expense was charged to governmental functions as follows: |                              |                      |                        |                       |
| General government  |                              |                      |                        | \$ 6,432,418          |
| Public safety   |                              |                      |                        | 7,607,230             |
| Public works  |                              |                      |                        | 4,600,305             |
| Public Health   |                              |                      |                        | 1,101,679             |
| Social services   |                              |                      |                        | 770,101               |
| Parks, recreation and culture   |                              |                      |                        | 5,598,635             |
| Conservation of natural resources   |                              |                      |                        | 15,083                |
| Community Development   |                              |                      |                        | 2,831                 |
| Economic development and opportunity  |                              |                      |                        | 37,317                |
| Infrastructure  |                              |                      |                        | 9,249,251             |
| Total depreciation/amortization expense   |                              |                      |                        | <u>\$ 35,414,850</u>  |



**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

|  | Primary Government   |               |                 |                |
|--|----------------------|---------------|-----------------|----------------|
|  | Beginning<br>Balance | Increases     | Decreases       | Ending Balance |
| <b>Business-type activities:</b>   |                      |               |                 |                |
| Capital assets not being depreciated:  |                      |               |                 |                |
| Land   | \$ 8,527,737         | \$ -          | \$ -            | \$ 8,527,737   |
| Construction in progress   | 32,590,818           | 17,552,101    | (12,498,503)    | 37,644,416     |
| Total capital assets at historical cost not being depreciated                        | 41,118,555           | 17,552,101    | (12,498,503)    | 46,172,153     |
| Capital assets being depreciated:  |                      |               |                 |                |
| Buildings and improvements   | 325,950,975          | 6,902,515     | (328,709)       | 332,524,781    |
| Equipment  | 58,790,702           | 5,315,762     | (1,740,974)     | 62,365,490     |
| Right-to-use lease equipment   | 107,087              | 134,510       | (107,087)       | 134,510        |
| Infrastructure   | 486,939,010          | 2,776,651     | -               | 489,715,661    |
| Total capital assets at historical cost being depreciated                            | 871,787,774          | 15,129,438    | (2,176,770)     | 884,740,442    |
| Less accumulated depreciation/amortization for:                                      |                      |               |                 |                |
| Buildings and improvements   | 113,719,984          | 9,262,188     | (261,576)       | 122,720,596    |
| Equipment  | 47,247,428           | 2,506,409     | (1,721,994)     | 48,031,843     |
| Right-to-use lease equipment   | 59,816               | 27,487        | (87,232)        | 71             |
| Infrastructure   | 111,374,274          | 6,617,782     | -               | 117,992,056    |
| Total accumulated depreciation   | 272,401,502          | 18,413,866    | (2,070,802)     | 288,744,566    |
| Total capital assets being depreciated, net of accumulated depreciation              | 599,386,272          | (3,284,428)   | (105,968)       | 595,995,876    |
| Business-type activities capital assets, net of accumulated depreciation             | \$ 640,504,827       | \$ 14,267,673 | \$ (12,604,471) | \$ 642,168,029 |
| Depreciation/amortization expense was charged to business-type functions as follows: |                      |               |                 |                |
| Bell Court   |                      |               |                 | \$ 72,554      |
| Comprehensive Care Facility  |                      |               |                 | 48,060         |
| Solid Waste  |                      |               |                 | 1,424,539      |
| Water & Sewer  |                      |               |                 | 16,868,713     |
| Total depreciation/amortization expense  |                      |               |                 | \$ 18,413,866  |

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Component units' capital asset activity for the year ended June 30, 2024, was as follows:

|  | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Retirements/<br/>Reclassifications</b> | <b>Ending<br/>Balance</b> |
|--|------------------------------|------------------|---|---------------------------|
| <b>BOE</b>   |                              |                  |   |                           |
| Capital assets not being depreciated:  |                              |                  |   |                           |
| Land   | \$ 53,396,247                | \$ 72,949        | \$ -                                      | \$ 53,469,196             |
| Construction in progress   | 25,024,412                   | 56,803,991       | (24,674,448)                              | 57,153,955                |
| Total capital assets at historical cost not being depreciated                                  | 78,420,659                   | 56,876,940       | (24,674,448)                              | 110,623,151               |
| Capital assets being depreciated/amortized:  |                              |                  |   |                           |
| Building and improvements  | 1,272,712,879                | 27,198,845       | (895,752)                                 | 1,299,015,972             |
| Right-to-use lease building and improvements   | 41,368,161                   | 4,764,200        | (1,540,749) (a)                           | 44,591,612                |
| Right-to-use SBITAs  | 2,927,019                    | 4,267,188 (b)    | (244,823) (c)                             | 6,949,384                 |
| Furniture and equipment  | 71,773,415                   | 14,270,076       | (4,066,169)                               | 81,977,322                |
| Total capital assets at historical cost being depreciated/amortized                            | 1,388,781,474                | 50,500,309       | (6,747,493)                               | 1,432,534,290             |
| Less accumulated depreciation/amortization for:  |                              |                  |   |                           |
| Building and improvements  | 494,613,954                  | 35,188,735       | (517,100)                                 | 529,285,589               |
| Right-to-use lease building and improvements   | 12,613,886                   | 3,250,070        | -   | 15,863,956                |
| Right-to-use SBITAs*   | 1,034,485                    | 1,089,089        | -   | 2,123,574                 |
| Furniture and equipment  | 39,000,408                   | 6,185,098        | (3,488,355)                               | 41,697,151                |
| Total accumulated depreciation/amortization  | 547,262,733                  | 45,712,992       | (4,005,455)                               | 588,970,270               |
| Total capital assets being depreciated/amortized, net of accumulated depreciation/amortization | 841,518,741                  | 4,787,317        | (2,742,038)                               | 843,564,020               |
| BOE's capital assets, net of accumulated depreciation/amortization                             | \$ 919,939,400               | \$ 61,664,257    | \$ (27,416,486)                           | \$ 954,187,171            |

(a) Retirements/Reclassifications for Right-to-use lease assets include the remeasurement adjustment to a lease agreement reducing the lease term to a 10 year period. As a result of entering into a new facilities lease, it is no longer reasonably certain or likely the option year periods will be exercised.

(b) Additions to Right-to-use SBITAs include a contract modification adjustment to an existing agreement increasing the net book value of the asset. As a result of entering into a modification, the SBITA was remeasured based on the newly negotiated term and contract price

(c) Retirements/Reclassifications for Right-to-use SBITAs include a contract modification to an existing agreement reducing the asset value as of June 30, 2024. The contract modification adjusted the asset as it is no longer reasonably certain or likely the option year periods will be exercised.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

| <b>FCC</b>  | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Retirements/<br/>Reclassification</b> | <b>Ending<br/>Balance</b> |
|---|------------------------------|------------------|--|---------------------------|
| Capital assets not being depreciated:                                   |                              |                  |  |                           |
| Land  | \$ 271,620                   | \$ -             | \$ -                                     | \$ 271,620                |
| Construction in progress  | 1,431,358                    | 923,965          | -  | 2,355,323                 |
| Total capital assets at historical cost not being depreciated           | 1,702,978                    | 923,965          | -  | 2,626,943                 |
| Capital assets being depreciated:                                       |                              |                  |  |                           |
| Library collection  | 2,079,898                    | 3,825            | -  | 2,083,723                 |
| Building and improvements   | 143,525,630                  | 605,693          | -  | 144,131,323               |
| Right-to-use SBITAs   | 1,371,079                    | -                | -  | 1,371,079                 |
| Furniture and equipment   | 8,255,061                    | 591,762          | (740,451)                                | 8,106,372                 |
| Site improvement  | 8,606,977                    | 182,819          | -  | 8,789,796                 |
| Total capital assets at historical cost being depreciated               | 163,838,645                  | 1,384,099        | (740,451)                                | 164,482,293               |
| Less accumulated depreciation for:                                      |                              |                  |  |                           |
| Library collection  | 2,056,887                    | 7,279            | -  | 2,064,166                 |
| Building and improvements   | 55,692,731                   | 3,701,993        | -  | 59,394,724                |
| Right-to-use SBITAs   | 294,933                      | 358,939          | -  | 653,872                   |
| Furniture and equipment   | 5,491,211                    | 700,597          | (707,177)                                | 5,484,631                 |
| Site improvement  | 6,870,833                    | 215,214          | -  | 7,086,047                 |
| Total accumulated depreciation  | 70,406,595                   | 4,984,022        | (707,177)                                | 74,683,440                |
| Total capital assets being depreciated, net of accumulated depreciation | 93,432,050                   | (3,599,923)      | (33,274)                                 | 89,798,853                |
| FCC's capital assets, net of accumulated depreciation                   | \$ 95,135,028                | \$ (2,675,958)   | \$ (33,274)                              | \$ 92,425,796             |

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

| <b>FCPL</b>   | <b>Beginning<br/>Balance</b> | <b>Additions</b>  | <b>Retirements/<br/>Reclassifications</b> | <b>Ending<br/>Balance</b> |
|---|------------------------------|-------------------|---|---------------------------|
| Capital assets being depreciated/amortized:                         |                              |                   |   |                           |
| Library collection  | \$ 5,773,983                 | \$ 1,155,528      | \$ (856,035)                              | \$ 6,073,476              |
| Right-to-use SBITAs   | 250,721                      | -                 | -   | 250,721                   |
| Furniture and equipment   | 329,915                      | 111,687           | -   | 441,602                   |
| Total capital assets at historical cost being depreciated/amortized | <u>6,354,619</u>             | <u>1,267,215</u>  | <u>(856,035)</u>                          | <u>6,765,799</u>          |
| Less accumulated depreciation/amortization for:                     |                              |                   |   |                           |
| Library collection  | 1,993,887                    | 971,324           | (1,481,439)                               | 1,483,772                 |
| Right-to-use SBITAs   | 61,924                       | 61,924            | -   | 123,848                   |
| Furniture and equipment   | 167,114                      | 26,891            | -   | 194,005                   |
| Total accumulated depreciation/amortization                         | <u>2,222,925</u>             | <u>1,060,139</u>  | <u>(1,481,439)</u>                        | <u>1,801,625</u>          |
| FCPL's capital assets, net of accumulated depreciation/amortization | <u>\$ 4,131,694</u>          | <u>\$ 207,076</u> | <u>\$ 625,404</u>                         | <u>\$ 4,964,174</u>       |

| <b>SKC Inc.</b>   | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Retirements/<br/>Reclassifications</b> | <b>Ending<br/>Balance</b> |
|---|------------------------------|------------------|---|---------------------------|
| Capital assets being depreciated:                         |                              |                  |   |                           |
| Furniture and equipment                                   | \$ 44,288                    | \$ -             | \$ -                                      | \$ 44,288                 |
| Software and web development                              | 6,199                        | -                | -   | 6,199                     |
| Total capital assets at historical cost being depreciated | <u>50,487</u>                | <u>-</u>         | <u>-</u>                                  | <u>50,487</u>             |
| Less accumulated depreciation for:                        |                              |                  |   |                           |
| Furniture and equipment                                   | 44,288                       | -                | -   | 44,288                    |
| Software and web development                              | 6,199                        | -                | -   | 6,199                     |
| Total accumulated depreciation                            | <u>50,487</u>                | <u>-</u>         | <u>-</u>                                  | <u>50,487</u>             |
| SKC's capital assets, net of accumulated depreciation     | <u>\$ -</u>                  | <u>\$ -</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, 2024, there were no interfund receivables or payables.

*2. Interfund Transfers – Primary Government*

Interfund transfers for the year ended June 30, 2024, consists of the following:

|                                     | Transfers In      |                     |                      |                           |                      |                       |                     |                  |                                |
|-------------------------------------|-------------------|---------------------|----------------------|---------------------------|----------------------|-----------------------|---------------------|------------------|--------------------------------|
|                                     | General Fund      | Grants Fund         | Capital Projects     | Agricultural Preservation | Debt Service         | Nonmajor Governmental | Internal Service    | Enterprise Funds | Total Transfers To Other Funds |
| <b>Transfers Out</b>                |                   |                     |                      |                           |                      |                       |                     |                  |                                |
| General Fund                        | \$ -              | \$ 9,032,057        | \$ 20,927,647        | \$ 510,274                | \$ 52,327,730        | \$ 493,352            | \$ 2,018,024        | \$ -             | \$ 85,309,084                  |
| Grants Fund                         | 175,772           | -                   | 434,321              | -                         | -                    | 4,025                 | 286,029             | 34,300           | 934,447                        |
| Agricultural Preservation           | -                 | -                   | -                    | -                         | 5,832,743            | -                     | -                   | -                | 5,832,743                      |
| Nonmajor Governmental               | -                 | -                   | -                    | -                         | 175,518              | -                     | -                   | -                | 175,518                        |
| Capital Projects                    | -                 | -                   | -                    | -                         | 8,046,588            | -                     | 134,885             | 38,615           | 8,220,088                      |
| Enterprise Fund                     | -                 | -                   | 974,934              | -                         | -                    | -                     | 264,307             | -                | 1,239,241                      |
| Total Transfers in from Other Funds | <u>\$ 175,772</u> | <u>\$ 9,032,057</u> | <u>\$ 22,336,902</u> | <u>\$ 510,274</u>         | <u>\$ 66,382,579</u> | <u>\$ 497,377</u>     | <u>\$ 2,703,245</u> | <u>\$ 72,915</u> | <u>\$ 101,711,121</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, 2024, 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, 2024, the value of the lease receivable is \$120,596 and the value of the short-term lease receivable is \$33,900. 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, 2024, was \$118,428, and Frederick County recognized lease revenue of \$33,837 during the fiscal year. The lessee has two extension options, each for 24 months which were determined not likely to be exercised.
- *Building space located on Scotty's Bus Lane* – During fiscal year 2024, the previous lease ended and a new lease was executed. The County recorded final revenue on the previous lease of \$15,558. On September 1, 2023, a new 18-month lease commenced. An initial lease receivable was recorded in the amount of \$142,329. As of June 30, 2024, the value of the lease receivable is \$63,789 and represents the short-term portion. The lessee is required to make monthly fixed payments of \$8,050. The lease has an interest rate of 2.53%. The value of the deferred inflow of resources as of June 30, 2024, was \$63,257 and the County recognized lease revenue of \$79,072 during the fiscal year.
- *Building space located at 118 North Market Street*- On April 1, 2024, the County entered into a 26-month lease as Lessor for the use of space at 118 North Market Street. An initial lease receivable was recorded in the amount of \$97,259. As of June 30, 2024, the value of the lease receivable was \$87,794 and the value of the short-term lease receivable was \$42,537. The lessee was required to make quarterly fixed payments of \$9,584 which will increase to \$11,203 in FY25. The lease has an interest rate of 3.1590%. The value of the deferred inflow of resources as of June 30, 2024, was \$86,453 and the County recognized lease revenue of \$10,807 during the fiscal year. The lessee has 2 extension option(s), each for 24 months which is not likely to be exercised.

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

| Fiscal Year | Governmental Activities |                   |                   |
|-------------|-------------------------|-------------------|-------------------|
|             | Principal Payments      | Interest Payments | Total             |
| 2025        | \$ 140,226              | \$ 4,242          | \$ 144,468        |
| 2026        | 79,599                  | 1,817             | 81,416            |
| 2027        | 34,790                  | 472               | 35,262            |
| 2028        | 17,564                  | 67                | 17,631            |
|             | <u>\$ 272,179</u>       | <u>\$ 6,598</u>   | <u>\$ 278,777</u> |

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**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, 2024, the value of the lease liability is \$67,670 and the value of the short-term portion is \$12,942. 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, 2024, of \$105,511 with accumulated amortization of \$39,159 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, 2024, the value of the lease liability is \$259,511 and the value of the short-term lease liability is \$90,639. The County is required to make monthly fixed 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, 2024, of \$525,820 with accumulated amortization of \$270,422 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 FY23, the County extended an existing lease by 60-months and recorded a new initial lease liability in the amount of \$936,037. As of June 30, 2024, the value of the lease liability is \$704,058 and the short-term portion is \$181,628. Frederick County is required to make monthly fixed payments of \$15,574 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, 2024, of \$936,037 with accumulated amortization of \$249,610 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, 2024, the previous lease agreement ended and a new 31-month lease commenced. A new initial lease liability was recorded in the amount of \$295,275. As of June 30, 2024, the value of the lease liability is \$237,021, and the value of the short-term lease liability is \$148,688. The County is required to make monthly fixed payments of \$12,716. The lease has an interest rate of 2.3100%. The Equipment estimated useful life was 50 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$295,275 with accumulated amortization of \$114,300 is included with Equipment on the Lease Class activities table found below. Frederick County, MD has 5 extension option(s), each for 12 months.
- *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, 2024, the value of the lease liability is \$2,965,620 and the value of the short-term portion is \$486,434. The 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, 2024, of \$3,660,494 with accumulated amortization of \$742,267 is included with buildings on the lease class activities table found below. This lease expires January 31, 2030.
- *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, 2024, the value of the lease liability is \$21,750 which represents the short-term portion. 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, 2024, of \$249,744 with accumulated amortization of \$225,694 is included with equipment on the lease class activities table found below. This lease ends October 14, 2024.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

- *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, 2024, the value of the lease liability is \$127,151 and the value of the short-term lease liability is \$83,894. 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, 2024, of \$268,671 with accumulated amortization of \$141,916 is included with equipment on the lease class activities table found below. This lease expires November 25, 2025.
- *Xerox copiers at Citizens Care & Rehabilitation Center* - In FY22, an initial lease liability was recorded in the amount of \$107,087. During fiscal year 2024, that lease ended and a new 64-month lease was executed. A new initial lease liability was recorded in the amount of \$134,510. As of June 30, 2024, the value of the lease liability is \$134,510, and the value of the short-term lease liability is \$24,227. The County is required to make monthly fixed payments of \$2,287. The lease has an interest rate of 2.6160%. The value of the right to use asset as of June 30, 2024 of \$134,510 with accumulated amortization of \$71 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 amount of lease assets by major classes of underlying assets are as follows:

| <b>Asset Class</b>                  | <b>As of June 30, 2024</b>   |                                     |
|-------------------------------------|------------------------------|-------------------------------------|
|                                     | <b>Lease<br/>Asset Value</b> | <b>Accumulated<br/>Amortization</b> |
| Buildings - Governmental            | \$ 5,122,350                 | \$ 1,262,298                        |
| Land Improvements - Governmental    | 105,511                      | 39,159                              |
| Equipment - Business & Governmental | 948,201                      | 481,982                             |
| <b>Total Leases</b>                 | <b>\$ 6,176,062</b>          | <b>\$ 1,783,439</b>                 |

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

| <b>Fiscal Year</b> | <b>Business-Type Activities</b> |                              |                   |
|--------------------|---------------------------------|------------------------------|-------------------|
|                    | <b>Principal<br/>Payments</b>   | <b>Interest<br/>Payments</b> | <b>Total</b>      |
| 2025               | \$ 24,227                       | \$ 3,212                     | \$ 27,439         |
| 2026               | 24,865                          | 2,574                        | 27,439            |
| 2027               | 25,519                          | 1,920                        | 27,439            |
| 2028               | 26,188                          | 1,251                        | 27,439            |
| 2029               | 26,881                          | 559                          | 27,440            |
| 2030               | 6,830                           | 30                           | 6,860             |
|                    | <b>\$ 134,510</b>               | <b>\$ 9,546</b>              | <b>\$ 144,056</b> |



**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

| <b>Fiscal Years</b> | <b>Governmental Activities</b> |                          |                     |
|---------------------|--------------------------------|--------------------------|---------------------|
|                     | <b>Principal Payments</b>      | <b>Interest Payments</b> | <b>Total</b>        |
| 2025                | \$ 1,025,975                   | \$ 56,927                | \$ 1,082,902        |
| 2026                | 934,922                        | 39,905                   | 974,827             |
| 2027                | 820,564                        | 27,846                   | 848,410             |
| 2028                | 705,954                        | 17,453                   | 723,407             |
| 2029                | 595,732                        | 8,738                    | 604,470             |
| 2030-2033           | 299,634                        | 1,220                    | 300,854             |
|                     | <u>\$ 4,382,781</u>            | <u>\$ 152,089</u>        | <u>\$ 4,534,870</u> |

**3. Financed Purchase Obligations**

- *Financing of Fire & Rescue Apparatus* - an initial liability was recorded in the amount of \$3,704,232. As of June 30, 2024, the value of the liability was \$337,095. Quarterly payments were \$135,453 in FY24. 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, 2024, is \$3,724,910 with accumulated depreciation of \$2,193,065 is included with equipment on the lease class activities table found below. The lease matures on April 1, 2027.
- *Financing of Various County Equipment* - an initial liability was recorded in the amount of \$7,220,003. As of June 30, 2024, the value of the liability was \$1,703,698. Quarterly payments were \$291,427 in FY24. The financed purchase has an interest rate of 2.99%. The value of the financed assets as of June 30, 2024, is \$ 5,061,864 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:

| <b>Asset Class</b>       | <b>As of June 30, 2024</b> |                                 |
|--------------------------|----------------------------|---------------------------------|
|                          | <b>Capital Asset Value</b> | <b>Accumulated Depreciation</b> |
| Equipment - Governmental | \$ 2,628,986               | \$ 14,406,348                   |
| Equipment - Business     | 445,694                    | 240,138                         |
| Total Leases             | <u>\$ 3,074,680</u>        | <u>\$ 14,646,486</u>            |

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

| <b>Fiscal Year</b> | <b>Business-Type Activities</b> |                              |                  |
|--------------------|---------------------------------|------------------------------|------------------|
|                    | <b>Principal<br/>Payments</b>   | <b>Interest<br/>Payments</b> | <b>Total</b>     |
| 2025               | \$ 33,101                       | \$ 1,127                     | \$ 34,228        |
| 2026               | 16,925                          | 190                          | 17,115           |
|                    | <u>\$ 50,026</u>                | <u>\$ 1,317</u>              | <u>\$ 51,343</u> |

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

| <b>Fiscal Year</b> | <b>Governmental Activities</b> |                              |                     |
|--------------------|--------------------------------|------------------------------|---------------------|
|                    | <b>Principal<br/>Payments</b>  | <b>Interest<br/>Payments</b> | <b>Total</b>        |
| 2025               | \$ 1,204,259                   | \$ 43,426                    | \$ 1,247,685        |
| 2026               | 671,801                        | 10,139                       | 681,940             |
| 2027               | 114,707                        | 1,498                        | 116,205             |
|                    | <u>\$ 1,990,767</u>            | <u>\$ 55,063</u>             | <u>\$ 2,045,830</u> |

**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. 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 FY43.

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 FY24, payments including interest for the lease were \$869,364. 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 FY24 were \$1,077,493. 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. In FY24, BOE entered into another facility lease and is no longer reasonably certain the option periods, on a portion of the leased space, will be exercised. As the interest rate implicit in the lease agreement is not readily determinable,

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

BOE utilizes its incremental borrowing rate of 4.5% to discount the lease payments. Payments and amortization expense began in FY24. Additional payments for variable costs are expensed as incurred.

An office space lease agreement was signed in FY24 and was financed for approximately \$4.1 million with an initial term of 5 years once payments commence with a maturity date of July 1, 2029, and contains one five year optional renewal period. BOE determined that it was reasonably certain of exercising the renewal option. The rent payment commencement date was July 1, 2024 (starting in FY25). BOE utilizes its incremental borrowing rate of 4.5% to discount the lease payments. Payments and amortization expense in FY24 accounted for the abatement of rent spread over the term of the lease period. Additional payments for variable costs are expensed as incurred.

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

| <b>Right-to-use Lease Assets:</b> | <b>Governmental<br/>Activities</b> |
|-----------------------------------|------------------------------------|
| Buildings and improvements        | \$ 44,591,612                      |
| Less: Accumulated amortization    | (15,863,956)                       |
| Total                             | <u>\$ 28,727,656</u>               |

As of June 30, 2024, the minimum obligations under the leases were as follows:

| <b>Years Ending<br/>June 30,</b> | <b>Governmental Activities</b> |                     |                      |
|----------------------------------|--------------------------------|---------------------|----------------------|
|                                  | <b>Principal</b>               | <b>Interest</b>     | <b>Total</b>         |
| 2025                             | \$ 2,135,604                   | \$ 896,398          | \$ 3,032,002         |
| 2026                             | 2,258,950                      | 838,397             | 3,097,347            |
| 2027                             | 2,387,355                      | 776,401             | 3,163,756            |
| 2028                             | 2,522,356                      | 710,202             | 3,232,558            |
| 2029                             | 2,663,963                      | 639,572             | 3,303,535            |
| 2030-2034                        | 14,045,587                     | 1,990,845           | 16,036,432           |
| 2035-2039                        | 2,102,161                      | 790,439             | 2,892,600            |
| 2040-2043                        | 2,419,172                      | 223,262             | 2,642,434            |
|                                  | <u>\$ 30,535,148</u>           | <u>\$ 6,865,516</u> | <u>\$ 37,400,664</u> |

## **F. Subscription-Based Information Technology Arrangements (SBITAs)**

### **Primary Government**

Beginning in FY23, 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

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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, 2024, the County has 7 active SBITAs that have payments that range from \$26,919 to \$260,000 and interest rates that range from 1.58% to 3.121%. The total combined value of the subscription liability is \$1,394,252 and the total combined value of the short-term subscription liability is \$678,032. The combined value of the right to use asset, as of June 30, 2024, of \$6,406,029 with accumulated amortization of \$941,862 is included within the Subscription Class activities table found below.

The County recognized the following SBITAs as being subject to GASB Statement No. 96:

- *Cartegraph OMS Platform and Cartegraph Engage*— In fiscal year 2023, the County entered into subscriptions for these two SBITAs, both of which ended in early fiscal year 2024. The final payments of \$98,368 and \$25,750 respectively were made on these SBITAs both of which had an interest rate of 1.58%. The value of the right-to-use asset as of June 30, 2024, is \$0.
- *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, 2024, the value of the subscription liability was \$34,312 and represents the short-term portion. 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, 2024, of \$102,968 with accumulated amortization of \$60,064 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, 2024, the value of the subscription liability is \$316,100 and the short-term portion is \$103,097. 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, 2024, of \$526,997 with accumulated amortization of \$184,449 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, 2024, the value of the subscription liability is \$269,507 and represents the short-term portion. The County is required to make annual fixed payments of \$260,000 with a 3% annual increase. The subscription has an interest rate of 2.038%. The value of the right-to-use asset as of June 30, 2024, of \$768,932 with accumulated amortization of \$491,262 is included with software on the subscription class activities table found below.
- *Cartegraph Enterprise Asset Management* - On September 1, 2023, the County entered into a 36-month subscription for the use of Cartegraph Enterprise Asset Management. An initial subscription liability was recorded in the amount of \$455,324. As of June 30, 2024, the value of the subscription liability is \$307,471 and the value of the short-term subscription liability is \$148,143. The County is required to make annual fixed payments of \$147,853. The subscription has an interest rate of 2.3100%. The value of the right to use asset as of June 30, 2024, of \$455,324 with accumulated amortization of \$126,480 is included with Software on the Subscription Class activities table found below.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

- *Origami* – On September 26, 2023, the County entered into a 36-month subscription for the use of Origami software. An initial subscription liability was recorded in the amount of \$273,481. As of June 30, 2024, the value of the subscription liability is \$180,231, and the value of the short-term subscription liability is \$89,087. Frederick County, MD is required to make annual fixed payments of \$93,250. The subscription has an interest rate of 2.3100%. The value of the right to use asset as of June 30, 2024, of \$273,481 with accumulated amortization of \$69,636 is included with Software on the Subscription Class activities table found below.
- *PublicInput Engage + -* On April 1, 2024, the County entered into a 36-month subscription for the use of PublicInput Engage+. An initial subscription liability was recorded in the amount of \$104,201. As of June 30, 2024, the value of the subscription liability is \$69,661, and the value of the short-term subscription liability is \$33,886. The County is required to make annual fixed payments of \$34,540. The subscription has an interest rate of 2.4260%. The value of the right to use asset as of June 30, 2024 of \$104,201 with accumulated amortization of \$8,683 is included with Software on the Subscription Class activities table found below.
- *PremierOne CAD* – On June 30, 2024, the 109-month subscription for PremierOne CAD software commenced. The County incurred capitalizable implementation costs of \$3,957,157 during fiscal year 2023 and 2024 which were necessary to bring the SBITA into service. An initial subscription liability was recorded in the amount of \$216,970. As of June 30, 2024, the value of the subscription liability is \$216,970, and the value of the short-term subscription liability is \$26,901. The County is required to make annual fixed payments of \$26,919. The subscription has an interest rate of 2.8620%. The value of the right to use asset as of June 30, 2024 of \$4,174,126 with accumulated amortization of \$1,288 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, 2024      |                          |
|---------------------|--------------------------|--------------------------|
|                     | Subscription Asset Value | Accumulated Amortization |
| Software            | \$ 6,406,029             | \$ 941,862               |
| Total Subscriptions | \$ 6,406,029             | \$ 941,862               |

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      |
| 2025                  | \$ 678,032              | \$ 26,446         | \$ 704,478          |
| 2026                  | 413,077                 | 16,750            | 429,827             |
| 2027                  | 129,747                 | 7,178             | 136,925             |
| 2028                  | 22,726                  | 4,193             | 26,919              |
| 2029                  | 23,377                  | 3,542             | 26,919              |
| 2030-2033             | 127,293                 | 7,284             | 134,577             |
|                       | <u>\$ 1,394,252</u>     | <u>\$ 65,393</u>  | <u>\$ 1,459,645</u> |

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**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 five 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:

| <b>Right-to-use Subscription-Based Assets:</b> | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| Information Technology (IT)                    | \$ 6,949,384                       |
| Less: Accumulated amortization                 | (2,123,574)                        |
| Total  | <u>\$ 4,825,810</u>                |

As of June 30, 2024, the minimum obligations under the leases were as follows:

| <b>Years Ending<br/>June 30,</b> | <b>Governmental Activities</b> |                              |                           |
|----------------------------------|--------------------------------|------------------------------|---------------------------|
|                                  | <b>Principal<br/>Payments</b>  | <b>Interest<br/>Payments</b> | <b>Total<br/>Payments</b> |
| 2025                             | \$ 1,133,983                   | \$ 190,217                   | \$ 1,324,200              |
| 2026                             | 850,189                        | 148,541                      | 998,730                   |
| 2027                             | 909,715                        | 108,989                      | 1,018,704                 |
| 2028                             | 972,385                        | 66,694                       | 1,039,079                 |
| 2029                             | 1,038,352                      | 21,509                       | 1,059,861                 |
|                                  | <u>\$ 4,904,624</u>            | <u>\$ 535,950</u>            | <u>\$ 5,440,574</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:

| <b>Right-to-use Subscription Based Assets:</b> | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| Information technology (IT)                    | \$ 1,371,079                       |
| Less: Accumulated amortization                 | (653,872)                          |
| Total  | <u>\$ 717,207</u>                  |

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

As of June 30, 2024, the minimum obligations under the leases were as follows:

| Years Ending<br>June 30, | Governmental Activities |                      |                   |
|--------------------------|-------------------------|----------------------|-------------------|
|                          | Principal<br>Payments   | Interest<br>Payments | Total<br>Payments |
| 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>\$ 761,737</u>       | <u>\$ 28,635</u>     | <u>\$ 790,372</u> |

**G. Non-Current Liabilities**

*1. Changes in Non-Current Liabilities*

Primary Government:

|   | Balance<br>July 1, 2023 | Additions             | Principal<br>Repayments<br>& Reductions | Balance<br>June 30, 2024 | Due Within<br>One Year |
|---|-------------------------|-----------------------|---|--------------------------|------------------------|
| <b>Governmental Activities</b>                      |                         |                       |   |                          |                        |
| Bonds Payable                                       | \$ 593,386,971          | \$ -                  | \$ (30,817,604)                         | \$ 562,569,367           | \$ 31,613,605          |
| Notes from direct borrowings and direct placements  | 35,299,437              | -                     | (8,269,482)                             | 27,029,955               | 8,352,127              |
| Unamortized Premium on Bonds                        | 42,203,872              | -                     | (8,055,611)                             | 34,148,261               | 7,091,391              |
| Installment Purchase Agreements                     | 43,242,261              | 741,162               | (3,978,905)                             | 40,004,518               | 3,812,880              |
| Leases  | 5,052,116               | 295,275               | (964,610)                               | 4,382,781                | 1,025,975              |
| SBITAs  | 1,003,508               | 1,049,976             | (659,232)                               | 1,394,252                | 678,032                |
| Financed Purchase Obligations                       | 3,187,530               | -                     | (1,196,763)                             | 1,990,767                | 1,204,259              |
| Prefunded Loss Claims                               | 5,829,286               | 3,362,046             | (3,407,275)                             | 5,784,057                | 1,664,515              |
| Compensated Absences                                | 15,410,450              | 16,864,322            | (16,107,850)                            | 16,166,922               | 1,157,434              |
| Net Pension Liability                               | 143,703,219             | 131,015,521           | (165,095,647)                           | 109,623,093              | -                      |
| Net OPEB Liability                                  | 32,481,623              | 37,464,145            | (94,104,529)                            | (24,158,761)             | -                      |
| Net LOSAP Pension Liability                         | 8,735,679               | 4,074,209             | (1,814,137)                             | 10,995,751               | -                      |
| Termination Benefits                                | 298,401                 | 112,919               | (58,001)                                | 353,319                  | 113,451                |
| Total Governmental Activity - Long Term Liabilities | <u>\$ 929,834,353</u>   | <u>\$ 194,979,575</u> | <u>\$ (334,529,646)</u>                 | <u>\$ 790,284,282</u>    | <u>\$ 56,713,669</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

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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, 2024, Internal Service Funds compensated absences totaling \$243,558 are included in the above amounts.

|  | Balance<br>June 30, 2023 | Additions           | Principal<br>Repayments<br>& Reductions | Balance<br>June 30, 2024 | Due Within<br>One Year |
|--|--------------------------|---------------------|---|--------------------------|------------------------|
| <b>Business-type Activities:</b>                       |                          |                     |   |                          |                        |
| Bonds Payable  | \$ 61,278,029            | \$ -                | \$ (1,817,396)                          | \$ 59,460,633            | \$ 1,891,395           |
| Notes from direct borrowing and direct placements      | 50,515,664               | -                   | (4,646,637)                             | 45,869,026               | 4,693,634              |
| Unamortized Premium on Bonds                           | 1,800,897                | -                   | (365,087)                               | 1,435,810                | 310,462                |
| Leases   | 46,189                   | 134,510             | (46,189)                                | 134,510                  | 24,227                 |
| Financed Purchase Obligations                          | 74,212                   | -                   | (24,186)                                | 50,026                   | 33,101                 |
| Landfill Closure Costs                                 | 20,661,066               | 1,110,570           | (384,425)                               | 21,387,211               | 313,200                |
| Compensated Absences                                   | 1,547,829                | 1,264,764           | (1,239,587)                             | 1,573,006                | 177,026                |
| Termination Benefits                                   | 28,176                   | (2,792)             | (3,038)                                 | 22,346                   | -                      |
| Total Business-type Activities - Long Term Liabilities | <u>\$ 135,952,062</u>    | <u>\$ 2,507,052</u> | <u>\$ (8,526,545)</u>                   | <u>\$ 129,932,568</u>    | <u>\$ 7,443,045</u>    |



**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**Component Units:**

|  | <b>Balance</b><br><b>July 1, 2023</b> | <b>Net Changes</b>   | <b>Balance</b><br><b>June 30, 2024</b> | <b>Due Within</b><br><b>One Year</b> |
|--|---------------------------------------|----------------------|--|--------------------------------------|
| <b>Board of Education</b>                |                                       |                      |  |                                      |
| Capital lease right-to-use               | \$ 29,739,826                         | \$ 795,322           | \$ 30,535,148                          | \$ 2,135,604                         |
| Subscription based right-to-use          | 2,032,251                             | 2,872,373            | 4,904,624                              | 1,133,983                            |
| Compensated absences                     | 11,462,498                            | 808,140              | 12,270,638                             | 7,925,549                            |
| Net OPEB liability                       | 474,889,803                           | (2,822,430)          | 472,067,373                            | -                                    |
| Termination benefits payable             | 29,650,433                            | 1,795,121            | 31,445,554                             | 3,020,519                            |
| Net pension liability                    | 46,103,302                            | 8,329,351            | 54,432,653                             | -                                    |
| BOE - Long-term liabilities              | <u>\$ 593,878,113</u>                 | <u>\$ 11,777,877</u> | <u>\$ 605,655,990</u>                  | <u>\$ 14,215,655</u>                 |
| <b>Frederick Community College</b>       |                                       |                      |  |                                      |
| Subscription based right-to-use          | \$ 1,106,752                          | \$ (345,015)         | \$ 761,737                             | \$ 333,324                           |
| Certificates of Participation            | 5,251,902                             | (393,852)            | 4,858,050                              | 330,000                              |
| Compensated absences                     | 1,912,438                             | 202,826              | 2,115,264                              | 2,086,078                            |
| FCC Long-term Liabilities                | <u>\$ 8,271,092</u>                   | <u>\$ (536,041)</u>  | <u>\$ 7,735,051</u>                    | <u>\$ 2,749,402</u>                  |
| <b>Frederick County Public Libraries</b> |                                       |                      |  |                                      |
| Subscription based right-to-use          | \$ 180,835                            | \$ (68,278)          | \$ 112,557                             | \$ 55,690                            |
| Compensated absences                     | 691,771                               | 46,603               | 738,374                                | 85,897                               |
| Termination Benefits                     | 27,675                                | 2,214                | 29,889                                 | -                                    |
| FCPL Long-term Liabilities               | <u>\$ 900,281</u>                     | <u>\$ (19,461)</u>   | <u>\$ 880,820</u>                      | <u>\$ 141,587</u>                    |

**2. General Obligation Bonds****Primary Government**

The County cannot issue general obligation bonds and installment purchase agreements unless specific enabling legislation is passed by the County Council. As of June 30, 2024, the Council authorization remains in the amount of \$126,130,365 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 FY2024 calculation.

The debt limit for the primary government's general obligation borrowings as of June 30, 2024, was \$1,269,184,099 and the legal debt margin was \$532,480,510.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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.

| <b>Government Activities</b>                        | <b>Date of<br/>Debt Issue</b> | <b>Date of<br/>Debt Maturity<br/>Due Serially to</b> | <b>Range of<br/>Interest Rates</b> | <b>Amount of<br/>Original Issue</b> | <b>Amount<br/>Outstanding<br/>6/30/24</b> |
|---|-------------------------------|--|------------------------------------|-------------------------------------|---|
| Pub Fac Bonds of 2016, Series A                     | 6/29/2016                     | 8/1/2036   | 2.00%-5.00%                        | \$ 77,186,341                       | \$ 53,286,185                             |
| Pub Fac Bonds of 2016B - Refunding                  | 6/29/2016                     | 8/1/2036   | 2.00%-5.00%                        | 34,820,000                          | 24,485,000                                |
| Pub Fac Bonds of 2017A - Refunding (2020 Crossover) | 4/11/2017                     | 2/11/2030  | 5.00%                              | 56,901,147                          | 37,315,259                                |
| Pub Fac Bonds of 2017B - Refunding                  | 12/20/2017                    | 8/1/2031   | 2.00%-5.00%                        | 35,860,543                          | 28,857,544                                |
| Pub Fac Bonds of 2018, Series A                     | 3/7/2018                      | 8/1/2037   | 2.00%-5.00%                        | 84,465,639                          | 66,142,942                                |
| Pub Fac Bonds of 2019, Series A                     | 9/24/2019                     | 8/1/2039   | 2.25%-5.00%                        | 98,509,493                          | 85,055,949                                |
| Pub Fac Bonds of 2019B - Refunding                  | 9/24/2019                     | 8/1/2034   | 1.70%-2.44%                        | 26,747,886                          | 26,594,500                                |
| Pub Fac Bonds of 2021, Series A                     | 9/28/2021                     | 10/1/2032  | 1.50%-5.00%                        | 149,610,000                         | 139,560,000                               |
| Pub Fac Bonds of 2021, Series B                     | 9/28/2021                     | 10/1/2032  | 0.20%-2.50%                        | 8,873,683                           | 8,576,988                                 |
| Pub Fac Bonds of 2023, Series A                     | 5/31/2023                     | 4/1/2053   | 4.00%-5.00%                        | 96,315,000                          | 92,695,000                                |
| Total Bonds Outstanding                             |                               |  |                                    | <u>\$ 669,289,732</u>               | <u>\$ 562,569,367</u>                     |

The annual requirements to amortize governmental activities bond debt outstanding as of June 30, 2024, are as follows:

| <b>Years Ending<br/>June 30,</b> | <b>Principal</b>      | <b>Interest</b>       | <b>Total<br/>Requirement</b> |
|----------------------------------|-----------------------|-----------------------|------------------------------|
| 2025                             | \$ 31,613,605         | \$ 20,551,579         | \$ 52,165,184                |
| 2026                             | 33,181,568            | 19,019,216            | 52,200,784                   |
| 2027                             | 34,931,043            | 17,413,500            | 52,344,543                   |
| 2028                             | 36,674,468            | 15,722,083            | 52,396,551                   |
| 2029                             | 38,404,971            | 14,041,201            | 52,446,172                   |
| 2030-2034                        | 177,670,653           | 46,862,285            | 224,532,938                  |
| 2035-2039                        | 148,303,290           | 20,541,328            | 168,844,618                  |
| 2040-2043                        | 61,789,769            | 3,907,400             | 65,697,169                   |
|                                  | <u>\$ 562,569,367</u> | <u>\$ 158,058,592</u> | <u>\$ 720,627,959</u>        |

For the year ended June 30, 2024, total principal and interest incurred related to general obligation bonds was \$30,817,613 and \$21,293,463.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

| <b>Business-type Activities</b>                     | <b>Date of<br/>Debt<br/>Issue</b> | <b>Date of Debt<br/>Maturity Due<br/>Serially to</b> | <b>Range of<br/>Interest Rates</b> | <b>Amount of<br/>Original Issue</b> | <b>Amount<br/>Outstanding<br/>6/30/24</b> |
|---|-----------------------------------|--|------------------------------------|-------------------------------------|---|
| Pub Fac Bonds of 2016, Series A                     | 6/29/2016                         | 8/1/2036   | 2.00%-5.00%                        | \$ 8,218,659                        | \$ 4,473,815                              |
| Pub Fac Bonds of 2017A - Refunding (2020 Crossover) | 4/11/2017                         | 2/1/2030   | 5.00%                              | 16,963,853                          | 6,099,741                                 |
| Pub Fac Bonds of 2017B - Refunding                  | 12/20/2017                        | 8/1/2031   | 2.00%-5.00%                        | 824,457                             | 542,456                                   |
| Pub Fac Bonds of 2018, Series A                     | 3/7/2018                          | 8/1/2037   | 2.00%-5.00%                        | 15,269,361                          | 9,872,058                                 |
| Pub Fac Bonds of 2019, Series A                     | 9/24/2019                         | 8/1/2039   | 2.25%-5.00%                        | 7,735,507                           | 5,694,051                                 |
| Pub Fac Bonds of 2019, Series B                     | 9/24/2019                         | 8/1/2034   | 1.70%-2.44%                        | 3,267,114                           | 3,240,500                                 |
| Pub Fac Bonds of 2021, Series A                     | 9/28/2021                         | 10/1/2032  | 1.50%-5.00%                        | 4,885,000                           | 4,690,000                                 |
| Pub Fac Bonds of 2021, Series B                     | 9/28/2021                         | 10/1/2032  | 0.20%-2.50%                        | 21,976,317                          | 21,943,012                                |
| Pub Fac Bonds of 2023, Series A                     | 5/31/2023                         | 4/1/2053   | 4.00%-5.00%                        | 2,970,000                           | 2,905,000                                 |
| Total Bonds Outstanding                             |                                   |  |                                    | <u>\$ 82,110,268</u>                | <u>\$ 59,460,633</u>                      |

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2024, are as follows:

| <b>Years Ending<br/>June 30,</b> | <b>Principal</b>     | <b>Interest</b>      | <b>Total<br/>Requirement</b> |
|----------------------------------|----------------------|----------------------|------------------------------|
| 2025                             | \$ 1,891,395         | \$ 1,721,797         | \$ 3,613,192                 |
| 2026                             | 768,432              | 1,664,323            | 2,432,755                    |
| 2027                             | 823,957              | 1,637,324            | 2,461,281                    |
| 2028                             | 3,125,532            | 1,606,098            | 4,731,630                    |
| 2029                             | 4,580,029            | 1,450,868            | 6,030,897                    |
| 2030-2034                        | 23,814,347           | 4,709,614            | 28,523,961                   |
| 2035-2039                        | 17,756,710           | 2,012,327            | 19,769,037                   |
| 2040-2044                        | 3,730,231            | 574,503              | 4,304,734                    |
| 2045-2049                        | 1,680,000            | 327,050              | 2,007,050                    |
| 2050-2053                        | 1,290,000            | 85,000               | 1,375,000                    |
|                                  | <u>\$ 59,460,633</u> | <u>\$ 15,788,904</u> | <u>\$ 75,249,537</u>         |

For the year ended June 30, 2024, total principal and interest incurred related to business-type activities was \$1,817,396 and \$1,788,531.

### 3. Notes from Direct Borrowings and Direct Placements

#### Primary Government

The County's outstanding notes from direct borrowings and direct placements include the County's General Obligation Public Facilities Refunding Bonds, Series 2014C, 2020A and 2022A. These debt instruments are general obligations of the County to which its full faith and credit and unlimited

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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.

|   | <b>Date of Debt Issue</b> | <b>Date of Debt Maturity Due Serially to</b> | <b>Range of Interest Rates</b> | <b>Amount of Original Issue</b> | <b>Amount Outstanding 6/30/24</b> |
|---|---------------------------|--|--------------------------------|---------------------------------|-----------------------------------|
| <b>Government Activities</b>                            |                           |  |                                |                                 |                                   |
| Pub Fac Bonds of 2014C Refunding                        | 11/25/2014                | 6/1/2028                                     | 2.49%                          | \$ 12,429,335                   | \$ 11,470,087                     |
| Pub Fac Bonds of 2020A Refunding                        | 3/26/2020                 | 6/1/2027                                     | 1.48%                          | 7,952,496                       | 7,494,861                         |
| Pub Fac Bonds of 2022A Refunding                        | 5/3/2022                  | 8/1/2024                                     | 1.48%                          | 16,346,973                      | 8,065,007                         |
| Total Notes from Direct Borrowing and Direct Placements |                           |  |                                | <u>\$ 36,728,804</u>            | <u>\$ 27,029,955</u>              |

For the year ended June 30, 2024, total principal and interest incurred related to notes from direct borrowing and direct placement was \$8,269,482 and \$580,669. The annual requirements to amortize governmental activities notes from direct borrowing and direct placements outstanding as of June 30, 2024, are as follows:

| <b>Year Ending June 30,</b> | <b>Principal</b>     | <b>Interest</b>     | <b>Total Requirement</b> |
|-----------------------------|----------------------|---------------------|--------------------------|
| 2025                        | \$ 8,352,127         | \$ 456,049          | \$ 8,808,176             |
| 2026                        | 7,350,076            | 390,252             | 7,740,328                |
| 2027                        | 7,479,603            | 244,444             | 7,724,047                |
| 2028                        | 3,848,149            | 95,819              | 3,943,968                |
|                             | <u>\$ 27,029,955</u> | <u>\$ 1,186,564</u> | <u>\$ 28,216,519</u>     |

|   | <b>Date of Debt Issue</b> | <b>Date of Debt Maturity Due Serially to</b> | <b>Range of Interest Rates</b> | <b>Amount of Original Issue</b> | <b>Amount Outstanding 6/30/24</b> |
|---|---------------------------|--|--------------------------------|---------------------------------|-----------------------------------|
| <b>Business-type Activities</b>                         |                           |  |                                |                                 |                                   |
| Pub Fac Bonds of 2014C Refunding                        | 11/25/2014                | 6/1/2028                                     | 2.49%                          | \$ 4,285,665                    | \$ 3,954,913                      |
| Pub Fac Bonds of 2020A Refunding                        | 3/26/2020                 | 6/1/2027                                     | 1.48%                          | 5,862,504                       | 5,525,139                         |
| Pub Fac Bonds of 2022A Refunding                        | 5/3/2022                  | 8/1/2024                                     | 1.48%                          | 5,218,027                       | 2,574,993                         |
| Total Notes from Direct Borrowing and Direct Placements |                           |  |                                | <u>\$ 15,366,196</u>            | <u>\$ 12,055,045</u>              |

For the year ended June 30, 2024, total principal and interest incurred related to notes from direct borrowing and direct placement was \$2,680,518 and \$239,685. The annual requirements to amortize business-type activities notes from direct borrowings and direct placements outstanding as of June 30, 2024, are as follows:

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

| <b>Year Ending<br/>June 30,</b> | <b>Principal</b>     | <b>Interest</b>   | <b>Total<br/>Requirement</b> |
|---------------------------------|----------------------|-------------------|------------------------------|
| 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>\$ 12,055,045</u> | <u>\$ 515,789</u> | <u>\$ 12,570,834</u>         |

**Maryland Department of the Environment Loans**

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

The County has been a participant in the MDE loan program since fiscal year 1992. As of June 30, 2024, the County has no authorized and approved borrowings left to draw. As of June 30, 2024, the county has one solid waste loan with a principal balance of \$794,959 and two water sewer loans with a combined principal balance of \$33,019,023. The total outstanding principal as of June 30, 2024, is \$33,813,982. These loans have interest rates of .80% - 1.00%.

For the year ended June 30, 2024, total principal and interest incurred related to the MDE loans was \$1,966,119 and \$462,301. The annual requirements to amortize these loans as of June 30, 2024, are as follows:

| <b>Years Ending<br/>June 30,</b> | <b>Principal</b>     | <b>Interest</b>     | <b>Total<br/>Requirement</b> |
|----------------------------------|----------------------|---------------------|------------------------------|
| 2025                             | \$ 1,985,762         | \$ 442,658          | \$ 2,428,420                 |
| 2026                             | 2,005,602            | 422,818             | 2,428,420                    |
| 2027                             | 1,622,188            | 382,743             | 2,004,931                    |
| 2028                             | 1,638,391            | 366,539             | 2,004,930                    |
| 2029                             | 1,654,756            | 350,174             | 2,004,930                    |
| 2030-2034                        | 8,525,039            | 1,499,611           | 10,024,650                   |
| 2035-2039                        | 8,928,760            | 1,063,987           | 9,992,747                    |
| 2040-2043                        | 7,453,484            | 524,084             | 7,977,568                    |
|                                  | <u>\$ 33,813,982</u> | <u>\$ 5,052,614</u> | <u>\$ 38,866,596</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,

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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 FY24 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:

| <u>Issue</u> | <u>Amount of<br/>Original Issue</u> | <u>Date of Debt<br/>Issue</u> | <u>Obligation<br/>Term</u> | <u>Date of Debt<br/>Maturity</u> | <u>Interest<br/>Rate</u> |
|--------------|-------------------------------------|-------------------------------|----------------------------|----------------------------------|--------------------------|
| 24-146       | \$ 397,025                          | 4/17/2024                     | 10-year                    | 5/15/2034                        | 4.3645%                  |
| 24-147       | 344,137                             | 4/17/2024                     | 15-year                    | 5/15/2039                        | 4.6555%                  |

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> |
|-----------------------------|----------------------|----------------------|--------------------------|
| 2025                        | \$ 3,812,880         | \$ 1,640,448         | \$ 5,453,328             |
| 2026                        | 1,510,622            | 1,412,052            | 2,922,674                |
| 2027                        | 3,105,570            | 1,388,794            | 4,494,364                |
| 2028                        | 4,965,667            | 1,236,258            | 6,201,925                |
| 2029                        | 4,193,960            | 1,025,186            | 5,219,146                |
| 2030-2034                   | 8,436,340            | 3,003,291            | 11,439,631               |
| 2035-2039                   | 10,854,220           | 1,727,694            | 12,581,914               |
| 2040-2043                   | 3,125,259            | 320,772              | 3,446,031                |
|                             | <u>\$ 40,004,518</u> | <u>\$ 11,754,495</u> | <u>\$ 51,759,013</u>     |

For the year ended June 30, 2024, total principal and interest incurred related to agricultural land preservation installment agreements was \$3,978,905 and \$1,839,976, 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 term ends in FY35. Principal payments began in FY24.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The annual requirements to amortize the Certificates of Participation as of June 30, 2024, are as follows:

| Years Ending<br>June 30, | Certificates of Participation |                         |
|--------------------------|-------------------------------|-------------------------|
|                          | Principal                     | Premium<br>Amortization |
| 2025                     | \$ 330,000                    | \$ 68,866               |
| 2026                     | 345,000                       | 63,725                  |
| 2027                     | 360,000                       | 58,350                  |
| 2028                     | 370,000                       | 52,740                  |
| 2029                     | 385,000                       | 46,976                  |
| 2030-2034                | 2,155,000                     | 139,992                 |
| 2035                     | 475,000                       | 7,401                   |
|                          | <u>\$ 4,420,000</u>           | <u>\$ 438,050</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 FY24, \$384,425 of operating activities such as leachate treatment and well testing related to Site A were incurred. The liability for Site A closure was increased \$477,734 to reflect the variance between estimated and actual costs. The total remaining estimated cost for closure and post closure care of Site A is \$8,128,812 as of June 30, 2024. This entire amount is reported as a liability for Site A.

As of June 30, 2024, the Site B landfill had capacity used of 2,211,214 tons, which is 53.85% 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 \$24,618,801. The resulting liability is \$13,258,399 with \$11,360,402 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 \$21,387,211 as of June 30, 2024. 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*

|                                  | <b>General<br/>Fund</b> | <b>Grants</b>       | <b>Agricultural<br/>Preservation</b> | <b>Debt<br/>Service</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|----------------------------------|-------------------------|---------------------|--------------------------------------|-------------------------|---|
| Inventory                        | \$ 3,143,087            | \$ 3,177,422        | \$ -                                 | \$ -                    | \$ 6,320,509                            |
| Prepaid                          | 392,519                 | 542,156             | 2,889,795                            | 3,818                   | 3,828,288                               |
| Long-term receivables            | 78,381                  | -                   | -                                    | -                       | 78,381                                  |
| Salary advances                  | 8,347                   | -                   | -                                    | -                       | 8,347                                   |
| Total nonspendable fund balances | <u>\$ 3,622,334</u>     | <u>\$ 3,719,578</u> | <u>\$ 2,889,795</u>                  | <u>\$ 3,818</u>         | <u>\$ 10,235,525</u>                    |

*2. Governmental Funds – Restricted*

|                                       | <b>General<br/>Fund</b> | <b>Grants</b>       | <b>Capital<br/>Projects</b> | <b>Agricultural<br/>Preservation</b> | <b>Debt<br/>Service</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Governmental<br/>Funds</b> |
|---------------------------------------|-------------------------|---------------------|-----------------------------|--------------------------------------|-------------------------|--|-------------------------------|
| Animal control                        | \$ 971,859              | \$ -                | \$ -                        | \$ -                                 | \$ -                    | \$ -                                       | \$ 971,859                    |
| Forfeitures - circuit court           | 34,875                  | -                   | -                           | -                                    | -                       | -  | 34,875                        |
| School and library construction       | -                       | -                   | 159,787,399                 | -                                    | -                       | -  | 159,787,399                   |
| Roads and bridges construction        | -                       | -                   | 8,781,212                   | -                                    | -                       | -  | 8,781,212                     |
| Watershed restoration                 | -                       | -                   | 5,420,284                   | -                                    | -                       | -  | 5,420,284                     |
| General government/other construction | -                       | -                   | 7,596,682                   | -                                    | -                       | -  | 7,596,682                     |
| Weed control                          | 121,259                 | -                   | -                           | -                                    | -                       | -  | 121,259                       |
| Senior services                       | 118,201                 | -                   | -                           | -                                    | -                       | -  | 118,201                       |
| Parks subgrant                        | 28,179                  | -                   | -                           | -                                    | -                       | -  | 28,179                        |
| Drug court                            | 2,025                   | -                   | -                           | -                                    | -                       | -  | 2,025                         |
| Family Partnership                    | 731                     | -                   | -                           | -                                    | -                       | -  | 731                           |
| Fire & Rescue                         | 2,500                   | -                   | -                           | -                                    | -                       | -  | 2,500                         |
| Economic Development                  | 20,000                  | -                   | -                           | -                                    | -                       | -  | 20,000                        |
| Grants                                | -                       | 1,939,196           | -                           | -                                    | -                       | -  | 1,939,196                     |
| Sheriff's/judicial activities         | -                       | -                   | -                           | -                                    | -                       | 256,551                                    | 256,551                       |
| Agricultural preservation             | -                       | -                   | -                           | 1,887,316                            | -                       | -  | 1,887,316                     |
| Loan activities                       | -                       | -                   | -                           | -                                    | -                       | 15,338,197                                 | 15,338,197                    |
| Opioid Abatement                      | -                       | -                   | -                           | -                                    | -                       | 2,203,734                                  | 2,203,734                     |
| Debt service                          | -                       | -                   | -                           | -                                    | 171,534                 | -  | 171,534                       |
| Total restricted fund balances        | <u>\$ 1,299,629</u>     | <u>\$ 1,939,196</u> | <u>\$ 181,585,577</u>       | <u>\$ 1,887,316</u>                  | <u>\$ 171,534</u>       | <u>\$ 17,798,482</u>                       | <u>\$ 204,681,734</u>         |



**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

3. *Governmental Funds – Committed*

|                                       | General<br>Fund       | Grants               | Capital<br>Projects   | Agricultural<br>Preservation | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---------------------------------------|-----------------------|----------------------|-----------------------|------------------------------|-----------------------------------|--------------------------------|
| Bond rating enhancement               | \$ 100,000            | \$ -                 | \$ -                  | \$ -                         | \$ -                              | \$ 100,000                     |
| County Set-aside*                     | 68,128,552            | -                    | -                     | -                            | -                                 | 68,128,552                     |
| FY25 budget                           | 53,368,579            | -                    | -                     | -                            | -                                 | 53,368,579                     |
| Forest resource ordinance fee-in-lieu | 649,549               | -                    | -                     | -                            | -                                 | 649,549                        |
| Permanent public improvement          | 79,074                | -                    | -                     | -                            | -                                 | 79,074                         |
| FY26 budget                           | 34,933,617            | -                    | -                     | -                            | -                                 | 34,933,617                     |
| Commission for Women                  | 33,993                | -                    | -                     | -                            | -                                 | 33,993                         |
| School and library construction       | -                     | -                    | 20,253,959            | -                            | -                                 | 20,253,959                     |
| Parks construction                    | -                     | -                    | 21,933,818            | -                            | -                                 | 21,933,818                     |
| Roads and bridges construction        | -                     | -                    | 28,466,386            | -                            | -                                 | 28,466,386                     |
| General government/other construction | -                     | -                    | 56,399,247            | -                            | -                                 | 56,399,247                     |
| Watershed restoration                 | -                     | -                    | 10,104,751            | -                            | 6,354                             | 10,111,105                     |
| Grant activities                      | -                     | 30,726,056           | -                     | -                            | -                                 | 30,726,056                     |
| Electric lighting                     | -                     | -                    | -                     | -                            | 2,926                             | 2,926                          |
| Sheriff's/judicial activities         | -                     | -                    | -                     | -                            | 1,731,504                         | 1,731,504                      |
| Loan activities                       | -                     | -                    | -                     | -                            | 17,621,538                        | 17,621,538                     |
| Agricultural preservation             | -                     | -                    | -                     | 8,204,848                    | -                                 | 8,204,848                      |
| Installment purchase agreements       | -                     | -                    | -                     | 61,439,273                   | -                                 | 61,439,273                     |
| Total committed fund balances         | <u>\$ 157,293,364</u> | <u>\$ 30,726,056</u> | <u>\$ 137,158,161</u> | <u>\$ 69,644,121</u>         | <u>\$ 19,362,322</u>              | <u>\$ 414,184,024</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, debt service and transfers to the Board of Education and Frederick Community College on a budgetary basis. As of June 30, 2024, the required balance is \$68,128,552. 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 eight 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<br/>Fund</u> | <u>Debt<br/>Service Fund</u> |
|------------------------------------|-------------------------|------------------------------|
| Encumbrances                       |                         |                              |
| General government                 | \$ 723,740              | \$ -                         |
| Conservation of natural resources  | 1,586,323               | -                            |
| Public safety                      | 2,411,485               | -                            |
| Economic development & opportunity | 69,306                  | -                            |
| Health                             | 5,014                   | -                            |
| Social services                    | 37,846                  | -                            |
| Parks, recreation & culture        | 8,888                   | -                            |
| Public works                       | 1,023,081               | -                            |
| Miscellaneous                      | 276,936                 | -                            |
| Road/street inspection             | 549,717                 | -                            |
| Automation enhancement fee         | 717,290                 | -                            |
| Revenue stabilization              | 9,362,243               | -                            |
| Debt service                       | -                       | 11,584,865                   |
| Total assigned fund balances       | <u>\$ 16,771,869</u>    | <u>\$ 11,584,865</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, 2024, 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, 2024, the calculation of these reserves is \$178,090,988 (detailed below). These reserves are a part of the \$742,183,831 net position balance.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

|                                  |                              |
|----------------------------------|------------------------------|
| Reserved for:                    |                              |
| Operating Reserves               | \$ 8,466,793                 |
| 3 R Reserves                     | 11,626,052                   |
| Tap Credits                      | 352,015                      |
| Cash Funding of Capital Projects | 41,254,935                   |
| Rosemont MDE                     | 96,652                       |
| System Development               | 116,294,541                  |
| Total Water and Sewer Reserves   | <u>178,090,988</u>           |
| Excess reserves                  | <u>52,872,242</u>            |
| Unrestricted net position        | <u><u>\$ 230,963,230</u></u> |

*7. Net Investment in Capital Assets*

As of June 30, 2024, net investment in capital assets in the Government-Wide Statement of Net Position was calculated as follows:

|  | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> |
|--|------------------------------------|-------------------------------------|
| Net carrying value of capital assets   | \$ 707,568,385                     | \$ 642,168,029                      |
| Debt related to capital assets   | (389,402,878)                      | (106,907,003)                       |
| Unamortized balances of original issue<br>discounts and deferred outflows of resources | <u>196,295</u>                     | <u>598,411</u>                      |
| Net Investment in Capital Assets (Exhibit II-A-1)                                      | <u><u>\$ 318,361,802</u></u>       | <u><u>\$ 535,859,437</u></u>        |

**NOTE 4. OTHER INFORMATION**

**A. Commitments and Contingencies**

*1. Construction Commitments*

As of June 30, 2024, the County had the following commitments with respect to unfinished capital projects:

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

|                             | <b>Total<br/>Project<br/>Budget</b> | <b>Total<br/>Expenditures</b> | <b>Amount<br/>Funded</b> | <b>Required<br/>Future<br/>Funding</b> |
|-----------------------------|-------------------------------------|-------------------------------|--------------------------|--|
| General government          | \$ 305,124,192                      | \$ 60,440,283                 | \$ 125,892,468           | \$ 179,231,724                         |
| Roads and bridges           | 247,601,096                         | 48,954,354                    | 37,664,279               | 209,936,817                            |
| Board of Education          | 524,799,190                         | 192,002,995                   | 219,573,821              | 305,225,369                            |
| Frederick Community College | 42,003,190                          | 9,062,994                     | 12,401,486               | 29,601,704                             |
| Parks and recreation        | 105,840,397                         | 18,221,789                    | 36,753,431               | 69,086,966                             |
| Watershed restoration       | 59,441,809                          | 5,948,148                     | 17,006,368               | 42,435,441                             |
| Municipal                   | 2,517,590                           | 744,437                       | 1,367,590                | 1,150,000                              |
|                             | <u>\$ 1,287,327,464</u>             | <u>\$ 335,375,000</u>         | <u>\$ 450,659,443</u>    | <u>\$ 836,668,021</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 FY24, 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, 2024, 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, 2024.

*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 two customers which account for 21.30% of total operating revenues. These commercial companies accounted for \$6,641,329 or 21.3% of FY24 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 (43.45%) and Medicare (27.54%).

#### *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, 2022. 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 the insurance program and claims handling for all County incidents and accidents as well as 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.

### **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, 2024.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**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:

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

- The New Jobs Tax Credit provides property tax abatements to encourage growth in the local business community. The program is established under the auspices of a state statute (Md. Code Ann., Tax Property Article, §9-230) empowering counties to establish such programs. The program was enacted locally under Frederick County Code §1-8-431. The program provides a six-year tax credit for businesses that either construct or expand premises in the County by buying, building or leasing new premises. The program requires the employment of 25 persons in new permanent full-time positions located in the new or expanded premises within the first 24-month period after it occupies the new or expanded premises. The business entity must thereafter maintain at least 25 persons in permanent full-time positions in the new or expanded premises for a period of three years after each year that a tax credit is allowed. The property must also be located in a priority funding area

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

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.

- 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 10<sup>th</sup> and final year. If provided in the State budget, the State will remit to the County an amount equal to one-half of the funds that would have been collected if the property tax credit had not been granted.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Information relevant to the disclosure of those programs as of June 30, 2024:

| <b>Tax Abatement Program</b>                          | <b>Amount of Taxes Abated<br/>During the Fiscal Year</b> |
|---|--|
| Economic Development:                                 |  |
| Enterprise Zone Tax Credit                            | \$ 31,421  |
| New Jobs Tax Credit                                   | 89,217   |
| Commercial & Industrial Tax Credit                    | 1,768,945  |
| Rehabilitated Vacant Commercial Structures Tax Credit | 57,175   |
| Total   | <u>\$ 1,946,758</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 Series 2007 Bonds were disbursed to the County in accordance with a loan agreement with the Maryland Water Quality Finance Administration. Both the Series 2007A and 2007B carry a zero percent interest rate.



**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 2020 Bonds bear an average coupon rate of between 4.00% and 4.33% and a true interest cost of 2.99%. The principal amount of the Series 2020 Bonds is payable July 1, 2021, through 2050.

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

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

*2. Tax Increment Financing*

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

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, 2020, Frederick County issued its Special Tax A Limited Obligation Refunding Bonds (Jefferson Technology Park Project), Series A and Special Tax B Limited Obligation Refunding Bonds (Jefferson Technology Park Project), Series B in the amounts of \$7,040,000 and \$37,330,000 respectively. These were to advance refund all outstanding maturities of the Series 2013A and 2013B bonds. The Series 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<br/>Original Issue</u> | <u>Date of<br/>Debt Issue</u> | <u>Date of<br/>Debt<br/>Maturity</u> | <u>Interest<br/>Rate</u> | <u>Amount<br/>Outstanding<br/>6/30/2024</u> |
|--|----------------|-------------------------------------|-------------------------------|--------------------------------------|--------------------------|---|
| Lake Linganore - Series 2001A            | CDA-Term       | \$ 4,285,000                        | 01/18/01                      | 07/01/29                             | 5.700%                   | \$ 1,753,000                                |
| Lake Linganore - Series 2007A            | CDA-Loan       | 3,114,000                           | 09/20/07                      | 07/01/29                             | 0.000%                   | 987,813                                     |
| Lake Linganore - Series 2007B            | CDA-Loan       | 3,232,142                           | 09/20/07                      | 03/01/28                             | 0.000%                   | 759,142                                     |
| Oakdale-Lake Linganore - Series 2019     | TIF/CDA-Term   | 1,665,000                           | 12/19/19                      | 07/01/24                             | 2.625%                   | 595,000                                     |
| Oakdale-Lake Linganore - Series 2019     | TIF/CDA-Term   | 3,665,000                           | 12/19/19                      | 07/01/29                             | 3.250%                   | 3,665,000                                   |
| Oakdale-Lake Linganore - Series 2019     | TIF/CDA-Term   | 12,085,000                          | 12/19/19                      | 07/01/39                             | 3.750%                   | 12,085,000                                  |
| Urbana CDA - Series 2020A                | CDA-Term       | 65,355,000                          | 11/01/20                      | 07/01/40                             | 4.00-5.00%               | 56,360,000                                  |
| Urbana CDA - Series 2020B                | CDA-Term       | 1,410,000                           | 11/01/20                      | 07/01/40                             | 4.000%                   | 1,195,000                                   |
| Urbana CDA - Series 2020C                | CDA-Term       | 25,505,000                          | 11/01/20                      | 07/01/50                             | 4.000%                   | 25,440,000                                  |
| Jefferson Technology Park - Series 2020A | TIF/CDA-Serial | 7,040,000                           | 09/17/20                      | 07/01/43                             | 5.000%                   | 6,610,000                                   |
| Jefferson Technology Park - Series 2020B | TIF/CDA-Serial | 37,330,000                          | 09/17/20                      | 07/01/43                             | 4.625%                   | 34,945,000                                  |
|  |                |                                     |                               |                                      |                          | <u>\$ 144,394,955</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. The Series 2017B bonds have been fully paid. 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 May 10, 2022, an Executive Order was issued by Executive Jan Gardner approving the issuance of Maryland Economic Development Revenue Bond (Hood College Project), Series 2022, in an amount not to exceed \$7,600,000. These bonds were issued for the purpose of financing the acquisition and improvement of certain facilities of the college. These bonds were issued as "draw down" bonds. The proceeds of the Series 2022 Bonds are expected

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

to be drawn down from the Original Purchaser upon requisition of the borrower. As of June 30, 2024, no proceeds have been disbursed from this bond issue.

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

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

| <b>Conduit Borrower</b>       | <b>Serial/<br/>Term<br/>Bonds</b> | <b>Original<br/>Issue<br/>Amount</b> | <b>Date of<br/>Debt<br/>Issue</b> | <b>Date of<br/>Maturity</b> | <b>Interest<br/>Rates</b> | <b>Amount<br/>Outstanding<br/>6/30/2024</b> |
|-------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|-----------------------------|---------------------------|---|
| Friends Meeting School        | Serial                            | \$ 2,346,203                         | 10/01/18                          | 10/01/28                    | Variable                  | \$ 1,910,015                                |
| Hood College                  | Serial                            | 36,100,000                           | 07/23/19                          | 02/01/41                    | 3.360%                    | 34,246,077                                  |
| Mount Saint Mary's University | Serial                            | 7,345,000                            | 12/21/17                          | 09/01/27                    | 5.000%                    | 6,020,000                                   |
| 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                                  |
| St. John's Catholic Prep      | Serial                            | 9,310,000                            | 10/06/17                          | 10/01/42                    | 3.080%                    | 8,075,526                                   |
| YMCA                          | Serial                            | 18,000,000                           | 12/20/19                          | 07/01/47                    | 3.370%                    | 12,667,393                                  |
|                               |                                   |                                      |                                   |                             |                           | <u>\$ 110,164,011</u>                       |

## E. Retirement and Pension Programs

For the year ended June 30, 2024, the County recognized an aggregated pension expense of \$39,003,321.

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

## NOTES TO FINANCIAL STATEMENTS

(Continued)

– 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*

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 a newly formed Frederick County Uniformed Employees Retirement Plan.

The type and number of employees covered as of June 30, 2024, was as follows:

|   | <u>Non-Uniformed</u> | <u>Non-Vested<br/>Terminations</u> | <u>Vested<br/>Terminations</u> |
|---|----------------------|------------------------------------|--------------------------------|
| Retirees and beneficiaries currently receiving benefits | 1,018                | -                                  | -                              |
| Terminated employees entitled to benefits               | -                    | 476                                | 186                            |
| Active employees  | 1,562                | -                                  | -                              |

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 five 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.

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### *Funding Policy*

Funding for the plan provides for periodic contributions based upon actuarial valuations. In September of 2018, the County adopted a funding policy for the County Plan. This policy establishes a formal methodology for financing the pension obligations of the County Plan, with a goal of maintaining a funding ratio between 95% - 105%. The objective of the policy is to reflect a reasonable and fiscally conservative approach to fund the obligations over a time frame that ensures benefit security while balancing the additional, and sometimes competing goals of intergenerational equity and a stable contribution rate. It is intended to provide flexibility to smooth the volatility of the investment 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, 2023, non-uniformed employees contribute six percent of their base pay under the plan. The County's required payroll contribution in FY24 was 15.0%.

### *Net Pension Liability*

The components of the net pension liability of the County as of June 30, 2024, were as follows:

|  |                      |
|--|----------------------|
| Total pension liability  | \$ 621,879,769       |
| Plan fiduciary net position  | (569,050,652)        |
| County's net pension liability   | <u>\$ 52,829,117</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 91.50%               |

### *Annual Pension Costs*

During the fiscal year ending June 30, 2024, contributions to the plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation as of July 1, 2022.

### *Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of July 1, 2023, rolled forward to June 30, 2024, 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 period | 2 years for ad hoc COLA, 14 years for Plan Change (CPI COLA), 11 years for grant funded employees, 30 years for surplus |
| Asset valuation method        | 5-year smoothed market  |
| Inflation                     | 2.5%  |

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

|   |  |
|---|--|
| Salary Increases                        | Rates vary by participant years of service.  |
| COLA for members in receipt of benefits | 2.3%   |
| 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. |

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, 2023, actuarial valuation report.

*Long-term expected rate of return*

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

| <b>Asset Class</b>    | <b>Target Allocation</b> | <b>Long Term Expected Real Rate of Return</b> |
|-----------------------|--------------------------|---|
| U.S. Large Cap Equity | 35.00%                   | 6.04%   |
| U.S. Mid Cap Equity   | 9.00%                    | 6.49%   |
| U.S. Small Cap Equity | 8.00%                    | 7.39%   |
| Broad Non-U.S. Equity | 10.00%                   | 7.20%   |
| Global Infrastructure | 6.00%                    | 4.62%   |
| Core Fixed Income     | 31.00%                   | 2.56%   |
| Cash                  | 1.00%                    | 0.50%   |
| Inflation             | 0.00%                    | 2.50%   |
| Total                 | 100.00%                  |   |

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

## *Rate of Return*

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of expense, was 12.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

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

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

|  | <u>1% Decrease - 6%</u> | <u>Current<br/>Discount Rate - 7%</u> | <u>1% Decrease - 8%</u> |
|--|-------------------------|---------------------------------------|-------------------------|
| County's net pension liability (asset) | \$ 137,645,445          | \$ 52,829,117                         | \$ (16,985,559)         |

## *Changes in Net Pension Liability*

|   | <u>Increase (Decrease)</u>             |  |  |
|---|--|--|--|
|   | <u>Total Pension<br/>Liability (a)</u> | <u>Plan Fiduciary<br/>Net Position (b)</u> | <u>Net Pension<br/>Liability<br/>(a) - (b)</u> |
| Balances as of June 30, 2023                                | \$ 578,414,841                         | \$ 507,065,755                             | \$ 71,349,086                                  |
| Changes for the year:                                       |  |  |  |
| Service cost  | 16,632,259                             | -  | 16,632,259                                     |
| Interest  | 39,619,265                             | -  | 39,619,265                                     |
| Change of benefit terms                                     | 655,229                                | -  | 655,229  |
| Differences between expected and actual experience          | 11,408,874                             | -  | 11,408,874                                     |
| Contributions - employer                                    | -                                      | 17,278,746                                 | (17,278,746)                                   |
| Contributions - member                                      | -                                      | 6,971,037                                  | (6,971,037)                                    |
| Net investment income                                       | -                                      | 62,810,338                                 | (62,810,338)                                   |
| Benefit payments, including refunds of member contributions | (24,850,699)                           | (24,850,699)                               | -  |
| Administrative expense                                      | -                                      | (247,331)                                  | 247,331  |
| Other   | -                                      | 22,806                                     | (22,806)                                       |
| Net Changes   | <u>43,464,928</u>                      | <u>61,984,897</u>                          | <u>(18,519,969)</u>                            |
| Balances as of June 30, 2024                                | <u>\$ 621,879,769</u>                  | <u>\$ 569,050,652</u>                      | <u>\$ 52,829,117</u>                           |

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

For the year ended June 30, 2024, the County recognized pension expense of \$3,407,563. As of June 30, 2024, 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<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience                                  | \$ 17,669,920                             | \$ 2,232,105                             |
| Changes of assumptions  | 335,424                                   | -  |
| Net difference between projected and actual earnings<br>on pension plan investments | -   | 20,807,872                               |
| Total   | <u>\$ 18,005,344</u>                      | <u>\$ 23,039,977</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<br/>June 30</u> | <u>Total</u>    |
|---------------------------------|-----------------|
| 2025                            | \$ (13,003,358) |
| 2026                            | 16,238,457      |
| 2027                            | (5,082,581)     |
| 2028                            | (3,187,151)     |

**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 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.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The type and number of employees covered as of June 30, 2024, was as follows:

|   | <u>Uniformed</u> | <u>Non-Vested<br/>Terminations</u> | <u>Vested<br/>Terminations</u> |
|---|------------------|------------------------------------|--------------------------------|
| Retirees and beneficiaries currently receiving benefits | 340              | -                                  | -                              |
| Terminated employees entitled to benefits               | -                | 68                                 | 24                             |
| Active employees  | 889              | -                                  | -                              |
| DROP participants                                       | 7                | -                                  | -                              |

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.

Effective July 1, 2024, for the Division of Fire and Rescue Service employees, eligibility to enter the DROP requires the participant to have attained the service requirement for their normal retirement date, but no more than 30 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 31 years. No more than one percent of each of the participant groups may enroll in DROP in a single month.

During the DROP period, the DROP participant's normal retirement benefit is credited to a DROP account along with 5% of the employee 9% biweekly retirement contribution. 4% will continue to go into the Uniformed Employees Retirement Plan Trust. Empower Retirement is the custodian and

## NOTES TO FINANCIAL STATEMENTS (Continued)

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 5% biweekly employee DROP contributions 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 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, 2023, uniformed employees contribute nine percent of their base pay under the plan. The County's required payroll contribution in FY24 was 17.5%.

### *Net Pension Liability*

The components of the net pension liability of the County as of June 30, 2024, were as follows:

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

|  |                      |
|--|----------------------|
| Total pension liability  | \$ 507,277,948       |
| Plan fiduciary net position  | (450,483,972)        |
| County's net pension liability   | <u>\$ 56,793,976</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 88.80%               |

*Annual Pension Costs*

During the fiscal year ending June 30, 2024, contributions to the plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2023.

*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of July 1, 2023, rolled forward to June 30, 2024, 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          | 2 years for Ad-hoc COLA, 12 years for assumption change, 13 years for DROP, 30 years for surplus, 15 years for plan change CPI COLA  |
| 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)   |
| COLA for members in receipt of benefits | 2.3%   |
| 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 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 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, 2023, actuarial valuation report.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*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:

| <b>Asset Class</b>    | <b>Target Allocation</b> | <b>Long Term Expected Real Rate of Return</b> |
|-----------------------|--------------------------|---|
| U.S. Large Cap Equity | 35.00%                   | 6.04%   |
| U.S. Mid Cap Equity   | 9.00%                    | 6.49%   |
| U.S. Small Cap Equity | 8.00%                    | 7.39%   |
| Broad Non-U.S. Equity | 10.00%                   | 7.20%   |
| Global Infrastructure | 6.00%                    | 4.62%   |
| Core Fixed Income     | 31.00%                   | 2.56%   |
| Cash                  | 1.00%                    | 0.50%   |
| Inflation             | 0.00%                    | 2.50%   |
| Total                 | 100.00%                  |   |

*Rate of Return*

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of expense, was (12.3%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

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

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

|  | <b>1%<br/>Decrease -<br/>6%</b> | <b>Current<br/>Discount Rate -<br/>7%</b> | <b>1%<br/>Increase -<br/>8%</b> |
|--|---------------------------------|---|---------------------------------|
| County's net pension liability (asset) | \$ 136,138,733                  | \$ 56,793,976                             | \$ (6,991,620)                  |

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*Changes in Net Pension Liability*

|   | Increase (Decrease)            |                                    |                                       |
|---|--------------------------------|------------------------------------|---------------------------------------|
|   | Total Pension<br>Liability (a) | Plan Fiduciary<br>Net Position (b) | Net Pension<br>Liability<br>(a) - (b) |
| Balances as of June 30, 2023                                | \$ 459,901,864                 | \$ 387,547,731                     | \$ 72,354,133                         |
| Changes for the year:                                       |                                |                                    |                                       |
| Service cost  | 22,089,252                     | -                                  | 22,089,252                            |
| Interest  | 31,672,451                     | -                                  | 31,672,451                            |
| Change of benefit terms                                     | 626,885                        | -                                  | 626,885                               |
| Differences between expected and actual experience          | 7,864,030                      | -                                  | 7,864,030                             |
| Contributions - employer                                    | -                              | 23,130,923                         | (23,130,923)                          |
| Contributions - member                                      | -                              | 6,519,948                          | (6,519,948)                           |
| Net investment income                                       | -                              | 48,344,957                         | (48,344,957)                          |
| Benefit payments, including refunds of member contributions | (14,876,534)                   | (14,876,534)                       | -                                     |
| Administrative expense                                      | -                              | (199,945)                          | 199,945                               |
| Other   | -                              | 16,892                             | (16,892)                              |
| Net Changes   | 47,376,084                     | 62,936,241                         | (15,560,157)                          |
| Balances as of June 30, 2024                                | \$ 507,277,948                 | \$ 450,483,972                     | \$ 56,793,976                         |

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

For the year ended June 30, 2024, the County recognized pension expense of \$31,998,618. As of June 30, 2024, the County reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                                  | \$ 17,267,644                     | \$ 470,219                       |
| Net difference between projected and actual earnings<br>on pension plan investments | 5,615,781                         | -                                |
| Total   | \$ 22,883,425                     | \$ 470,219                       |

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

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

| Years ending<br>June 30 | Total         |
|-------------------------|---------------|
| 2025                    | \$ 11,585,960 |
| 2026                    | 11,585,959    |
| 2027                    | (4,862,282)   |
| 2028                    | (1,290,296)   |
| 2029                    | 2,850,890     |
| Thereafter              | 2,542,975     |

### 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 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.

Membership of the Plan consisted of the following as of January 1, 2023, the date of the October 27, 2023, actuarial valuation report that was used for the Actuarially Determined Contribution (ADC) for FY25:

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

|   |                     |
|---|---------------------|
| Active volunteers                                   | 805                 |
| Terminated vested                                   | 36                  |
| Service retirements continuing to earn benefits     | 106                 |
| Service retirements not continuing to earn benefits | 184                 |
| Total   | <u><u>1,131</u></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, 2024, contributions were made slightly above with actuarially determined contribution requirements determined through an actuarial valuation as of July 1, 2022.

*Net LOSAP Liability of the County*

The components of the net LOSAP liability of the County as of June 30, 2024, were as follows:

|  |                             |
|--|-----------------------------|
| Total LOSAP liability  | \$ 15,596,992               |
| Plan fiduciary net position  | <u>(4,601,241)</u>          |
| County's net LOSAP liability   | <u><u>\$ 10,995,751</u></u> |
| Plan fiduciary net position as a percentage of the total LOSAP liability | 29.50%                      |

*Annual LOSAP Costs*

For the year ended June 30, 2024, the County recognized LOSAP expense of \$3,597,140.

*Actuarial assumptions*

The total LOSAP liability was determined by an actuarial valuation as of July 1, 2023, rolled forward to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:



**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

|                               |   |
|-------------------------------|---|
| Actuarial cost method         | Entry Age Normal  |
| Amortization method           | Level payments over a closed period of 20 years   |
| Remaining amortization period | Ranging from 13 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 62  |
| 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, 2023, 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:

| <b>Asset Class</b>                      | <b>Target Allocation</b> | <b>Long-Term Expected Real Rate of Return</b> |
|---|--------------------------|---|
| Large cap domestic equity               | 45%                      | 6.04%   |
| Small/mid cap domestic equity           | 10%                      | 6.78%   |
| Non-US developed equity                 | 10%                      | 7.06%   |
| Core fixed income                       | 30%                      | 2.56%   |
| Treasury inflation protected securities | 5%                       | 2.23%   |
| Inflation                               | 0%                       | 2.50%   |
| Total                                   | 100%                     |   |

*Rate of Return*

For the year ended June 30, 2024, the annual money-weighted rate of return on LOSAP plan investments, net of LOSAP plan expense, was 14.8%. 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.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*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%, 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:

|                              | <b>1%<br/>Decrease -<br/>6%</b> | <b>Current<br/>Discount Rate -<br/>7%</b> | <b>1%<br/>Increase -<br/>8%</b> |
|------------------------------|---------------------------------|---|---------------------------------|
| County's net LOSAP liability | \$ 12,424,662                   | \$ 10,995,751                             | \$ 9,681,614                    |

*Changes in the Net LOSAP Liability*

|   | <b>Total LOSAP<br/>Liability<br/>(a)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(b)</b> | <b>Increase (Decrease)<br/>Net LOSAP<br/>Liability<br/>(a) - (b)</b> |
|---|--|--|--|
| Balances as of June 30, 2023                                | \$ 12,453,999                            | \$ 3,718,319                                   | \$ 8,735,680   |
| Changes for the year:                                       |  |  |  |
| Service cost  | 181,397                                  | -  | 181,397  |
| Interest  | 839,739                                  | -  | 839,739  |
| Changes of benefit terms                                    | 3,024,274                                | -  | 3,024,274  |
| Differences between expected and actual experience          | 13,414                                   | -  | 13,414   |
| Contributions - employer                                    | -  | 1,207,434                                      | (1,207,434)  |
| Net investment income/ (loss)                               | -  | 606,703  | (606,703)  |
| Benefit payments, including refunds of member contributions | (916,223)                                | (916,223)                                      | -  |
| Administrative expense                                      | -  | (15,385)                                       | 15,385   |
| Other   | 392                                      | 393  | (1)  |
| Net Changes   | 3,142,993                                | 882,922  | 2,260,071  |
| Balances as of June 30, 2024                                | \$ 15,596,992                            | \$ 4,601,241                                   | \$ 10,995,751  |

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

As of June 30, 2024, the County reported deferred outflows of resources and deferred inflow of resources related to LOSAP from the following sources:

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                             | \$ 38,970                         | \$ 558,189                       |
| Changes of assumptions   | 58,370                            | -                                |
| Net difference between projected and actual earnings on LOSAP plan investments | -                                 | 198,105                          |
| Total  | <u>\$ 97,340</u>                  | <u>\$ 756,294</u>                |

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

| Years Ended June 30 | Total        |
|---------------------|--------------|
| 2025                | \$ (195,485) |
| 2026                | (105,766)    |
| 2027                | (152,099)    |
| 2028                | (119,685)    |
| 2029                | (59,205)     |
| Thereafter          | (26,714)     |

#### 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 \$33,949,219 in FY24. This contribution was recognized as both revenue and expenditures for BOE.

As of June 30, 2024, the BOE reported a liability of approximately \$54.4 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, 2023, 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, 2024, the Board's proportion for ERS was 0.236%, which was .006% higher than its proportion measured as of June 30, 2023. For the year ended June 30, 2024, the public schools recognized pension expense for ERS of approximately \$6.7 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 \$2,904,986. The other retirement plan, provided through TIAA/CREF or Fidelity, is an option for certain professional employees and is also provided for those College employees for which the State does not provide employer share funding of retirement benefits. The employer contributions toward these non-State plans totaled \$1,202,708. 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.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Substantially all employees of the FCPL are covered under the Maryland State Teachers' Retirement System or the Maryland State Teachers' Pension System. Plan members on December 31, 1979, are members of the Teachers' Retirement System unless they elected to join the Pension System. No new Retirement System members were accepted after December 31, 1979. A member of the Teachers' Retirement System may retire with full benefits at age 60 or with 30 years of service. A member of the Teachers' Pension System may retire with full benefits with 30 years of service or at age 62 or older with specified years of service. For both systems, vesting starts after five years of service. Benefits under both plans are established under Titles 22 and 23 of the State Personnel and Pensions Article of the Annotated Code of Maryland. Obligations to contribute to the plans were established under the above-referenced article of the Maryland Code. Members of the Retirement System and the Pension System contribute seven percent and five percent of their gross employee compensation, respectively. The FCPL's share of contributions for its employees is primarily the responsibility of the State. During the fiscal year ended June 30, 2024, the State paid \$975,622 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 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 September 1, 2023, the date of the March 8, 2024, actuarial valuation report that was used for the Actuarially Determined Contribution (ADC) for FY25:

|  |              |
|--|--------------|
| Retirees and beneficiaries receiving benefits                      | 722          |
| Terminated plan members entitled to but not yet receiving benefits | n/a          |
| Active plan members  | 2,080        |
| Total  | <u>2,802</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 original 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, employees must have worked for the County for a minimum of ten total benefitted years; these employees pay 50% of the cost of premiums; if the retiring employee has 25 years of service or more these employees pay 45% of the premium costs. 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. When a sworn, regular, nonexempt uniformed employee at or below the rank of captain within the Frederick County Division of Fire and Rescue Services or a full-time Deputy Sheriff or Correctional Officers at the rank of Sergeant and below within the Frederick County Sheriff's Office in this category retires, they are eligible for the cost shares listed with the exception of the 20 to 24.9 years of service cost share. For these individuals the cost share will be 50%. 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.

Full-time Deputy Sheriff or Correctional Officers at the rank of Sergeant and below are eligible for line of duty health care coverage, regardless of years of service, provided the employee retires under a line of duty disability on or after July 1, 2019. All sworn, regular, nonexempt uniformed employees at or below the rank of captain within the Frederick County Division of Fire and Rescue Services are eligible for line of duty health care coverage, regardless of years of service, provided the employee retires under a line of duty disability on or after July 1, 2020; at a rate of 50% of the premium.

For FY24, the County contributed \$12,204,536 to the Plan. Plan members receiving benefits contributed \$2,376,275 approximately 16% of total premiums and benefit claims. Administrative costs are financed through investment earnings.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*Net OPEB Liability*

As of June 30, 2024, the components of the net OPEB liability of the County were as follows:

|  |                        |
|--|------------------------|
| Total OPEB liability   | \$ 224,471,217         |
| Plan fiduciary net position  | (248,629,978)          |
| County's net OPEB asset  | <u>\$ (24,158,761)</u> |
| Plan fiduciary net position as a percentage<br>of the total OPEB asset | 110.76%                |

*Annual OPEB Costs*

During fiscal year ending June 30, 2024, contributions were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation as of July 1, 2021, the County recognized OPEB revenue of \$4,344,477 for year ended June 30, 2024. This was a result of favorable market conditions in the current fiscal year.

*Actuarial Assumptions*

The total OPEB liability as of June 30, 2024, was determined by an actuarial valuation as of September 1, 2023, and rolled forward to June 30, 2024, using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                               |  |
|-------------------------------|--|
| Actuarial Cost Method         | Entry age normal   |
| Amortization method           | Level percentage of payroll, closed  |
| Remaining amortization period | 5 years for FY 2024 (under alternative funding method if less than 90% funded)   |
| Asset valuation method        | Market value, 5 year asset smoothing   |
| Inflation Rate                | 2.6%   |
| Healthcare Cost Trend Rate    | 7.5% in 2024. The ultimate trend is 4.04%  |
| Payroll growth rate           | 2.5% Annually  |
| Investment Rate of Return     | 7.0% net of OPEB plan investment expenses including inflation  |
| 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.  |

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*Long-term expected rate of return*

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

| <u>Asset Class</u>        | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|---------------------------|------------------------------|---|
| U.S. Large cap equity     | 44%                          | 6.04%   |
| U.S. Small/mid cap equity | 8%                           | 6.78%   |
| Non U.S. developed equity | 10%                          | 7.06%   |
| Global Infrastructure     | 6%                           | 4.62%   |
| Core Fixed income         | 32%                          | 2.56%   |
| Inflation                 | 0%                           | 2.50%   |
| Total                     | <u>100%</u>                  |   |

*Rate of Return*

For the year ended June 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of expense was 14.5%. 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<br/>Rate 7%</u> | <u>1% Increase 8%</u> |
|-------------------------------------|-----------------------|-------------------------------------|-----------------------|
| County's net OPEB liability (asset) | \$ 7,889,780          | \$ (24,158,761)                     | \$ (50,308,960)       |

*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.

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

|                                     | <u>1% Decrease 3.04%</u> | <u>Trend Rate 4.04%</u> | <u>1% Increase 5.04%</u> |
|-------------------------------------|--------------------------|-------------------------|--------------------------|
| County's net OPEB (asset) liability | \$ (54,739,452)          | \$ (24,158,761)         | \$ 14,193,866            |

*Changes in the net OPEB liability*

|   | <u>Increase/(Decrease)</u>  |                       |                        |
|---|-----------------------------|-----------------------|------------------------|
|   | <u>Total OPEB Liability</u> | <u>Plan Fiduciary</u> | <u>Net OPEB</u>        |
|   | <u>(a)</u>                  | <u>Net Position</u>   | <u>Liability</u>       |
|   |                             | <u>(b)</u>            | <u>(a) - (b)</u>       |
| Balance as of June 30, 2023                     | \$ 250,270,362              | \$ 217,788,739        | \$ 32,481,623          |
| Changes for the year                            |                             |                       |                        |
| Service cost                                    | 7,236,821                   | -                     | 7,236,821              |
| Interest  | 17,083,253                  | -                     | 17,083,253             |
| Change in Benefit Terms                         | 168,193                     | -                     | 168,193                |
| Experience Losses/(Gains)                       | (50,342,204)                | -                     | (50,342,204)           |
| Trust Contribution - Employer                   | -                           | 12,204,536            | (12,204,536)           |
| Net Investment Income                           | -                           | 31,557,789            | (31,557,789)           |
| Changes in Assumptions                          | 12,502,582                  | -                     | 12,502,582             |
| Benefit Payments (net of retiree contributions) | (12,447,790)                | (12,447,790)          | -                      |
| Administrative expenses                         | -                           | (473,296)             | 473,296                |
| Net Changes                                     | <u>(25,799,145)</u>         | <u>30,841,239</u>     | <u>(56,640,384)</u>    |
| Balance as of June 30, 2024                     | <u>\$ 224,471,217</u>       | <u>\$ 248,629,978</u> | <u>\$ (24,158,761)</u> |

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

As of June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <u>Deferred Outflows</u> | <u>Deferred Inflows</u> |
|---|--------------------------|-------------------------|
|   | <u>of Resources</u>      | <u>of Resources</u>     |
| <b>Primary government</b>   |                          |                         |
| Difference between expected and actual experience                             | \$ 307,539               | \$ 65,662,348           |
| Changes of assumptions  | 14,691,992               | 6,786,264               |
| Net difference between projected and actual earnings on OPEB plan investments | -                        | 7,104,427               |
| Total primary government  | <u>\$ 14,999,531</u>     | <u>\$ 79,553,039</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>    |
|--------------------|-----------------|
| 2025               | \$ (14,306,617) |
| 2026               | (8,459,414)     |
| 2027               | (17,489,883)    |
| 2028               | (7,475,957)     |
| 2029               | (4,208,427)     |
| Thereafter         | (12,613,210)    |

## 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, pharmacy and life insurance benefits to eligible participants (covered retirees, covered survivors, and with respect to certain benefits, their eligible dependents). As of June 30, 2024, there were 2,633 retirees (of which 698 had dependent coverage) and 6,058 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 FY24, the Board contributed \$16,518,611 to the plan. Of this amount \$16,464,111 was for BOE' share of retiree premiums, \$54,500 was contributed towards trust investment fees. In FY24, BOE did not make a contribution into the 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 \$12,260,279 or approximately 43% of the total premiums. The rates for FY24 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 FY24, approximately 38.8% of the County's eligible employees elected to participate in the plan.

The deferred compensation plan is administered by an unrelated compensation and benefit consulting organization. Under the terms of an IRS 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 2024 membership dues and fees for services amounting to \$171,917.

#### **I. Subsequent Events**

##### *Installment Purchase Agreements Issued:*

On July 23, 2024, Frederick County entered into an Installment Purchase Agreement to purchase an easement of the development rights of agricultural land in Frederick County. This borrowing was authorized under Council Bill 19-19, enacted by the County Council on January 19, 2019. This transaction is a 10-year obligation with interest paid annually at 4.0759% and final maturity on May 15, 2034, in the amount of \$212,251. Funds are invested in U.S. Treasury strips to finance the final maturity payments. These investments are recorded in the Agricultural Preservation Fund.

On September 4, 2024, Frederick County entered into an Installment Purchase Agreement to purchase an easement of the development rights of agricultural land in Frederick County. This borrowing was authorized under Council Bill 19-19, enacted by the County Council on January 19, 2019. This transaction is a 20-year obligation with interest paid annually at 4.2118% and final maturity on May 15, 2044, in the amount of \$295,672. Funds are invested in U.S. Treasury strips to finance the final maturity payments. These investments are recorded in the Agricultural Preservation Fund.

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

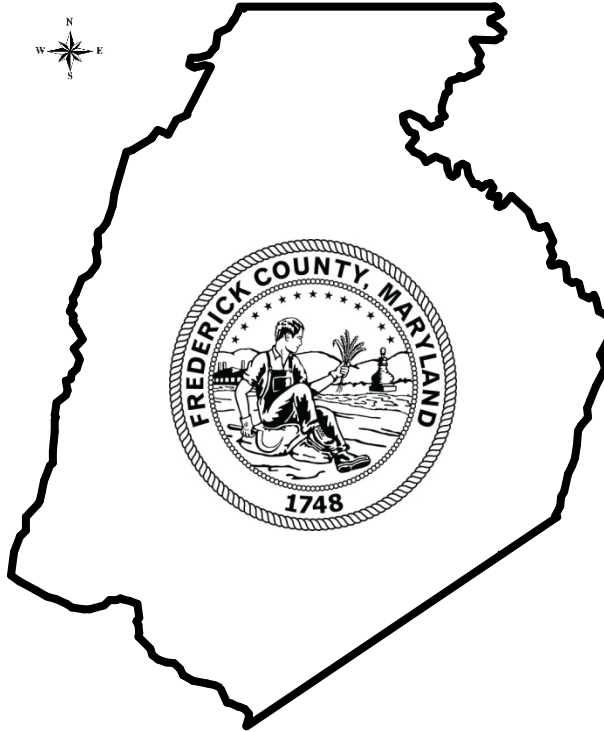
**J. New Governmental Accounting Standards Board (GASB) Standard**

The County has adopted the provisions of Governmental Accounting Standard Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62", and Implementation Guide No. 2023-1, "Implementation Guidance Update—2023."

As of June 30, 2024, GASB issued Statement No. 101, "Compensated Absences", and Statement No. 102, "Certain Risk Disclosures." The County has not yet completed the process of evaluating the impact of these pronouncements on its financial statements.

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## REQUIRED SUPPLEMENTARY INFORMATION



The information provided in this section is required supplementary disclosures.



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

|  | 2024              | 2023              | 2022              | 2021                | 2020               | 2019               | 2018               | 2017              | 2016              | 2015              |
|--|-------------------|-------------------|-------------------|---------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| Total pension liability  |                   |                   |                   |                     |                    |                    |                    |                   |                   |                   |
| Service cost   | \$ 16,632         | \$ 14,471         | \$ 11,756         | \$ 26,468           | \$ 24,286          | \$ 22,689          | \$ 22,387          | \$ 21,310         | \$ 20,272         | \$ 20,127         |
| Interest   | 39,619            | 32,137            | 30,403            | 48,722              | 45,446             | 42,252             | 39,564             | 36,760            | 34,936            | 32,636            |
| Changes of benefit terms   | 655               | 70,465            | 4,783             | 10,508              | -                  | 11,649             | -                  | -                 | -                 | -                 |
| Differences between expected and actual experience                         | 11,409            | 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                | (24,850)          | (22,765)          | (20,642)          | (28,618)            | (25,648)           | (23,067)           | (21,308)           | (19,696)          | (18,052)          | (16,812)          |
| Net change in total pension liability                                      | 43,465            | 107,942           | 25,829            | 50,949              | 48,272             | 46,928             | 39,274             | 40,875            | 26,869            | 33,486            |
| Total pension liability - beginning  | 578,415           | 470,473           | 444,644           | 710,334             | 662,062            | 615,134            | 575,860            | 534,985           | 508,116           | 474,630           |
| Total pension liability - ending   | <u>\$ 621,880</u> | <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> |
| Plan fiduciary net position  |                   |                   |                   |                     |                    |                    |                    |                   |                   |                   |
| Contributions - employer   | \$ 17,279         | \$ 11,898         | \$ 10,245         | \$ 19,697           | \$ 19,751          | \$ 23,153          | \$ 21,678          | \$ 20,419         | \$ 18,910         | \$ 20,323         |
| Contributions - member   | 6,971             | 6,214             | 5,361             | 10,005              | 9,421              | 9,401              | 8,093              | 7,681             | 7,199             | 7,022             |
| Net investment income  | 62,810            | 54,932            | (74,773)          | 200,543             | 34,269             | 46,159             | 56,674             | 66,342            | 3,253             | 22,501            |
| Benefit payments, including refunds of member contributions                | (24,850)          | (22,765)          | (20,642)          | (28,618)            | (25,648)           | (23,067)           | (21,308)           | (19,696)          | (18,052)          | (16,812)          |
| Administrative expense   | (247)             | (277)             | (269)             | (836)               | (995)              | (1,492)            | (1,504)            | (1,038)           | (705)             | (793)             |
| Other  | 22                | 12                | 29                | 7                   | -                  | -                  | -                  | -                 | -                 | -                 |
| Net change in plan fiduciary net position                                  | 61,985            | 50,014            | (80,049)          | 200,798             | 36,798             | 54,154             | 63,633             | 73,708            | 10,605            | 32,241            |
| Plan fiduciary net position - beginning                                    | 507,066           | 457,052           | 537,101           | 726,213             | 689,415            | 635,261            | 571,628            | 497,920           | 487,315           | 455,074           |
| Plan fiduciary net position - ending                                       | <u>\$ 569,051</u> | <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> |
| Net position liability (asset) - ending                                    | <u>\$ 52,829</u>  | <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>  |
| Plan fiduciary net position as a percentage of the total pension liability | 91.50%            | 87.66%            | 97.15%            | 121.77%             | 102.24%            | 104.13%            | 103.27%            | 99.27%            | 93.07%            | 95.91%            |
| Covered payroll  | \$ 115,192        | \$ 98,567         | \$ 87,973         | \$ 139,796          | \$ 130,636         | \$ 117,956         | \$ 114,631         | \$ 108,689        | \$ 100,998        | \$ 99,555         |
| Net pension liability as a percentage of covered payroll                   | 45.86%            | 72.39%            | 15.26%            | -118.55%            | -12.16%            | -23.19%            | -17.56%            | 3.89%             | 36.70%            | 20.89%            |
| Expected average remaining service years of all participants               | 5                 | 5                 | 5                 | 6                   | 6                  | 6                  | 6                  | 6                 | 6                 | 6                 |
| Annual money weighted rate of return, net of investment expenses           | 12.30%            | 12.10%            | -13.90%           | 27.70%              | 4.98%              | 7.34%              | 10.17%             | 13.46%            | 1.07%             | 5.18%             |

## 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: Vesting was changed for all members to be fully vested after five years of service regardless of hire date. Previously, members hired on or after July 1, 2011, were fully vested after ten years of service.

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

|  | 2024        | 2023              | 2022            | 2021        | 2020        | 2019              | 2018              | 2017              | 2016            | 2015              |
|--|-------------|-------------------|-----------------|-------------|-------------|-------------------|-------------------|-------------------|-----------------|-------------------|
| Actuarially determined contribution  | \$ 17,279   | \$ 7,179          | \$ 9,273        | \$ 19,697   | \$ 19,751   | \$ 16,929         | \$ 17,365         | \$ 17,455         | \$ 18,808       | \$ 18,721         |
| Less: Contributions in relation to the actuarially determined contribution | 17,279      | 11,897            | 10,244          | 19,697      | 19,751      | 23,153            | 21,678            | 20,419            | 18,910          | 20,323            |
| Contribution deficiency (excess)   | <u>\$ -</u> | <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> |
| Covered payroll  | \$ 115,192  | \$98,567          | \$87,973        | \$139,796   | \$ 130,636  | \$117,956         | \$114,631         | \$108,689         | \$100,998       | \$99,555          |
| Contributions as a percentage of covered payroll                           | 15.00%      | 12.07%            | 11.65%          | 14.09%      | 15.12%      | 19.63%            | 18.91%            | 18.79%            | 18.72%          | 20.41%            |

Notes to Schedule

Valuation date: July 1, 2022

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, 2022, actuarial valuation to calculate the FY2024 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           | 2 years for ad hoc COLA, 14 years for Plan Change (CPI COLA), 11 grant funded employees, 30 years for surplus  |
| Asset valuation method                  | 5-year smoothed market   |
| Inflation                               | 2.50%  |
| Salary increases                        | Rates vary by participant service  |
| COLA for members in receipt of benefits | 2.30%  |
| 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)**

|  | 2024              | 2023              | 2022              | 2021   | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------------------|-------------------|-------------------|--|------|------|------|------|------|------|
| Total pension liability  |                   |                   |                   | Information for FY21 and earlier is not available. The Uniformed Plan was established in FY22. |      |      |      |      |      |      |
| Service cost   | \$ 22,089         | \$ 19,916         | \$ 16,020         |  |      |      |      |      |      |      |
| Interest   | 31,673            | 24,922            | 21,767            |  |      |      |      |      |      |      |
| Changes of benefit terms   | 627               | 66,139            | 3,003             |  |      |      |      |      |      |      |
| Differences between expected and actual experience                         | 7,864             | (627)             | 16,444            |  |      |      |      |      |      |      |
| Benefit payments, including refunds of member contributions                | (14,877)          | (12,945)          | (11,376)          |  |      |      |      |      |      |      |
| Net change in total pension liability                                      | 47,376            | 97,405            | 45,858            |  |      |      |      |      |      |      |
| Total pension liability - beginning  | 459,902           | 362,497           | 316,639           |  |      |      |      |      |      |      |
| Total pension liability - ending   | <u>\$ 507,278</u> | <u>\$ 459,902</u> | <u>\$ 362,497</u> |  |      |      |      |      |      |      |
| Plan fiduciary net position  |                   |                   |                   |  |      |      |      |      |      |      |
| Contributions - employer   | \$ 23,131         | \$ 11,681         | \$ 12,334         |  |      |      |      |      |      |      |
| Contributions - member   | 6,520             | 5,850             | 5,358             |  |      |      |      |      |      |      |
| Net investment income  | 48,345            | 41,902            | (54,733)          |  |      |      |      |      |      |      |
| Benefit payments, including refunds of member contributions                | (14,877)          | (12,945)          | (11,375)          |  |      |      |      |      |      |      |
| Administrative expense   | (200)             | (232)             | (232)             |  |      |      |      |      |      |      |
| Other  | 17                | 9                 | 21                |  |      |      |      |      |      |      |
| Net change in plan fiduciary net position                                  | 62,936            | 46,265            | (48,627)          |  |      |      |      |      |      |      |
| Plan fiduciary net position - beginning                                    | 387,548           | 341,283           | 389,910           |  |      |      |      |      |      |      |
| Plan fiduciary net position - ending                                       | <u>\$ 450,484</u> | <u>\$ 387,548</u> | <u>\$ 341,283</u> |  |      |      |      |      |      |      |
| Net position liability (asset) - ending                                    | <u>\$ 56,794</u>  | <u>\$ 72,354</u>  | <u>\$ 21,214</u>  |  |      |      |      |      |      |      |
| Plan fiduciary net position as a percentage of the total pension liability | 88.80%            | 84.27%            | 94.15%            |  |      |      |      |      |      |      |
| Covered payroll  | \$ 73,432         | \$ 65,385         | \$ 59,740         |  |      |      |      |      |      |      |
| Net pension liability as a percentage of covered payroll                   | 77.34%            | 110.66%           | 35.51%            |  |      |      |      |      |      |      |
| Expected average remaining service years of all participants               | 9                 | 8                 | 8                 |  |      |      |      |      |      |      |
| Annual money weighted rate of return, net of investment expenses           | 12.30%            | 12.10%            | -13.90%           |  |      |      |      |      |      |      |

**Notes to Schedule:**

Starting 7/1/2022, only Uniformed information is presented. The 2021 and prior values are reflected in the Employees Non-Uniformed report since all participants were in one plan.

Changes of assumptions: The retirement rates for members hired after June 30, 2011 were updated to reflect the new DROP plan provisions. Since the change in retirement rates was associated with the plan

Benefit changes:

The maximum service threshold for DROP exit was changed from 28 years of service to 31 years of service. The DROP participation period remains 12 to 36 months.

The maximum service threshold for DROP entry was changed from 27 years of service to 30 years of service

Previously, members in DROP paid 9% employee contributions to the plan through 28 years of service. Effective 7/1/2025, for the Division of Fire and Rescue participants' 5% employee contributions are credited to the DROP account balances and the remaining 4% is paid to the plan trust. Similar to the current provisions, employee contributions would cease at 28 years of service. If the member enters DROP their contributions continue into the DROP plan. If the member exits DROP prior to the completion of their DROP period, the member will receive the DROP account balance excluding employee contributions.

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

|  | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u>   | <u>2020</u> | <u>2019</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|---|-------------|-------------|-------------|-------------|-------------|
| Actuarially determined contribution  | \$23,131    | \$11,681    | \$12,334    | Information for FY21 and earlier is not available.<br>The Uniformed Plan was established in FY22. |             |             |             |             |             |
| Less: Contributions in relation to the actuarially determined contribution | 23,131      | 11,681      | 12,334      |   |             |             |             |             |             |
| Contribution deficiency (excess)   | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |   |             |             |             |             |             |
| Covered payroll  | \$73,432    | \$65,385    | \$59,740    |   |             |             |             |             |             |
| Contributions as a percentage of covered payroll                           | 31.50%      | 17.87%      | 20.65%      |   |             |             |             |             |             |

Notes to Schedule

Valuation date: July 1, 2023

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, 2022, actuarial valuation to calculate the FY2024 actuarial determined contribution. Assumptions used to determine contributions in the past may not have been the same.

|   |  |
|---|--|
| Actuarial cost method                   | Projected Unit Credit  |
| Amortization method                     | Level percentage of payroll  |
| Remaining amortization period           | 2 years for ad hoc COLA, 12 years for assumption change, 13 years for DROP, 30 years for surplus, 15 years for plan change CPI COLA, 15 years for plan change IAFF DROP  |
| Asset valuation method                  | 5-year smoothed market   |
| Inflation                               | 2.50%  |
| Salary increases                        | Rates vary by participant service and group (law enforcement/corrections and fire/rescue)  |
| COLA for members in receipt of benefits | 2.30%  |
| 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.<br><br>Post-retirement mortality for healthy participants and beneficiaries is Pub-2010 General Retirees Amount-Weighted Mortality table with fully generational projection using scale MP2018.<br><br>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)**

|  | 2024             | 2023             | 2022             | 2021             | 2020             | 2019             | 2018             | 2017             | 2016   | 2015 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--|------|
| Total LOSAP liability  |                  |                  |                  |                  |                  |                  |                  |                  |  |      |
| Service cost   | \$ 181           | \$ 183           | \$ 195           | \$ 186           | \$ 191           | \$ 202           | \$ 171           | \$ 167           |  |      |
| Interest   | 840              | 844              | 847              | 830              | 815              | 840              | 827              | 810              |  |      |
| Differences between expected and actual experience                       | 14               | (229)            | (260)            | 55               | (135)            | (628)            | (74)             | -                | Information for FY16 &<br>FY15 is not available. |      |
| Changes of assumptions   | -                | -                | -                | -                | 156              | -                | -                | -                |  |      |
| Benefit payments, including refunds of member contributions              | (916)            | (825)            | (795)            | (866)            | (774)            | (763)            | (719)            | (744)            |  |      |
| Net change in total LOSAP liability                                      | 3,143            | (27)             | (13)             | 205              | 253              | (349)            | 205              | 233              |  |      |
| Total LOSAP liability - beginning  | 12,454           | 12,481           | 12,494           | 12,289           | 12,036           | 12,385           | 12,180           | 11,947           |  |      |
| Total LOSAP liability - ending   | <u>\$ 15,597</u> | <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         | \$ 1,207         | \$ 1,202         | \$ 1,187         | \$ 1,461         | \$ 1,241         | \$ 1,006         |  |      |
| Net investment income  | 607              | 395              | (441)            | 605              | 114              | 102              | 23               | -                |  |      |
| Benefit payments, including refunds of member contributions              | (916)            | (825)            | (795)            | (866)            | (774)            | (763)            | (719)            | (744)            |  |      |
| Administrative expense   | (15)             | (25)             | (9)              | (15)             | (12)             | (24)             | (20)             | -                |  |      |
| Net change in plan fiduciary net position                                | 883              | 752              | (38)             | 926              | 515              | 776              | 525              | 262              |  |      |
| Plan fiduciary net position - beginning                                  | 3,718            | 2,966            | 3,004            | 2,078            | 1,563            | 787              | 262              | -                |  |      |
| Plan fiduciary net position - ending                                     | <u>\$ 4,601</u>  | <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>\$ 10,996</u> | <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 | 29.50%           | 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              | 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              | n/a              |  |      |
| Expected average remaining service years of all participants             | 7                | 8                | 8                | 8                | 8                | 8                | 9                | 9                |  |      |
| Annual money weighted rate of return, net of investment expenses         | 14.80%           | 11.80%           | -13.30%          | 26.80%           | 5.96%            | 7.75%            | 3.21%            | 0.00%            |  |      |

## Notes to Schedule:

## Changes of assumptions:

Retirement rates are still equal to 100% at first eligible, and thus, apply upon attaining both age 62 (previously age 65) and 25 years of service. Since the change in retirement rates was associated with the plan change, the impact of this change is included in the line items corresponding to changes in benefit terms.

## Benefit changes:

Effective June 30, 2024, the LOSAP benefit amounts changed (for all participants, including those currently in pay status)

From: \$200/month plus, for each additional 5 years of service in excess of 25 years of service, \$20/month (capped at \$300/month total at 50 years of service)

To: \$240/month plus, for each additional 5 years of service in excess of 25 years of service, \$20/month (capped at \$340/month total at 50 years of service)

Additionally the retirement age was lowered from age 65 to age 62

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

|  | <u>2024</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> |
|--|----------------|----------------|--------------|--------------|--------------|--------------|---------------|---------------|---|-------------|
| Actuarially determined contribution  | \$ 1,176       | \$ 1,147       | \$ 1,207     | \$ 1,202     | \$ 1,187     | \$ 1,461     | \$ 1,461      | \$ 1,430      | Information for FY16 & FY15 is not available. |             |
| Less: Contributions in relation to the actuarially determined contribution | <u>1,207</u>   | <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>\$ (31)</u> | <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           | n/a           |   |             |
| Contributions as a percentage of covered payroll                           | n/a            | n/a            | n/a          | n/a          | n/a          | n/a          | n/a           | n/a           |   |             |

Notes to Schedule

Valuation date: July 1, 2022

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, 2022, actuarial valuation to calculate the FY2024 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 13 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)**

|   | 2024               | 2023              | 2022              | 2021              | 2020              | 2019              | 2018              | 2017              | 2016 | 2015 |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------|------|
| Total OPEB liability  |                    |                   |                   |                   |                   |                   |                   |                   |      |      |
| Service cost  | \$ 7,237           | \$ 6,963          | \$ 5,972          | \$ 5,742          | \$ 6,622          | \$ 6,380          | \$ 5,623          | \$ 5,257          |      |      |
| Interest  | 17,083             | 16,218            | 15,349            | 14,500            | 17,869            | 16,845            | 15,251            | 14,311            |      |      |
| Changes of benefit terms  | 168                | -                 | -                 | -                 | -                 | -                 | -                 | -                 |      |      |
| Differences between expected and actual experience                      | (50,342)           | -                 | (4,565)           | -                 | (47,073)          | (1,633)           | 2,460             | -                 |      |      |
| Changes of assumptions  | 12,503             | -                 | 4,533             | -                 | (18,097)          | (6,787)           | 5,964             | -                 |      |      |
| Benefit payments, including refunds of member contributions             | (12,448)           | (9,223)           | (8,488)           | (7,741)           | (7,151)           | -                 | (6,278)           | (5,998)           |      |      |
| Net change in total pension liability                                   | (25,799)           | 13,958            | 12,801            | 12,501            | (47,830)          | 14,805            | 23,020            | 13,570            |      |      |
| Total OPEB liability - beginning  | 250,270            | 236,312           | 223,511           | 211,010           | 258,840           | 244,035           | 221,015           | 207,445           |      |      |
| Total OPEB - ending   | <u>\$ 224,471</u>  | <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  | \$ 12,204          | \$ 5,653          | \$ 6,864          | \$ 6,529          | \$ 12,385         | \$ 12,031         | \$ 10,833         | \$ 10,343         |      |      |
| Net investment income   | 31,558             | 23,101            | (30,110)          | 47,351            | 10,848            | 10,928            | 11,693            | 13,807            |      |      |
| Benefit payments, including refunds of member contributions             | (12,448)           | (9,223)           | (8,488)           | (7,741)           | (7,151)           | (6,787)           | (6,279)           | (5,998)           |      |      |
| Administrative expense  | (473)              | (276)             | (27)              | (30)              | (28)              | (13)              | -                 | (52)              |      |      |
| Net change in plan fiduciary net position                               | 30,841             | 19,255            | (31,761)          | 46,109            | 16,054            | 16,159            | 16,247            | 18,100            |      |      |
| Plan fiduciary net position - beginning                                 | 217,789            | 198,534           | 230,295           | 184,186           | 168,132           | 151,973           | 135,726           | 117,626           |      |      |
| Plan fiduciary net position - ending                                    | <u>\$ 248,630</u>  | <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>\$ (24,159)</u> | <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 | 110.76%            | 87.02%            | 84.01%            | 103.04%           | 87.29%            | 64.96%            | 62.27%            | 61.41%            |      |      |
| Covered payroll   | n/a                | n/a               | n/a               | \$ 139,796        | \$ 130,636        | \$ 117,956        | \$ 114,631        | \$ 108,689        |      |      |
| Expected average remaining service years of all participants            | 9                  | 8                 | 8                 | 8                 | 8                 | 8                 | 8                 | 8                 |      |      |
| Annual money weighted rate of return, net of investment expenses        | 14.50%             | 11.80%            | -13.30%           | 27.20%            | 6.22%             | 7.71%             | 8.39%             | 11.60%            |      |      |

## Notes to Schedule:

Benefit changes: Effective July , 2023, The County's subsidy has been increased for sworn, regular, nonexempt uniformed employees at or below the rank of captain within the Frederick County Division of Fire and Rescue Services with an original service date on or after July , 1992.

Changes of assumptions: 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)**

|  | 2024              | 2023              | 2022            | 2021            | 2020            | 2019            | 2018            | 2017            | 2016  | 2015 |
|--|-------------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---|------|
| Actuarially determined contribution  | \$ 10,089         | \$ 4,293          | \$ 6,310        | \$ 6,150        | \$ 11,663       | \$ 11,519       | \$ 10,386       | \$ 9,783        | Information for FY16 & FY15 is not available. |      |
| Less: Contributions in relation to the actuarially determined contribution | 12,205            | 5,653             | 6,864           | 6,529           | 12,385          | 12,031          | 10,832          | 10,343          |   |      |
| Contribution deficiency (excess)   | <u>\$ (2,116)</u> | <u>\$ (1,360)</u> | <u>\$ (554)</u> | <u>\$ (379)</u> | <u>\$ (722)</u> | <u>\$ (512)</u> | <u>\$ (446)</u> | <u>\$ (560)</u> |   |      |
| Covered payroll  | n/a               | n/a               | n/a             | \$ 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             | n/a             |   |      |

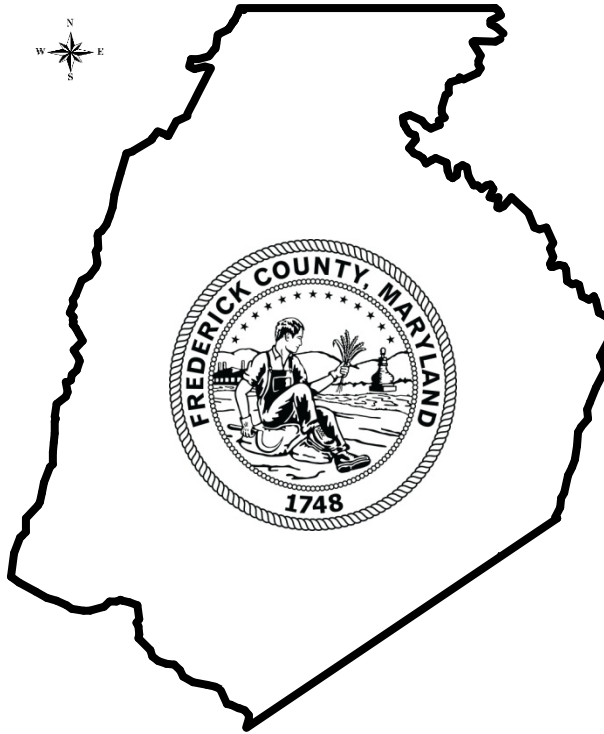
Notes to Schedule:

There are no benefit changes or changes in assumptions.

Methods and assumptions used to determine contribution rates:

|                               |   |
|-------------------------------|---|
| Valuation Date                | Actuarial Determined Contribution (ADC) rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.  |
| Actuarial cost method         | Projected Unit Credit   |
| Amortization method           | Level percentage of payroll, closed   |
| Remaining amortization period | 5 years for FY2024 (under alternative funding method if less than 90% funded)   |
| Asset valuation method        | Market value of assets  |
| Inflation                     | 2.50%   |
| Healthcare cost trend         | The trend for 2022 is 6.0% The ultimate trend is 3.94%  |
| Payroll growth rate           | 2.5% Annually   |
| Investment rate of return     | 7.00%   |
| Mortality                     | 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, 2024**

|  | Special Revenue Funds |  |                                    |                     |                                      |                      | Total<br>Non Major<br>Governmental<br>Funds<br>(See Exhibit II-A-3) |
|--|-----------------------|--|------------------------------------|---------------------|--------------------------------------|----------------------|---|
|  | Opioid<br>Abatement   | Watershed<br>Protection<br>& Restoration | Electric Lighting<br>Tax Districts | Hotel Rental<br>Tax | Sheriff's/<br>Judicial<br>Activities | Loan<br>Activities   |   |
| <b>Assets</b>  |                       |  |                                    |                     |                                      |                      |   |
| Cash   | \$ -                  | \$ -                                     | \$ -                               | \$ -                | \$ 213,782                           | \$ -                 | \$ 213,782  |
| Equity in pooled invested cash                                 | 1,094,094             | 6,354                                    | 5,009                              | 290,435             | 1,844,292                            | 17,634,313           | 20,874,497  |
| Total cash and cash equivalents                                | 1,094,094             | 6,354                                    | 5,009                              | 290,435             | 2,058,074                            | 17,634,313           | 21,088,279  |
| Receivables, net of allowance for uncollectibles:              |                       |  |                                    |                     |                                      |                      |   |
| Accounts   | 9,001                 | -  | 19                                 | 300,695             | 70,179                               | 45,474               | 425,368   |
| Long term receivables, net of allowance<br>for uncollectibles: |                       |  |                                    |                     |                                      |                      |   |
| Non-profit organization loans                                  | -                     | -  | -                                  | 983,135             | -                                    | -                    | 983,135   |
| Housing loans  | -                     | -  | -                                  | -                   | -                                    | 15,306,196           | 15,306,196  |
| Cash and cash equivalents - restricted                         | 2,237,227             | -  | -                                  | -                   | -                                    | -                    | 2,237,227   |
| Total assets   | <u>\$ 3,340,322</u>   | <u>\$ 6,354</u>                          | <u>\$ 5,028</u>                    | <u>\$ 1,574,265</u> | <u>\$ 2,128,253</u>                  | <u>\$ 32,985,983</u> | <u>\$ 40,040,205</u>  |
| <b>Liabilities and fund balance</b>                            |                       |  |                                    |                     |                                      |                      |   |
| <b>Liabilities</b>   |                       |  |                                    |                     |                                      |                      |   |
| Accounts payable   | \$ -                  | \$ -                                     | \$ -                               | \$ -                | \$ 28,313                            | \$ -                 | \$ 28,313   |
| Accrued liabilities  | 264,953               | -  | 2,102                              | 591,130             | -                                    | -                    | 858,185   |
| Due to third parties   | -                     | -  | -                                  | -                   | 111,885                              | -                    | 111,885   |
| Other liabilities  | -                     | -  | -                                  | -                   | -                                    | 26,248               | 26,248  |
| Unearned revenues  | 871,635               | -  | -                                  | 983,135             | -                                    | -                    | 1,854,770   |
| Total liabilities  | <u>1,136,588</u>      | <u>-</u>                                 | <u>2,102</u>                       | <u>1,574,265</u>    | <u>140,198</u>                       | <u>26,248</u>        | <u>2,879,401</u>  |
| <b>Deferred inflows of resources</b>                           |                       |  |                                    |                     |                                      |                      |   |
| Unavailable revenue - property taxes                           | -                     | -  | -                                  | -                   | -                                    | -                    | -   |
| Unavailable revenue - special assessments                      | -                     | -  | -                                  | -                   | -                                    | -                    | -   |
| Total deferred inflows of resources                            | <u>-</u>              | <u>-</u>                                 | <u>-</u>                           | <u>-</u>            | <u>-</u>                             | <u>-</u>             | <u>-</u>  |
| <b>Fund balances</b>   |                       |  |                                    |                     |                                      |                      |   |
| Restricted   | 2,203,734             | -  | -                                  | -                   | 256,551                              | 15,338,197           | 17,798,482  |
| Committed  | -                     | 6,354                                    | 2,926                              | -                   | 1,731,504                            | 17,621,538           | 19,362,322  |
| Total fund balance   | <u>2,203,734</u>      | <u>6,354</u>                             | <u>2,926</u>                       | <u>-</u>            | <u>1,988,055</u>                     | <u>32,959,735</u>    | <u>37,160,804</u>   |
| Total liabilities and fund balance                             | <u>\$ 3,340,322</u>   | <u>\$ 6,354</u>                          | <u>\$ 5,028</u>                    | <u>\$ 1,574,265</u> | <u>\$ 2,128,253</u>                  | <u>\$ 32,985,983</u> | <u>\$ 40,040,205</u>  |

**FREDERICK COUNTY, MARYLAND  
COMBINING BALANCE SHEET  
SHERIFF'S/ JUDICIAL ACTIVITIES - SPECIAL REVENUE FUNDS  
JUNE 30, 2024**

|   | <b>Sheriff's Drug<br/>Enforcement</b> | <b>Narcotics<br/>Investigative<br/>Section</b> | <b>State's<br/>Attorney<br/>Law<br/>Enforcement<br/>Aid</b> | <b>Inmates'<br/>Canteen</b> | <b>Total<br/>Sheriff's/Judicial<br/>Activities<br/>(See Exhibit II-B-1)</b> |
|---|---------------------------------------|--|---|-----------------------------|---|
| <b>Assets</b>                                     |                                       |  |   |                             |   |
| Cash  | \$ 76,246                             | \$ 7,740                                       | \$ 16,818   | \$ 112,978                  | \$ 213,782  |
| Equity in pooled invested cash                    | 186,614                               | 95,847   | 100,010   | 1,461,821                   | 1,844,292   |
| Total cash and cash equivalents                   | <u>262,860</u>                        | <u>103,587</u>                                 | <u>116,828</u>  | <u>1,574,799</u>            | <u>2,058,074</u>  |
| Receivables, net of allowance for uncollectibles: |                                       |  |   |                             |   |
| Accounts  | -                                     | -  | -   | 70,179                      | 70,179  |
| Total assets                                      | <u>\$ 262,860</u>                     | <u>\$ 103,587</u>                              | <u>\$ 116,828</u>   | <u>\$ 1,644,978</u>         | <u>\$ 2,128,253</u>   |
| <b>Liabilities and fund balance</b>               |                                       |  |   |                             |   |
| <b>Liabilities</b>                                |                                       |  |   |                             |   |
| Accounts payable                                  | \$ -                                  | \$ 1,675                                       | \$ -  | \$ 26,638                   | \$ 28,313   |
| Due to third parties                              | -                                     | -  | -   | 111,885                     | 111,885   |
| Total liabilities                                 | <u>-</u>                              | <u>1,675</u>                                   | <u>-</u>  | <u>138,523</u>              | <u>140,198</u>  |
| <b>Fund balances</b>                              |                                       |  |   |                             |   |
| Restricted  | 184,561                               | -  | 71,990  | -                           | 256,551   |
| Committed   | 78,299                                | 101,912  | 44,838  | 1,506,455                   | 1,731,504   |
| Total fund balance                                | <u>262,860</u>                        | <u>101,912</u>                                 | <u>116,828</u>  | <u>1,506,455</u>            | <u>1,988,055</u>  |
| Total liabilities and fund balance                | <u>\$ 262,860</u>                     | <u>\$ 103,587</u>                              | <u>\$ 116,828</u>   | <u>\$ 1,644,978</u>         | <u>\$ 2,128,253</u>   |

**FREDERICK COUNTY, MARYLAND  
COMBINING BALANCE SHEET  
LOAN ACTIVITIES - SPECIAL REVENUE FUNDS  
JUNE 30, 2024**

|   | <u>Housing<br/>Initiative</u> | <u>Non-Profit<br/>Organizations<br/>Loans</u> | <u>Fire/Rescue<br/>Loans</u> | <u>Total<br/>Loan Activities<br/>(See Exhibit II-B-1)</u> |
|---|-------------------------------|---|------------------------------|---|
| <b>Assets</b>   |                               |   |                              |   |
| Equity in pooled invested cash                              | \$ 17,389,948                 | \$ 20,000                                     | \$ 224,365                   | \$ 17,634,313   |
| Total cash and cash equivalents                             | 17,389,948                    | 20,000  | 224,365                      | 17,634,313  |
| Receivables, net of allowance for uncollectibles:           |                               |   |                              |   |
| Accounts  | 45,474                        | -   | -                            | 45,474  |
| Prepaid items   | -                             | -   | -                            | -   |
| Long term receivables, net of allowance for uncollectibles: |                               |   |                              |   |
| Housing loans   | 15,306,196                    | -   | -                            | 15,306,196  |
| Total assets  | <u>\$ 32,741,618</u>          | <u>\$ 20,000</u>                              | <u>\$ 224,365</u>            | <u>\$ 32,985,983</u>                                      |
| <b>Liabilities and fund balance</b>                         |                               |   |                              |   |
| Liabilities   |                               |   |                              |   |
| Other liabilities   | \$ 26,248                     | \$ -  | \$ -                         | \$ 26,248   |
| Total liabilities   | <u>26,248</u>                 | <u>-</u>                                      | <u>-</u>                     | <u>26,248</u>   |
| Fund balances   |                               |   |                              |   |
| Restricted  | 15,338,197                    | -   | -                            | 15,338,197  |
| Committed   | 17,377,173                    | 20,000  | 224,365                      | 17,621,538  |
| Total fund balance  | <u>32,715,370</u>             | <u>20,000</u>                                 | <u>224,365</u>               | <u>32,959,735</u>   |
| Total liabilities and fund balance                          | <u>\$ 32,741,618</u>          | <u>\$ 20,000</u>                              | <u>\$ 224,365</u>            | <u>\$ 32,985,983</u>                                      |

**FREDERICK COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

|   | Special Revenue Funds |  |                                    |                     |                                      |                      | Total<br>Nonmajor<br>Governmental<br>Funds<br>(See Exhibit II-A-5) |
|---|-----------------------|--|------------------------------------|---------------------|--------------------------------------|----------------------|--|
|   | Opioid<br>Abatement   | Watershed<br>Protection<br>& Restoration | Electric Lighting<br>Tax Districts | Hotel Rental<br>Tax | Sheriff's/<br>Judicial<br>Activities | Loan<br>Activities   |  |
| <b>Revenues</b>                                   |                       |  |                                    |                     |                                      |                      |  |
| Storm Water Remediation Fee                       | \$ -                  | \$ 589                                   | \$ -                               | \$ -                | \$ -                                 | \$ -                 | \$ 589   |
| Lighting tax levy                                 | -                     | -  | 12,584                             | -                   | -                                    | -                    | 12,584   |
| Other local taxes                                 | -                     | -  | -                                  | 2,838,085           | -                                    | 1,051,840            | 3,889,925  |
| Grants from state government                      | 645,442               | -  | -                                  | -                   | -                                    | -                    | 645,442  |
| Charges for services                              | -                     | -  | -                                  | -                   | 977,993                              | -                    | 977,993  |
| Fines and forfeitures                             | -                     | -  | -                                  | -                   | 219,497                              | -                    | 219,497  |
| Interest from loans                               | -                     | -  | -                                  | -                   | -                                    | 28,873               | 28,873   |
| Investment earnings                               | 99,964                | 325                                      | -                                  | 8,328               | 90,305                               | 851,305              | 1,050,227  |
| Miscellaneous revenue                             | 1,034,088             | -  | 622                                | 175,518             | 3,803                                | 2,577,216            | 3,791,247  |
| Total revenues                                    | <u>1,779,494</u>      | <u>914</u>                               | <u>13,206</u>                      | <u>3,021,931</u>    | <u>1,291,598</u>                     | <u>4,509,234</u>     | <u>10,616,377</u>  |
| <b>Expenditures</b>                               |                       |  |                                    |                     |                                      |                      |  |
| General government                                | 727,542               | -  | -                                  | 42,030              | -                                    | -                    | 769,572  |
| Public safety                                     | -                     | -  | -                                  | -                   | 998,835                              | -                    | 998,835  |
| Public works                                      | -                     | -  | 16,555                             | -                   | -                                    | -                    | 16,555   |
| Community development and public housing          | -                     | -  | -                                  | -                   | -                                    | 376,090              | 376,090  |
| Economic development and opportunity              | -                     | -  | -                                  | 2,804,383           | -                                    | -                    | 2,804,383  |
| Total expenditures                                | <u>727,542</u>        | <u>-</u>                                 | <u>16,555</u>                      | <u>2,846,413</u>    | <u>998,835</u>                       | <u>376,090</u>       | <u>4,965,435</u>   |
| Excess (deficiency) of revenues over expenditures | <u>1,051,952</u>      | <u>914</u>                               | <u>(3,349)</u>                     | <u>175,518</u>      | <u>292,763</u>                       | <u>4,133,144</u>     | <u>5,650,942</u>   |
| <b>Other financing sources (uses)</b>             |                       |  |                                    |                     |                                      |                      |  |
| Transfers in from General Fund                    | 493,352               | -  | -                                  | -                   | -                                    | -                    | 493,352  |
| Transfers in from Grants Fund                     | -                     | -  | -                                  | -                   | -                                    | 4,025                | 4,025  |
| Transfers out to Debt Service Fund                | -                     | -  | -                                  | (175,518)           | -                                    | -                    | (175,518)  |
| Total other financing sources (uses)              | <u>493,352</u>        | <u>-</u>                                 | <u>-</u>                           | <u>(175,518)</u>    | <u>-</u>                             | <u>4,025</u>         | <u>321,859</u>   |
| Net change in fund balances                       | 1,545,304             | 914                                      | (3,349)                            | -                   | 292,763                              | 4,137,169            | 5,972,801  |
| Fund balance - beginning of year                  | <u>658,430</u>        | <u>5,440</u>                             | <u>6,275</u>                       | <u>-</u>            | <u>1,695,292</u>                     | <u>28,822,566</u>    | <u>31,188,003</u>  |
| Fund balance - end of year                        | <u>\$ 2,203,734</u>   | <u>\$ 6,354</u>                          | <u>\$ 2,926</u>                    | <u>\$ -</u>         | <u>\$ 1,988,055</u>                  | <u>\$ 32,959,735</u> | <u>\$ 37,160,804</u>   |

**FREDERICK COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SHERIFF'S/JUDICIAL ACTIVITIES - SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

|                                       | <u>Sheriff's Drug<br/>Enforcement</u> | <u>Narcotics<br/>Investigative<br/>Section</u> | <u>State's<br/>Attorney<br/>Law<br/>Enforcement<br/>Aid</u> | <u>Inmates'<br/>Canteen</u> | <u>Total<br/>Sheriff's/Judicial<br/>Activities<br/>(See Exhibit II-B-4)</u> |
|---------------------------------------|---------------------------------------|--|---|-----------------------------|---|
| <b>Revenues</b>                       |                                       |  |   |                             |   |
| Charges for services                  | \$ -                                  | \$ -   | \$ -  | \$ 977,993                  | \$ 977,993  |
| Fines and forfeitures                 | 84,682                                | 64,203   | 70,612  | -                           | 219,497   |
| Investment earnings                   | 7,833                                 | 5,232  | 4,659   | 72,581                      | 90,305  |
| Miscellaneous revenue                 | -                                     | 3,803  | -   | -                           | 3,803   |
| Total revenues                        | <u>92,515</u>                         | <u>73,238</u>                                  | <u>75,271</u>   | <u>1,050,574</u>            | <u>1,291,598</u>  |
| <b>Expenditures</b>                   |                                       |  |   |                             |   |
| Public safety                         | <u>22,164</u>                         | <u>94,380</u>                                  | <u>33,393</u>   | <u>848,898</u>              | <u>998,835</u>  |
| Total expenditures                    | <u>22,164</u>                         | <u>94,380</u>                                  | <u>33,393</u>   | <u>848,898</u>              | <u>998,835</u>  |
| <b>Other financing sources (uses)</b> |                                       |  |   |                             |   |
| Transfers out to general fund         | -                                     | -  | -   | -                           | -   |
| Transfers in/out to other funds       | -                                     | -  | -   | -                           | -   |
| Total other financing sources (uses)  | <u>-</u>                              | <u>-</u>                                       | <u>-</u>  | <u>-</u>                    | <u>-</u>  |
| Net change in fund balances           | <u>70,351</u>                         | <u>(21,142)</u>                                | <u>41,878</u>   | <u>201,676</u>              | <u>292,763</u>  |
| Fund balance - beginning of year      | <u>192,509</u>                        | <u>123,054</u>                                 | <u>74,950</u>   | <u>1,304,779</u>            | <u>1,695,292</u>  |
| Fund balance - end of year            | \$ <u><u>262,860</u></u>              | \$ <u><u>101,912</u></u>                       | \$ <u><u>116,828</u></u>                                    | \$ <u><u>1,506,455</u></u>  | \$ <u><u>1,988,055</u></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, 2024**

|   | <b>Housing<br/>Initiative</b> | <b>Non-Profit<br/>Organizations<br/>Loans</b> | <b>Fire/Rescue<br/>Loans</b> | <b>Total<br/>Loan Activities<br/>(See Exhibit II-B-4)</b> |
|---|-------------------------------|---|------------------------------|---|
| <b>Revenues</b>                                   |                               |   |                              |   |
| Other local taxes                                 | \$ 1,051,840                  | \$ -  | \$ -                         | \$ 1,051,840  |
| Interest from loans                               | 28,873                        | -   | -                            | 28,873  |
| Investment earnings                               | 839,796                       | -   | 11,509                       | 851,305   |
| Miscellaneous revenue                             | 2,577,216                     | -   | -                            | 2,577,216   |
| Total revenues                                    | <u>4,497,725</u>              | <u>-</u>                                      | <u>11,509</u>                | <u>4,509,234</u>  |
| <b>Expenditures</b>                               |                               |   |                              |   |
| Community development and public housing          | <u>376,090</u>                | <u>-</u>                                      | <u>-</u>                     | <u>376,090</u>  |
| Total expenditures                                | <u>376,090</u>                | <u>-</u>                                      | <u>-</u>                     | <u>376,090</u>  |
| Excess (deficiency) of revenues over expenditures | <u>4,121,635</u>              | <u>-</u>                                      | <u>11,509</u>                | <u>4,133,144</u>  |
| <b>Other financing sources (uses)</b>             |                               |   |                              |   |
| Transfer in from grants fund                      | <u>4,025</u>                  | <u>-</u>                                      | <u>-</u>                     | <u>4,025</u>  |
| Total other financing sources (uses)              | <u>4,025</u>                  | <u>-</u>                                      | <u>-</u>                     | <u>4,025</u>  |
| Net change in fund balances                       | 4,125,660                     | -   | 11,509                       | 4,137,169   |
| Fund balance - beginning of year                  | <u>28,589,710</u>             | <u>20,000</u>                                 | <u>212,856</u>               | <u>28,822,566</u>   |
| Fund balance - end of year                        | <u>\$ 32,715,370</u>          | <u>\$ 20,000</u>                              | <u>\$ 224,365</u>            | <u>\$ 32,959,735</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, 2024**

|   | Hotel Rental Tax           |                  |                                      | Housing Initiative         |                      |                                      | School Construction        |                     |                                      |
|---|----------------------------|------------------|--------------------------------------|----------------------------|----------------------|--------------------------------------|----------------------------|---------------------|--------------------------------------|
|   | Final<br>Amended<br>Budget | Actual           | Variance -<br>Positive<br>(Negative) | Final<br>Amended<br>Budget | Actual               | Variance -<br>Positive<br>(Negative) | Final<br>Amended<br>Budget | Actual              | Variance -<br>Positive<br>(Negative) |
| <b>Revenues</b>   |                            |                  |                                      |                            |                      |                                      |                            |                     |                                      |
| Lighting tax levy                                       | \$ -                       | \$ -             | \$ -                                 | \$ -                       | \$ -                 | \$ -                                 | \$ -                       | \$ -                | \$ -                                 |
| Other local taxes                                       | 2,500,000                  | 2,838,085        | 338,085                              | 1,319,912                  | 1,051,840            | (268,072)                            | 8,813,804                  | 7,023,733           | (1,790,071)                          |
| Grants from federal government                          | -                          | -                | -                                    | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Grants from state government                            | -                          | -                | -                                    | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Charges for services                                    | -                          | -                | -                                    | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Interest from loans                                     | -                          | -                | -                                    | -                          | 28,873               | 28,873                               | -                          | -                   | -                                    |
| Investment earnings                                     | 200                        | 8,328            | 8,128                                | 19,500                     | 839,796              | 820,296                              | 340,695                    | 1,163,945           | 823,250                              |
| Miscellaneous revenue                                   | 177,370                    | 175,518          | (1,852)                              | 3,500,000                  | 2,842,005            | (657,995)                            | -                          | -                   | -                                    |
| Total revenues  | <u>2,677,570</u>           | <u>3,021,931</u> | <u>344,361</u>                       | <u>4,839,412</u>           | <u>4,762,514</u>     | <u>(76,898)</u>                      | <u>9,154,499</u>           | <u>8,187,678</u>    | <u>(966,821)</u>                     |
| <b>Expenditures</b>                                     |                            |                  |                                      |                            |                      |                                      |                            |                     |                                      |
| General government                                      | 45,906                     | 42,030           | 3,876                                | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Public safety   | -                          | -                | -                                    | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Public works  | -                          | -                | -                                    | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Health  | -                          | -                | -                                    | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Social services   | -                          | -                | -                                    | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Parks and recreation                                    | -                          | -                | -                                    | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Miscellaneous   | -                          | -                | -                                    | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Conservation of natural resources                       | -                          | -                | -                                    | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Community development and public housing                | -                          | -                | -                                    | 9,219,805                  | 2,653,953            | 6,565,852                            | -                          | -                   | -                                    |
| Economic development and opportunity                    | 2,454,294                  | 2,804,383        | (350,089)                            | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Debt service  | -                          | -                | -                                    | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Total expenditures                                      | <u>2,500,200</u>           | <u>2,846,413</u> | <u>(346,213)</u>                     | <u>9,219,805</u>           | <u>2,653,953</u>     | <u>6,565,852</u>                     | <u>-</u>                   | <u>-</u>            | <u>-</u>                             |
| Excess (deficiency) of revenues<br>over expenditures    | <u>177,370</u>             | <u>175,518</u>   | <u>(1,852)</u>                       | <u>(4,380,393)</u>         | <u>2,108,561</u>     | <u>6,488,954</u>                     | <u>9,154,499</u>           | <u>8,187,678</u>    | <u>(966,821)</u>                     |
| <b>Other financing sources (uses)</b>                   |                            |                  |                                      |                            |                      |                                      |                            |                     |                                      |
| Appropriated fund balance                               | -                          | -                | -                                    | 4,376,368                  | 2,619,018            | (1,757,350)                          | -                          | -                   | -                                    |
| Transfers in from general fund                          | -                          | -                | -                                    | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Transfers in from grants fund                           | -                          | -                | -                                    | 4,025                      | 4,025                | -                                    | -                          | -                   | -                                    |
| Transfers out to capital projects fund                  | -                          | -                | -                                    | -                          | -                    | -                                    | (13,395,000)               | (13,395,000)        | -                                    |
| Transfers out to general fund                           | -                          | -                | -                                    | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Transfers out to fleet services                         | -                          | -                | -                                    | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Transfers out to housing initiative                     | -                          | -                | -                                    | -                          | -                    | -                                    | -                          | -                   | -                                    |
| Transfers out to debt service fund                      | (177,370)                  | (175,518)        | 1,852                                | -                          | -                    | -                                    | (4,504,675)                | (4,502,870)         | 1,805                                |
| Total other financing sources (uses)                    | <u>(177,370)</u>           | <u>(175,518)</u> | <u>1,852</u>                         | <u>4,380,393</u>           | <u>2,623,043</u>     | <u>(1,757,350)</u>                   | <u>(17,899,675)</u>        | <u>(17,897,870)</u> | <u>1,805</u>                         |
| Net change in fund balances                             | <u>\$ -</u>                | <u>\$ -</u>      | <u>\$ -</u>                          | <u>\$ -</u>                | <u>4,731,604</u>     | <u>\$ 4,731,604</u>                  | <u>\$ (8,745,176)</u>      | <u>(9,710,192)</u>  | <u>\$ (965,016)</u>                  |
| Fund balance - beginning of year                        |                            | -                |                                      |                            | 28,589,710           |                                      |                            | -                   |                                      |
| Net change in reserves and adjustments to<br>GAAP basis |                            | -                |                                      |                            | (605,944)            |                                      |                            | 9,710,192           |                                      |
| Fund balance - end of year                              |                            | <u>\$ -</u>      |                                      |                            | <u>\$ 32,715,370</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, 2024**

|   | Impact Fees                |                     |                                      | Parks Acquisition & Development |                    |                                      | Electric Lighting Tax Districts |                 |                                      |
|---|----------------------------|---------------------|--------------------------------------|---------------------------------|--------------------|--------------------------------------|---------------------------------|-----------------|--------------------------------------|
|   | Final<br>Amended<br>Budget | Actual              | Variance -<br>Positive<br>(Negative) | Final<br>Amended<br>Budget      | Actual             | Variance -<br>Positive<br>(Negative) | Final<br>Amended<br>Budget      | Actual          | Variance -<br>Positive<br>(Negative) |
| <b>Revenues</b>   |                            |                     |                                      |                                 |                    |                                      |                                 |                 |                                      |
| Lighting tax levy                                       | \$ -                       | \$ -                | \$ -                                 | \$ -                            | \$ -               | \$ -                                 | \$ 12,126                       | \$ 12,584       | \$ 458                               |
| Other local taxes                                       | -                          | -                   | -                                    | 6,605,727                       | 5,264,113          | (1,341,614)                          | -                               | -               | -                                    |
| Grants from federal government                          | -                          | -                   | -                                    | -                               | -                  | -                                    | -                               | -               | -                                    |
| Grants from state government                            | -                          | -                   | -                                    | -                               | -                  | -                                    | -                               | -               | -                                    |
| Charges for services                                    | 26,070,448                 | 22,642,704          | (3,427,744)                          | -                               | -                  | -                                    | -                               | -               | -                                    |
| Interest from loans                                     | -                          | -                   | -                                    | -                               | -                  | -                                    | -                               | -               | -                                    |
| Investment earnings                                     | 2,707,384                  | 8,195,430           | 5,488,046                            | 125,704                         | 1,157,687          | 1,031,983                            | -                               | 622             | 622                                  |
| Miscellaneous revenue                                   | -                          | -                   | -                                    | -                               | -                  | -                                    | -                               | -               | -                                    |
| Total revenues  | <u>28,777,832</u>          | <u>30,838,134</u>   | <u>2,060,302</u>                     | <u>6,731,431</u>                | <u>6,421,800</u>   | <u>(309,631)</u>                     | <u>12,126</u>                   | <u>13,206</u>   | <u>1,080</u>                         |
| <b>Expenditures</b>                                     |                            |                     |                                      |                                 |                    |                                      |                                 |                 |                                      |
| General government                                      | -                          | -                   | -                                    | -                               | -                  | -                                    | -                               | -               | -                                    |
| Public safety   | -                          | -                   | -                                    | -                               | -                  | -                                    | -                               | -               | -                                    |
| Public works  | -                          | -                   | -                                    | -                               | -                  | -                                    | 14,280                          | 16,555          | (2,275)                              |
| 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>14,280</u>                   | <u>16,555</u>   | <u>(2,275)</u>                       |
| Excess (deficiency) of revenues<br>over expenditures    | <u>28,777,832</u>          | <u>30,838,134</u>   | <u>2,060,302</u>                     | <u>6,731,431</u>                | <u>6,421,800</u>   | <u>(309,631)</u>                     | <u>(2,154)</u>                  | <u>(3,349)</u>  | <u>(1,195)</u>                       |
| <b>Other financing sources (uses)</b>                   |                            |                     |                                      |                                 |                    |                                      |                                 |                 |                                      |
| Appropriated fund balance                               | -                          | -                   | -                                    | -                               | -                  | -                                    | 2,154                           | -               | (2,154)                              |
| Transfers in from general fund                          | -                          | -                   | -                                    | -                               | -                  | -                                    | -                               | -               | -                                    |
| Transfers out to capital projects fund                  | (27,249,905)               | (27,249,905)        | -                                    | (3,898,356)                     | (3,898,356)        | -                                    | -                               | -               | -                                    |
| 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                      | (2,111,289)                | (2,108,305)         | 2,984                                | (1,484,926)                     | (1,435,413)        | -                                    | -                               | -               | -                                    |
| Total other financing sources (uses)                    | <u>(29,361,194)</u>        | <u>(29,358,210)</u> | <u>2,984</u>                         | <u>(5,383,282)</u>              | <u>(5,333,769)</u> | <u>-</u>                             | <u>2,154</u>                    | <u>-</u>        | <u>(2,154)</u>                       |
| Net change in fund balances                             | <u>\$ (583,362)</u>        | <u>1,479,924</u>    | <u>\$ 2,063,286</u>                  | <u>\$ 1,348,149</u>             | <u>1,088,031</u>   | <u>\$ (309,631)</u>                  | <u>\$ -</u>                     | <u>(3,349)</u>  | <u>\$ (3,349)</u>                    |
| Fund balance - beginning of year                        |                            | -                   |                                      |                                 | -                  |                                      |                                 | 6,275           |                                      |
| Net change in reserves and adjustments to<br>GAAP basis |                            | <u>(1,479,924)</u>  |                                      |                                 | <u>(1,088,031)</u> |                                      |                                 | <u>-</u>        |                                      |
| Fund balance - end of year                              |                            | <u>\$ -</u>         |                                      |                                 | <u>\$ -</u>        |                                      |                                 | <u>\$ 2,926</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, 2024**

|   | <b>Opioid Abatement</b>             |                     |   |
|---|-------------------------------------|---------------------|---|
|   | <b>Final<br/>Amended<br/>Budget</b> | <b>Actual</b>       | <b>Variance -<br/>Positive<br/>(Negative)</b> |
| <b>Revenues</b>   |                                     |                     |   |
| Lighting tax levy                                       | \$ -                                | \$ -                | \$ -  |
| Other local taxes                                       | -                                   | -                   | -   |
| Grants from federal government                          | -                                   | -                   | -   |
| Grants from state government                            | 602,631                             | 645,442             | 42,811  |
| Charges for services                                    | -                                   | -                   | -   |
| Interest from loans                                     | -                                   | -                   | -   |
| Investment earnings                                     | 1,000                               | 99,964              | 98,964  |
| Miscellaneous revenue                                   | -                                   | 1,034,088           | 1,034,088                                     |
| Total revenues  | <u>603,631</u>                      | <u>1,779,494</u>    | <u>1,175,863</u>                              |
| <b>Expenditures</b>                                     |                                     |                     |   |
| General government                                      | 1,662,615                           | 727,542             | 935,073                                       |
| 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>1,662,615</u>                    | <u>727,542</u>      | <u>935,073</u>                                |
| Excess (deficiency) of revenues<br>over expenditures    | <u>(1,058,984)</u>                  | <u>1,051,952</u>    | <u>2,110,936</u>                              |
| <b>Other financing sources (uses)</b>                   |                                     |                     |   |
| Appropriated fund balance                               | 565,632                             | -                   | (565,632)                                     |
| Transfers in from general fund                          | -                                   | -                   | -   |
| Transfers out to capital projects fund                  | -                                   | -                   | -   |
| Transfers out to general fund                           | 493,352                             | 493,352             | -   |
| 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>1,058,984</u>                    | <u>493,352</u>      | <u>(565,632)</u>                              |
| Net change in fund balances                             | <u>\$ -</u>                         | <u>1,545,304</u>    | <u>\$ 1,545,304</u>                           |
| <br>Fund balance - beginning of year                    |                                     | 658,430             |   |
| Net change in reserves and adjustments to<br>GAAP basis |                                     | -                   |   |
| Fund balance - end of year                              |                                     | <u>\$ 2,203,734</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, 2024**

|  | <u>Amended<br/>Budget</u> | <u>Actual</u>        | <u>Variance -<br/>Positive<br/>(Negative)</u> |
|--|---------------------------|----------------------|---|
| <b>Revenues</b>                                      |                           |                      |   |
| Investment earnings                                  | \$ 2,236,588              | \$ 3,237,714         | \$ 1,001,126                                  |
| Total revenues                                       | <u>2,236,588</u>          | <u>3,237,714</u>     | <u>1,001,126</u>                              |
| <b>Expenditures</b>                                  |                           |                      |   |
| Principal and interest for general obligation bonds: |                           |                      |   |
| General government                                   | 13,401,480                | 12,576,581           | 824,899                                       |
| Parks and recreation                                 | 3,059,449                 | 2,279,263            | 780,186                                       |
| Watershed restoration                                | 2,011,678                 | 1,853,641            | 158,037                                       |
| Transportation                                       | 13,010,127                | 12,160,026           | 850,101                                       |
| Public Safety  | 4,856,997                 | 4,602,143            | 254,854                                       |
| Frederick County Public Libraries                    | 1,165,561                 | 1,142,296            | 23,265  |
| Frederick Community College                          | 3,601,061                 | 3,407,955            | 193,106                                       |
| Frederick County Public Schools                      | 22,843,545                | 21,868,948           | 974,597                                       |
| Municipalities                                       | 950,496                   | 894,913              | 55,583  |
| Tourism  | 176,870                   | 175,461              | 1,409   |
| Principal and interest for:                          |                           |                      |   |
| Installment purchase agreements                      | 5,847,910                 | 5,818,881            | 29,029  |
| Long term leases                                     | 1,873,400                 | 1,254,970            | 618,430                                       |
| Debt issuance costs                                  | <u>120,056</u>            | <u>26,483</u>        | <u>93,573</u>                                 |
| Total expenditures                                   | <u>72,918,630</u>         | <u>68,061,561</u>    | <u>4,857,069</u>                              |
| Excess (deficiency) of revenues over expenditures    | <u>(70,682,042)</u>       | <u>(64,823,847)</u>  | <u>5,858,195</u>                              |
| <b>Other financing sources (uses)</b>                |                           |                      |   |
| Transfers in from general fund                       | 52,327,730                | 52,327,730           | -   |
| Transfers in from special revenue funds:             |                           |                      |   |
| Agricultural preservation fund                       | 5,897,910                 | 5,832,743            | (65,167)                                      |
| Hotel rental tax fund                                | 177,370                   | 175,518              | (1,852)                                       |
| Transfers in from capital project funds:             |                           |                      |   |
| Impact fee fund                                      | 2,112,645                 | 2,108,305            | (4,340)                                       |
| Parks acquisition & development fund                 | 1,484,926                 | 1,435,413            | (49,513)                                      |
| School construction fund                             | <u>4,504,675</u>          | <u>4,502,870</u>     | <u>(1,805)</u>                                |
| Total other financing sources (uses)                 | <u>66,505,256</u>         | <u>66,382,579</u>    | <u>(122,677)</u>                              |
| Net change in fund balances                          | <u>\$ (4,176,786)</u>     | <u>1,558,732</u>     | <u>\$ 5,735,518</u>                           |
| Net change in reserves and adjustment to GAAP basis  |                           | -                    |   |
| Fund balance - beginning of year                     |                           | <u>10,201,485</u>    |   |
| Fund balance - end of year                           |                           | <u>\$ 11,760,217</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, 2024**

|  | <u>Project<br/>Budget</u> | <u>Current Year<br/>Actual</u> | <u>Total To<br/>Date</u> | <u>Variance -<br/>Positive<br/>(Negative)</u> |
|--|---------------------------|--------------------------------|--------------------------|---|
| <b>Revenues</b>  |                           |                                |                          |   |
| Grants from federal government                         |                           |                                |                          |   |
| Highways   | \$ 13,910,119             | \$ 75,266                      | \$ 193,078               | \$ (13,717,041)                               |
| Miscellaneous grants                                   | 12,715,727                | 121,528                        | 184,262                  | (12,531,465)                                  |
| Grants from state government:                          |                           |                                |                          |   |
| Highways   | 5,024,000                 | -                              | -                        | (5,024,000)                                   |
| Program open space                                     | 4,378,840                 | -                              | (222,044)                | (4,600,884)                                   |
| Detention center                                       | 6,648,092                 | 2,981,164                      | 6,016,391                | (631,701)                                     |
| Education  | 242,442,602               | 16,464,510                     | 72,043,632               | (170,398,970)                                 |
| Education - library                                    | 4,172,000                 | 2,747,652                      | 1                        | (4,171,999)                                   |
| Watershed restoration                                  | 2,707,221                 | 16,769                         | 245,897                  | (2,461,324)                                   |
| Miscellaneous grants                                   | 14,788,734                | 2,782,695                      | 3,606,000                | (11,182,734)                                  |
| Other  | 5,365,933                 | 303,153                        | 1,923,994                | (3,441,939)                                   |
| Total revenues   | <u>312,153,268</u>        | <u>25,492,737</u>              | <u>83,991,211</u>        | <u>(228,162,057)</u>                          |
| <b>Expenditures</b>                                    |                           |                                |                          |   |
| General government                                     | 305,124,192               | 34,571,318                     | 60,440,283               | 244,683,909                                   |
| Roads and bridges                                      | 247,601,096               | 14,408,747                     | 48,954,354               | 198,646,742                                   |
| Board of Education                                     | 524,799,190               | 59,724,821                     | 192,002,995              | 332,796,195                                   |
| Frederick Community College                            | 42,003,190                | 1,868,605                      | 9,062,994                | 32,940,196                                    |
| Parks and recreation                                   | 105,840,397               | 7,908,110                      | 18,221,789               | 87,618,608                                    |
| Watershed restoration                                  | 59,441,809                | 4,884,109                      | 5,948,148                | 53,493,661                                    |
| Municipal  | 2,517,590                 | 132,387                        | 744,437                  | 1,773,153                                     |
| Total expenditures                                     | <u>1,287,327,464</u>      | <u>123,498,097</u>             | <u>335,375,000</u>       | <u>951,952,464</u>                            |
| Excess (deficiency) of revenues over expenditures      | <u>(975,174,196)</u>      | <u>(98,005,360)</u>            | <u>(251,383,789)</u>     | <u>723,790,407</u>                            |
| <b>Other financing sources (uses)</b>                  |                           |                                |                          |   |
| Transfers in from general fund                         | 196,208,851               | 20,927,647                     | 111,860,514              | (84,348,337)                                  |
| Transfers in from grant fund                           | 3,665,270                 | 434,321                        | 1,139,045                | (2,526,225)                                   |
| Transfers in from impact fees fund                     | 118,475,688               | 27,249,905                     | 85,814,335               | (32,661,353)                                  |
| Transfers in from parks acquisition & development fund | 42,842,322                | 3,898,356                      | 21,838,019               | (21,004,303)                                  |
| Transfers in from development road improvement fund    | 3,153,070                 | -                              | 264,004                  | (2,889,066)                                   |
| Transfers in from school construction fund             | 31,539,471                | 13,395,000                     | 21,168,195               | (10,371,276)                                  |
| Transfers in from water and sewer fund                 | 3,014,540                 | 940,577                        | 1,491,045                | (1,523,495)                                   |
| Transfers in from solid waste fund                     | 110,185                   | 34,357                         | 193,490                  | 83,305  |
| Transfers out to fleet service fund                    | -                         | (134,885)                      | -                        | -   |
| Transfers out to water and sewer fund                  | -                         | (38,615)                       | (740,020)                | (740,020)                                     |
| General obligation bonds issued                        | 533,225,997               | -                              | 77,407,851               | (455,818,146)                                 |
| Premium on debt  | 32,153,436                | -                              | 42,961,386               | 10,807,950                                    |
| Sale of capital assets                                 | 2,868,427                 | -                              | 2,868,427                | -   |
| Capital leases   | 7,916,939                 | -                              | 401,940                  | (7,514,999)                                   |
| Total other financing sources (uses)                   | <u>975,174,196</u>        | <u>66,706,663</u>              | <u>366,668,231</u>       | <u>(608,505,965)</u>                          |
| Net change in fund balances                            | <u>\$ -</u>               | <u>(31,298,697)</u>            | <u>\$ 115,284,442</u>    | <u>\$ 115,284,442</u>                         |
| Net change in reserves and adjustment to GAAP basis    |                           | (32,023,353)                   |                          |   |
| Fund balance - beginning of year                       |                           | 382,065,788                    |                          |   |
| Fund balance - end of year                             |                           | <u>\$ 318,743,738</u>          |                          |   |

**FREDERICK COUNTY, MARYLAND**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2024**

|   | <b>Worker's<br/>Compensation</b> | <b>Health<br/>Insurance</b> | <b>Voice<br/>Services</b> | <b>Fleet<br/>Services</b> | <b>Total<br/>Internal Service<br/>Funds<br/>(See Exhibit II-A-10)</b> |
|---|----------------------------------|-----------------------------|---------------------------|---------------------------|---|
| <b>Assets</b>                                   |                                  |                             |                           |                           |   |
| Current assets:                                 |                                  |                             |                           |                           |   |
| Equity in pooled invested cash                  | \$ 19,593,742                    | \$ 3,925,292                | \$ 87,030                 | \$ 19,314,031             | \$ 42,920,095   |
| Restricted cash and cash equivalents            |                                  |                             |                           |                           | -   |
| Total cash and cash equivalents                 | 19,593,742                       | 3,925,292                   | 87,030                    | 19,314,031                | 42,920,095  |
| Receivables, net of allowance for uncollectible |                                  |                             |                           |                           |   |
| Accounts  | 353,643                          | 567,772                     | 61,680                    | 82,988                    | 1,066,083   |
| Inventories                                     | -                                | -                           | -                         | 712,367                   | 712,367   |
| Prepaid items                                   | -                                | -                           | 128,769                   | -                         | 128,769   |
| Total current assets                            | 19,947,385                       | 4,493,064                   | 277,479                   | 20,109,386                | 44,827,314  |
| Noncurrent assets:                              |                                  |                             |                           |                           |   |
| Capital assets:                                 |                                  |                             |                           |                           |   |
| Buildings and improvements                      | -                                | -                           | -                         | 1,833,133                 | 1,833,133   |
| Equipment                                       | -                                | -                           | 487,344                   | 46,953,869                | 47,441,213  |
| Right-to-use assets                             | -                                | -                           | -                         | 518,415                   | 518,415   |
| Accumulated depreciation/amortization           | -                                | -                           | (411,691)                 | (27,528,225)              | (27,939,916)  |
| Construction in progress                        | -                                | -                           | -                         | 152,055                   | 152,055   |
| Total noncurrent assets                         | -                                | -                           | 75,653                    | 21,929,247                | 22,004,900  |
| Total assets                                    | 19,947,385                       | 4,493,064                   | 353,132                   | 42,038,633                | 66,832,214  |
| <b>Liabilities</b>                              |                                  |                             |                           |                           |   |
| Current liabilities:                            |                                  |                             |                           |                           |   |
| Payroll and benefit deductions                  | 3,285                            | -                           | 15,629                    | 82,429                    | 101,343   |
| Accrued expenses                                | 4,015                            | 3,979,322                   | 8,150                     | 232,857                   | 4,224,344   |
| Other liabilities                               | -                                | 863,893                     | -                         | -                         | 863,893   |
| Current portion of prefunded loss claims        | 1,664,515                        | -                           | -                         | -                         | 1,664,515   |
| Current portion of leases                       | -                                | -                           | -                         | 105,644                   | 105,644   |
| Current portion of compensated absences         | 754                              | -                           | 1,844                     | 8,082                     | 10,680  |
| Total current liabilities                       | 1,672,569                        | 4,843,215                   | 25,623                    | 429,012                   | 6,970,419   |
| Noncurrent liabilities:                         |                                  |                             |                           |                           |   |
| Liability for prefunded loss claims             | 4,119,541                        | -                           | -                         | -                         | 4,119,541   |
| Liability for long-term portion of leases       | -                                | -                           | -                         | 43,257                    | 43,257  |
| Liability for compensated absences              | 3,605                            | -                           | 36,578                    | 192,695                   | 232,878   |
| Total noncurrent liabilities                    | 4,123,146                        | -                           | 36,578                    | 235,952                   | 4,395,676   |
| Total liabilities                               | 5,795,715                        | 4,843,215                   | 62,201                    | 664,964                   | 11,366,095  |
| <b>Net position</b>                             |                                  |                             |                           |                           |   |
| Net investment in capital assets                | -                                | -                           | 75,653                    | 21,628,291                | 21,703,944  |
| Unrestricted                                    | 14,151,670                       | (350,151)                   | 215,278                   | 19,745,378                | 33,762,175  |
| Total net position                              | \$ 14,151,670                    | \$ (350,151)                | \$ 290,931                | \$ 41,373,669             | \$ 55,466,119   |

**FREDERICK COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

|  | <b>Worker's<br/>Compensation</b> | <b>Health<br/>Insurance</b> | <b>Voice<br/>Services</b> | <b>Fleet<br/>Services</b> | <b>Total<br/>Internal Service<br/>Funds<br/>(See Exhibit II-A-11)</b> |
|--|----------------------------------|-----------------------------|---------------------------|---------------------------|---|
| <b>Operating revenues</b>                                    |                                  |                             |                           |                           |   |
| Service charges  | \$ 4,379,991                     | \$ 38,781,588               | \$ 1,009,323              | \$ 17,867,512             | \$ 62,038,414   |
| Other revenues   | 24,170                           | 1,909,374                   | -                         | 17,533                    | 1,951,077   |
| Total operating revenues                                     | <u>4,404,161</u>                 | <u>40,690,962</u>           | <u>1,009,323</u>          | <u>17,885,045</u>         | <u>63,989,491</u>   |
| <b>Operating expenses</b>                                    |                                  |                             |                           |                           |   |
| Personnel services   | 113,633                          | -                           | 529,167                   | 3,077,123                 | 3,719,923   |
| Other operating expenses (including administrative overhead) | 359,438                          | 1,682,041                   | 492,084                   | 1,624,152                 | 4,157,715   |
| Prefunded loss & estimated claims                            | 3,308,775                        | -                           | -                         | -                         | 3,308,775   |
| Insurance  | 570,181                          | 39,847,326                  | -                         | -                         | 40,417,507  |
| Supplies   | -                                | -                           | 168                       | 6,345,251                 | 6,345,419   |
| Repairs and maintenance                                      | -                                | -                           | 298,222                   | 1,424,041                 | 1,722,263   |
| Depreciation/amortization expense                            | -                                | -                           | 53,668                    | 4,550,389                 | 4,604,057   |
| Total operating expenses                                     | <u>4,352,027</u>                 | <u>41,529,367</u>           | <u>1,373,309</u>          | <u>17,020,956</u>         | <u>64,275,659</u>   |
| Operating income (loss)                                      | <u>52,134</u>                    | <u>(838,405)</u>            | <u>(363,986)</u>          | <u>864,089</u>            | <u>(286,168)</u>  |
| <b>Nonoperating revenues (expenses)</b>                      |                                  |                             |                           |                           |   |
| Investment earnings  | 979,328                          | 205,638                     | 17,761                    | 919,623                   | 2,122,350   |
| Insurance recovery   | -                                | -                           | -                         | 43,477                    | 43,477  |
| Interest expense   | -                                | -                           | -                         | (9,365)                   | (9,365)   |
| Contributions and donations                                  | -                                | -                           | -                         | 12,276                    | 12,276  |
| Gain (loss) on disposition of capital assets                 | -                                | -                           | -                         | 184,758                   | 184,758   |
| Total nonoperating revenues (expenses)                       | <u>979,328</u>                   | <u>205,638</u>              | <u>17,761</u>             | <u>1,150,769</u>          | <u>2,353,496</u>  |
| Net income (loss) before contributions and transfers         | <u>1,031,462</u>                 | <u>(632,767)</u>            | <u>(346,225)</u>          | <u>2,014,858</u>          | <u>2,067,328</u>  |
| Transfers in (out)   | <u>450,000</u>                   | <u>-</u>                    | <u>-</u>                  | <u>2,253,244</u>          | <u>2,703,244</u>  |
| Total contributions and transfers                            | <u>450,000</u>                   | <u>-</u>                    | <u>-</u>                  | <u>2,253,244</u>          | <u>2,703,244</u>  |
| Change in net position                                       | 1,481,462                        | (632,767)                   | (346,225)                 | 4,268,102                 | 4,770,572   |
| Net position - beginning 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>   |
| Net position - end of year                                   | <u>\$ 14,151,670</u>             | <u>\$ (350,151)</u>         | <u>\$ 290,931</u>         | <u>\$ 41,373,669</u>      | <u>\$ 55,466,119</u>  |

**FREDERICK COUNTY, MARYLAND**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

|  | <b>Worker's<br/>Compensation</b> | <b>Health<br/>Insurance</b> | <b>Voice<br/>Services</b> | <b>Fleet<br/>Services</b> | <b>Total<br/>Internal Service<br/>Funds<br/>(See Exhibit II-A-12)</b> |
|--|----------------------------------|-----------------------------|---------------------------|---------------------------|---|
| <b>Cash flows from operating activities</b>                        |                                  |                             |                           |                           |   |
| Cash received from residents and customers                         | \$ -                             | \$ -                        | \$ 457,572                | \$ 1,012,741              | \$ 1,470,313  |
| Cash paid to suppliers   | (4,313,409)                      | (40,801,809)                | (779,964)                 | (9,358,188)               | (55,253,370)  |
| Cash paid to employees   | (110,718)                        | -                           | (514,558)                 | (3,073,882)               | (3,699,158)   |
| Internal activity - receipts from other funds                      | 4,386,518                        | 40,609,902                  | 603,928                   | 16,856,514                | 62,456,862  |
| Net cash provided by operating activities                          | <u>(37,609)</u>                  | <u>(191,907)</u>            | <u>(233,022)</u>          | <u>5,437,185</u>          | <u>4,974,647</u>  |
| <b>Cash flows from noncapital financing activities</b>             |                                  |                             |                           |                           |   |
| Transfers in   | 450,000                          | -                           | -                         | 2,253,244                 | 2,703,244   |
| Net cash provided (used) by noncapital financing activities        | <u>450,000</u>                   | <u>-</u>                    | <u>-</u>                  | <u>2,253,244</u>          | <u>2,703,244</u>  |
| <b>Cash flows from capital and related financing activities</b>    |                                  |                             |                           |                           |   |
| Acquisition and construction of capital assets                     | -                                | -                           | (54,677)                  | (6,134,449)               | (6,189,126)   |
| Recoveries for damages   | -                                | -                           | -                         | 43,477                    | 43,477  |
| Proceeds from sale of capital assets                               | -                                | -                           | -                         | 403,587                   | 403,587   |
| Payment of bond, note, and lease principals                        | -                                | -                           | -                         | (165,365)                 | (165,365)   |
| Interest paid on bonds, notes, and leases                          | -                                | -                           | -                         | (9,365)                   | (9,365)   |
| Net cash provided (used) by capital & related financing activities | <u>-</u>                         | <u>-</u>                    | <u>(54,677)</u>           | <u>(5,862,115)</u>        | <u>(5,916,792)</u>  |
| <b>Cash flows from investing activities</b>                        |                                  |                             |                           |                           |   |
| Interest received on investments                                   | 979,329                          | 205,638                     | 17,761                    | 919,623                   | 2,122,351   |
| Net cash provided by investing activities                          | <u>979,329</u>                   | <u>205,638</u>              | <u>17,761</u>             | <u>919,623</u>            | <u>2,122,351</u>  |
| Net increase (decrease) in cash and cash equivalents               | 1,391,720                        | 13,731                      | (269,938)                 | 2,747,937                 | 3,883,450   |
| Cash and cash equivalents - beginning of year                      | 18,202,022                       | 3,911,561                   | 356,968                   | 16,566,094                | 39,036,645  |
| Cash and cash equivalents - end of year                            | <u>\$ 19,593,742</u>             | <u>\$ 3,925,292</u>         | <u>\$ 87,030</u>          | <u>\$ 19,314,031</u>      | <u>\$ 42,920,095</u>  |

(continued)

**FREDERICK COUNTY, MARYLAND  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

|   | <u>Worker's<br/>Compensation</u> | <u>Health<br/>Insurance</u> | <u>Voice<br/>Services</u> | <u>Fleet<br/>Services</u> | <u>Total<br/>Internal Service<br/>Funds<br/>(See Exhibit II-A-12)</u> |
|---|----------------------------------|-----------------------------|---------------------------|---------------------------|---|
| <b>Reconciliation of operating income to net cash provided by operating activities:</b>     |                                  |                             |                           |                           |   |
| Operating income  | \$ 52,134                        | \$ (838,405)                | \$ (363,986)              | \$ 864,089                | \$ (286,168)  |
| Adjustments to reconcile net operating income to net cash provided by operating activities: |                                  |                             |                           |                           |   |
| Depreciation  | -                                | -                           | 53,668                    | 4,550,389                 | 4,604,057   |
| Change in assets and liabilities:   |                                  |                             |                           |                           |   |
| (Increase) decrease in:   |                                  |                             |                           |                           |   |
| Accounts receivable   | (17,643)                         | (81,060)                    | 52,177                    | 1,743                     | (44,783)  |
| Inventory   | -                                | -                           | -                         | (15,114)                  | (15,114)  |
| Prepaid items   | -                                | -                           | 6,930                     | -                         | 6,930   |
| (Increase) decrease in:   |                                  |                             |                           |                           |   |
| Accrued expenses  | (29,915)                         | (136,335)                   | 8,466                     | 19,217                    | (138,567)   |
| Liability for compensated leave   | 3,045                            | -                           | 9,736                     | 16,861                    | 29,642  |
| Other liabilities   | (45,230)                         | 863,893                     | (13)                      | -                         | 818,650   |
| Net cash provided by operating activities   | <u>\$ (37,609)</u>               | <u>\$ (191,907)</u>         | <u>\$ (233,022)</u>       | <u>\$ 5,437,185</u>       | <u>\$ 4,974,647</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, 2024**

|  | <b>Employees<br/>Retirement Plan</b> | <b>Uniformed<br/>Employees<br/>Retirement<br/>Plan</b> | <b>Other Post<br/>Employment<br/>Benefits Trust</b> | <b>Length of<br/>Service Award<br/>Program Trust</b> | <b>Total<br/>Pension Trust<br/>&amp; OPEB Funds<br/>(See Exhibit II-A-13)</b> |
|--|--------------------------------------|--|---|--|---|
| <b>ASSETS</b>  |                                      |  |   |  |   |
| Cash and cash equivalents                                  | \$ 643,477                           | \$ 378,767   | \$ 10,430,811                                       | \$ 125,184   | \$ 11,578,239   |
| Investments:   |                                      |  |   |  |   |
| Money markets  | 4,991,213                            | 27,073,873   | 152,640   | 238  | 32,217,964  |
| Fixed income securities                                    | 182,846,291                          | 135,242,170  | 75,556,003  | 1,557,839  | 395,202,303   |
| Equity securities  | 356,181,496                          | 268,123,651  | 152,118,348   | 2,922,012  | 779,345,507   |
| Global infrastructure                                      | 26,312,634                           | 19,999,252   | 11,074,582  | -  | 57,386,468  |
| Target date securities                                     | -                                    | 550,128  | -   | -  | 550,128   |
| Accounts receivable  | 96,517                               | 247,851  | 690,310   | -  | 1,034,678   |
| Interest receivable  | 524,937                              | 388,239  | 159,891   | 1  | 1,073,068   |
| Total assets   | <u>571,596,565</u>                   | <u>452,003,931</u>                                     | <u>250,182,585</u>                                  | <u>4,605,274</u>                                     | <u>1,278,388,355</u>  |
| <b>LIABILITIES</b>   |                                      |  |   |  |   |
| Accounts payable   | 358,562                              | 279,739  | 147,233   | 4,033  | 789,567   |
| Accrued benefit payments                                   | 2,173,430                            | 1,232,710  | 1,059,720   | -  | 4,465,860   |
| Other liabilities  | 13,921                               | 7,510  | 345,654   | -  | 367,085   |
| Total liabilities  | <u>2,545,913</u>                     | <u>1,519,959</u>                                       | <u>1,552,607</u>                                    | <u>4,033</u>   | <u>5,622,512</u>  |
| <b>NET POSITION</b>  |                                      |  |   |  |   |
| Net position restricted for pension                        | 569,050,652                          | 450,483,972  | -   | 4,601,241  | 1,024,135,865   |
| Net position restricted for other post employment benefits | -                                    | -  | 248,629,978   | -  | 248,629,978   |
| Total net position   | <u>\$ 569,050,652</u>                | <u>\$ 450,483,972</u>                                  | <u>\$ 248,629,978</u>                               | <u>\$ 4,601,241</u>                                  | <u>\$ 1,272,765,843</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, 2024**

|  | <u>Employees<br/>Retirement<br/>Plan</u> | <u>Uniformed<br/>Employees<br/>Retirement<br/>Plan</u> | <u>Other Post<br/>Employment<br/>Benefits Trust</u> | <u>Length of<br/>Service Award<br/>Program Trust</u> | <u>Total<br/>Pension Trust<br/>&amp; OPEB Funds<br/>(See Exhibit II-A-14)</u> |
|--|--|--|---|--|---|
| <b>Additions</b>                                   |  |  |   |  |   |
| Contributions                                      |  |  |   |  |   |
| Employer contributions                             | \$ 17,278,746                            | \$ 23,130,923  | \$ 10,369,897                                       | \$ -   | \$ 50,779,566   |
| Member contributions                               | 6,971,037                                | 6,519,948  | 2,376,275   | -  | 15,867,260  |
| County contributions                               | -  | -  | -   | 1,207,434  | 1,207,434   |
| Other  | 22,806                                   | 16,892   | 1,834,639   | -  | 1,874,337   |
| Total contributions                                | <u>24,272,589</u>                        | <u>29,667,763</u>                                      | <u>14,580,811</u>                                   | <u>1,207,434</u>                                     | <u>69,728,597</u>   |
| Investment income                                  |  |  |   |  |   |
| Net appreciation in fair value of plan investments | 53,792,599                               | 41,078,939   | 26,202,752  | 474,637  | 121,548,927   |
| Interest and dividends                             | 10,293,406                               | 8,249,103  | 5,472,031   | 136,234  | 24,150,774  |
| Investment expense                                 | (1,275,667)                              | (983,085)  | (116,994)   | (4,168)  | (2,379,914)   |
| Net investment income                              | <u>62,810,338</u>                        | <u>48,344,957</u>                                      | <u>31,557,789</u>                                   | <u>606,703</u>                                       | <u>143,319,787</u>  |
| Total additions                                    | <u>87,082,927</u>                        | <u>78,012,720</u>                                      | <u>46,138,600</u>                                   | <u>1,814,137</u>                                     | <u>213,048,384</u>  |
| <b>Deductions</b>                                  |  |  |   |  |   |
| Benefit premiums and refunds                       | 24,850,699                               | 14,876,534   | 1,516,695   | 916,223  | 42,160,151  |
| Benefit claims incurred                            | -  | -  | 13,307,370  | -  | 13,307,370  |
| Administrative expenses                            | 247,331                                  | 199,945  | 473,296   | 15,385   | 935,957   |
| Total deductions                                   | <u>25,098,030</u>                        | <u>15,076,479</u>                                      | <u>15,297,361</u>                                   | <u>931,608</u>                                       | <u>56,403,478</u>   |
| Change in net position                             | 61,984,897                               | 62,936,241   | 30,841,239  | 882,529  | 156,644,906   |
| Net position - beginning 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>  |
| Net position - end of year                         | <u>\$ 569,050,652</u>                    | <u>\$ 450,483,972</u>                                  | <u>\$ 248,629,978</u>                               | <u>\$ 4,601,241</u>                                  | <u>\$ 1,272,765,843</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, 2024**

|  | <b><u>Tax Agency</u></b> | <b><u>Subdivision and<br/>Driveway Deposits</u></b> | <b><u>Work Release</u></b> | <b><u>Law Library</u></b> | <b><u>Juror's Fund</u></b> | <b><u>Total Other<br/>Custodial</u></b> |
|--|--------------------------|---|----------------------------|---------------------------|----------------------------|---|
| <b>Assets</b>                                      |                          |   |                            |                           |                            |   |
| Cash and cash equivalents                          | \$ 4,397,034             | \$ 6,171,525  | \$ 16,299                  | \$ 440,999                | \$ 31,840                  | \$ 11,057,697                           |
| Receivables (net of allowance for uncollectibles): |                          |   |                            |                           |                            |   |
| Interest   | -                        | -   | -                          | -                         | -                          | -                                       |
| Property Taxes                                     | -                        | -   | -                          | -                         | -                          | -                                       |
| Accounts   | 23,906                   | -   | -                          | -                         | 9,480                      | 33,386                                  |
| Total Assets                                       | <u>4,420,940</u>         | <u>6,171,525</u>                                    | <u>16,299</u>              | <u>440,999</u>            | <u>41,320</u>              | <u>11,091,083</u>                       |
| <b>Liabilities</b>                                 |                          |   |                            |                           |                            |   |
| Accounts payable                                   | -                        | -   | -                          | -                         | -                          | -                                       |
| Accrued benefit payments                           | -                        | -   | -                          | -                         | -                          | -                                       |
| Due to third parties                               | 4,420,940                | -   | 16,299                     | 386,549                   | 41,320                     | 4,865,108                               |
| Bond forfeitures                                   | -                        | -   | -                          | 54,450                    | -                          | 54,450                                  |
| Performance deposits                               | -                        | 6,171,525   | -                          | -                         | -                          | 6,171,525                               |
| Retirement benefit deductions                      | -                        | -   | -                          | -                         | -                          | -                                       |
| Total Liabilities                                  | <u>4,420,940</u>         | <u>6,171,525</u>                                    | <u>16,299</u>              | <u>440,999</u>            | <u>41,320</u>              | <u>11,091,083</u>                       |
| <b>NET POSITION</b>                                |                          |   |                            |                           |                            |   |
| Total net position                                 | <u>\$ -</u>              | <u>\$ -</u>   | <u>\$ -</u>                | <u>\$ -</u>               | <u>\$ -</u>                | <u>\$ -</u>                             |

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

**FREDERICK COUNTY, MARYLAND**  
**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

|                                  | <u>Tax Agency</u> | <u>Subdivision and<br/>Driveway Deposits</u> | <u>Work Release</u> | <u>Tax Incremental<br/>Financing Bond</u> | <u>Law Library</u> | <u>Juror's Fund</u> | <u>Total Other<br/>Custodial</u> |
|----------------------------------|-------------------|--|---------------------|---|--------------------|---------------------|----------------------------------|
| <b>Additions</b>                 |                   |  |                     |   |                    |                     |                                  |
| Other                            | \$ 28,205,756     | \$ 3,647,661                                 | \$ 1,262,420        | \$ 9,589,550                              | \$ 156,037         | \$ 538,382          | \$ 43,399,806                    |
| Total Additions                  | <u>28,205,756</u> | <u>3,647,661</u>                             | <u>1,262,420</u>    | <u>9,589,550</u>                          | <u>156,037</u>     | <u>538,382</u>      | <u>43,399,806</u>                |
| <b>Deductions</b>                |                   |  |                     |   |                    |                     |                                  |
| Third party payments             | 28,205,756        | 3,647,661                                    | 1,262,420           | 9,589,550                                 | 156,037            | 538,382             | 43,399,806                       |
| Total Deductions                 | <u>28,205,756</u> | <u>3,647,661</u>                             | <u>1,262,420</u>    | <u>9,589,550</u>                          | <u>156,037</u>     | <u>538,382</u>      | <u>43,399,806</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, 2024**

|  | <u><b>2024</b></u>             |
|--|--------------------------------|
| <b>Governmental funds capital assets</b>                             |                                |
| Land and improvements  | \$ 240,490,227                 |
| Buildings  | 323,123,160                    |
| Equipment  | 139,240,282                    |
| Infrastructure   | 463,027,219                    |
| Construction in progress   | 76,453,396                     |
| Total governmental funds capital assets                              | <u><u>\$ 1,242,334,284</u></u> |
| <br><b>Investment in governmental funds capital assets by source</b> |                                |
| Capital projects fund (2)  | \$ 965,665,252                 |
| General fund   | 46,127,736                     |
| Special revenue funds  | 139,437,730                    |
| Donations  | 91,103,566                     |
| Total governmental funds capital assets                              | <u><u>\$ 1,242,334,284</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 \$49,944,816 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, 2024**

| <b>Function</b>                         | <b>Land and<br/>Improvements</b> | <b>Buildings</b>      | <b>Equipment</b>      | <b>Infrastructure</b> | <b>Construction<br/>in Progress</b> | <b>Total</b>            |
|---|----------------------------------|-----------------------|-----------------------|-----------------------|-------------------------------------|-------------------------|
| General government                      | \$ 9,791,432                     | \$ 82,076,804         | \$ 26,724,360         | \$ -                  | \$ -                                | \$ 118,592,596          |
| Public safety                           | 10,946,297                       | 92,895,619            | 84,198,927            | -                     | -                                   | 188,040,843             |
| Public works                            | 8,655,279                        | 25,272,814            | 14,655,296            | -                     | -                                   | 48,583,389              |
| Public health                           | 4,949,536                        | 38,630,796            | 868,574               | -                     | -                                   | 44,448,906              |
| Social services                         | 859,146                          | 11,641,476            | 580,601               | -                     | -                                   | 13,081,223              |
| Recreation and culture                  | 84,537,287                       | 71,400,702            | 12,012,909            | 3,815,709             | -                                   | 171,766,607             |
| Conservation of natural resources       | 117,746,591                      | -                     | 128,984               | -                     | -                                   | 117,875,575             |
| Economic development and opportunity    | 217,969                          | 1,204,949             | 70,631                | -                     | -                                   | 1,493,549               |
| Infrastructure                          | 2,786,690                        | -                     | -                     | 459,211,510           | -                                   | 461,998,200             |
| Construction in progress                | -                                | -                     | -                     | -                     | 76,453,396                          | 76,453,396              |
| Total governmental funds capital assets | <u>\$ 240,490,227</u>            | <u>\$ 323,123,160</u> | <u>\$ 139,240,282</u> | <u>\$ 463,027,219</u> | <u>\$ 76,453,396</u>                | <u>\$ 1,242,334,284</u> |

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$49,944,816 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.

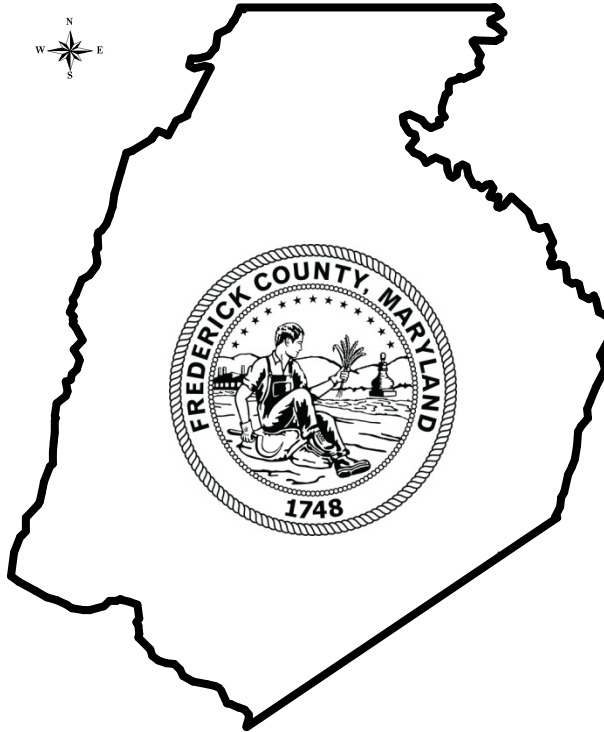
**FREDERICK COUNTY, MARYLAND**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION (1)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| <b>Function</b>                         | <b>Governmental<br/>Funds Capital<br/>Assets<br/>July 1, 2023</b> | <b>Additions</b>     | <b>Deductions</b>    | <b>Governmental<br/>Funds Capital<br/>Assets<br/>June 30, 2024</b> |
|---|---|----------------------|----------------------|--|
| General government                      | \$ 112,452,745  | \$ 7,165,548         | \$ 1,025,697         | \$ 118,592,596   |
| Public safety                           | 177,192,204   | 12,682,648           | 1,834,009            | 188,040,843  |
| Public works                            | 48,972,946  | 2,485,221            | 2,874,778            | 48,583,389   |
| Public health                           | 44,356,891  | 283,951              | 191,936              | 44,448,906   |
| Social services                         | 12,983,847  | 97,376               | -                    | 13,081,223   |
| Recreation and culture                  | 153,400,397   | 19,770,952           | 1,404,742            | 171,766,607  |
| Conservation of natural resources       | 109,810,696   | 8,064,879            | -                    | 117,875,575  |
| Economic development and opportunity    | 1,462,719   | 30,830               | -                    | 1,493,549  |
| Infrastructure                          | 457,328,662   | 4,896,638            | 227,100              | 461,998,200  |
| Construction in progress                | 58,487,974  | 42,571,225           | 24,605,803           | 76,453,396   |
| Total governmental funds capital assets | <u>\$ 1,176,449,081</u>   | <u>\$ 98,049,268</u> | <u>\$ 32,164,065</u> | <u>\$ 1,242,334,284</u>  |

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$49,944,816 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>2024</u>             | <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>           |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities                     |                         |                         |                         |                         |                         |                       |                       |                       |                       |                       |
| Net Investment in capital assets            | \$ 318,361,802          | \$ 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        |
| Restricted                                  | 204,681,734             | 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           |
| Unrestricted (Deficit) (1)                  | <u>209,104,288</u>      | <u>146,717,276</u>      | <u>120,131,163</u>      | <u>106,283,881</u>      | <u>(119,663,607)</u>    | <u>(255,175,876)</u>  | <u>(323,725,357)</u>  | <u>(233,227,495)</u>  | <u>(235,936,549)</u>  | <u>(183,217,496)</u>  |
| Total governmental activities net position  | <u>732,147,824</u>      | <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>    |
| Business-type activities                    |                         |                         |                         |                         |                         |                       |                       |                       |                       |                       |
| Net Investment in capital assets            | 535,859,437             | 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           |
| Restricted                                  | 599,847                 | 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             |
| Unrestricted (Deficit)                      | <u>281,708,683</u>      | <u>260,984,509</u>      | <u>230,821,036</u>      | <u>212,361,518</u>      | <u>181,779,367</u>      | <u>154,769,121</u>    | <u>122,915,156</u>    | <u>118,937,571</u>    | <u>101,822,626</u>    | <u>105,728,749</u>    |
| Total business-type activities net position | <u>818,167,967</u>      | <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>    |
| Primary government                          |                         |                         |                         |                         |                         |                       |                       |                       |                       |                       |
| Net Investment in capital assets            | 854,221,239             | 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           |
| Restricted                                  | 205,281,581             | 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           |
| Unrestricted (Deficit) (1)                  | <u>490,812,971</u>      | <u>407,701,785</u>      | <u>350,952,199</u>      | <u>318,645,399</u>      | <u>62,115,760</u>       | <u>(100,406,755)</u>  | <u>(200,810,201)</u>  | <u>(114,289,924)</u>  | <u>(134,113,923)</u>  | <u>(77,488,747)</u>   |
| Total primary government net position       | <u>\$ 1,550,315,791</u> | <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> |

(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)

|  | 2024                    | 2023                    | 2022                  | 2021                  | 2020                  | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  |
|--|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Expenses</b>                                |                         |                         |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities:                       |                         |                         |                       |                       |                       |                       |                       |                       |                       |                       |
| General government                             | \$ 93,760,966           | \$ 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         |
| Public safety                                  | 199,485,980             | 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           |
| Public works                                   | 60,369,779              | 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            |
| Health   | 13,051,260              | 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             |
| Social services                                | 15,065,650              | 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            |
| Education                                      | 484,594,580             | 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           |
| Parks, recreation and culture                  | 35,592,591              | 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            |
| Conservation of natural resources              | 13,216,949              | 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             |
| Community development and public housing       | 13,840,341              | 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             |
| Economic development and opportunity           | 9,508,363               | 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             |
| Interest on long term debt                     | 15,968,848              | 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            |
| Total governmental activities expenses         | 954,455,307             | 976,336,254             | 788,767,731           | 741,335,357           | 718,303,304           | 655,076,148           | 673,683,074           | 636,947,480           | 577,080,006           | 548,357,222           |
| Business-type activities:                      |                         |                         |                       |                       |                       |                       |                       |                       |                       |                       |
| Water and sewer                                | 53,629,453              | 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            |
| Solid waste management                         | 32,544,491              | 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            |
| Comprehensive care facility                    | 27,658,186              | 29,371,186              | 29,882,675            | 27,961,688            | 28,605,554            | 27,350,922            | 25,858,932            | 20,679,299            | -                     | -                     |
| Public housing                                 | 265,427                 | 617,400                 | 196,375               | 329,752               | 179,034               | 185,840               | 176,422               | 166,198               | 165,457               | 163,740               |
| Total business-type activities expenses        | 114,097,557             | 110,193,658             | 114,234,623           | 106,263,823           | 104,973,421           | 99,385,393            | 96,850,861            | 81,403,122            | 59,462,290            | 54,926,193            |
| Total primary government expenses              | <u>\$ 1,068,552,864</u> | <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> |
| <b>Program Revenues</b>                        |                         |                         |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities:                       |                         |                         |                       |                       |                       |                       |                       |                       |                       |                       |
| Charges for services:                          |                         |                         |                       |                       |                       |                       |                       |                       |                       |                       |
| General government                             | \$ 31,253,189           | \$ 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         |
| Public safety                                  | 12,219,283              | 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             |
| Public works                                   | 63,885                  | 192,471                 | 46,678                | 197,736               | 768,577               | 814,575               | 1,005,135             | 1,014,323             | 1,014,588             | 937,256               |
| Health   | 170,000                 | 186,879                 | 171,405               | 122,548               | 195,102               | 248,377               | 316,946               | 345,202               | 257,160               | 239,230               |
| Social services                                | 1,200                   | 1,700                   | 2,400                 | 620,983               | 1,913,469             | 1,767,433             | 1,958,040             | 1,812,220             | 1,840,224             | 1,514,741             |
| Parks, recreation and culture                  | 2,794,745               | 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             |
| Conservation of natural resources              | 264,653                 | 255,691                 | 274,181               | 272,291               | 396,570               | 459,396               | 292,960               | 320,147               | 271,956               | 237,143               |
| Community development and public housing       | -                       | -                       | -                     | 882,524               | -                     | -                     | -                     | -                     | -                     | -                     |
| Operating grants and contributions:            | 45,168,359              | 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            |
| Capital grants and contributions:              | 7,938,636               | 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             |
| Total governmental activities program revenues | <u>\$ 99,873,950</u>    | <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>  |

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

|   | 2024                    | 2023                    | 2022                    | 2021                    | 2020                    | 2019                    | 2018                    | 2017                    | 2016                    | 2015                    |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Business-type activities:                                 |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Charges for services:                                     |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Water and sewer   | \$ 52,726,576           | \$ 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           |
| Solid waste management                                    | 29,370,953              | 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              |
| Comprehensive care facility                               | 27,544,104              | 29,195,876              | 28,706,295              | 26,203,317              | 27,304,063              | 27,475,458              | 25,993,069              | 20,193,147              | -                       | -                       |
| Public housing  | 154,823                 | 152,789                 | 146,353                 | 249,704                 | 136,182                 | 129,366                 | 128,367                 | 127,729                 | 126,095                 | 125,304                 |
| Operating grants and contributions:                       | 4,218,434               | 777,258                 | 307,755                 | 485,063                 | 1,077,649               | -                       | 986                     | -                       | -                       | -                       |
| Capital grants and contributions:                         | 12,853,309              | 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              |
| Total business-type activities program revenues           | 126,868,199             | 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              |
| Total primary government program revenues                 | <u>\$ 226,742,149</u>   | <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>   |
| <b>Net (Expense)/Revenue</b>                              |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Governmental activities                                   | \$ (854,581,357)        | \$ (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)        |
| Business-type activities                                  | 12,770,642              | 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              |
| Total primary government net expense                      | <u>\$ (841,810,715)</u> | <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> |
| <b>General Revenues and Other Changes in Net Position</b> |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Governmental activities:                                  |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Local property taxes                                      | \$ 425,607,865          | \$ 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          |
| Local income taxes  | 388,197,848             | 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             |
| Other local taxes   | 52,671,090              | 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              |
| Build America Bonds Subsidy                               | -                       | -                       | -                       | -                       | 678,783                 | 1,246,061               | 1,244,234               | 1,247,613               | 1,277,965               | 1,274,642               |
| Investment earnings                                       | 40,353,152              | 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               |
| Miscellaneous   | 21,005,160              | 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               |
| Gain / (Loss) on disposal of assets                       | 293,742                 | 2,786,352               | 123,093                 | -                       | -                       | (133,395)               | 384,230                 | 284,109                 | -                       | (5,388)                 |
| Transfers   | 1,166,326               | (2,589,433)             | (2,602,898)             | 357,035                 | (381,300)               | 743,708                 | 166,960                 | 426,827                 | 4,000,000               | -                       |
| Total governmental activities                             | <u>929,295,183</u>      | <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>      |
| Business-type activities:                                 |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Build America Bonds Subsidy                               | -                       | -                       | -                       | -                       | 5,165                   | 374,401                 | 364,816                 | 388,152                 | 336,301                 | 337,240                 |
| Investment earnings                                       | 14,707,897              | 8,822,091               | 410,301                 | 258,327                 | 3,060,246               | 4,611,389               | 2,107,163               | 1,033,861               | -                       | 366,410                 |
| Miscellaneous   | 39,100                  | 128,000                 | -                       | -                       | -                       | -                       | 79,277                  | 934                     | 532,839                 | -                       |
| Gain / (Loss) on disposal of assets                       | 80,000                  | 138,737                 | 190,262                 | 81,279                  | (242,107)               | 134,322                 | 14,055                  | (26,784)                | -                       | (419,132)               |
| Transfers   | (1,166,326)             | 2,589,433               | 2,602,898               | (357,035)               | 381,300                 | (743,708)               | (166,960)               | (426,827)               | (4,000,000)             | -                       |
| Total business-type activities                            | <u>13,660,671</u>       | <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>          |
| Total primary government                                  | <u>\$ 942,955,854</u>   | <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>   |
| <b>Change in Net Position</b>                             |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Governmental activities                                   | \$ 74,713,826           | \$ (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           |
| Business-type activities                                  | 26,431,313              | 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              |
| Total primary government                                  | <u>\$ 101,145,139</u>   | <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>    |

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

|                                    | <u>2024</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>           |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Nonspendable                       | \$ 3,622,334          | \$ 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          |
| Restricted                         | 1,299,629             | 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             |
| Committed                          | 157,293,364           | 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            |
| Assigned                           | 16,771,869            | 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             |
| Unassigned                         | 300,000               | 300,000               | 300,000               | 300,000               | 300,000               | 300,000               | 300,000               | 300,000               | 300,000               | 300,000               |
| Total General Fund                 | <u>179,287,196</u>    | <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>     |
| All other Governmental Funds       |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Nonspendable                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Debt Service fund                  | 3,818                 | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Special revenue funds              | 6,067,217             | 7,391,727             | 4,132,115             | 5,070,564             | 1,407,940             | 142,663               | 68,514                | -                     | 6,994,203             | 7,444,229             |
| Restricted                         |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Capital project funds              | 181,585,577           | 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            |
| Debt Service fund                  | 171,534               | 609,276               | 14,023,877            | 375                   | -                     | 65,324,590            | 66,579,921            | 68,405,176            | -                     | -                     |
| Special revenue funds              | 21,624,994            | 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             |
| Committed                          |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Capital project funds              | 137,158,161           | 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            |
| Special revenue funds              | 120,274,655           | 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            |
| Assigned                           |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Debt Service fund                  | 11,584,865            | 9,592,209             | 7,724,452             | 475,146               | 1,117,574             | 2,414,441             | 5,444,470             | 4,374,736             | -                     | -                     |
| Special revenue funds              | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Total all other governmental funds | <u>478,470,821</u>    | <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>    |
| Total Governmental Fund Balance    | <u>\$ 657,758,017</u> | <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> |

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

|  | <u>2024</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>         |
|--|----------------------|--------------------|--------------------|--------------------|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Revenues</b>                          |                      |                    |                    |                    |                     |                    |                     |                     |                     |                     |
| Local property taxes                     | \$ 425,795,056       | \$ 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      |
| Local income taxes                       | 353,880,862          | 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         |
| Other local taxes                        | 59,544,633           | 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          |
| Licenses and permits                     | 6,235,845            | 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           |
| Grants from federal government           | 31,209,354           | 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          |
| Grants from state government             | 24,174,640           | 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          |
| Charges for services                     | 35,411,422           | 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          |
| Fines and forfeitures                    | 267,005              | 232,182            | 176,532            | 135,351            | 245,049             | 255,800            | 310,369             | 288,871             | 295,013             | 402,343             |
| Interest from loans                      | 28,873               | 29,395             | 41,043             | 21,676             | -                   | -                  | 34                  | 298                 | 4,721               | 2,201               |
| Investment income                        | 38,230,802           | 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           |
| Build America bond subsidy               | -                    | -                  | -                  | -                  | 1,202,253           | 1,253,644          | 1,254,053           | 1,247,613           | 1,277,965           | 1,275,215           |
| Miscellaneous                            | 14,205,897           | 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           |
| Total revenues                           | <u>988,984,389</u>   | <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>  |
| <b>Expenditures</b>                      |                      |                    |                    |                    |                     |                    |                     |                     |                     |                     |
| Current                                  |                      |                    |                    |                    |                     |                    |                     |                     |                     |                     |
| General government                       | 78,161,273           | 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          |
| Public safety                            | 193,056,853          | 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         |
| Public works                             | 35,213,417           | 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          |
| Health                                   | 15,301,763           | 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           |
| Social services                          | 16,638,322           | 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          |
| Education                                | 442,645,332          | 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         |
| Parks, recreation and culture            | 28,671,305           | 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          |
| Conservation of natural resources        | 19,022,383           | 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           |
| Community development and public housing | 14,042,709           | 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           |
| Economic development and opportunity     | 10,141,719           | 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           |
| Miscellaneous                            | 3,579,890            | 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           |
| Intergovernmental                        | 6,322,652            | 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           |
| Debt service                             |                      |                    |                    |                    |                     |                    |                     |                     |                     |                     |
| Principal                                | 44,262,763           | 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          |
| Interest and fiscal charges              | 23,784,937           | 22,636,241         | 21,029,092         | 19,463,550         | -                   | 22,361,610         | 17,739,886          | 17,739,886          | 17,791,749          | 18,215,612          |
| Issue costs                              | 13,861               |                    |                    |                    |                     |                    |                     |                     |                     |                     |
| Capital projects                         | 131,914,703          | 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          |
| Total expenditures                       | <u>1,062,773,882</u> | <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>  |
| Excess of revenues over expenditures     | <u>(73,789,493)</u>  | <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> |

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

|  | 2024                   | 2023                  | 2022                  | 2021                  | 2020                  | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  |
|--|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Other Financing Sources (Uses)</b>                      |                        |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Transfers in from:   |                        |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| General Fund   | \$ 83,291,060          | \$ 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         |
| Special Revenue Funds                                      | 6,622,379              | 9,065,560             | 4,251,270             | 3,767,263             | 5,984,309             | 4,232,755             | 3,198,428             | 7,956,116             | -                     | -                     |
| Capital Projects Fund                                      | 8,046,588              | 7,471,435             | 7,041,851             | 10,322,499            | 11,666,585            | 11,971,181            | 11,453,087            | 11,340,453            | -                     | -                     |
| Enterprise Funds   | 974,934                | 3,859                 | 70,377                | 1,080,000             | 118,700               | 633,377               | 119,000               | -                     | 4,000,000             | -                     |
| Internal Service Funds                                     | -                      | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | 3,235,721             |
| Transfer out to:   |                        |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| General Fund   | (175,772)              | -                     | (12,011)              | (18,871)              | (264,767)             | (295,252)             | -                     | -                     | -                     | -                     |
| Special Revenue Funds                                      | (10,039,708)           | (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)           |
| Capital Projects Fund                                      | (21,361,968)           | (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)          |
| Enterprise Funds   | (72,915)               | (2,593,292)           | (2,673,275)           | (816,665)             | (500,000)             | -                     | -                     | (2,999,332)           | -                     | -                     |
| Internal Service Funds                                     | (2,438,938)            | (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  | (66,382,579)           | (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                                   | 108,984                | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | 350,000               |
| Proceeds from public facilities and<br>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<br>escrow agent                   | -                      | -                     | (8,824,890)           | -                     | (90,150,822)          | -                     | (43,852,615)          | -                     | (34,523,171)          | (54,546,633)          |
| Payment to refunded lease<br>escrow agent                  | -                      | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | (910,517)             |
| Bond premium on public facilities and<br>refunding bonds   | -                      | 13,411,355            | 17,135,762            | -                     | 11,585,003            | -                     | 15,198,824            | 12,039,897            | 11,508,322            | 2,375,660             |
| Insurance proceeds   | 72,657                 |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Installment purchase agreement                             | 741,162                | 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             |
| Right-to-use Lease   | 295,275                | 4,596,531             | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| SBITAs   | 1,049,976              | 1,522,947             | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Total other financing sources (uses)                       | 731,135                | 111,214,171           | 175,716,149           | 7,526,899             | 53,054,287            | 7,924,844             | 92,844,259            | 70,821,267            | 95,453,457            | 39,418,365            |
| Net change in fund balances                                | <u>\$ (73,058,358)</u> | <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>  |
| Total expenditures   | \$ 1,062,773,882       | \$ 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        |
| Less: Capital outlay                                       | <u>(77,456,815)</u>    | <u>(70,432,603)</u>   | <u>(54,664,537)</u>   | <u>(55,568,126)</u>   | <u>(39,125,685)</u>   | <u>(35,947,417)</u>   | <u>(10,926,354)</u>   | <u>(6,765,350)</u>    | <u>(885,721)</u>      | <u>(3,307,691)</u>    |
| Noncapital expenditures                                    | <u>\$ 985,317,067</u>  | <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> |
| Debt service   | <u>\$ 68,061,561</u>   | <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>  |
| Debt service as a percentage of<br>noncapital expenditures | 6.91%                  | 9.23%                 | 7.15%                 | 7.42%                 | 10.02%                | 9.75%                 | 8.08%                 | 8.55%                 | 9.00%                 | 9.26%                 |

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

| Fiscal<br>Year | Real Property Taxable Assessed Value |                        |                        |                           |                        | Limited Business Personal Property (4) |                            | Total                        |                            |
|----------------|--------------------------------------|------------------------|------------------------|---------------------------|------------------------|--|----------------------------|------------------------------|----------------------------|
|                | Residential<br>Property              | Commercial<br>Property | Industrial<br>Property | Total<br>Real<br>Property | Direct<br>Tax Rate (1) | Public Utilities                       |                            | Taxable<br>Assessed<br>Value | Direct<br>Tax Rate (1) (3) |
|                |                                      |                        |                        |                           |                        | Taxable<br>Assessed<br>Value           | Direct<br>Tax Rate (1) (2) |                              |                            |
| 2024           | \$ 32,480,783,770                    | \$ 6,699,922,149       | \$ 1,756,534,404       | \$ 40,937,240,323         | 1.060                  | \$ 456,298,770                         | 2.65                       | \$ 41,393,539,093            | 1.078                      |
| 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                      |

**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)**

|  | 2024            | 2023            | 2022            | 2021            | 2020            | 2019            | 2018            | 2017            | 2016            | 2015            |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Direct Real Property Tax Rates</b>      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Frederick County (1)                       | \$ 1.060        | \$ 1.060        | \$ 1.060        | \$ 1.060        | \$ 1.060        | \$ 1.060        | \$ 1.060        | \$ 1.060        | \$ 1.060        | \$ 1.060        |
| 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>\$ 1.060</u> |
| <b>Overlapping real property tax rates</b> |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <u>Fire and lighting tax districts</u>     |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Braddock lighting tax district             | \$ 0.010        | \$ 0.010        | \$ 0.010        | \$ 0.010        | \$ 0.015        | \$ 0.015        | \$ 0.015        | \$ 0.015        | \$ 0.015        | \$ 0.018        |
| Libertytown lighting tax district          | 0.010           | 0.010           | 0.010           | 0.010           | 0.013           | 0.013           | 0.013           | 0.013           | 0.013           | 0.013           |
| New Addition lighting tax district         | 0.010           | 0.012           | 0.012           | 0.012           | 0.017           | 0.017           | 0.017           | 0.017           | 0.017           | 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           | 0.410           | 0.420           | 0.430           | 0.440           | 0.462           | 0.462           |
| Burkittsville                              | 0.190           | 0.190           | 0.190           | 0.190           | 0.190           | 0.190           | 0.190           | 0.190           | 0.190           | 0.140           |
| Emmitsburg                                 | 0.346           | 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           | 0.166           | 0.170           | 0.170           | 0.170           |
| Myersville                                 | 0.346           | 0.346           | 0.346           | 0.346           | 0.361           | 0.376           | 0.391           | 0.391           | 0.391           | 0.391           |
| New Market                                 | 0.120           | 0.120           | 0.120           | 0.117           | 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                                   | 0.321           | 0.299           | 0.299           | 0.299           | 0.299           | 0.304           | 0.285           | 0.293           | 0.302           | 0.310           |
| Walkersville                               | 0.140           | 0.140           | 0.140           | 0.140           | 0.160           | 0.160           | 0.160           | 0.160           | 0.150           | 0.150           |
| Woodsboro                                  | 0.141           | 0.139           | 0.139           | 0.141           | 0.123           | 0.124           | 0.126           | 0.125           | 0.126           | 0.127           |

(1) In FY2024, 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: 0.9552

County's Myersville tax differential rate: 0.9438

(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 2024</u> |             |  | <u>Fiscal Year 2015</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            | \$ 231,726,990          | 1           | 0.56 %   | \$ 157,846,260          | 1           | 0.60 %   |
| Astrazeneca Pharmaceuticals       | 130,844,700             | 2           | 0.32   | -                       |             | -  |
| Kite Pharma Inc.                  | 119,963,133             | 3           | 0.29   | -                       |             | -  |
| RIV 402, LLC                      | 106,577,767             | 4           | 0.26   | 96,614,967              | 2           | 0.37   |
| The Kroger Company                | 95,083,333              | 5           | 0.23   | -                       |             | -  |
| Costco Wholesale Corporation      | 91,883,067              | 6           | 0.22   | 44,711,400              | 7           | 0.17   |
| Apartments at Urban Green LLC     | 80,230,433              | 7           | 0.19   | -                       |             | -  |
| B R Lake Linganore DST            | 73,485,833              | 8           | 0.18   | -                       |             | -  |
| Washington Gas Light Company      | 64,454,280              | 9           | 0.16   | 40,390,250              | 8           | 0.15   |
| LP Clemson Corner, LLC            | 61,529,200              | 10          | 0.15   | -                       |             | -  |
| PR Financing Limited Partnership  | -                       |             | -  | 77,727,270              | 3           | 0.30   |
| Verizon Maryland LLC              | -                       |             | -  | 53,569,520              | 4           | 0.20   |
| Medimmune, Inc.                   | -                       |             | -  | 51,825,900              | 5           | 0.20   |
| River X, LLC                      | -                       |             | -  | 49,260,100              | 6           | 0.19   |
| Toys R Us Inc.                    | -                       |             | -  | 40,354,000              | 9           | 0.15   |
| Frederick Westview Properties LLC | -                       |             | -  | 39,277,067              | 10          | 0.15   |
| Totals                            | <u>\$ 1,055,778,736</u> |             | <u>2.61 %</u>  | <u>\$ 651,576,734</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> |
| 2024               | \$ 414,747,202  | \$ (2,792,744)         | \$ 411,954,458             | \$ 411,919,680                                      | 99.32 %                            | \$ -                                   | \$ 411,919,680                   | 99.99 %                            |
| 2023               | 386,688,395   | (3,537,581)            | 383,150,814                | 383,170,397   | 99.09                              | (30,390)                               | 383,140,007                      | 100.00                             |
| 2022               | 361,954,333   | (838,158)              | 361,116,175                | 361,276,230   | 99.81                              | (148,350)                              | 361,127,880                      | 100.00                             |
| 2021               | 338,833,698   | 1,354,181              | 340,187,879                | 340,175,965   | 100.40                             | 12,174                                 | 340,188,139                      | 100.00                             |
| 2020               | 325,721,487   | (2,669,940)            | 323,051,547                | 322,731,553   | 99.08                              | 309,096                                | 323,040,649                      | 100.00                             |
| 2019               | 310,250,830   | (2,035,380)            | 308,215,450                | 308,101,472   | 99.31                              | 92,137                                 | 308,193,609                      | 99.99                              |
| 2018               | 295,980,742   | (2,041,085)            | 293,939,657                | 293,695,909   | 99.23                              | 241,509                                | 293,937,418                      | 100.00                             |
| 2017               | 282,599,043   | (2,121,702)            | 280,477,341                | 280,316,897   | 99.19                              | 151,690                                | 280,468,587                      | 100.00                             |
| 2016               | 271,195,289   | (1,976,795)            | 269,218,494                | 269,144,537   | 99.24                              | (143,853)                              | 269,000,684                      | 99.92                              |
| 2015               | 261,968,145   | (1,770,668)            | 260,197,477                | 260,153,968   | 99.31                              | 35,968                                 | 260,189,936                      | 100.00                             |

Source: County Treasury Office

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

(1) Only additions and abatements are included in this column for fiscal years 2015 through 2024.

**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 |                                   |                |
| 2024                     | \$ 596,717,628               | \$ 27,029,955                                    | \$ 1,990,767                  | \$ 4,382,781 | \$ 1,394,252 | \$ 40,004,518   | \$ 671,519,901                |                                   |                |
| 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                   |                                   |                |
| 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) |
| 2024                     | \$ 60,896,443                | \$ 45,869,027                                    | \$ 50,026                     | \$ 134,510   | \$ -         | \$ 106,950,006  | \$ 778,469,907                | N/A                               | \$ 2,653       |
| 2023                     | 63,078,926                   | 50,515,664                                       | 74,212                        | 46,189       | -            | 113,714,991   | 837,090,686                   | N/A                               | 2,916          |
| 2022                     | 97,808,245                   | 52,681,241                                       | 113,342                       | 76,735       | -            | 150,602,828   | 795,049,941                   | 3.8%                              | 2,841          |
| 2021                     | 100,355,456                  | 51,467,792                                       | 248,660                       | -            | -            | 152,071,908   | 657,642,303                   | 3.4%                              | 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                   | 5.1%                              | 3,149          |
| 2017                     | 148,748,940                  | 67,533,907                                       | 231,830                       | -            | -            | 216,514,677   | 750,965,833                   | 5.0%                              | 3,013          |
| 2016                     | 103,784,507                  | 72,476,241                                       | 287,798                       | -            | -            | 176,548,546   | 716,689,391                   | 5.4%                              | 2,902          |
| 2015                     | 106,048,518                  | 77,416,338                                       | -                             | -            | -            | 183,464,856   | 673,824,566                   | 5.0%                              | 2,765          |

**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, 2024.

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

| <b>Fiscal Year</b> | <b>General Obligation Debt (1)</b> | <b>Direct Borrowing Bonds (2)</b> | <b>Installment Purchase Agreements (3)</b> | <b>Accumulated Resources to Paying the Principal of General Bonded Debt (4)</b> | <b>Total Net General Obligation Debt Outstanding</b> | <b>Percentage of Total Estimated Actual Value of Taxable Property (5)</b> | <b>Per Capita (5)</b> |
|--------------------|------------------------------------|-----------------------------------|--|---|--|---|-----------------------|
| 2024               | \$ 657,614,071                     | \$ 39,085,000                     | \$ 40,004,518                              | \$ -  | \$ 736,703,589                                       | 1.80%   | \$ 2,511              |
| 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                 |

**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, 2024**

| <u>Governmental Unit</u>        | <u>Debt<br/>Outstanding (1)</u> | <u>Estimated<br/>Percentage<br/>Applicable</u> | <u>Estimated<br/>Share of<br/>Direct and<br/>Overlapping<br/>Debt</u> |
|---------------------------------|---------------------------------|--|---|
| Direct:                         |                                 |  |   |
| Frederick County                | \$ 671,519,901                  | 100%   | \$ 671,519,901  |
| Overlapping Debt:               |                                 |  |   |
| Component Units:                |                                 |  |   |
| Frederick County Public Schools | 35,439,772                      | 100%   | 35,439,772  |
| Frederick Community College     | 5,619,787                       | 100%   | 5,619,787   |
| Towns, Cities and Villages:     |                                 |  |   |
| Brunswick                       | 3,104,090                       | 100%   | 3,104,090   |
| Burkittsville                   | 102,616                         | 100%   | 102,616   |
| Frederick City                  | 62,997,143                      | 100%   | 62,997,143  |
| Middletown                      | 1,620,000                       | 100%   | 1,620,000   |
| Myersville                      | 3,042,890                       | 100%   | 3,042,890   |
| Thurmont                        | 18,279                          | 100%   | 18,279  |
| Subtotal Overlapping:           | <u>111,944,577</u>              |  | <u>111,944,577</u>  |
| Totals                          | \$ <u><u>783,464,478</u></u>    |  | \$ <u><u>783,464,478</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>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>           |
|---|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt limitation   | \$1,187,687,497       | \$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       |
| Less: Total debt applicable to limit (2)                                | <u>791,947,030</u>    | <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>    |
| Legal debt margin   | <u>\$ 395,740,467</u> | <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> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 66.68%                | 67.22%                | 57.84%                | 39.33%                 | 40.55%                | 41.43%                | 40.44%                | 40.39%                | 39.23%                |

**Legal debt margin calculation for Fiscal Year 2024**

|   |                       |  |
|---|-----------------------|--|
| Assessable Basis - Real Property (2)                          | \$40,937,240,323      |  |
| Debt limitation - 3% of assessable basis in real property     | \$1,228,117,210       |  |
| Assessable Basis - Personal Property (public utilities)       | 456,298,770           |  |
| Debt limitation - 9% of assessable basis in personal property | <u>41,066,889</u>     |  |
| Total Debt Limit  | 1,269,184,099         |  |
| Amount of Debt Applicable to Debt Limit:                      |                       |  |
| Total Bonds and Direct Borrowings (1)                         | 696,699,071           |  |
| Total Installment Purchase Agreements                         | <u>40,004,518</u>     |  |
| Total debt applicable to limit                                | <u>736,703,589</u>    |  |
| Legal debt margin   | <u>\$ 532,480,510</u> |  |

Total net debt applicable to the limit as a percentage of debt limit 58.05%

(1) General obligation bonds are presented net of unamortized premium/discount and excludes deferred loss on bond refundings.

(2) 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<br/>Income<br/>(thousands<br/>of dollars) (2)</u> | <u>Per<br/>Capita<br/>Personal<br/>Income (2)</u> | <u>Public<br/>School<br/>Enrollment (3)</u> | <u>Community<br/>College<br/>Academic<br/>State FTE (4)</u> |                        |              | <u>Unemployment<br/>Rate (5)</u> |
|-------------|----------------------|---|---|---|---|------------------------|--------------|----------------------------------|
|             |                      |   |   |   | <u>Credit</u>   | <u>Non-<br/>Credit</u> | <u>Total</u> |                                  |
| 2024        | 293,391              | N/A   | N/A   | 47,681                                      | 3,642   | 608                    | 4,250        | 3.0                              |
| 2023        | 287,079              | N/A   | N/A   | 46,899                                      | 3,367   | 547                    | 3,914        | 2.0                              |
| 2022        | 279,835              | \$ 20,713,005   | \$ 72,151   | 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                              |

Sources: (1) Census Population Estimates (July 1, 2023)  
(2) US Bureau of Economic Analysis (All data updated as of November 2023)  
(3) Frederick County Board of Education  
(4) Frederick Community College  
(5) Maryland Department of Labor, Licensing & Regulation (June 2024)  
N/A - Not available

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

| <u>Employer</u>   | 2024             |             |  | 2015             |             |  |
|---|------------------|-------------|--|------------------|-------------|--|
|   | <u>Employees</u> | <u>Rank</u> | <u>Percentage<br/>of Total County<br/>Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage<br/>of Total County<br/>Employment</u> |
| Fort Detrick  | 10,776 *         | 1           | 10.03 %  | 9,100            | 1           | 9.32 %   |
| Frederick County Board of Education                                       | 7,414            | 2           | 6.90   | 5,650            | 2           | 5.78   |
| Frederick Health Hospital (formerly Frederick Memorial Healthcare System) | 3,360            | 3           | 3.13   | 2,232            | 3           | 2.28   |
| Frederick County Government   | 2,969            | 4           | 2.76   | 1,937            | 4           | 1.98   |
| Leidos Biomedical (formerly SAIC-Frederick)                               | 2,448            | 5           | 2.28   | 1,836            | 5           | 1.88   |
| Frederick Community College   | 1,445            | 6           | 1.35   | 992              | 7           | 1.02   |
| Frederick City Government   | 923              | 7           | 0.86   | 842              | 8           | 0.86   |
| Thermo Fisher Scientific (formerly Life Technologies)                     | 782              | 8           | 0.73   | -                | -           | -  |
| Mount Saint Mary's University   | 732              | 9           | 0.68   | -                | -           | -  |
| AstraZeneca   | 725              | 10          | 0.67   | -                | -           | -  |
| Wells Fargo Home Mortgage   | -                | -           | -  | 1,742            | 6           | 1.78   |
| State Farm Insurance  | -                | -           | -  | 832              | 9           | 0.85   |
| United Health Care (formerly MAMSI)                                       | -                | -           | -  | 635              | 10          | 0.65   |
|   | <u>31,574</u>    |             | <u>29.39 %</u>                                       | <u>25,798</u>    |             | <u>26.40 %</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**

| <b><u>Function/Program</u></b>    | <b><u>2024</u></b> | <b><u>2023</u></b> | <b><u>2022</u></b> | <b><u>2021</u></b> | <b><u>2020</u></b> | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> | <b><u>2015</u></b> |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General government                | 540                | 526                | 399                | 375                | 368                | 349                | 341                | 338                | 318                | 291                |
| Public safety                     | 1,209              | 1,187              | 1,068              | 1,035              | 1,043              | 967                | 915                | 898                | 837                | 819                |
| Public works                      | 478                | 476                | 390                | 385                | 402                | 394                | 402                | 385                | 374                | 370                |
| Health                            | 223                | 200                | 164                | 203                | 161                | 153                | 149                | 154                | 157                | 158                |
| Social services                   | 145                | 117                | 108                | 108                | 116                | 111                | 106                | 104                | 98                 | 97                 |
| Parks, recreation and culture     | 93                 | 85                 | 69                 | 58                 | 59                 | 46                 | 46                 | 46                 | 46                 | 45                 |
| Library                           | 193                | 182                | 126                | 128                | 161                | 106                | 119                | 115                | 115                | 107                |
| Conservation of natural resources | 30                 | 29                 | 19                 | 15                 | 8                  | 8                  | 8                  | 8                  | 7                  | 7                  |
| Community dev. & public housing   | 15                 | 14                 | 14                 | 11                 | 12                 | 11                 | 11                 | 11                 | 10                 | 9                  |
| Economic dev. & opportunity       | 43                 | 69                 | 37                 | 40                 | 41                 | 39                 | 37                 | 34                 | 30                 | 33                 |
| Total                             | <u>2,969</u>       | <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>       |

Source: Division of Finance

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

| <b>Function/Program</b>                          | <b>2024</b> | <b>2023</b> | <b>2022</b> | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>General Government</b>                        |             |             |             |             |             |             |             |             |             |             |
| Human Resources                                  |             |             |             |             |             |             |             |             |             |             |
| Employment announcements issued                  | 522         | 517         | 528         | 345         | 322         | 333         | 314         | 323         | 297         | 228         |
| Employment applications received/reviewed        | 18,716      | 13,525      | 11,446      | 11,620      | 13,478      | 15,227      | 13,755      | 14,976      | 13,947      | 12,219      |
| Finance/Accounting                               |             |             |             |             |             |             |             |             |             |             |
| Accounts payable checks/ACH's generated (1)      | 27,403      | 22,811      | 65,866      | 23,224      | 23,694      | 23,359      | 21,639      | 19,315      | 19,223      | 19,160      |
| Procurement & Contracting                        |             |             |             |             |             |             |             |             |             |             |
| Formal bids, sole source & emergencies           | 717         | 747         | 782         | 750         | 699         | 614         | 406         | 287         | 286         | 265         |
| Treasurer  |             |             |             |             |             |             |             |             |             |             |
| Invoices prepared                                | 3,869       | 2,317       | 2,216       | 2,299       | 2,268       | 2,332       | 2,447       | 1,874       | 1,791       | 1,953       |
| Property tax bills/delinquent notices mailed (2) | 118,237     | 119,645     | 115,594     | 112,278     | 110,865     | 108,320     | 109,509     | 108,101     | 107,557     | 106,460     |
| Building Maintenance                             |             |             |             |             |             |             |             |             |             |             |
| Buildings  | 257         | 185         | 185         | 162         | 162         | 166         | 165         | 164         | 162         | 162         |
| Work orders/service requests                     | 4,010       | 4,150       | 3,726       | 3,111       | 3,226       | 3,542       | 3,703       | 3,800       | 4,004       | 3,700       |
| Square feet of properties managed                | 2,014,657   | 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   |
| Facility Services                                |             |             |             |             |             |             |             |             |             |             |
| Number of leases managed                         | 25          | 31          | 31          | 31          | 31          | 33          | 17          | 28          | 28          | 28          |
| Square feet of leased property managed           | 204,781     | 84,522      | 84,522      | 222,071     | 45,817      | 77,257      | 74,286      | 100,238     | 100,238     | 100,238     |
| Pieces of outgoing U.S. mail                     | 190,511     | 183,686     | 177,116     | 194,277     | 218,756     | 272,739     | 233,430     | 243,253     | 234,145     | 231,078     |
| Elections  |             |             |             |             |             |             |             |             |             |             |
| Registered voters                                | 202,152     | 198,137     | 193,203     | 190,684     | 182,962     | 177,333     | 169,113     | 167,809     | 163,131     | 152,913     |
| Liquor Board                                     |             |             |             |             |             |             |             |             |             |             |
| Regular liquor licenses                          | 360         | 360         | 357         | 345         | 345         | 336         | 332         | 331         | 322         | 310         |
| Liquor inspections                               | 886         | 2,700       | 2,200       | 2,022       | 6,597       | 3,926       | 6,597       | 8,825       | 10,084      | 9,747       |
| Internal Audit                                   |             |             |             |             |             |             |             |             |             |             |
| Internal audits performed (3)                    | 19          | 11          | 18          | 12          | 12          | 13          | 12          | 10          | 12          | 10          |
| Circuit Court                                    |             |             |             |             |             |             |             |             |             |             |
| New cases filed                                  | 7,618       | 6,850       | 6,302       | 4,828       | 7,501       | 9,190       | 8,379       | 8,181       | 8,734       | 9,756       |
| <b>Public Safety</b>                             |             |             |             |             |             |             |             |             |             |             |
| Housing units permitted (4)                      | 493         | 625         | 1,432       | 2,155       | 1,518       | 2,226       | 1,410       | 1,263       | 1,302       | 721         |
| Sheriff's Office                                 |             |             |             |             |             |             |             |             |             |             |
| Administration Bureau                            |             |             |             |             |             |             |             |             |             |             |
| Civil Process papers served                      | 17,303      | 24,027      | 18,601      | 11,318      | 17,447      | 21,995      | 22,521      | 22,701      | 23,416      | 23,970      |
| Courthouse Security                              |             |             |             |             |             |             |             |             |             |             |
| Prisoners handled: adult/juvenile                | 3,228       | 3,094       | 2,177       | 1,104       | 3,205       | 3,570       | 3,793       | 4,750       | 5,129       | 4,608       |
| Operations: Law Enforcement                      |             |             |             |             |             |             |             |             |             |             |
| Arrests: adult/juvenile                          | 3,159       | 3,338       | 4,268       | 2,173       | 3,214       | 4,046       | 3,902       | 3,924       | 4,162       | 3,770       |
| Calls for service                                | 124,214     | 141,956     | 142,344     | 106,404     | 103,758     | 113,762     | 108,045     | 93,621      | 121,158     | 90,251      |
| Adult Detention Center                           |             |             |             |             |             |             |             |             |             |             |
| Average daily population                         | 301         | 282         | 262         | 232         | 257         | 298         | 321         | 398         | 374         | 407         |
| Emergency Communications                         |             |             |             |             |             |             |             |             |             |             |
| Fire/EMS dispatches                              | 42,424      | 41,561      | 41,911      | 35,482      | 34,022      | 35,682      | 36,739      | 35,222      | 33,646      | 33,324      |
| Police dispatches                                | 286,584     | 285,584     | 283,070     | 250,287     | 262,879     | 277,548     | 301,502     | 277,546     | 262,803     | 240,922     |
| Administrative phone calls                       | 325,655     | 377,244     | 352,293     | 338,472     | 303,752     | 359,884     | 363,781     | 383,672     | 298,311     | 264,044     |
| Animal Control/ECC/Park Dispatches               | 35,296      | 38,437      | 35,687      | 38,439      | 29,386      | 31,972      | 31,647      | 28,228      | 28,375      | 28,001      |
| 911 calls  | 110,953     | 112,959     | 108,979     | 96,836      | 84,898      | 97,610      | 90,032      | 93,249      | 136,708     | 100,162     |
| Text to 911 (5)                                  | 901         | 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) FY15 - FY24 includes special projects, agreed upon procedure reports, reviews, audits and closed follow up reports.

(4) For FY15 - FY16 the data represents housing units permitted. FY15 - FY24 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  | 2024      | 2023      | 2022      | 2021      | 2020      | 2019      | 2018      | 2017      | 2016      | 2015      |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Public Safety, Cont'd</b>                            |           |           |           |           |           |           |           |           |           |           |
| Animal Control  |           |           |           |           |           |           |           |           |           |           |
| Calls for service                                       | 8,439     | 8,086     | 8,320     | 8,068     | 8,766     | 10,968    | 10,543    | 10,446    | 11,834    | 11,700    |
| <b>Public Works</b>                                     |           |           |           |           |           |           |           |           |           |           |
| Water facilities  |           |           |           |           |           |           |           |           |           |           |
| Customers   | 28,289    | 28,010    | 27,914    | 27,500    | 26,540    | 26,000    | 24,536    | 23,636    | 22,666    | 21,926    |
| Annual production (1,000 gals.)                         | 2,577,683 | 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 |
| Sewer facilities  |           |           |           |           |           |           |           |           |           |           |
| Customers   | 38,523    | 37,491    | 36,767    | 35,650    | 34,624    | 34,183    | 33,267    | 32,178    | 30,978    | 30,201    |
| Fleet Services  |           |           |           |           |           |           |           |           |           |           |
| Work orders   | 5,190     | 5,127     | 4,957     | 5,250     | 5,171     | 5,934     | 5,725     | 5,510     | 5,646     | 5,700     |
| Vehicles maintained                                     | 1,242     | 1,216     | 1,147     | 1,176     | 1,116     | 1,141     | 1,054     | 966       | 962       | 981       |
| Highway Operations                                      |           |           |           |           |           |           |           |           |           |           |
| County roads - mileage maintained                       | 1,302     | 1,302     | 1,297     | 1,292     | 1,285     | 1,279     | 1,285     | 1,273     | 1,273     | 1,273     |
| Usage of salt & anti-skid (tons)                        | 11,545    | 4,024     | 13,806    | 20,507    | 6,124     | 31,668    | 21,242    | 12,426    | 12,995    | 30,307    |
| Transportation Engineering                              |           |           |           |           |           |           |           |           |           |           |
| Bridges inspected                                       | 165       | 146       | 146       | 140       | 141       | 134       | 142       | 103       | 145       | 103       |
| Road overlay (miles)                                    | 40        | 47        | 41        | 39        | 32        | 32        | 33        | 33        | 25        | 13        |
| Tar and chip maintenance (miles)                        | 73        | 72        | 56        | 67        | 55        | 56        | 61        | 87        | 64        | 44        |
| Construction Management                                 |           |           |           |           |           |           |           |           |           |           |
| CIP and developer funded subdivision projects completed | 29        | 41        | 46        | 35        | 48        | 32        | 45        | 32        | 38        | 26        |
| TransIT   |           |           |           |           |           |           |           |           |           |           |
| Passenger trips   | 836,621   | 688,568   | 554,464   | 413,434   | 431,933   | 593,853   | 614,551   | 636,862   | 677,808   | 761,088   |
| Revenue vehicle miles (1)                               | 1,094,521 | 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 |
| Revenue vehicle hours (1)                               | 114,838   | 78,125    | 81,103    | 75,444    | 74,005    | 85,986    | 83,902    | 81,855    | 81,037    | 78,603    |
| <b>Health</b>   |           |           |           |           |           |           |           |           |           |           |
| Public health nursing/non-nursing contacts (2)          | 59,426    | 71,030    | 87,464    | 56,301    | 41,567    | 41,363    | 42,044    | 40,533    | 24,775    | 19,641    |
| Mental health visits                                    | 3,472     | 3,729     | 4,075     | 4,353     | 3,612     | 3,836     | 7,518     | 12,781    | 16,514    | 11,902    |
| Peer service encounters (3)                             | 2,963     | 2,246     | 4,428     | 2,249     | 2,416     | 2,086     | 8,544     | 39,620    | 35,401    | 21,581    |
| Environmental health reviews/inspections                | 17,237    | 16,355    | 16,263    | 14,641    | 14,098    | 17,390    | 16,591    | 16,610    | 16,150    | 12,478    |
| School health program                                   |           |           |           |           |           |           |           |           |           |           |
| Children served (4)                                     | 33,631    | 33,162    | 20,661    | 6,039     | 28,035    | 31,031    | 42,340    | 41,984    | 40,819    | 40,757    |
| Health room visits                                      | 294,525   | 288,277   | 240,272   | 20,167    | 210,260   | 305,928   | 299,000   | 345,604   | 338,167   | 331,992   |
| Developmental Center                                    |           |           |           |           |           |           |           |           |           |           |
| Dental visits for children                              | 4,171     | 3,472     | 3,425     | 2,708     | 2,971     | 3,848     | 4,090     | 4,065     | 4,109     | 3,970     |
| Infants & Toddlers Program children served              | 980       | 925       | 754       | 728       | 743       | 797       | 744       | 682       | 636       | 607       |
| School-based services visits                            | 23,657    | 22,788    | 21,869    | 20,646    | 20,815    | 20,575    | 20,521    | 20,327    | 19,133    | 14,000    |
| School-based assessments                                | 364       | 379       | 428       | 235       | 335       | 385       | 376       | 414       | 325       | 220       |
| Audiology services visits                               | 409       | 299       | 245       | 96        | 508       | 693       | 775       | 810       | 798       | 786       |
| <b>Social Services</b>                                  |           |           |           |           |           |           |           |           |           |           |
| Child & Adult Care Food Program                         |           |           |           |           |           |           |           |           |           |           |
| Home visits (5)   | n/a       | n/a       | n/a       | n/a       | n/a       | n/a       | 850       | 900       | 850       | 850       |
| Aging & Independence                                    |           |           |           |           |           |           |           |           |           |           |
| Home delivered meals served to elderly                  | 119,179   | 106,527   | 129,179   | 131,470   | 94,100    | 79,000    | 80,000    | 58,000    | 57,635    | 51,951    |
| Congregate meals served (6)                             | 3,790     | 45        | -         | -         | 6,000     | 10,000    | 10,500    | 10,000    | 10,751    | 10,366    |

\*Information not available

(1) FY19 - FY24 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 FY15 - FY18. FY19 - FY24 data reflects unduplicated individuals served across all FCHD peer programs.

(4) The FY19 - FY24 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. The program is starting to grow once again.

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

| Function/Program                                | 2024    | 2023    | 2022    | 2021    | 2020    | 2019    | 2018    | 2017    | 2016    | 2015    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Parks, recreation and culture</b>            |         |         |         |         |         |         |         |         |         |         |
| Parks acres maintained                          | 2,445   | 2,445   | 2,445   | 2,445   | 2,282   | 2,099   | 2,099   | 2,099   | 2,099   | 2,096   |
| Recreation registrations                        | 32,567  | 28,921  | 23,987  | 8,852   | 17,408  | 21,754  | 21,025  | 20,896  | 19,244  | 18,788  |
| <b>Conservation of natural resources</b>        |         |         |         |         |         |         |         |         |         |         |
| Agriculture                                     |         |         |         |         |         |         |         |         |         |         |
| Farms   | 1,367   | 1,373   | 1,373   | 1,373   | 1,373   | 1,373   | 1,308   | 1,308   | 1,308   | 1,308   |
| Acreage   | 236,648 | 188,576 | 188,576 | 188,576 | 188,576 | 188,576 | 181,512 | 181,512 | 181,512 | 181,512 |
| Preserved land                                  |         |         |         |         |         |         |         |         |         |         |
| Farms   | 600     | 583     | 546     | 515     | 492     | 482     | 467     | 455     | 439     | 426     |
| Acreage   | 77,612  | 75,559  | 72,298  | 70,100  | 67,166  | 65,546  | 63,565  | 61,667  | 59,220  | 57,198  |
| Business support                                |         |         |         |         |         |         |         |         |         |         |
| Ag business visits (1)                          | 80      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| Ag business technical assistance (1)            | 261     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| <b>Community development and public housing</b> |         |         |         |         |         |         |         |         |         |         |
| Bell Court housing project (28 units)           |         |         |         |         |         |         |         |         |         |         |
| Occupancy rate                                  | 96%     | 99%     | 99%     | 99%     | 99%     | 99%     | 94%     | 100%    | 100%    | 100%    |
| <b>Economic development and opportunity</b>     |         |         |         |         |         |         |         |         |         |         |
| Workforce Services                              |         |         |         |         |         |         |         |         |         |         |
| One - stop services - customers served          | 8,488   | 3,848   | 4,292   | 4,632   | 9,389   | 5,210   | 5,896   | 6,132   | 5,911   | 5,324   |
| One - stop services - youth customers served    | 265     | 331     | 437     | 402     | 223     | 295     | 284     | 377     | 335     | 255     |
| Job openings received                           | 4,392   | 6,101   | 7,388   | 6,037   | 5,439   | 5,244   | 4,879   | 4,755   | 3,708   | 3,968   |
| Frederick Business works projects (trainees)    | 70      | 71      | 35      | 17      | 61      | 84      | 90      | 45      | 1       | 91      |
| Recruitment for business (2)                    | 351     | 285     | 135     | 115     | 100     | 110     | 80      | 5       | 58      | 80      |
| Customized business services support (3)        | 184     | 505     | 200     | 250     | 195     | 416     | 300     | 439     | 318     | 415     |
| Website unique visitors                         | 47,000  | 38,000  | 30,650  | 25,681  | 36,955  | 47,876  | 36,410  | 35,313  | 41,054  | 50,380  |
| Office of Economic Development                  |         |         |         |         |         |         |         |         |         |         |
| Website views/social media engagements (4)      | 121,378 | 257,611 | 249,950 | 202,222 | 237,614 | 208,728 | 29,382  | 1,243   | 513,951 | 413,000 |
| Inquiries (5)                                   | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | 2,100   | 2,100   | 2,100   |
| Prospects                                       | 114     | 138     | 84      | 112     | 96      | 124     | 106     | 195     | 120     | 150     |
| Projects (5)                                    | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | 500     | 400     | 500     |
| Business visits (6)                             | 175     | 295     | 241     | 233     | 243     | 264     | 284     | 400     | 350     | 350     |
| Business assistance (7)                         | 477     | 492     | 1,860   | 2,231   | 2,413   | 2,328   | 2,501   | 500     | 400     | 300     |

(1) FY24 is the first year tracking this data

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

(3) Formerly customized & onsite recruitment events

(4) Formerly average web hits per month for FY15 - 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. FY24 totals no longer include Homegrown or Root.

(5) Indicators are no longer being tracked

(6) Formerly companies visited

(7) Formerly companies assisted

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

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

| <b><u>Function/Program</u></b>                  | <b><u>2024</u></b> | <b><u>2023</u></b> | <b><u>2022</u></b> | <b><u>2021</u></b> | <b><u>2020</u></b> | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> | <b><u>2015</u></b> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>General Government</b>                       |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Building maintenance                            |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Buildings managed                               | 257                | 184                | 185                | 162                | 162                | 166                | 165                | 164                | 162                | 162                |
| <b>Public Safety</b>                            |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Fire/rescue stations                            | 29                 | 30                 | 30                 | 29                 | 29                 | 29                 | 29                 | 30                 | 30                 | 30                 |
| Adult Detention Center average daily population | 301                | 299                | 262                | 232                | 257                | 298                | 321                | 398                | 374                | 407                |
| <b>Public Works</b>                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| County roads - mileage                          | 1,302              | 1,301              | 1,297              | 1,292              | 1,285              | 1,279              | 1,285              | 1,273              | 1,273              | 1,273              |
| 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             | 17,005             | 17,061             | 17,198             | 17,198             | 17,282             |
| Miles of water mains                            | 381                | 380                | 379                | 373                | 364                | 355                | 344                | 336                | 321                | 314                |
| Hydrants  | 3,538              | 3,520              | 3,512              | 3,447              | 3,339              | 3,224              | 3,117              | 3,026              | 2,843              | 2,783              |
| Sewer facilities                                |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Plants/Collection Systems                       | 11                 | 12                 | 12                 | 12                 | 12                 | 12                 | 12                 | 12                 | 12                 | 12                 |
| Daily capacity (1,000 gals.)                    | 16,038             | 16,043             | 16,043             | 16,043             | 16,043             | 16,043             | 16,043             | 16,043 *           | 16,043 *           | 16,043             |
| Miles of sewer mains                            | 453                | 450                | 446                | 437                | 427                | 416                | 406                | 396                | 377                | 373                |
| Bridges   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Bridges (over 20' spans)                        | 225                | 222                | 224                | 223                | 221                | 221                | 222                | 219                | 218                | 218                |
| Fleet services                                  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Vehicles  | 1,350              | 1,249              | 1,160              | 1,176              | 1,097              | 1,008              | 1,054              | 1,001              | 996                | 987                |
| <b>Parks, Recreation and Culture</b>            |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| County park acreage                             | 2,445              | 2,445              | 2,445              | 2,445              | 2,282              | 2,099              | 2,099              | 2,099              | 2,099              | 2,096              |
| County facilities                               | 46                 | 46                 | 46                 | 42                 | 41                 | 40                 | 39                 | 39                 | 39                 | 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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