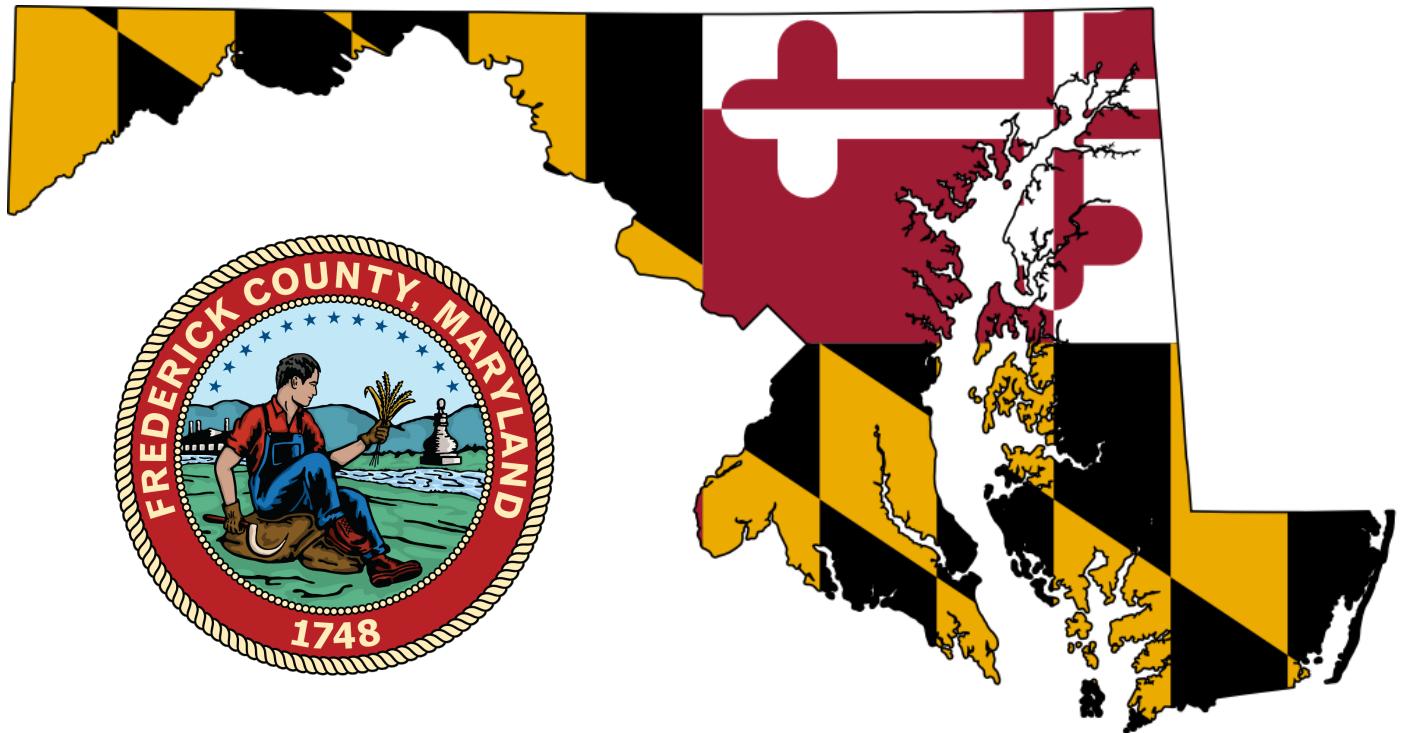
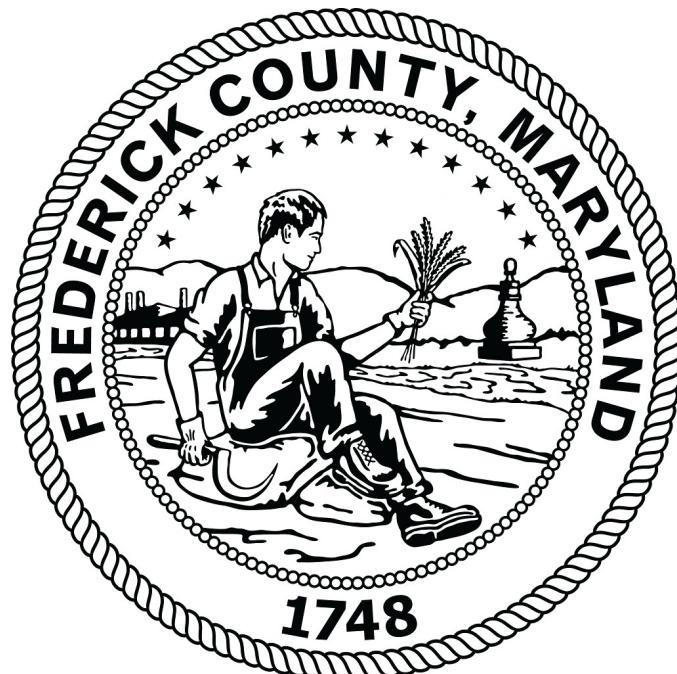


Frederick County Maryland



**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025**

Frederick County, Maryland
Annual Comprehensive Financial Report
Fiscal Year 2025
July 1, 2024 – June 30, 2025



Prepared by the Finance Division



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, 2025
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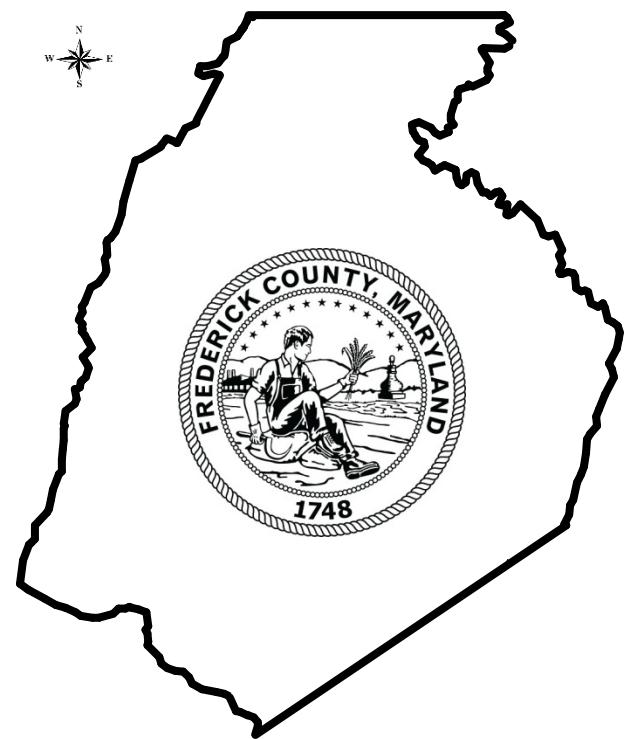
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INTRODUCTORY SECTION





FREDERICK COUNTY GOVERNMENT

DIVISION OF FINANCE

Accounting Department

Jessica Fitzwater
County Executive

Erin White, CPA, Division Director
Ronni Bowman, CPFO, CGFM Director

November 30, 2025

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 ending June 30, 2025.

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, 2025. 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 on 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 299,317. 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 84,754. The City of Frederick is located approximately 45 miles northwest of Washington, D.C. and 45 miles west of Baltimore, Maryland.

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

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

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

The Reporting Entity

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

Incorporated municipalities within Frederick County provide some or all 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. Details regarding this are 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 in 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 on 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

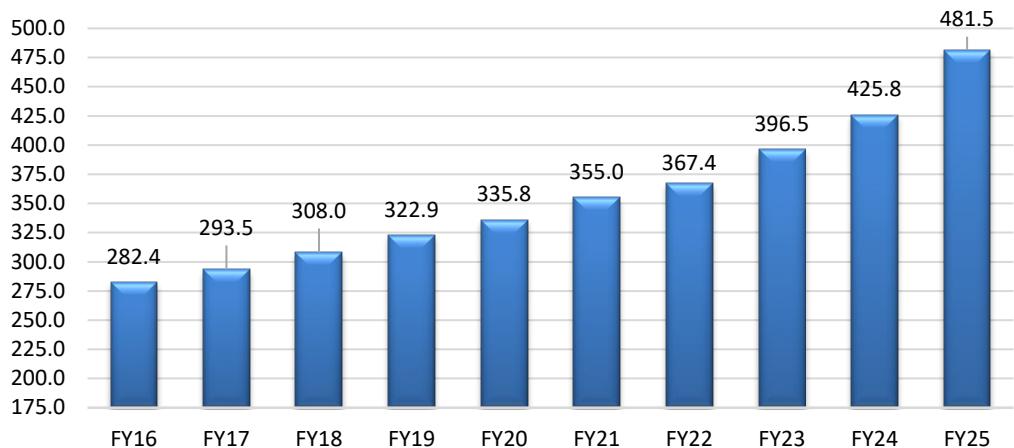
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

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 3.6% as of August 2025 and is below the State rate of 4.3% for the same period. Average employment in Frederick County is 151,053 as of August 2025.

The County's largest revenue source remains real property taxes. Real property assessed values increased by 7.9% in FY25 and this trend continues into FY26 as values have grown to \$47.5 billion from \$44.2 billion. General Fund property taxes are projected to increase in FY26 by \$40.0 million over FY25, representing an 8.4% increase. The real estate market has experienced an increase in property assessments, which have increased over the past nine years. In 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.

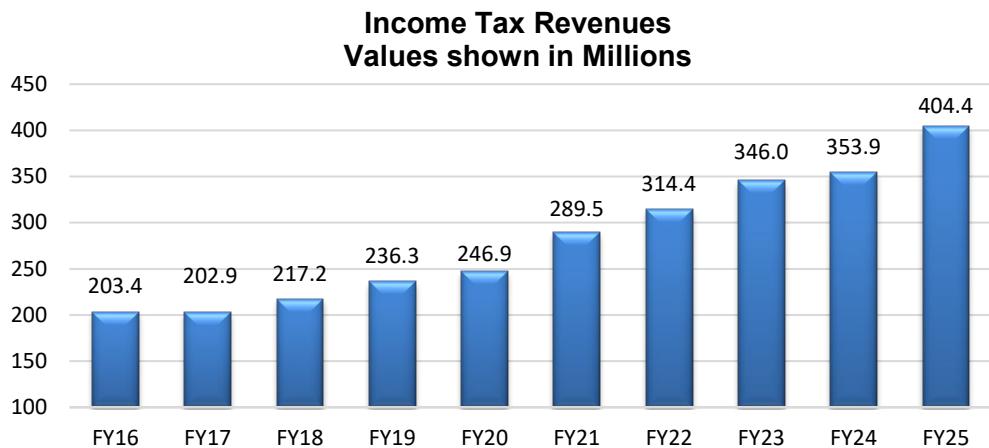
Property Tax Revenues
Values shown in Millions



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 \$404.4 million. This reflects the highest

level of income tax revenues for the County in its history. The adopted budget has conservatively estimated income tax revenues at \$401.6 million for FY26.



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 January 2025 for the seventh 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 FY26 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 \$984.4 million for FY26, representing a 6.0 % increase over FY25.

Below are some highlights from Executive Fitzwater's FY26 budget:

- Makes a significant investment in Frederick County Public Schools at \$10.9 million more than the legally required maintenance of effort to maintain the County's funding commitment to education.
- Significant increases in our investment in school construction to \$175 million. This represents an \$80 million – or 86% - increase over last year.
- Establish a new base pay of \$21 per hour as the first step of a multi-year plan to raise our salary floor and provide salary equity for employees who have been misaligned on the salary scale and modernize our classification system to better fit with the duties employees perform. The FY26 budget also provides a 2% across-the-board salary increase for all employees.

Financial Policies and Practices

Debt Policy

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

Investment Policy

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

Frederick County Employees Retirement 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 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 non-recurring 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, 2024. 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. Each member of the division has my sincere appreciation for the contributions made in preparation of this report. Special recognition is given to Robin Inskeep, Deputy Director of Finance; Ronni Bowman, Accounting Director; Kathi Tritsch, Accounting Supervisor; Stephanie Musson, Accounting Supervisor; and Beth Ovando-Ringling, Accounting Supervisor and the staff accountants. I'd also like to thank our Financial Services Manager, Susan Keller and her staff who administer the County's debt portfolio and the County's Trust Funds; and Director of Treasury, Diane Fox, and her staff who administer the County's property taxes and revenue collection system. A special thank you is given to our Budget Office staff who administer the budget process without which accounting and financial reporting could not exist. A sincere note of appreciation goes to Lori Rhodes who assumed the production process of this document.

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

Use of this Report

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

Respectfully submitted,



Erin White, CPA
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Frederick
Maryland**

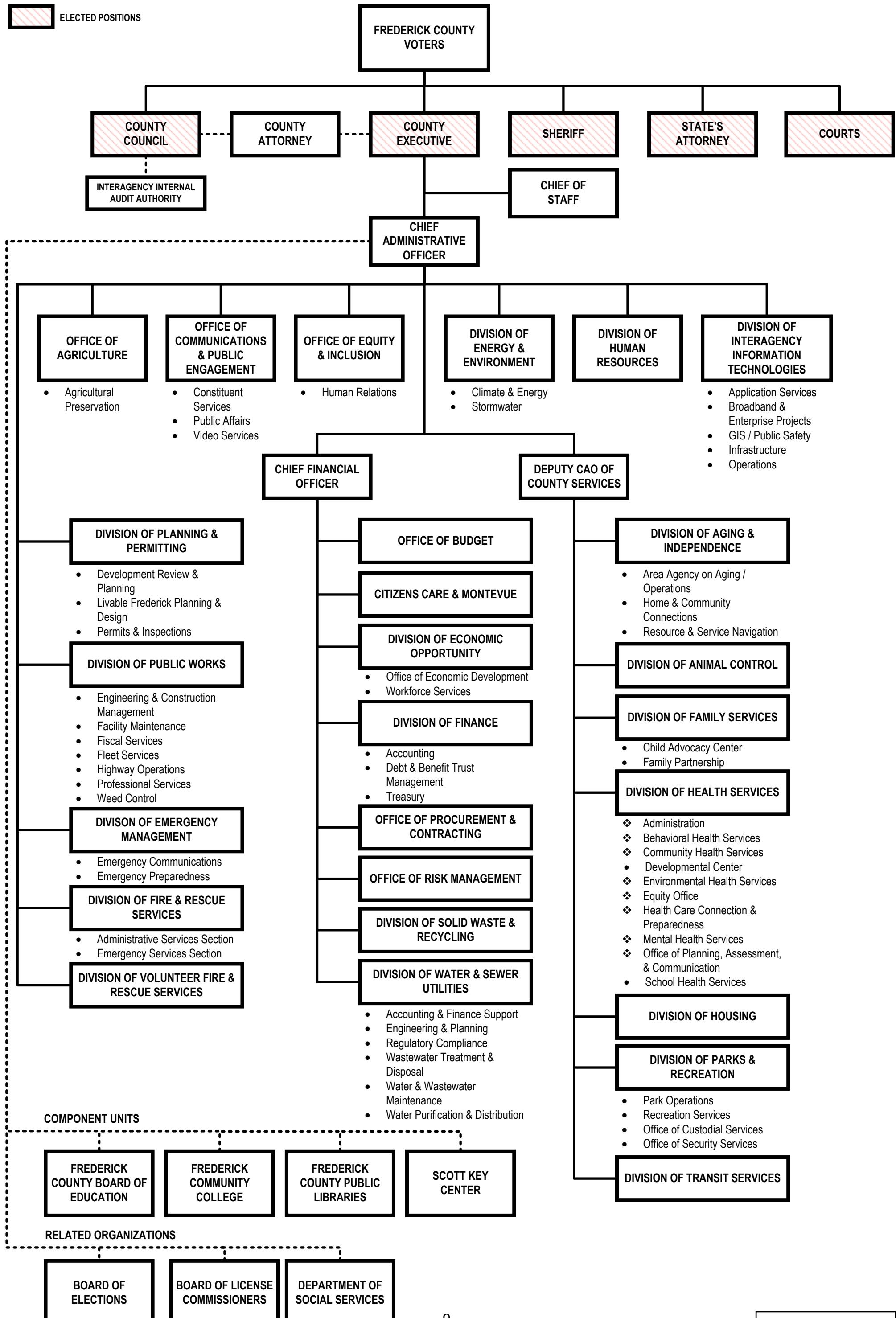
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Monell

Executive Director/CEO

FREDERICK COUNTY GOVERNMENT ORGANIZATIONAL CHART





Frederick County Elected Officials



Jessica Fitzwater
County Executive

Frederick County Council



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

Frederick County, Maryland
Summary of Elected and Appointed Officials

County Executive

Jessica Fitzwater

County Council

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

Sheriff

Charles A. "Chuck" Jenkins

State's Attorney

J. Charles Smith III, Esquire

Administrative Judge of the Circuit Court

Honorable 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

Chief Administrative Officer
Deputy Chief Administrative Officer
Chief Financial Officer

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
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

Patrick Murray, Esquire
Ysela Bravo
Victoria Venable
John Peterson
Leslie Barnes-Keating
Daniel Lewis, CPFO
Tiffani Kenney
Bryon Black, Esquire
Katie Stevens
Kelly Weaver, CPA
Vivian Laxton
Diane Fouché
Lauren Vandergrift
Carolyn True
David Luckenbaugh
Lara Fritts
Anthony Rosano
Shannon Moore
Kelli Goetz
Erin White, CPA
Tom Coe
Barbara Brookmyer, MD, MPH
Vincent Rogers
Emily Fiftal, JD
Ty Howard
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	Rae Gallagher
Vice President	Dean Rose
Member	Nancy Allen
Member	Colt Black
Member	Jamie Brennan
Member	Janie Inglis Monier
Member	Karen Yoho
Student Member	Alex Thomas
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	Jan H. Gardner
Trustee	Dr. William Reid
Trustee	Myrna Whitworth
President	Dr. Annesa Cheek

Frederick County Public Library Board of Trustees

Chairperson	Shemica Sheppard
Vice Chairperson	Galen Mayfield
Secretary	Mick O'Leary
Trustee	Terri Lancaster
Trustee	Daryl Ellen Grisgraber
Trustee	Jennifer D'Agostino
Trustee	Mary Jo Richmond

Public Libraries Director	James Kelly
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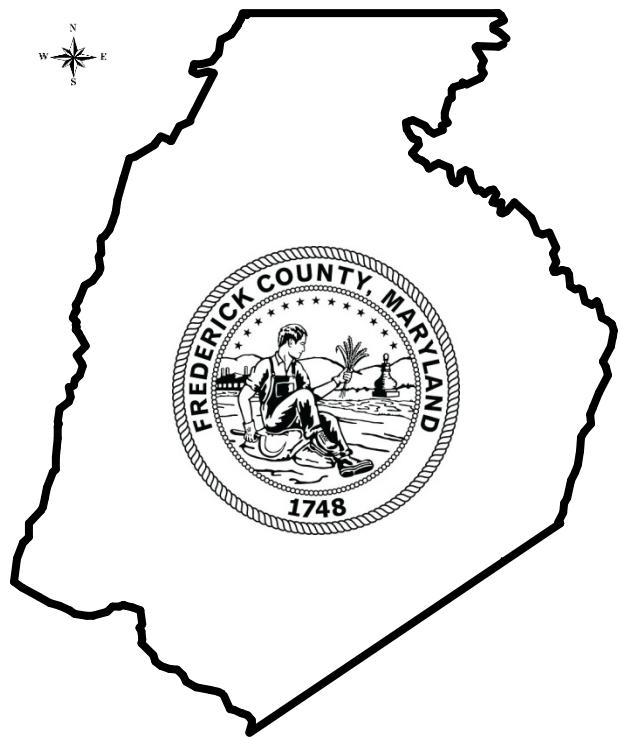
Scott Key Center Board of Directors

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

Interagency Internal Audit Authority

Internal Audit Director	Tricia Reaver, CPA
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FINANCIAL SECTION





Certified Public
Accountants &
Business Advisors

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, and the aggregate remaining fund information of Frederick County, Maryland (the County), as of and for the year ended June 30, 2025, 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, and the aggregate remaining fund information of the County, as of June 30, 2025, 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 0.11 percent, 0.16 percent, and 0.35 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.

Other Matter

As discussed in Note 4.J to the financial statements, the County adopted the new accounting guidance from GASB Statement No. 101, *Compensated Absences*, which resulted in a restatement of net position. Our opinion is not modified with respect to this matter.

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 issuance 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 schedules of changes in net pension liability and related ratios and schedules of employer contributions for the Frederick County Employees Retirement Plan, Frederick County Uniformed Employees Retirement Plan, and 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



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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 supplementary data which includes the combining and individual fund statements, budgetary comparison schedules, and capital assets used in the operation of governmental funds schedules (collectively Supplementary Data) as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Supplementary Data is 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 Supplementary Data is 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 basic 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 20, 2025

SBC & 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, 2025. 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 \$1,824.5 million (net position), approximately 46.8% of which is attributable to the County's business-type activities. Of total net position, \$828.4 million is the net investment in capital assets and \$448.0 million is restricted for specific purposes. The County's unrestricted portion of net position is \$548.1 million. Unrestricted net position is composed of \$229.6 million in the governmental activities and a balance of \$318.5 million unrestricted in the business-type activities.
- The total government-wide net position increased by \$277.3 million in FY25. The governmental activities' net position increased by \$241.7 million, compared to an increase of \$74.7 million in FY24. The business-type activities net position increased by \$35.6 million, reflecting a larger increase than the \$26.4 million increase in FY24.

Fund Level

- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$893.5 million, an increase of \$235.7 million from the prior year. The County's proprietary funds reported a combined net position of \$851.1 million, representing a \$35.4 million increase over the prior year.
- At the end of FY25, the total committed, assigned and unassigned fund balances for the County's General Fund was \$216.3 million or approximately 25.8% 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 risk management insurance, 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.

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 the notes to the financial statements. 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 are 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 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 \$1,824.5 million at the close of the fiscal year.

Statement of Net Position

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

Statement of Net Position
as of June 30
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 1,320,803	\$ 970,839	\$ 366,610	\$ 316,496	\$ 1,687,413	\$ 1,287,335
Capital assets	729,531	707,568	644,927	642,168	1,374,458	1,349,736
Total assets	2,050,334	1,678,407	1,011,537	958,664	3,061,871	2,637,071
Deferred outflows of resources	67,490	56,507	393	598	67,883	57,105
Current and other liabilities	151,677	140,960	21,764	18,605	173,441	159,565
Long-term debt outstanding	854,990	757,551	136,615	122,489	991,605	880,040
Total Liabilities	1,006,667	898,511	158,379	141,094	1,165,046	1,039,605
Deferred inflows of resources	140,198	104,255	-	-	140,198	104,255
Net Position:						
Net investment in capital assets	293,954	300,267 *	534,427	535,859	828,381	836,126 *
Restricted	447,429	204,682	628	600	448,057	205,282
Unrestricted	229,576	227,199 *	318,496	281,709	548,072	508,908 *
Total net position	\$ 970,959	\$ 732,148	\$ 853,551	\$ 818,168	\$ 1,824,510	\$ 1,550,316

* Restated

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, \$828.4 million or 45.4%, 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 \$448.1 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 \$548.1 million. Unrestricted net position is composed of \$229.6 million in the governmental activities and \$318.5 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 FY24 to FY25. There was an increase in the unrestricted net position of the governmental activities of \$2.4 million while the business activities unrestricted net position increased \$36.8 million.

The net position of the governmental activities increased \$241.7 million during FY25. In the governmental activities, total revenues increased 14.0%, expenses decreased \$25.5 million, and the change in net position increased \$167.0 million from prior year. Governmental activities general revenues for FY25 showed an increase in property taxes of \$55.8 million, an increase in income taxes of \$28.1 million, and an increase of \$36.3 million in recordation taxes. This was offset by an increase in program revenues of \$20.0 million. Expenses for the governmental activities decreased \$25.5 million, 2.7% from the prior year.

The net position of the business-type activities increased \$35.6 million during FY25. Business type activities revenue for FY25 showed an increase of \$8.1 million primarily attributable to a \$7.6 million increase in capital contributions. Expenses for the business-type activities increased \$1.6 million, 1.4% from the prior fiscal year. For more detailed information, see the Statement of Net Position (Exhibit II-A-1).

Statement of Activities

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$
REVENUES						
Program revenues						
Charges for services	60,485	46,767	111,009	109,797	171,494	156,564
Operating grants and contributions	55,859	45,168	5,168	4,218	61,027	49,386
Capital grants and contributions	3,541	7,938	20,453	12,853	23,994	20,791
General revenues						
Local property taxes	481,433	425,608	-	-	481,433	425,608
Local income taxes	416,251	388,198	-	-	416,251	388,198
Other local taxes	92,170	52,672	-	-	92,170	52,672
Investment earnings	40,762	40,353	14,218	14,708	54,980	55,061
Miscellaneous	21,432	21,005	1	39	21,433	21,044
Gain/loss on disposal of assets	291	294	(1,076)	80	(785)	374
Total revenues	<u>1,172,224</u>	<u>1,028,003</u>	<u>149,773</u>	<u>141,695</u>	<u>1,321,997</u>	<u>1,169,698</u>
EXPENSES						
Program activities						
Governmental activities:						
General government	86,659	93,761	-	-	86,659	93,761
Public safety	171,118	199,486	-	-	171,118	199,486
Public works	53,453	60,370	-	-	53,453	60,370
Health	5,884	13,051	-	-	5,884	13,051
Social services	8,591	15,066	-	-	8,591	15,066
Education	510,696	484,595	-	-	510,696	484,595
Parks, recreation, and culture	34,017	35,592	-	-	34,017	35,592
Conservation of natural resources	17,361	13,217	-	-	17,361	13,217
Community development and public housing	12,732	13,840	-	-	12,732	13,840
Economic development & opportunity	10,111	9,508	-	-	10,111	9,508
Interest on long term debt	18,369	15,969	-	-	18,369	15,969
Business-type activities:						
Water and sewer	-	-	55,845	53,629	55,845	53,629
Solid waste management	-	-	33,641	32,545	33,641	32,545
Comprehensive Care Facility	-	-	25,684	27,658	25,684	27,658
Public housing	-	-	541	265	541	265
Total expenses	<u>928,991</u>	<u>954,455</u>	<u>115,711</u>	<u>114,097</u>	<u>1,044,702</u>	<u>1,068,552</u>
Change in net position before transfers	<u>243,233</u>	<u>73,548</u>	<u>34,062</u>	<u>27,598</u>	<u>277,295</u>	<u>101,146</u>
Transfers	<u>(1,530)</u>	<u>1,166</u>	<u>1,530</u>	<u>(1,166)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>241,703</u>	<u>74,714</u>	<u>35,592</u>	<u>26,432</u>	<u>277,295</u>	<u>101,146</u>
Net position - beginning of year	<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>
Change in accounting principle	<u>(2,892)</u>	<u>-</u>	<u>(209)</u>	<u>-</u>	<u>(3,101)</u>	<u>-</u>
Net position - ending of year	<u>\$ 970,959</u>	<u>\$ 732,148</u>	<u>\$ 853,551</u>	<u>\$ 818,168</u>	<u>\$ 1,824,510</u>	<u>\$ 1,550,316</u>

Governmental Activities

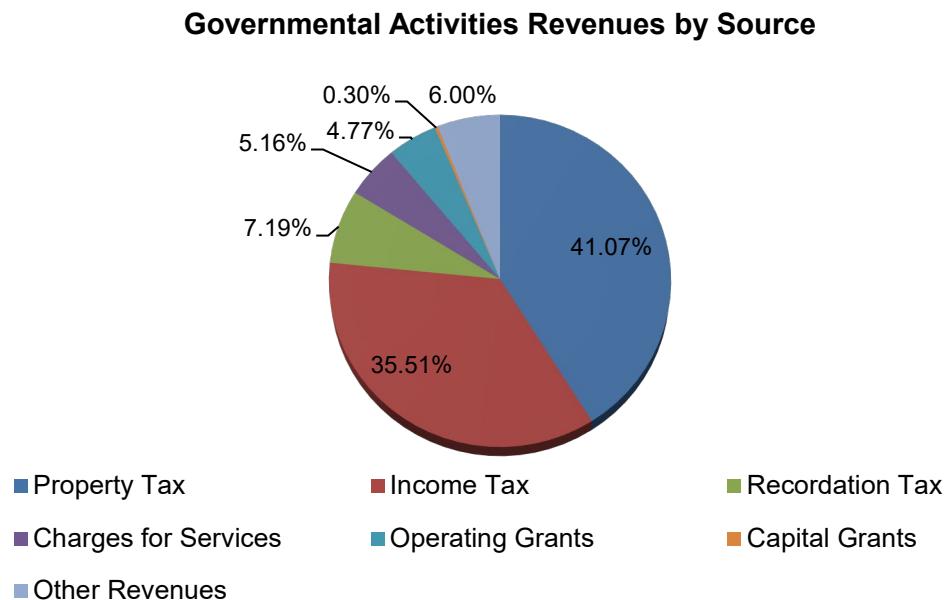
As noted earlier, the government's net position increased by \$277.3 million during the fiscal year. The net position of governmental activities increased \$241.7 million. Governmental activity revenues increased by \$144.2 million during FY25 with a decrease in expenses of \$25.5 million. The County realized its largest increase in revenues from property tax, income tax and recordation tax. The decrease in governmental activities expenses were primarily in the areas of general government, public safety, public works and health that were offset by an increase in education expenses.

Key elements impacting the governmental activities revenues include:

- Local property tax revenue increased in FY25 by \$55.8 million or 13.1% over prior year due to an increase in real property assessments and a \$.05 increase in property tax rate dedicated to school construction.

- Increases in income tax revenues of \$28.1 million, reflecting a 7.2% increase over FY24. 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, increased \$36.3 million in FY25 over FY24. This increase is primarily attributed to taxes paid in FY25 related to a large data center campus project

The following chart illustrates the governmental activities revenues received by source for FY25:

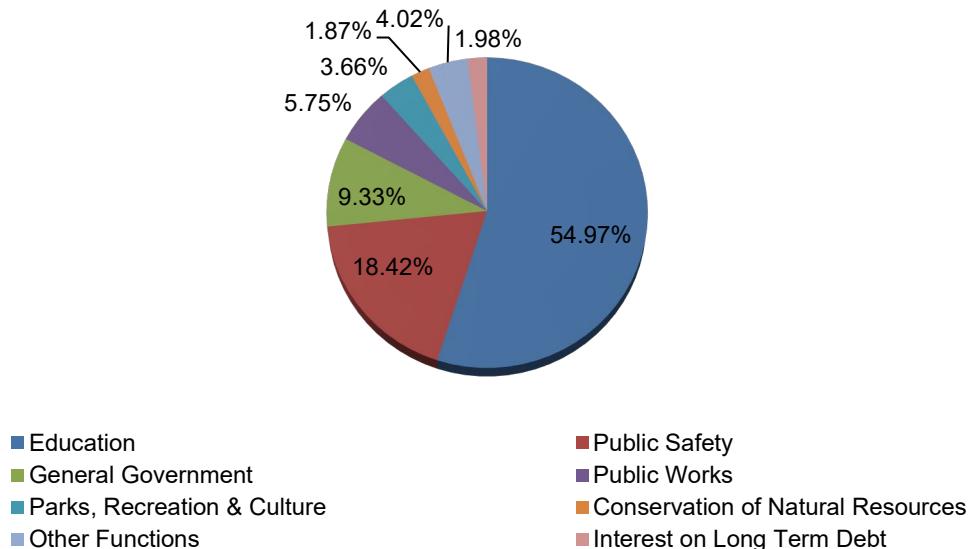


Governmental activities expenses decreased by \$25.5 million in FY25 or 2.7% from FY24. The largest contributors to this decrease were in the areas of:

- All expense categories except for Education decreased by \$51.5 million when compared to prior year. While overall day-to-day operations of the County did increase in FY25 by \$54.6 million, this increase was fully offset by a decrease in the aggregate pension expense and other post-employment benefits in FY25 of \$106.1 million. The \$13.6 million decrease in the aggregate pension expense is the result of significant increases in net investment income in all plans. The \$92.5 million decrease in other post-employment benefits is the result of a favorable change in benefit terms in the FY25 and favorable claims experience in the prior fiscal year.
- Overall Education expenses increased in FY25 by \$26.1 million. Operating funding for our local education system continues to grow including an additional \$18.0 million in funding in FY25, which includes \$10.0 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 \$4.0 million in FY25 due to several school additions, replacements and modernization projects. Operating support to the local community college increased \$1.6 million and capital projects expenses increased by \$2.6 million.

The following chart illustrates the governmental activities expenses by function for FY25:

Governmental Activities Expenses by Function



Business-type Activities

Business-type activities increased Frederick County's net position by \$35.6 million in FY25, compared to an increase of \$26.4 million in FY24.

Total Revenues for business-type activities increased by \$8.1 million in FY25, primarily due to an increase in capital grants and contributions of \$7.6 million resulting from a significant increase in capital contributions to Water and Sewer.

Total Expenses for business-type activities increased by \$1.6 million in FY25.

- The Water & Sewer and Solid Waste Funds reported a \$2.2 million and \$1.1 million increase in expenses respectively in FY25, primarily due to inflationary conditions.
- Expenses for the Comprehensive Care Facility decreased by \$1.9 million in FY25 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 \$893.5 million. Approximately 99.5% of this total amount (\$888.8 million) constitutes restricted, committed, assigned and unassigned fund balance, which is generally

available for spending. The remainder of fund balance (\$4.7 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 \$523.1 million is \$72.0 million, that is the result of the County's set aside policy. Section 2-7-1, subsection (a)(2) of the Frederick County, Maryland Code of Ordinances requires being set-aside in an amount equal to 8.0% percent of the General Fund expenditures and transfers to the Frederick County Board of Education, Frederick Community College and Debt Service Fund.

The General Fund is the chief operating fund of Frederick County. At the end of the current fiscal year, restricted, committed, assigned and unassigned fund balance of the General Fund was \$217.6 million. Reducing the committed fund balance of \$197.2 million for the legislative mandate noted earlier still provides a fund balance of \$125.2 million spendable for current operations. The remainder of the fund balance (\$3.8 million) is non-spendable and is not available for spending because it is in the form of inventory, prepaid expenditures, long term receivables and salary advances. Total fund balance for the General Fund is \$221.4 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 26.0% of total general fund expenditures, while total fund balance represents 26.4% of that same amount.

The County's General Fund total fund balance increased by \$42.1 million during the current fiscal year. The increase is mostly due to an increase in revenues of \$133.6 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 \$29.7 million, with \$22.2 million included in the restricted category due to the legally binding nature of the grant agreements. The Grants Fund total fund balance decreased \$6.7 million during the current fiscal year primarily due to the County's continued spending of grant funding received in prior years. Grants from federal government increased by \$1.9 million.

The Capital Projects Fund has a total fund balance of \$492.7 million. The increase in fund balance for the current fiscal year of \$173.9 million was primarily the result of issuing \$181.3 million in general obligation bond during FY25.

The Agricultural Land Preservation Fund has total fund balance of \$91.6 million. The fiscal year fund balance increased by \$17.2 million mostly due to an increase in recordation tax revenue received in FY25.

The Debt Service Fund has a total fund balance of \$15.7 million. The fiscal year fund balance increased by \$3.9 million primarily due to FY25 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 FY25, the enterprise funds reported a combined total net position of \$851.1 million. Of that total, the unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$264.3 million and the unrestricted net position in the Solid Waste Management Fund totaled \$41.2 million. The Comprehensive Care Facility Fund ended the year with an unrestricted net position of \$10.6 million. The Bell Court Apartment Fund had an unrestricted net position of negative \$91,589.

The County's internal service funds ended FY25 with a total net position of \$63.1 million. Net Position included \$26.6 million of net investment in capital assets and the remaining \$36.5 million of unrestricted net position for all internal service funds. Overall, there was an increase in net position of \$7.6 million in the current year for all internal service funds.

General Fund Budgetary Highlights

The final budgeted use of fund balance budget for the General Fund increased \$6.7 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 \$6.1 million of the increase from the adopted budget. Another notable increase to the adopted budget was to recognize the transfer of \$500 thousand of restricted fund balance related to donations to the Division of Animal Control to the Capital Projects Fund for use as part of the Animal Control facility renovation.

During the year, revenues were greater than budgetary estimates by \$64 million and expenditures were less than budgetary estimates by \$29.7 million. Position vacancies and cautious spending partially contributed to the \$29.7 million or 3.4% decrease in actual General Fund expenditures compared to the final General Fund budget. Other financing sources and uses were less than budget by \$2.1 million. The favorable variances totaled \$95.8 million, thereby eliminating the need to draw upon any of the appropriated fund balance of \$60 million.

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

Revenues

- Three of the primary factors contributing to total revenues being greater than the amount budgeted in FY25 by \$64 million are recordation taxes, income taxes, and investment earnings. Recordation taxes exceeded budget estimates by \$20.6 million due to a single large data center project. Investment income exceeded budget estimates by \$15.7 million mainly as a result of interest rates being higher than anticipated. Income taxes exceeded budget estimates by \$15.6 Million due to increases in wages and steady employment.

Expenditures

- The primary factor contributing to expenditures being less than amounts budgeted by \$29.7 million is salary and fringe savings attributable to position vacancies. The County continues to experience challenges in recruiting staff for vacant positions throughout the organization.
- The general government function was one of the biggest contributors with \$7 million in savings. The three largest areas of savings were in management services with \$2.1 million, interagency information technologies (IIT) with \$1.5 million and planning and zoning with \$960 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 the timing of contracts. Planning and zoning, which is comprised of permits and inspections, experienced vacancies throughout the year.
- The non-departmental function had \$6.7 million in savings. This positive budget variance is primarily the result of \$3.5 million in various contingencies related to severe weather and fuel cost reserves being unspent. Non-departmental employee benefits also realized budget

savings of \$2.4 million primarily related to position vacancies and a delay in implementation of salary improvements associated with a compensation study.

- Notable savings occurred in the public safety function that resulted in a positive budget variance of \$6.6 million. This positive budget variance is primarily the result of numerous position vacancies and associated operating costs particularly at emergency communications and the sheriff's office. Emergency communications also experienced savings in contracted services due to the timing of contracts.
- Public works had \$3.1 million in savings primarily due to position vacancies and a mild winter which contributed to savings in contracted services and other snow removal costs.
- Social services had \$1.8 million in savings mostly due to vacancies, particularly in senior services and family services.
- Education function had \$1.3 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.
- Parks, recreation, and culture had \$1.2 million in savings primarily due to position vacancies and the timing of contracts.

Details of the variances can be found in 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, 2024, and 2025, amount to \$1,349.7 million and \$1,374.5 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 investment increase in capital assets for the current fiscal year was 1.8%.

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

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	\$ 170,931	\$ 162,086	\$ 8,528	\$ 8,528	\$ 179,459	\$ 170,614
Buildings & improv.	421,574	398,133	329,713	332,525	751,287	730,658
Right-to-use buildings & improv.	5,228	5,228	-	-	5,228	5,228
Equipment	194,927	179,980	62,178	62,366	257,105	242,346
Right-to-use equipment	778	814	134	134	912	948
Right-to-use SBITAs	11,779	6,406	-	-	11,779	6,406
Infrastructure	477,178	463,027	500,284	489,716	977,462	952,743
Construction in progress	63,689	76,605	47,168	37,644	110,857	114,249
Accum. depreciation/amortization	(616,553)	(584,711)	(303,078)	(288,745)	(919,631)	(873,456)
Total	<u>\$ 729,531</u>	<u>\$ 707,568</u>	<u>\$ 644,927</u>	<u>\$ 642,168</u>	<u>\$ 1,374,458</u>	<u>\$ 1,349,736</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	\$ 7.2 million
○ Fire Apparatus and Vehicle Replacement	5.1 million
○ Maintenance Systemic Projects	4.5 million
○ Christophers Crossing Widening	4.0 million
○ Montevue Campus Refuel Station	3.9 million
- The following transfers were made to the Frederick County Board of Education for school construction:

○ Green Valley Elementary School	\$16.4 million
○ Valley Elementary School	13.0 million
○ Systemic Projects	8.0 million
○ Yellow Springs Elementary School	2.7 million
- The following transfers were made to the Frederick Community College for school construction:

○ Systemic Projects	\$2.9 million
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Business-type Activities

- Construction costs were incurred for the following major projects:

○ Lewistown Wastewater Treatment Plant Improvements	\$2.1 million
○ Fountaintdale Sewer Cleanouts	1.1 million

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

Long-Term Debt

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

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Bonds Payable	\$ 712,119	\$ 562,569	\$ 79,061	\$ 59,461	\$ 791,180	\$ 622,030
Ag Easement Notes (IPA)	37,055	40,005	-	-	37,055	40,005
Notes from Direct Borrowings and Direct Placements	18,680	27,030	41,173	45,869	59,853	72,899
Lease Agreements	3,548	4,383	110	135	3,658	4,518
SBITA Agreements	4,717	1,394	-	-	4,717	1,394
Total	<u><u>\$ 776,119</u></u>	<u><u>\$ 635,381</u></u>	<u><u>\$ 120,344</u></u>	<u><u>\$ 105,515</u></u>	<u><u>\$ 896,463</u></u>	<u><u>\$ 740,846</u></u>

As of year-end, the County had \$791.2 million in general obligation bonds outstanding compared to a total of \$622.0 million last year, a 27.2% increase. During FY25 the County issued its Tax-Exempt

General Obligation Public Facilities Project Bonds, Series 2025A in the par amount of \$202.7 million. This issue was offset by regular principal payments in the amount of \$33.5 million.

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 \$473.1 million.

Principal payments and reductions of all the County's long-term liabilities (as shown in note 3.G) were \$247.2 million and \$7.3 million in the governmental and business-type activities, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The General Fund budget for FY26 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 FY26 budget reflects a 6.0% increase in revenues compared to FY25. Property tax and income tax revenues increased by 8.4% and 3.3% respectively, reflecting the increase in real property assessments, as well as the continued growth in the underlying income of residents.
- In FY26, Frederick County Public Schools are funded at \$457.4 million, which is \$10.9 million over the state-required Maintenance of Effort level.
- Funding for Frederick Community College increased \$685,257 in FY26 to advance the strategic goals of their Board of Trustees. The total appropriation for FY26 is \$27.0 million.
- The appropriation for Frederick County Libraries increased \$961,472 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 FY26 is \$17.8 million.
- As a result of operations in FY25, there remains \$88.0 million of fund balance in the General Fund that is committed for use in the FY27 budget. This represents an increase from the \$34.9 million programmed as a budgeted use of fund balance in the FY26 budget.
- As of August 2025, the average unemployment rate for the County was 3.6 percent, while the average unemployment rate for the State of Maryland was 4.3 percent.

Below are 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 FY26.

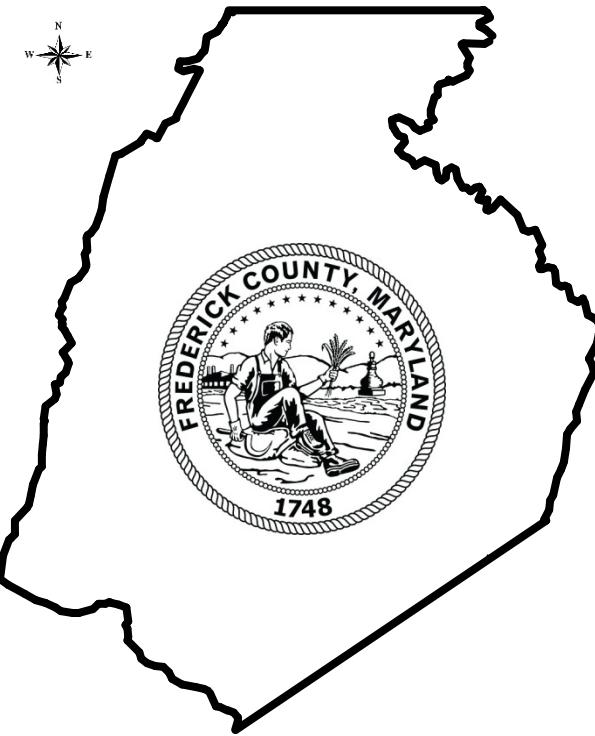
Jurisdiction	FY 2026	FY 2025
State of Maryland	0.1120	0.1120
Frederick County	1.1100	1.1100
City of Frederick Differential	1.0079	1.0077
Town of Myersville Differential	0.9967	1.0198
Total Real Property Assessed Values	47.5B	43.8B

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, 2025

	Primary Government			Component Units				
	Governmental Activities		Business-type Activities	Total	Board of Education	Community College	Public Libraries	Scott Key Center
Assets								
Cash	\$ 404,798	\$ 2,930	\$ 407,728	\$ 29,153,626	\$ 42,815,510	\$ 6,023	\$ 1,050,129	
Equity in pooled invested cash	730,851,647	290,123,377	1,020,975,024	-	-	-	-	-
Cash and cash equivalents - restricted	138,349,163	15,281,049	153,630,212	-	-	20,010	-	-
Total cash and cash equivalents	869,605,608	305,407,356	1,175,012,964	29,153,626	42,815,510	26,033	1,050,129	
Investments - restricted	-	-	-	-	-	553,170	-	-
Investments	72,199,013	29,967,000	102,166,013	50,688,418	23,032,054	-	-	106,136
Receivables, net of allowance for uncollectibles:								
Property taxes	8,774,900	-	8,774,900	-	-	-	-	-
Accounts	8,697,562	17,254,906	25,952,468	11,405,067	1,289,361	1,021	346,015	
Intergovernmental	222,410,169	-	222,410,169	20,294,110	1,199,882	-	-	-
Lease receivable	79,599	-	79,599	-	-	-	-	-
Internal balances	(2,445,583)	2,445,583	-	-	-	-	-	-
Net OPEB asset	113,712,841	-	113,712,841	-	-	-	-	-
Due from primary government	-	-	-	10,473,018	-	8,037,810	-	-
Due from component units	377,625	17,738	395,363	-	-	-	-	-
Inventories	3,807,057	574,653	4,381,710	1,433,723	217,612	-	-	-
Prepaid items	1,448,024	9,965,263	11,413,287	1,634,807	816,465	93,312	-	1,417
Long-term receivables, net of allowance for uncollectibles	22,136,718	977,760	23,114,478	-	24,842	-	-	-
Capital assets:								
Land	170,931,007	8,527,737	179,458,744	53,477,858	271,620	-	-	-
Buildings and improvements	421,573,441	329,713,316	751,286,757	1,338,935,122	158,582,512	-	-	-
Right-to-use building and improvements	5,227,861	-	5,227,861	44,771,959	-	-	-	-
Equipment	194,926,683	62,178,337	257,105,020	94,595,130	8,603,277	418,702	-	50,487
Right-to-use equipment	778,346	134,510	912,856	-	-	-	-	-
Right-to-use SBITA	11,779,294	-	11,779,294	9,763,831	1,371,079	223,199	-	-
Library collection	-	-	-	-	2,090,347	5,985,560	-	-
Infrastructure	477,178,394	500,283,874	977,462,268	-	-	-	-	-
Construction in progress	63,689,376	47,167,736	110,857,112	129,381,889	1,054,977	-	-	-
Accumulated depreciation/amortization	(616,553,651)	(303,078,503)	(919,632,154)	(629,231,061)	(79,335,431)	(1,052,290)	-	(50,487)
Total assets	2,050,334,284	1,011,537,266	3,061,871,550	1,166,777,497	162,034,107	14,286,517	-	1,503,697
Deferred Outflows of Resources								
Deferred outflow related to nonuniformed pension	19,408,687	-	19,408,687	29,491,204	-	-	-	-
Deferred outflow related to uniformed pension	25,479,138	-	25,479,138	-	-	-	-	-
Deferred outflow related to LOSAP	69,099	-	69,099	-	-	-	-	-
Deferred outflow related to OPEB	22,155,942	-	22,155,942	122,084,598	-	-	-	-
Deferred charge on refunding	377,169	393,723	770,892	-	-	-	-	-
Total deferred outflows of resources	67,490,035	393,723	67,883,758	151,575,802	-	-	-	-

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government			Component Units				
	Governmental Activities		Business-type Activities	Total	Board of Education	Community College	Public Libraries	Scott Key Center
	Accounts payable	\$ 3,269,304	\$ 1,286,656	\$ 4,555,960	\$ 37,533,060	\$ 1,810,758	\$ 38,265	\$ 1,200
Liabilities								
Accounts payable	\$ 3,269,304	\$ 1,286,656	\$ 4,555,960	\$ 37,533,060	\$ 1,810,758	\$ 38,265	\$ 1,200	
Accrued liabilities	28,077,574	6,911,306	34,988,880	1,720,311	574,847	-	-	
Accrued payroll and benefit deductions	11,232,022	745,286	11,977,308	31,395,861	1,009,155	493,651	221	
Property taxes payable	121,007	-	121,007	-	-	-	-	
Due to third parties	15,419,763	-	15,419,763	-	-	-	-	
Due to primary government	-	-	-	754,935	-	-	815,916	
Due to other governmental units	534,760	-	534,760	-	-	-	-	
Due to component units	18,689,117	-	18,689,117	-	-	-	-	
Unearned revenues	8,480,149	287,393	8,767,542	-	2,197,174	687,134	-	
Other liabilities	5,565,468	4,293,929	9,859,397	-	-	-	-	
Noncurrent liabilities:								
Due within one year	60,288,253	8,239,701	68,527,954	8,984,869	2,820,842	133,127	-	
Due in more than one year	854,989,721	136,615,385	991,605,106	448,520,926	4,332,977	832,506	-	
Total liabilities	<u>1,006,667,138</u>	<u>158,379,656</u>	<u>1,165,046,794</u>	<u>528,909,962</u>	<u>12,745,753</u>	<u>2,184,683</u>	<u>817,337</u>	
Deferred Inflows of Resources								
Deferred inflow related to nonuniformed pension	30,072,058	-	30,072,058	1,465,319	-	-	-	
Deferred inflow related to uniformed pension	23,347,420	-	23,347,420	-	-	-	-	
Deferred inflow related to LOSAP	754,874	-	754,874	-	-	-	-	
Deferred inflow related to OPEB	85,459,584	-	85,459,584	520,074,824	-	-	-	
Deferred inflow related to leases	563,780	-	563,780	-	-	-	-	
Total deferred inflows of resources	<u>140,197,716</u>	<u>-</u>	<u>140,197,716</u>	<u>521,540,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net Position								
Net investment in capital assets	293,954,134	534,354,175	828,308,309	989,633,402	87,750,785	5,518,304	-	
Restricted for:								
School and library construction	194,257,798	-	194,257,798	-	-	-	-	
Additional or expanded road facilities	43,035,084	-	43,035,084	-	-	-	-	
Capital projects	-	611,375	611,375	-	-	-	-	
Agricultural preservation	1,892,018	-	1,892,018	-	-	-	-	
Debt service	2,655,280	-	2,655,280	-	-	-	-	
Housing loans	19,540,098	-	19,540,098	-	-	-	-	
Watershed/general government	45,825,920	-	45,825,920	-	-	-	-	
Health	2,745,494	-	2,745,494	-	-	-	-	
Grants	22,197,009	-	22,197,009	-	-	-	-	
Animal control	583,717	-	583,717	-	-	-	-	
Other purposes	983,522	-	983,522	-	19,398,036	573,180	-	
OPEB	113,712,841	-	113,712,841	-	-	-	-	
Unrestricted (deficit)	<u>229,576,550</u>	<u>318,585,783</u>	<u>548,162,333</u>	<u>(721,730,208)</u>	<u>42,139,533</u>	<u>6,010,350</u>	<u>686,360</u>	
Total net position	<u>\$ 970,959,465</u>	<u>\$ 853,551,333</u>	<u>\$ 1,824,510,798</u>	<u>\$ 267,903,194</u>	<u>\$ 149,288,354</u>	<u>\$ 12,101,834</u>	<u>\$ 686,360</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, 2025

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position						
						Primary Government			Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Public Libraries	Scott Key Center
Primary government:												
Governmental activities:												
General government	\$ 86,659,356	\$ 31,048,270	\$ 3,146,341	\$ 165,337	\$ (52,299,408)	\$ -	\$ (52,299,408)	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	171,118,259	25,832,594	16,127,951	1,637,358	(127,520,356)	-	(127,520,356)	-	-	-	-	-
Public works	53,452,459	254,318	9,953,982	554,242	(42,689,917)	-	(42,689,917)	-	-	-	-	-
Health	5,884,324	297,757	3,800,509	-	(1,786,058)	-	(1,786,058)	-	-	-	-	-
Social services	8,591,360	650	3,037,406	106,725	(5,446,579)	-	(5,446,579)	-	-	-	-	-
Education	510,696,091	-	-	-	(510,696,091)	-	(510,696,091)	-	-	-	-	-
Parks, recreation and culture	34,016,678	2,857,107	-	-	(31,159,571)	-	(31,159,571)	-	-	-	-	-
Conservation of natural resources	17,360,752	194,313	5,468,183	709,048	(10,989,208)	-	(10,989,208)	-	-	-	-	-
Community development and public housing	12,731,701	-	11,758,260	-	(973,441)	-	(973,441)	-	-	-	-	-
Economic development and opportunity	10,110,560	-	2,566,959	368,307	(7,175,294)	-	(7,175,294)	-	-	-	-	-
Interest on long term debt	18,369,174	-	-	-	(18,369,174)	-	(18,369,174)	-	-	-	-	-
Total governmental activities	<u>928,990,714</u>	<u>60,485,009</u>	<u>55,859,591</u>	<u>3,541,017</u>	<u>(809,105,097)</u>	<u>-</u>	<u>(809,105,097)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:												
Water and sewer	55,845,450	53,488,537	3,130,110	20,411,867	-	21,185,064	21,185,064	-	-	-	-	-
Solid waste management	33,640,902	30,787,487	2,038,206	-	-	(815,209)	(815,209)	-	-	-	-	-
Comprehensive care facility	25,684,055	26,556,077	-	-	-	872,022	872,022	-	-	-	-	-
Public housing	540,702	177,384	-	40,816	-	(322,502)	(322,502)	-	-	-	-	-
Total business-type activities	<u>115,711,109</u>	<u>111,009,485</u>	<u>5,168,316</u>	<u>20,452,683</u>	<u>-</u>	<u>20,919,375</u>	<u>20,919,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 1,044,701,823</u>	<u>\$ 171,494,494</u>	<u>\$ 61,027,907</u>	<u>\$ 23,993,700</u>	<u>(809,105,097)</u>	<u>20,919,375</u>	<u>(788,185,722)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units:												
Board of Education	\$ 958,902,418	\$ 12,462,587	\$ 262,521,541	\$ 171,151,399	-	-	-	-	(512,766,891)	-	-	-
Community College	88,013,285	22,871,569	63,776,230	5,386,585	-	-	-	-	4,021,099	-	-	-
Public Libraries	20,416,417	240,001	21,180,478	-	-	-	-	-	-	1,004,062	-	-
Scott Key Center	4,242,624	3,537,187	701,330	-	-	-	-	-	-	-	(4,107)	-
Total Component Units	<u>\$ 1,071,574,744</u>	<u>\$ 39,111,344</u>	<u>\$ 348,179,579</u>	<u>\$ 176,537,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(512,766,891)</u>	<u>4,021,099</u>	<u>1,004,062</u>	<u>(4,107)</u>
General Revenues:												
Local property taxes				481,432,643	-	481,432,643	-	-	-	-	-	-
Local income taxes				416,250,933	-	416,250,933	-	-	-	-	-	-
Recordation taxes				84,336,533	-	84,336,533	-	-	-	-	-	-
Hotel rental tax				3,044,712	-	3,044,712	-	-	-	-	-	-
Payment-in-lieu taxes				1,844,269	-	1,844,269	-	-	-	-	-	-
Adult-use cannabis sales and use taxes				1,501,458	-	1,501,458	-	-	-	-	-	-
Agriculture transfer tax				1,443,219	-	1,443,219	-	-	-	-	-	-
Grants and contributions not restricted to specific programs				-	-	649,486,674	-	-	-	-	-	1,545
Investment earnings				40,761,830	14,217,609	54,979,439	4,143,882	3,087,830	26,967	15,261	-	-
Miscellaneous				21,432,360	1,251	21,433,611	1,398,138	-	-	5,709	-	-
Gain/loss on disposal of assets				291,163	(1,075,993)	(784,830)	-	-	-	-	-	-
Transfers				(1,530,386)	1,530,386	-	-	-	-	-	-	-
Total general revenues and transfers				<u>1,050,808,734</u>	<u>14,673,253</u>	<u>1,065,481,987</u>	<u>655,028,694</u>	<u>3,087,830</u>	<u>26,967</u>	<u>22,515</u>	<u>-</u>	<u>-</u>
Change in net position				<u>241,703,637</u>	<u>35,592,628</u>	<u>277,296,265</u>	<u>142,261,803</u>	<u>7,108,929</u>	<u>1,031,029</u>	<u>18,408</u>	<u>-</u>	<u>-</u>
Net position - beginning of year				732,147,824	818,167,967	1,550,315,791	125,641,391	142,179,425	11,175,638	667,952	-	-
Change in accounting principle				(2,891,996)	(209,262)	(3,101,258)	-	-	(104,833)	-	-	-
Net position - restated				729,255,828	817,958,705	1,547,214,533	-	-	11,070,805	-	-	-
Total net position - end of year				<u>\$ 970,959,465</u>	<u>\$ 853,551,333</u>	<u>\$ 1,824,510,798</u>	<u>\$ 267,903,194</u>	<u>\$ 149,288,354</u>	<u>\$ 12,101,834</u>	<u>\$ 686,360</u>	<u>-</u>	<u>-</u>

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

FREDERICK COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Grants Fund	Capital Projects	Agricultural Preservation	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash	\$ 159,784	\$ 3,552	\$ -	\$ -	\$ -	\$ 241,462	\$ 404,798
Equity in pooled invested cash	186,661,409	14,555,000	385,570,218	64,401,008	12,972,109	20,262,121	684,421,865
Total cash and cash equivalents	186,821,193	14,558,552	385,570,218	64,401,008	12,972,109	20,503,583	684,826,663
Investments	44,957,900	-	-	27,241,113	-	-	72,199,013
Receivables, net of allowance for uncollectibles:							
Property taxes	8,774,900	-	-	-	-	-	8,774,900
Accounts	6,722,512	178,253	66,205	99,392	-	380,659	7,447,021
Intergovernmental	213,438,646	8,636,124	335,399	-	-	-	222,410,169
Lease receivable	79,599	-	-	-	-	-	79,599
Prepaid items	545,649	121,047	-	663,108	-	44,000	1,373,804
Due from component units	34,031	343,594	-	-	-	-	377,625
Inventories	3,144,207	-	-	-	-	-	3,144,207
Long-term receivables, net of allowance for uncollectibles:							
Employee salary advances	6,118	-	-	-	-	-	6,118
Non-profit organization loans	78,381	-	-	-	-	806,851	885,232
Housing loans	-	1,660,916	-	-	-	19,532,098	21,193,014
Lease receivable	52,354	-	-	-	-	-	52,354
Cash and cash equivalents - restricted	34,875	13,221,710	118,103,637	-	2,655,280	4,333,661	138,349,163
Total assets	<u>\$ 464,690,365</u>	<u>\$ 38,720,196</u>	<u>\$ 504,075,459</u>	<u>\$ 92,404,621</u>	<u>\$ 15,627,389</u>	<u>\$ 45,600,852</u>	<u>\$ 1,161,118,882</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 1,489,969	\$ 170,667	\$ 1,190,442	\$ 7,120	\$ 6,612	\$ 56,260	\$ 2,921,070
Accrued liabilities	2,971,853	2,912,316	5,672,477	260	1,489	1,007,164	12,565,559
Payroll and benefit deductions	10,303,167	828,562	90,193	10,100	-	-	11,232,022
Property taxes payable	121,007	-	-	-	-	-	121,007
Due to third parties	15,252,697	8,520	-	-	-	158,546	15,419,763
Due to other governmental units	82,236	71,582	-	380,942	-	-	534,760
Due to component units	17,998,252	-	-	-	-	-	17,998,252
Other liabilities	825	3,405,934	2,145,959	-	-	12,750	5,565,468
Unearned revenues	2,297,903	1,645,329	2,319,937	361,656	-	1,855,324	8,480,149
Total liabilities	<u>50,517,909</u>	<u>9,042,910</u>	<u>11,419,008</u>	<u>760,078</u>	<u>8,101</u>	<u>3,090,044</u>	<u>74,838,050</u>
Deferred Inflows of Resources							
Unavailable revenue	192,669,097	-	-	-	-	-	192,669,097
Lease related	127,818	-	-	-	-	-	127,818
Total deferred inflows of resources	<u>192,796,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,796,915</u>
Fund balances:							
Nonspendable	3,774,355	121,047	-	663,108	-	44,000	4,602,510
Restricted	1,306,793	22,197,009	283,118,802	1,892,018	2,655,280	22,546,038	333,715,940
Committed	197,216,981	7,359,230	209,537,649	89,089,417	-	19,920,770	523,124,047
Assigned	18,777,412	-	-	-	12,964,008	-	31,741,420
Unassigned	300,000	-	-	-	-	-	300,000
Total fund balances	<u>221,375,541</u>	<u>29,677,286</u>	<u>492,656,451</u>	<u>91,644,543</u>	<u>15,619,288</u>	<u>42,510,808</u>	<u>893,483,917</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 464,690,365</u>	<u>\$ 38,720,196</u>	<u>\$ 504,075,459</u>	<u>\$ 92,404,621</u>	<u>\$ 15,627,389</u>	<u>\$ 45,600,852</u>	<u>\$ 1,161,118,882</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, 2025

Total fund balance - governmental funds (See Exhibit II-A-3) \$ 893,483,917

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	\$ 170,931,007
Buildings and improvements	421,573,441
Right-to-use buildings and improvements	5,227,861
Equipment	194,926,683
Right-to-use equipment	778,346
Right-to-use SBITA	11,779,294
Infrastructure	477,178,394
Construction-in-progress	63,689,376
Less Accumulated Depreciation/Amortization	<u>(616,553,651)</u>
	729,530,751

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

Deferred Outflows on Refundings	377,169
Deferred Outflows related to pensions and OPEB	<u>67,112,866</u>
	67,490,035

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	(712,119,145)
Notes from direct Borrowings and Direct Placements	(18,679,848)
Unamortized Premium on Bonds Payable	(37,749,756)
Installment Purchase Agreements	(37,054,607)
Financed Purchase Obligations	(786,515)
Compensated Absences	(19,116,180)
Prefunded Loss Claims	(6,655,494)
Net LOSAP Pension Liability	(10,200,447)
Termination Benefits	(445,958)
Lease Liability	(3,547,494)
Subscription-Based Information Technology Arrangements	(4,717,070)
Net Pension Liabilities	(64,205,460)
Net OPEB Asset	113,712,841
Accrued Bond, Lease & SBITA Interest	(10,899,628)
Recognition of Deferred Inflows - unavailable revenues in governmental funds	<u>192,669,097</u>
	(619,795,664)

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>(140,069,899)</u>
	(140,069,899)

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.

40,320,325

Net position of governmental activities (See Exhibit II-A-1) \$ 970,959,465

FREDERICK COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General	Grants	Capital Projects	Agricultural Preservation	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Local property taxes	\$ 481,434,710	\$ -	\$ -	\$ -	\$ -	\$ 19,098	\$ 481,453,808
Local income taxes	404,355,909						404,355,909
Other local taxes	55,338,378	1,390,375	21,545,201	22,988,420		4,888,981	106,151,355
Licenses and permits	6,834,056	-	-	-	-	-	6,834,056
Grants from federal government	385,634	32,493,074	855,394	-	-	-	33,734,102
Grants from state government	7,116,878	12,105,526	2,605,021	4,879,621	-	1,340,264	28,047,310
Charges for services	11,670,854	317,219	22,021,934	-	-	976,774	34,986,781
Fines and forfeitures	76,329	-	-	-	-	143,246	219,575
Interest from loans	-	-	-	-	-	28,367	28,367
Investment income	19,694,267	771,009	10,153,897	4,188,102	3,068,988	1,026,920	38,903,183
Miscellaneous	6,698,061	240,156	1,146,057	1,892,860	-	1,488,236	11,465,370
Total revenues	<u>993,605,076</u>	<u>47,317,359</u>	<u>58,327,504</u>	<u>33,949,003</u>	<u>3,068,988</u>	<u>9,911,886</u>	<u>1,146,179,816</u>
Expenditures							
General government	76,512,586	10,085,033	-	807,431	-	43,271	87,448,321
Public safety	199,345,844	13,345,050	-	-	-	1,037,453	213,728,347
Public works	27,684,746	10,450,231	-	-	-	17,157	38,152,134
Health	10,365,018	3,773,433	-	-	-	1,505,396	15,643,847
Social services	9,976,075	5,210,096	-	-	-	-	15,186,171
Education	462,159,222	-	-	-	-	-	462,159,222
Parks, recreation and culture	29,985,702	-	-	-	-	-	29,985,702
Conservation of natural resources	5,638,427	588,562	-	11,769,318	-	-	17,996,307
Community development and public housing	1,117,533	12,078,934	-	-	-	272,490	13,468,957
Economic development and opportunity	4,598,811	5,076,302	-	-	-	3,009,808	12,684,921
Miscellaneous	3,770,346	-	-	-	-	-	3,770,346
Intergovernmental	7,024,328	-	-	-	-	-	7,024,328
Debt service	-	-	-	-	68,651,345	-	68,651,345
Capital projects	-	-	<u>119,114,104</u>	-	-	-	<u>119,114,104</u>
Total expenditures	<u>838,178,638</u>	<u>60,607,641</u>	<u>119,114,104</u>	<u>12,576,749</u>	<u>68,651,345</u>	<u>5,885,575</u>	<u>1,105,014,052</u>
Excess (deficiency) of revenues over expenditures	<u>155,426,438</u>	<u>(13,290,282)</u>	<u>(60,786,600)</u>	<u>21,372,254</u>	<u>(65,582,357)</u>	<u>4,026,311</u>	<u>41,165,764</u>
Other financing sources (uses)							
Transfers in from:							
General fund	-	9,074,307	50,947,851	462,953	54,944,117	1,500,000	116,929,228
Grants fund	465,000	-	1,767,358	-	-	-	2,232,358
Capital projects fund	-	71,376	-	-	8,035,077	-	8,106,453
Special revenue funds	-	-	-	-	5,651,172	-	5,651,172
Enterprise funds	282,000	-	9,070	-	-	-	291,070
Transfers out to:							
General fund	-	(465,000)	-	-	-	-	(465,000)
Capital projects fund	(50,947,851)	(1,767,358)	-	-	-	-	(52,715,209)
Special revenue funds	(11,037,260)	-	(71,376)	-	-	-	(11,108,636)
Internal service funds	(2,587,844)	(205,794)	(80,736)	-	-	-	(2,874,374)
Enterprise funds	-	(269,793)	(1,627,777)	-	-	-	(1,897,570)
Debt service fund	(54,944,117)	-	(8,035,077)	(5,474,865)	-	(176,307)	(68,630,366)
Premium on debt	-	-	10,465,000	-	811,062	-	11,276,062
General obligation bonds issued	-	-	181,325,000	-	-	-	181,325,000
Installment purchase agreements	-	-	-	862,969	-	-	862,969
Sale of general capital assets	1,595	-	-	-	-	-	1,595
Insurance proceeds	32,576	145,000	-	-	-	-	177,576
SBITAs	4,027,752	-	-	-	-	-	4,027,752
Unusual or infrequent	1,370,056	-	-	-	-	-	1,370,056
Total other financing sources and (uses)	<u>(113,338,093)</u>	<u>6,582,738</u>	<u>234,699,313</u>	<u>(4,148,943)</u>	<u>69,441,428</u>	<u>1,323,693</u>	<u>194,560,136</u>
Net change in fund balances	<u>42,088,345</u>	<u>(6,707,544)</u>	<u>173,912,713</u>	<u>17,223,311</u>	<u>3,859,071</u>	<u>5,350,004</u>	<u>235,725,900</u>
Fund balances - beginning 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>
Fund balances - end of year	<u>\$ 221,375,541</u>	<u>\$ 29,677,286</u>	<u>\$ 492,656,451</u>	<u>\$ 91,644,543</u>	<u>\$ 15,619,288</u>	<u>\$ 42,510,808</u>	<u>\$ 893,483,917</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, 2025

Net change in fund balances - total governmental funds (See Exhibit II-A-5) \$ 235,725,900

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	\$ 43,159,042	
Depreciation/Amortization Expense	<u>(36,667,178)</u>	6,491,864

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	185,696,743	
Income Taxes - Recognized as Income in the Prior Year	(173,801,719)	
Other Revenues - Deferred in the Fund Statements	6,972,354	
Other Revenues - Recognized as Income in the Prior Year	(2,387,364)	
Contributed Assets	<u>5,728,146</u>	22,208,160

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	(862,969)	
Issuance of General Obligations Bond & Premium	(192,601,062)	
Issuance of SBITAs	(4,027,752)	
Principal Payments on General Obligation Debt	31,775,222	
Principal Payments on Direct Borrowings and Direct Placements	8,350,107	
Principal Payments on Financed Purchase Obligations	1,204,252	
Principal Payments on IPAs	3,812,880	
Principal Payments on SBITAs	704,934	
Principal Payments on Leases	920,331	
Amortization of Bond Premiums	7,674,567	
Amortization of Deferred Loss on Bonds	<u>(143,974)</u>	(143,193,464)

(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, 2025

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	19,507,407
Net Other Post Employment Benefit	90,803,946
Net LOSAP	768,483
Accrued Interest - Prior Year	8,514,205
Accrued Interest - Current Year	(10,899,628)
Compensated Absences Accrual	(45,265)
Termination Benefits Accrual	(92,639)
	<hr/>
	108,556,509

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

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

11,914,668

\$ 241,703,637

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, 2025

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Local property taxes				
Real property (inc. additions & abatements)	\$ 494,286,574	\$ 494,971,526	\$ 483,442,637	\$ (11,528,889)
Personal property	75,000	75,000	303,234	228,234
Public utilities	12,000,000	12,000,000	13,318,703	1,318,703
Payments in lieu of taxes	615,000	615,000	1,008,739	393,739
Total levy	<u>506,976,574</u>	<u>507,661,526</u>	<u>498,073,313</u>	<u>(9,588,213)</u>
Homestead credit	(13,083,672)	(13,083,672)	(12,646,394)	437,278
Other tax credits and refunds	(4,762,998)	(4,762,998)	(5,610,554)	(847,556)
Municipal tax differential	(11,908,788)	(11,908,788)	-	11,908,788
Interest - delinquent taxes	3,800,000	3,800,000	4,648,684	848,684
Discounts allowed on taxes	(2,700,000)	(2,700,000)	(3,030,339)	(330,339)
Total adjustments	<u>(28,655,458)</u>	<u>(28,655,458)</u>	<u>(16,638,603)</u>	<u>12,016,855</u>
Total local property taxes	<u>478,321,116</u>	<u>479,006,068</u>	<u>481,434,710</u>	<u>2,428,642</u>
Local income taxes	<u>388,797,055</u>	<u>388,797,055</u>	<u>404,355,909</u>	<u>15,558,854</u>
Other local taxes				
Recordation	20,663,404	20,663,404	41,246,131	20,582,727
911 fees - local	10,000,000	10,000,000	13,934,600	3,934,600
Adult-use cannabis	-	-	157,342	157,342
Security interest filing fees	200	200	305	105
Total other local taxes	<u>30,663,604</u>	<u>30,663,604</u>	<u>55,338,378</u>	<u>24,674,774</u>
Licenses and permits				
Alcoholic beverage licenses	458,700	458,700	547,705	89,005
Traders' licenses	210,000	210,000	207,662	(2,338)
Animal licenses	47,000	47,000	40,118	(6,882)
Marriage fees	17,000	17,000	21,405	4,405
Building permits	1,685,000	1,685,000	1,832,850	147,850
Electrical permits	1,000,000	1,000,000	964,912	(35,088)
Plumbing permits	575,000	575,000	592,811	17,811
Grading permits	800,000	800,000	931,455	131,455
Miscellaneous licenses and permits	1,142,500	1,142,500	1,695,138	552,638
Total licenses and permits	<u>5,935,200</u>	<u>5,935,200</u>	<u>6,834,056</u>	<u>898,856</u>
Grants from federal government	<u>218,020</u>	<u>218,020</u>	<u>385,634</u>	<u>167,614</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, 2025

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Grants from state government				
Police protection	\$ 1,300,000	\$ 1,300,000	\$ 1,832,779	\$ 532,779
Aid for fire, rescue and ambulance services	610,000	614,313	614,313	-
Highway user revenues	4,000,000	4,000,000	4,602,016	602,016
County inmate housing	100,000	100,000	67,770	(32,230)
Total grants from state government	6,010,000	6,014,313	7,116,878	1,102,565
Charges for services				
Planning and zoning fees	1,280,500	1,280,500	1,350,841	70,341
Court costs, fees and charges	101,000	101,000	121,917	20,917
Other general government	210,500	210,500	244,992	34,492
Public safety	4,909,700	4,909,700	6,146,060	1,236,360
Public improvement inspections	200,000	200,000	235,506	35,506
Weed control	297,621	297,621	194,313	(103,308)
Municipal recoveries	475,000	475,000	520,118	45,118
Recreation	2,116,177	2,440,756	2,857,107	416,351
Total charges for services	9,590,498	9,915,077	11,670,854	1,755,777
Fines and forfeitures				
Court	25,000	25,000	14,610	(10,390)
Alcoholic beverages	1,000	1,000	52,046	51,046
Other fines and forfeitures	2,500	2,500	9,673	7,173
Total fines and forfeitures	28,500	28,500	76,329	47,829
Investment income	4,000,011	4,000,011	19,694,267	15,694,256
Miscellaneous revenues				
Rents and concessions	2,058,416	2,084,296	2,044,807	(39,489)
Contributions and donations	45,000	45,000	152,523	107,523
Other miscellaneous revenues	2,855,317	2,873,165	4,500,731	1,627,566
Total miscellaneous revenues	4,958,733	5,002,461	6,698,061	1,695,600
Total revenues	928,522,737	929,580,309	993,605,076	64,024,767
General government				
Legislative and executive				
County executive	1,373,606	1,406,511	1,269,733	136,778
County executive administration	1,233,653	1,233,653	1,279,722	(46,069)
County council	1,077,558	1,077,558	1,019,030	58,528
Total legislative and executive	3,684,817	3,717,722	3,568,485	149,237

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, 2025

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Judicial				
Circuit court	\$ 2,446,761	\$ 2,375,101	\$ 2,284,534	\$ 90,567
Orphans court	39,839	41,738	37,965	3,773
State's attorney	9,642,586	9,642,603	9,356,182	286,421
Grand jury	85,381	98,581	89,362	9,219
Total judicial	<u>12,214,567</u>	<u>12,158,023</u>	<u>11,768,043</u>	<u>389,980</u>
Elections				
Board of supervisors of elections	<u>4,395,558</u>	<u>4,395,558</u>	<u>3,834,226</u>	<u>561,332</u>
Financial administration				
Finance administration	646,317	646,317	642,130	4,187
Debt & benefit trust management	300,794	300,794	296,116	4,678
Accounting	2,511,548	2,511,548	2,469,531	42,017
Grants management	259,876	259,876	22,771	237,105
Independent auditing	73,700	73,700	68,400	5,300
Budgeting	1,466,504	1,484,329	1,389,002	95,327
Procurement & contracting	1,578,477	1,578,477	1,385,089	193,388
Risk management	898,060	908,425	841,124	67,301
Treasury	1,400,373	1,400,373	1,292,526	107,847
Total financial administration	<u>9,135,649</u>	<u>9,163,839</u>	<u>8,406,689</u>	<u>757,150</u>
Legal				
County attorney	2,125,799	2,125,799	1,907,018	218,781
Ethics commission	10,419	10,419	-	10,419
Police accountability board	95,107	88,707	23,225	65,482
Total financial administration	<u>2,231,325</u>	<u>2,224,925</u>	<u>1,930,243</u>	<u>294,682</u>
Personnel administration				
Human resources	<u>2,797,091</u>	<u>2,797,091</u>	<u>2,552,037</u>	<u>245,054</u>
Planning & Zoning				
Permits & inspection	5,438,031	5,376,991	4,646,923	730,068
Planning & development review	4,533,303	4,723,561	4,493,849	229,712
Total planning and zoning	<u>9,971,334</u>	<u>10,100,552</u>	<u>9,140,772</u>	<u>959,780</u>
Management services				
Custodial/security	3,971,306	3,952,292	3,116,685	835,607
Maintenance	13,560,001	13,770,261	12,547,987	1,222,274
Total management services	<u>17,531,307</u>	<u>17,722,553</u>	<u>15,664,672</u>	<u>2,057,881</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, 2025

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Other general government				
Interagency information technologies	\$ 23,011,592	\$ 23,302,930	\$ 21,791,783	\$ 1,511,147
Communication & Public Engagement	1,422,344	1,422,344	1,358,207	64,137
Office of equity and inclusion	403,038	403,038	383,087	19,951
Internal audit	463,758	463,758	522,942	(59,184)
Board of liquor license commissioners	712,799	712,799	638,223	74,576
Total other general government	<u>26,013,531</u>	<u>26,304,869</u>	<u>24,694,242</u>	<u>1,610,627</u>
Total general government	<u>87,975,179</u>	<u>88,585,132</u>	<u>81,559,409</u>	<u>7,025,723</u>
Public safety				
Sheriff	40,036,274	40,315,322	38,357,017	1,958,305
Detention center	24,190,814	24,191,202	23,748,045	443,157
Work release center	4,557,520	4,660,764	4,372,929	287,835
Ambulance billing	714,718	714,718	685,925	28,793
Fire and rescue operations	92,237,906	93,182,521	95,442,391	(2,259,870)
Fire/rescue admin services	2,094,440	2,255,408	1,923,944	331,464
Emergency communications	16,176,362	16,314,426	12,906,052	3,408,374
Volunteer fire and rescue	9,385,854	9,757,578	9,606,641	150,937
Volunteer training	1,467,318	1,457,318	970,165	487,153
Fire & rescue professional services training	3,792,979	3,903,915	2,912,472	991,443
Emergency preparedness	917,181	1,095,208	1,006,942	88,266
Fire inspection	1,224,399	1,224,399	941,008	283,391
Fire/rescue state grant allocation	610,000	614,313	614,312	1
Director of division of fire rescue services	1,033,114	1,033,114	1,012,340	20,774
Emergency management	1,474,624	1,504,624	1,308,405	196,219
Animal control	2,824,224	2,824,900	2,668,868	156,032
Total public safety	<u>202,737,727</u>	<u>205,049,730</u>	<u>198,477,456</u>	<u>6,572,274</u>
Public works				
Highways	22,557,796	23,356,325	20,931,237	2,425,088
Public works administration	3,332,800	3,333,497	3,174,687	158,810
Facilities and project management	829,755	831,541	773,829	57,712
Transportation engineering	2,001,707	2,110,683	2,033,510	77,173
Weed control	297,621	297,621	297,045	576
Construction inspection	1,321,436	1,438,109	1,038,499	399,610
Total public works	<u>30,341,115</u>	<u>31,367,776</u>	<u>28,248,807</u>	<u>3,118,969</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, 2025

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Health				
County administrator	\$ 288,967	\$ 288,967	\$ 289,074	\$ (107)
Core services	3,041,218	3,041,218	3,041,218	-
Detention center substance abuse	132,572	132,572	132,572	-
Mental health	2,097,556	2,097,556	1,755,140	342,416
School health	10,000	10,000	50,494	(40,494)
Health equity office	319,466	319,466	246,577	72,889
Frederick County Developmental Center	5,411,773	5,412,822	4,852,711	560,111
Total health	<u>11,301,552</u>	<u>11,302,601</u>	<u>10,367,786</u>	<u>934,815</u>
Social services				
Contribution to department of social services	675,257	675,257	586,847	88,410
Scott Key Center	4,084,146	4,084,146	3,762,056	322,090
Senior services	4,102,973	4,407,840	3,252,033	1,155,807
Family services administration	932,764	933,039	817,820	115,219
Family partnership	636,941	637,678	638,636	(958)
Child advocacy center	823,679	820,479	645,879	174,600
Deinstitutionalization day care	11,514	11,514	11,514	-
Other non-county agencies	12,000	12,000	-	12,000
Other social services	94,538	96,638	84,960	11,678
Total social services	<u>11,373,812</u>	<u>11,678,591</u>	<u>9,799,745</u>	<u>1,878,846</u>
Education				
Frederick County Board of Education	437,128,448	437,151,511	435,916,542	1,234,969
Frederick Community College	26,313,826	26,313,826	26,242,681	71,145
Total education	<u>463,442,274</u>	<u>463,465,337</u>	<u>462,159,223</u>	<u>1,306,114</u>
Parks, recreation and culture				
Frederick County Public Libraries	16,845,952	16,863,050	16,659,462	203,588
Parks	13,975,023	14,357,298	13,355,312	1,001,986
Total parks, recreation and culture	<u>30,820,975</u>	<u>31,220,348</u>	<u>30,014,774</u>	<u>1,205,574</u>
Conservation of natural resources				
Extension service	490,925	490,925	485,560	5,365
Climate and energy	1,772,650	2,289,244	1,860,499	428,745
Watershed management	2,932,248	3,964,869	3,963,050	1,819
Soil conservation	143,469	143,469	141,386	2,083
Agriculture	486,137	525,047	537,767	(12,720)
Total conservation of natural resources	<u>5,825,429</u>	<u>7,413,554</u>	<u>6,988,262</u>	<u>425,292</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, 2025

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Community development and public housing				
Housing administration	\$ 1,293,702	\$ 1,293,702	\$ 1,117,533	\$ 176,169
Total community development and public housing	<u>1,293,702</u>	<u>1,293,702</u>	<u>1,117,533</u>	<u>176,169</u>
Economic development and opportunity				
Office of economic development	2,377,147	2,944,378	2,354,678	589,700
Workforce services	1,262,315	1,265,140	1,093,360	171,780
Human relations	223,066	229,466	203,862	25,604
Community partnership grants	1,200,000	1,200,000	1,196,944	3,056
Total economic development and opportunity	<u>5,062,528</u>	<u>5,638,984</u>	<u>4,848,844</u>	<u>790,140</u>
Non-departmental				
Property and liability insurance	2,375,215	2,375,215	2,151,504	223,711
Employee benefits	3,068,048	3,311,485	920,019	2,391,466
County contingency	300,000	285,016	-	285,016
Other various contingencies	3,676,641	3,658,680	171,929	3,486,751
Indirect cost recovery	(3,839,762)	(3,839,762)	(3,834,534)	(5,228)
Dues & subscriptions	308,200	308,200	311,208	(3,008)
Other miscellaneous	466,676	500,476	202,774	297,702
SBITAs	-	4,027,753	4,027,752	1
Total non-departmental	<u>6,355,018</u>	<u>10,627,063</u>	<u>3,950,652</u>	<u>6,676,411</u>
Intergovernmental				
Financial corporations grant to municipalities	50,000	50,000	49,273	727
State Department of Assessments and Taxation	1,027,743	1,027,743	1,404,958	(377,215)
Tax rebate to municipalities	5,570,100	5,570,100	5,570,099	1
Total intergovernmental	<u>6,647,843</u>	<u>6,647,843</u>	<u>7,024,330</u>	<u>(376,487)</u>
Total expenditures	<u>863,177,154</u>	<u>874,290,661</u>	<u>844,556,821</u>	<u>29,733,840</u>
Other financing sources (uses)				
Transfers in from:				
Grants special revenue fund	-	465,000	465,000	-
Comprehensive care facility fund	-	282,000	282,000	-
Transfers out to:				
Grants special revenue fund	(9,566,743)	(9,708,124)	(9,074,307)	633,817
Agriculture preservation special revenue fund	(462,953)	(462,953)	(462,953)	-
Housing initiative fund	(1,500,000)	(1,500,000)	(1,500,000)	-
Impact fee fund	-	(17,961)	(17,961)	-

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, 2025

	Original Budget	Amended Budget	Actual (Non-GAAP)	Variance- Positive (Negative)
Capital projects fund	\$ (49,744,938)	\$ (50,929,890)	\$ (50,929,890)	\$ -
Internal service funds	(2,523,591)	(2,587,844)	(2,587,844)	-
Debt service fund	(54,944,117)	(54,944,117)	(54,944,117)	-
Gain/loss asset disposition	-	-	1,595	1,595
Insurance proceeds	-	6,798	32,576	25,778
Leases	-	-	-	-
SBITAs	-	4,027,753	4,027,752	(1)
Unusual or infrequent	-	-	1,370,056	1,370,056
Total other financing sources (uses)	<u>(118,742,342)</u>	<u>(115,369,338)</u>	<u>(113,338,093)</u>	<u>2,031,245</u>
Budgeted use of fund balance	<u>\$ (53,396,759)</u>	<u>\$ (60,079,690)</u>	35,710,162	\$ 95,789,852
Net change in reserves and adjustments to GAAP basis			6,378,183	
Fund balance - beginning of year			179,287,196	
Fund balance - end of year			<u>\$ 221,375,541</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, 2025

	Original Budget	Amended Budget	Actuals	Variance - Positive (Negative)
Revenues				
Grants from federal government	\$ 55,063,724	\$ 60,489,461	\$ 32,493,074	\$ (27,996,387)
Grants from state government	14,052,417	18,178,941	12,105,526	(6,073,415)
Charges for services	929,890	308,408	317,219	8,811
Interest earnings	11,578	11,851	771,009	759,158
Other local taxes	600,000	600,000	1,390,375	790,375
Miscellaneous	2,312,854	2,591,489	240,156	(2,351,333)
Total revenues	<u>72,970,463</u>	<u>82,180,150</u>	<u>47,317,359</u>	<u>(34,862,791)</u>
Expenditures				
General government	13,049,036	15,781,012	7,293,562	8,487,450
Public safety	29,378,069	35,411,793	15,569,620	19,842,173
Public works	23,677,083	21,215,494	11,606,090	9,609,404
Health	9,972,338	10,132,944	3,770,808	6,362,136
Social services	11,142,130	8,627,040	5,471,421	3,155,619
Conservation of natural resources	892,819	2,402,300	635,398	1,766,902
Community development and public housing	281,124	17,158,257	12,574,337	4,583,920
Economic development and opportunity	9,396,193	9,269,473	4,608,085	4,661,388
Total expenditures	<u>97,788,792</u>	<u>119,998,313</u>	<u>61,529,321</u>	<u>58,468,992</u>
Excess (deficiency) of revenues over expenditures	<u>(24,818,329)</u>	<u>(37,818,163)</u>	<u>(14,211,962)</u>	<u>23,606,201</u>
Other financing sources (uses)				
Transfers in from:				
General fund	9,566,743	10,498,334	9,074,307	(1,424,027)
Capital projects fund	268,380	71,376	71,376	-
Enterprise funds	150,000	-	-	-
Transfers out to:				
General fund	-	(465,000)	(465,000)	-
Enterprise funds	-	(269,793)	(269,793)	-
Capital projects	-	(1,767,358)	(1,767,358)	-
Internal service fund	-	(205,794)	(205,794)	-
Insurance proceeds	-	145,000	145,000	-
Total other financing sources (uses)	<u>9,985,123</u>	<u>8,006,765</u>	<u>6,582,738</u>	<u>(1,424,027)</u>
Budgeted use of fund balance	<u>\$ (14,833,206)</u>	<u>\$ (29,811,398)</u>	<u>(7,629,224)</u>	<u>\$ 22,182,174</u>
Net change in reserves and adjustment to GAAP basis			921,680	
Fund balance - beginning			36,384,830	
Fund balance - ending			<u>\$ 29,677,286</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, 2025

	Original Budget	Amended Budget	Actuals	Variance - Positive (Negative)
Revenues				
Other local taxes	\$ 11,243,672	\$ 13,487,795	\$ 22,988,420	\$ 9,500,625
Grants from state government	3,002,491	5,347,716	4,879,621	(468,095)
Investment income	337,403	338,003	4,188,102	3,850,099
Miscellaneous	4,000,000	2,455,877	1,892,860	(563,017)
Total revenues	<u>18,583,566</u>	<u>21,629,391</u>	<u>33,949,003</u>	<u>12,319,612</u>
Expenditures				
General government	1,149,267	1,149,267	807,431	341,836
Conservation of natural resources	27,975,465	29,265,357	11,780,965	17,484,392
Total expenditures	<u>29,124,732</u>	<u>30,414,624</u>	<u>12,588,396</u>	<u>17,826,228</u>
Excess (deficiency) of revenues over expenditures	<u>(10,541,166)</u>	<u>(8,785,233)</u>	<u>21,360,607</u>	<u>30,145,840</u>
Other financing sources (uses)				
Transfer from general fund	462,953	462,953	462,953	-
Transfer to debt service fund	(5,469,000)	(5,479,000)	(5,474,865)	4,135
Installment purchase agreement	3,856,805	3,856,805	862,969	(2,993,836)
Total other financing sources (uses)	<u>(1,149,242)</u>	<u>(1,159,242)</u>	<u>(4,148,943)</u>	<u>(2,989,701)</u>
Budgeted use of fund balance	<u>\$ (11,690,408)</u>	<u>\$ (9,944,475)</u>	<u>17,211,664</u>	<u>\$ 27,156,139</u>
Net change in reserves and adjustment to GAAP basis			11,647	
Fund balance - beginning			<u>74,421,232</u>	
Fund balance - ending			<u>\$ 91,644,543</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, 2025

	Business-type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds	
	Enterprise Funds				Nonmajor Enterprise Fund			
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments	Total Enterprise Funds			
Assets								
Current assets:								
Cash	\$ 300	\$ 2,630	\$ -	\$ -	\$ 2,930	\$ -	\$ -	
Equity in pooled invested cash	233,210,832	48,276,036	8,611,910	24,599	290,123,377	46,429,782	46,429,782	
Restricted cash and cash equivalents	14,605,106	-	47,764	628,179	15,281,049	-	-	
Total cash and cash equivalents	<u>247,816,238</u>	<u>48,278,666</u>	<u>8,659,674</u>	<u>652,778</u>	<u>305,407,356</u>	<u>46,429,782</u>	<u>46,429,782</u>	
Short-term investments	4,983,500	4,983,500	-	-	9,967,000	-	-	
Receivables, net of allowance for uncollectibles accounts	10,160,290	2,628,131	4,461,076	5,409	17,254,906	1,250,541	1,250,541	
Due from component units	17,738	-	-	-	17,738	-	-	
Inventories	574,653	-	-	-	574,653	662,850	662,850	
Prepaid items	9,711,055	-	254,208	-	9,965,263	74,221	74,221	
Total current assets	<u>273,263,474</u>	<u>55,890,297</u>	<u>13,374,958</u>	<u>658,187</u>	<u>343,186,916</u>	<u>48,417,394</u>	<u>48,417,394</u>	
Noncurrent assets:								
Notes receivable	977,760	-	-	-	977,760	-	-	
Long-term investments	10,000,000	10,000,000	-	-	20,000,000	-	-	
Capital assets:								
Land	5,558,373	2,837,164	-	132,200	8,527,737	-	-	
Buildings and improvements	272,204,984	55,630,452	-	1,877,880	329,713,316	2,252,736	2,252,736	
Equipment	51,940,071	9,124,617	914,487	199,162	62,178,337	53,828,911	53,828,911	
Right-to-use equipment	-	-	134,510	-	134,510	483,071	483,071	
Other improvements	495,905,319	4,378,555	-	-	500,283,874	-	-	
Accumulated depreciation/amortization	(253,835,662)	(46,569,245)	(811,144)	(1,862,452)	(303,078,503)	(29,763,896)	(29,763,896)	
Construction in progress	46,908,312	259,424	-	-	47,167,736	-	-	
Total noncurrent assets	<u>629,659,157</u>	<u>35,660,967</u>	<u>237,853</u>	<u>346,790</u>	<u>665,904,767</u>	<u>26,800,822</u>	<u>26,800,822</u>	
Total assets	<u>902,922,631</u>	<u>91,551,264</u>	<u>13,612,811</u>	<u>1,004,977</u>	<u>1,009,091,683</u>	<u>75,218,216</u>	<u>75,218,216</u>	
Deferred Outflows of Resources								
Deferred charge on refunding	388,326	5,397	-	-	393,723	-	-	
Total deferred outflows of resources	<u>388,326</u>	<u>5,397</u>	<u>-</u>	<u>-</u>	<u>393,723</u>	<u>-</u>	<u>-</u>	

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds	
	Enterprise Funds			Nonmajor Enterprise Fund				
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments	Total Enterprise Funds			
Liabilities								
Current liabilities:								
Accounts payable	\$ 1,277,861	\$ 8,795	\$ -	\$ -	\$ 1,286,656	\$ 348,234		
Payroll and benefit deductions	574,302	170,984	-	-	745,286	118,613		
Accrued expenses	2,151,036	2,491,431	2,236,599	32,240	6,911,306	3,899,405		
Unearned revenues	272,585	14,808	-	-	287,393	-		
Security deposits	3,531,032	182,066	-	16,804	3,729,902	-		
Other liabilities	368,843	15,579	179,605	-	564,027	594,369		
Current portion landfill closure and postclosure liability	-	369,983	-	-	369,983	-		
Current portion general obligation bonds, notes and leases	6,388,936	1,005,955	27,151	-	7,422,042	113,081		
Current portion of prefunded loss claims	-	-	-	-	-	1,092,667		
Current portion of compensated absences	101,755	34,990	310,931	-	447,676	33,814		
Total current liabilities	<u>14,666,350</u>	<u>4,294,591</u>	<u>2,754,286</u>	<u>49,044</u>	<u>21,764,271</u>	<u>6,200,183</u>		
Noncurrent liabilities:								
Long term portion landfill closure and postclosure liability	-	21,016,771	-	-	21,016,771	-		
Long term portion general obligation bonds, notes and leases	113,410,062	830,521	85,418	-	114,326,001	120,863		
Liability for prefunded loss claims	-	-	-	-	-	5,562,827		
Liability for compensated absences	1,017,265	221,577	-	-	1,238,842	285,326		
Accrued termination benefits	29,329	4,442	-	-	33,771	-		
Total noncurrent liabilities	<u>114,456,656</u>	<u>22,073,311</u>	<u>85,418</u>	<u>-</u>	<u>136,615,385</u>	<u>5,969,016</u>		
Total liabilities	<u>129,123,006</u>	<u>26,367,902</u>	<u>2,839,704</u>	<u>49,044</u>	<u>158,379,656</u>	<u>12,169,199</u>		
Net Position								
Net investment in capital assets	509,886,998	23,995,103	125,284	346,790	534,354,175	26,566,877		
Restricted for:								
Capital projects	-	-	-	611,375	611,375	-		
Unrestricted	<u>264,300,953</u>	<u>41,193,656</u>	<u>10,647,823</u>	<u>(2,232)</u>	<u>316,140,200</u>	<u>36,482,140</u>		
Total net position	<u>\$ 774,187,951</u>	<u>\$ 65,188,759</u>	<u>\$ 10,773,107</u>	<u>\$ 955,933</u>	<u>\$ 851,105,750</u>	<u>\$ 63,049,017</u>		

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds. 2,445,583

Net position of business-type activities \$ 853,551,333

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, 2025

	Business-type Activities Enterprise Funds					
					Nonmajor Enterprise Fund	Governmental Activities-Internal Service Funds
	Major Enterprise Funds	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments	
Operating revenues						
Service charges	\$ 53,373,221	\$ 30,730,957	\$ 26,482,625	\$ -	\$ 110,586,803	\$ 72,166,080
Rental charges	-	-	-	165,378	165,378	-
Total net charges for services	53,373,221	30,730,957	26,482,625	165,378	110,752,181	72,166,080
Delinquent fees collected	115,316	56,530	-	-	171,846	-
Federal grant revenues	-	-	-	40,816	40,816	-
State grant revenues	736,175	-	-	-	736,175	-
Other revenues	2,750,185	2,038,206	73,452	12,006	4,873,849	2,138,459
Total operating revenues	56,974,897	32,825,693	26,556,077	218,200	116,574,867	74,304,539
Operating expenses						
Personnel services	14,348,946	4,850,514	-	41,338	19,240,798	3,675,522
Operating expenses (including administrative overhead)	13,947,907	25,817,362	25,449,912	443,294	65,658,475	4,255,357
Prefunded loss & estimated claims	-	-	-	-	-	3,644,040
Insurance	972,901	89,194	95,025	5,083	1,162,203	47,337,326
Supplies	3,885,905	104,095	-	66	3,990,066	6,037,560
Repairs and maintenance	3,171,246	1,016,781	-	-	4,188,027	1,994,383
Depreciation/amortization expense	16,656,367	1,651,863	49,747	72,554	18,430,531	4,946,431
Total operating expenses	52,983,272	33,529,809	25,594,684	562,335	112,670,100	71,890,619
Operating income (loss)	3,991,625	(704,116)	961,393	(344,135)	3,904,767	2,413,920
Nonoperating revenues (expenses)						
Investment earnings	10,846,433	3,070,088	278,153	22,935	14,217,609	1,858,647
Miscellaneous income (expense)	(566,158)	(58,680)	-	-	(624,838)	-
Insurance recovery	1,251	-	-	-	1,251	139,319
Interest expense	(2,573,039)	(55,856)	(3,212)	-	(2,632,107)	(5,460)
Gain (loss) on disposition of capital assets	(1,137,043)	57,050	4,000	-	(1,075,993)	289,568
Total nonoperating revenues (expenses)	6,571,444	3,012,602	278,941	22,935	9,885,922	2,282,074
Net income (loss) before contributions and transfers	10,563,069	2,308,486	1,240,334	(321,200)	13,790,689	4,695,994
Capital contributions	20,055,617	-	-	-	20,055,617	-
Transfers in	1,627,777	-	-	269,793	1,897,570	2,950,488
Transfers (out)	(85,184)	-	(282,000)	-	(367,184)	-
Total contributions and transfers	21,598,210	-	(282,000)	269,793	21,586,003	2,950,488
Change in net position	32,161,279	2,308,486	958,334	(51,407)	35,376,692	7,646,482
Net position - beginning of year	742,183,831	62,932,376	9,814,773	1,007,340		55,466,119
Change in accounting principal	(157,159)	(52,103)	-	-		(63,584)
Net position - Restated	742,026,672	62,880,273	9,814,773	1,007,340		55,402,535
Net position - end of year	\$ 774,187,951	\$ 65,188,759	\$ 10,773,107	\$ 955,933	\$ 63,049,017	

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.

\$ 215,936

Change in net position of business-type activities (Exhibit II-A-2)

\$ 35,592,628

Included in service charges in the Solid Waste Fund is a discount of \$1,408,241.

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, 2025

	Business-type Activities - Enterprise Funds						Governmental Activities-Internal Service Funds	
	Major Enterprise Funds			Nonmajor Enterprise Fund				
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments	Total Enterprise Funds			
Cash flows from operating activities								
Cash received from residents and customers	\$ 57,582,256	\$ 32,840,661	\$ 26,320,879	\$ 203,159	\$ 116,946,955	\$ 1,211,593		
Cash paid to suppliers	(24,053,525)	(26,498,022)	(25,480,020)	(448,508)	(76,480,075)	(60,530,647)		
Cash paid to employees	(14,297,781)	(4,823,269)	-	(41,170)	(19,162,220)	(3,646,255)		
Internal activity - receipts from other funds	-	-	-	-	-	70,899,742		
Net cash provided (used) by operating activities	<u>19,230,950</u>	<u>1,519,370</u>	<u>840,859</u>	<u>(286,519)</u>	<u>21,304,660</u>	<u>7,934,433</u>		
Cash flows from noncapital financing activities								
Insurance recovery	-	-	-	-	-	49,476		
Transfers in	1,627,778	-	-	269,793	1,897,571	2,950,488		
Transfers out	(85,185)	-	(282,000)	-	(367,185)	-		
Net cash provided (used) by noncapital financing activities	<u>1,542,593</u>	<u>-</u>	<u>(282,000)</u>	<u>269,793</u>	<u>1,530,386</u>	<u>2,999,964</u>		
Cash flows from capital and related financing activities								
Acquisition and construction of capital assets	(21,011,905)	(785,836)	(31,821)	-	(21,829,562)	(10,174,269)		
Recoveries for damages	1,250	-	-	-	1,250	89,843		
Proceeds from sale of capital assets	5,551	57,050	4,000	-	66,601	721,484		
Proceeds from debt issues	21,595,108	-	-	-	21,595,108	-		
Payment of bond, note, and lease principals	(5,477,373)	(981,071)	(24,227)	-	(6,482,671)	85,044		
Interest paid on bonds, notes, and leases	(2,388,906)	(59,952)	(3,212)	-	(2,452,070)	(5,460)		
Contributed capital	20,055,617	-	-	-	20,055,617	-		
Net cash provided (used) by capital & related financing activities	<u>12,779,342</u>	<u>(1,769,809)</u>	<u>(55,260)</u>	<u>-</u>	<u>10,954,273</u>	<u>(9,283,358)</u>		
Cash flows from investing activities								
Purchase of investments	(25,000,000)	(25,000,000)	-	-	(50,000,000)	-		
Proceeds from the sale of investments	20,000,000	20,000,000	-	-	40,000,000	-		
Interest received on investments	11,389,938	3,211,395	284,132	21,389	14,906,854	1,858,648		
Net cash provided (used) by investing activities	<u>6,389,938</u>	<u>(1,788,605)</u>	<u>284,132</u>	<u>21,389</u>	<u>4,906,854</u>	<u>1,858,648</u>		
Net increase (decrease) in cash and cash equivalents	39,942,823	(2,039,044)	787,731	4,663	38,696,173	3,509,687		
Cash and cash equivalents - beginning 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>		
Cash and cash equivalents - end of year	<u>\$ 247,816,238</u>	<u>\$ 48,278,666</u>	<u>\$ 8,659,674</u>	<u>\$ 652,778</u>	<u>\$ 305,407,356</u>	<u>\$ 46,429,782</u>		

(continued)

FREDERICK COUNTY, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-type Activities - Enterprise Funds						Governmental Activities-Internal Service Funds	
	Major Enterprise Funds			Nonmajor Enterprise Fund				
	Water and Sewer	Solid Waste Management	Comprehensive Care Facility	Bell Court Apartments	Total Enterprise Funds			
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 3,991,625	\$ (704,116)	\$ 961,393	\$ (344,135)	\$ 3,904,767	\$ 2,413,919		
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	16,656,367	1,651,863	49,747	72,554	18,430,531	4,946,431		
Landfill closing costs	-	(355,125)	-	-	(355,125)	-		
Accrued termination benefits	6,983	4,442	-	-	11,425	-		
Change in assets and liabilities:								
(Increase) decrease:								
Accounts receivable	106,185	6,977	336,165	(3,662)	445,665	(185,882)		
Bad debt allowance	-	(6,576)	(429,760)	-	(436,336)	1,423		
Inventory	(466,127)	-	-	-	(466,127)	49,517		
Prepaid items	(1,375,865)	-	(58,379)	-	(1,434,244)	54,548		
Increase (decrease):								
Accounts payable	820,062	6,364	-	165	826,591	-		
Accrued expenses	(962,774)	545,636	34,125	(11,441)	(394,454)	40,565		
Deferred revenues	167,326	7,989	-	-	175,315	-		
Liability for compensated leave	(46,680)	(5,245)	(43,823)	-	(95,748)	11,998		
Closure liability	-	354,668	-	-	354,668	-		
Other liabilities	333,848	12,493	(8,609)	-	337,732	601,914		
Net cash provided (used) by operating activities	\$ 19,230,950	\$ 1,519,370	\$ 840,859	\$ (286,519)	\$ 21,304,660	\$ 7,934,433		

Non-cash investing, capital, and financing activities:

Included in interest income in the Water and Sewer Fund is an unrealized loss of \$150. Included in interest income in the Solid Waste Fund is an unrealized loss of \$150.
The notes to the financial statements are an integral part of this statement.

FREDERICK COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

	Pension/OPEB Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 5,638,868	\$ 15,227,307
Investments:		
Money markets	47,140,857	-
Fixed income securities	432,618,737	-
Equity securities	891,677,325	-
Global infrastructure	63,461,061	-
Target date securities	344,488	-
Receivables:		
Accounts receivable	645,576	50,677
Interest receivable	1,273,912	-
Total assets	<u>1,442,800,824</u>	<u>15,277,984</u>
LIABILITIES		
Accounts payable	648,859	-
Accrued benefit payments	4,519,181	-
Due to third parties	-	5,928,326
Bond forfeitures	-	54,450
Performance deposits	-	9,295,208
Other liabilities	9,332	-
Total liabilities	<u>5,177,372</u>	<u>15,277,984</u>
NET POSITION		
Restricted for:		
Pensions	1,168,645,845	-
Other post employment benefits	268,977,607	-
Total net position	<u>\$ 1,437,623,452</u>	<u>\$ -</u>

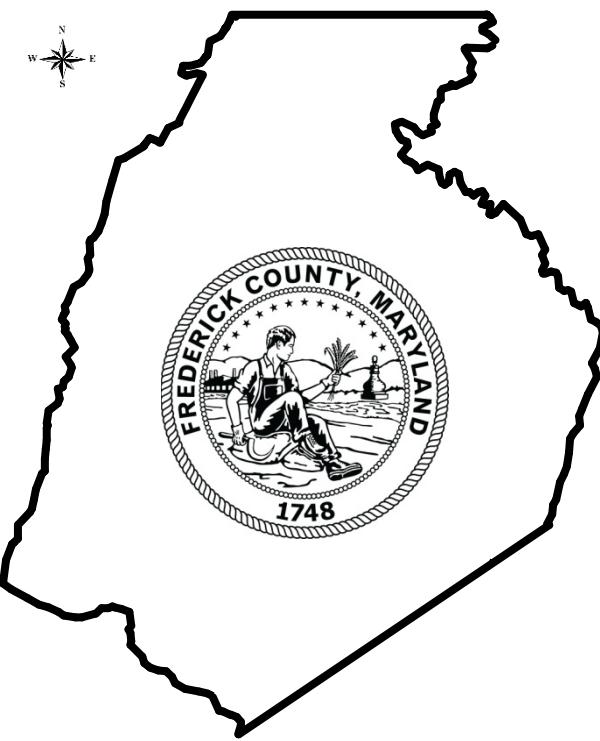
The notes to the financial statements are an integral part of this statement.

FREDERICK COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Pension/OPEB Trust Funds	Custodial Funds
Additions		
Contributions		
Employer contributions	\$ 45,524,699	\$ -
Member contributions	17,095,755	-
County contributions	1,480,000	-
Other	1,627,180	44,526,157
Total contributions	<u>65,727,634</u>	<u>44,526,157</u>
Investment income		
Net appreciation in fair value of plan investments	133,747,557	-
Interest and dividends	27,003,451	-
Investment expense	(2,445,287)	-
Net investment income	<u>158,305,721</u>	-
Total additions	<u>224,033,355</u>	<u>44,526,157</u>
Deductions		
Benefit premiums and refunds	47,166,462	-
Benefit claims incurred	11,084,617	-
Administrative expenses	924,667	-
Third party payments	-	44,526,157
Total deductions	<u>59,175,746</u>	<u>44,526,157</u>
Change in net position	164,857,609	-
Net position - beginning of year	<u>1,272,765,843</u>	-
Net position - end of year	<u>\$ 1,437,623,452</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, 2025**

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 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, the Board of Trustees of Frederick Community College, and Scott Key Center, Inc. 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 (FCC) is responsible for developing governance policies and the approval of budgets and material contracts consistent with the mission of the College. 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 legally separate local non-profit organization with the mission of providing employment opportunities and community inclusion for individuals with developmental disabilities in Frederick County. SKC, Inc. is fiscally dependent upon the County. SKC, Inc. receives funding from the Maryland Developmental Disabilities Administration (DDA); however, this funding is contingent upon the County's provision of all necessary operational support. Frederick County supplies the center with essential personnel including payroll, fringe benefits, and administrative oversight as well as facilities, maintenance, utilities, and transportation services. Without the County's direct support, SKC, Inc. would be unable to meet the operational requirements necessary to receive DDA funding.

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 potential for the organization to provide specific benefits to, or to impose specific financial burdens on, the primary government. The Board of Trustees of Frederick County Public Library meets the conditions for financial accountability with respect to the County as discussed below and is included in the reporting entity.

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

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

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

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

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

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

Joint Venture

The following organization is considered a joint venture of the County: Northeast Maryland Waste Disposal Authority (NMWDA). Disclosure of the County's participation in this joint venture is presented in Note 4(H). 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 for the current period. For this purpose, the government considers revenues to be available if

NOTES TO FINANCIAL STATEMENTS

(Continued)

they are collected within 31 days of the end of the current fiscal period. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except 1) employees' annual leave is recognized in the year it is accrued and expected to be liquidated with expendable available financial resources; and 2) principal and interest on general long-term debt including lease liabilities, as well as expenditures related to 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 on the following major governmental funds:

- 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 revenue from Federal and State grants and expends these funds in accordance with the terms of the grants.
- 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.
- 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. The County has elected to present this fund as a major fund.
- 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

NOTES TO FINANCIAL STATEMENTS

(Continued)

Acquisition and School Construction funds contribute resources, as well as proceeds from debt issuances. The County has elected to present this fund as a major fund.

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.
- Opioid Abatement Fund - This fund accounts for statewide opioid settlement agreements which restrict the use of funds to address opioid-related prevention and treatment programs.

The County reports on 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. The County has elected to present this fund as a major fund.

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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

- Internal Service Funds account for risk management insurance, 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.
- Pension Trust Funds account for the activities of the Frederick County Employee Retirement Plan and the Frederick County Uniformed Employee Retirement Plan which 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 of capital assets. All revenues and expenses not meeting this definition are reported as non-operating 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" include 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, and Length of Service Award Trust Fund are recorded at fair value.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 of 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 ending June 30, 2025, was \$44,650,679,244. The Countywide property tax rate was \$1.110 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 \$1.0077 and \$1.0198, 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 \$8,319,640 and is included in total property taxes receivable of \$8,774,900 on the Statement of Net Position. This compares to the current portion of the prior year levy of \$6,164,445 included in the total property taxes of \$6,717,940 as of June 30, 2024.

3. Inventories and Prepays

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 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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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 cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value at the date of donation. Right-to-use lease and subscription-based information technology arrangement (SBITA) assets are recorded at the net present value of the future lease payments.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Deferred Outflows/Inflows

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

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The County has an item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, this item, unearned 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 recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on these criteria, several leave types qualify for liability recognition including annual, sick leave, compensatory time, accrued holiday, military and event leave. The liability for compensated absences is reported as incurred in government-wide and proprietary fund financial statements. A liability for these amounts is only reported in the governmental funds for the portion estimated to be due and payable at year-end from resources that year.

Sick Leave - Frederick County's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of Frederick County and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences. Frederick County analyzed the historical usage of

NOTES TO FINANCIAL STATEMENTS
(Continued)

sick leave to estimate the sick leave "that is more likely than not" to be used in the future. The compensated absences related to sick leave are measured based on the LIFO (Last-In, First-Out) assumption, which assumes that leave usage will come from the most recently earned hours first.

Annual and compensatory time - Frederick County's policy permits employees to accumulate earned but unused benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Accrued holiday - Frederick County's policy permits employees to accumulate earned but unused benefits. This leave type lapses when employees leave the employment of Frederick County, and upon separation from service, no monetary obligation exists.

Military leave - Frederick County's policy allows employees to use this leave type up to a maximum of 15 days for non-union and 30 days for union. Once approved the maximum number of hours are given to the employee. This leave type lapses when employees leave the employment of Frederick County, and upon separation from service, no monetary obligation exists.

Event leave - At the discretion of management, employees are awarded a specific number of hours to attend county events. This leave type lapses when employees leave the employment of Frederick County, and upon separation from service, no monetary obligation exists.

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

Lease liabilities are recognized with an initial, individual value of \$50,000 or more. SBITA liabilities are recognized with an initial, individual value of \$100,000 or more. At the commencement of an agreement, the lease and/or SBITA liability is measured at the present value of payments expected to be made during the term. Subsequently, the lease and SBITA liability are 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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

NOTES TO FINANCIAL STATEMENTS

(Continued)

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.H.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.
- *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. The general fund is the only fund that reports a positive unassigned fund balance amount. However, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned for those purposes, all governmental funds may report a negative unassigned fund balance.

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.

NOTES TO FINANCIAL STATEMENTS

(Continued)

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 as of 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 will 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.
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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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.
15. The policy established by the County with respect to the budget is at variance with GAAP. The County's budgetary basis of accounting differs from GAAP as follows:
 - Encumbrances are treated as expenditures for budgetary accounting purposes. Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.
 - Inventories are recorded as expenditures at the time of purchase.
 - 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.
16. 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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Reconciliation of Budgetary Basis to GAAP Basis

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

General Fund				
	Revenues	Expenditures	Other Financing Sources (Uses)	Net change in Fund Balance
Budgetary Basis	\$ 993,605,076	\$ 844,556,821	\$ (113,338,093)	\$ 35,710,162
Basis Adjustments:				
Encumbrance adjustment	-	(6,377,063)	-	6,377,063
Inventory adjustment	-	(1,120)	-	1,120
Net affect of basis adjustments	-	(6,378,183)	-	6,378,183
GAAP Basis	<u>\$ 993,605,076</u>	<u>\$ 838,178,638</u>	<u>\$ (113,338,093)</u>	<u>\$ 42,088,345</u>

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Cash, Investments and Equity in Pooled Invested Cash

1. *Deposits*

Primary Government

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

As of June 30, 2025, Frederick County's carrying amount of deposits was \$28,841,374 and the bank balance was \$28,898,144. 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:

NOTES TO FINANCIAL STATEMENTS
(Continued)

Federal Deposit Insurance Corporation (FDIC)	\$ 20,541,612
Held by the government's agent in the government's name	8,356,532
Total Bank Balance	<u>\$ 28,898,144</u>

The County's cash and investments as of June 30, 2025, totaled \$1,277,178,977 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	\$ 407,728
Equity in Pooled Invested Cash	1,020,975,024
Investments	102,166,013
Restricted Cash and Investments	<u>153,630,212</u>
Total	<u>\$ 1,277,178,977</u>
 Deposit & Investment Summary:	
Investments	\$ 1,269,210,652
Cash on Hand	19,159
Deposits	28,841,374
Less: Component Units and Agency Fund Cash Equivalents	
Pension Trust and OPEB Benefit Trusts	(5,638,868)
Frederick County Public Libraries	(26,033)
Custodial Funds	<u>(15,227,307)</u>
Total	<u>\$ 1,277,178,977</u>

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, 2025, BOE's cash on hand for petty cash was \$100. The carrying amount of the Board's deposits was \$29,153,526 and investments, including \$213,230,542 of fiduciary funds, were \$263,918,960. The bank balance was \$34,845,978. The deposits of the Board were not exposed to custodial risk as of June 30, 2025.

As of June 30, 2025, FCC's cash on hand for petty cash was \$4,000. The carrying amount of the college's deposits was \$29,599,725 and the bank balance was \$29,710,048. Cash equivalents as shown on the Statement of Net Position, were \$12,886,576 and included Frederick Community College Foundation, Inc. in the amount of \$325,209. The deposits of the college were not exposed to custodial risk as of June 30, 2025.

As of June 30, 2025, FCPL's cash on hand for petty cash was \$3,230. The carrying amount of FCPL's deposits was \$27,267 including \$20,010 of restricted cash. The bank balance was \$2,793. The deposits of the library were not exposed to custodial risk as of June 30, 2025.

NOTES TO FINANCIAL STATEMENTS
(Continued)

As of June 30, 2025, SKC Inc.'s cash and cash equivalents were \$1,050,129 which is comprised of cash and a certificate of deposit at a financial institution insured by FDIC up to \$250,000. \$801,157 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, 2025:

<u>Investment Type (All funds)</u>	<u>Fair Value</u>	<u>0-18 Month Maturities</u>	<u>18-24 Month Maturities</u>	<u>> 24 Month Maturities</u>
US Treasuries	\$ 27,241,113	\$ 1,475,939	\$ 2,903,703	\$ 22,861,471
MD Local Government Investment Pool	1,167,044,639	1,167,044,639	-	-
Federal Agency Securities	74,924,900	74,924,900	-	-
Total Fair Value	\$ 1,269,210,652	\$ 1,243,445,478	\$ 2,903,703	\$ 22,861,471

Investments by fair value level	June 30, 2025	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
US Treasuries	\$ 27,241,113	\$ -	\$ 27,241,113	\$ -
Federal Agricultural Mortgage Corp	24,955,000	-	24,955,000	-
Federal Home Loan Bank	29,981,300	-	29,981,300	-
Federal National Mortgage Association	19,988,600	-	19,988,600	-
Total investments by fair value levels	102,166,013	\$ -	\$ 102,166,013	\$ -
Investments carried at amortized cost				
MD Local Government Investment Pool	<u>1,167,044,639</u>			
Total investments carried at amortized cost	<u>1,167,044,639</u>			
Total investments at fair value	<u>\$ 1,269,210,652</u>			

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

- Level 1 investments are valued at the closing price reported in the active market in which the individual security is traded.
- Level 2 investments are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. The fair market values are based on quoted pricing for similar securities by the County's custodian bank.

NOTES TO FINANCIAL STATEMENTS
(Continued)

- 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
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 following ratings:

Investment	Fair Value	Moody's	Standard & Poor's	Fitch Ratings
MD Local Government Investment Pool	\$1,167,044,639	not rated	AAAm	not rated
Federal Agricultural Mortgage Corporation	24,955,000	not rated	not rated	not rated
Federal Home Loan Bank	29,981,300	AA1	AA+	not rated
Federal National Mortgage Association	19,988,600	AA1	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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Investment Type	Fair Value	% of Portfolio
MD Local Government Investment Pool (MLGIP)	\$ 1,167,044,639	92.951 %
US Treasuries	27,241,113	2.146
Federal Agricultural Mortgage Corp	24,955,000	1.966
Federal Home Loan Bank	29,981,300	2.362
Federal National Mortgage Association	19,988,600	1.575
Total Fair Value	<u><u>\$ 1,269,210,652</u></u>	<u><u>100.000 %</u></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,
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 participants not complete their agreed upon

NOTES TO FINANCIAL STATEMENTS
(Continued)

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 December 2024 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%	65%
US Equities	42 - 62%	52%
International Equities	0 - 20%	10%
Global Infrastructure	0 - 12%	6%
Fixed Income	21 - 41%	31%
Cash	0 - 5%	1%

As of June 30, 2025, the Plans held the following investments and maturities (DROP asset value is \$1,145,449 all in the 0-18 month maturity range):

Investment Type	Total Fair Value	0 - 18 Month Maturities	18 - 24 Month Maturities	> 24 Month Maturities
Money Market Funds	\$ 44,370,759	\$ 44,370,759	\$ -	\$ -
Fixed Income:				
Fixed Income Mutual Funds	224,346,580	224,346,580	-	-
Corporate Bonds & Notes	47,090,538	7,256,487	2,148,858	37,685,193
US Government Agencies	48,433,352	140,131	947,607	47,345,614
US Treasury Obligations	24,114,541	5,865,306	-	18,249,235
Other Government Agencies	2,854,126	896,661	246,488	1,710,977
Equities:				
Equity Mutual Funds	358,764,871	358,764,871	-	-
Common & Collective Funds	125,001,174	125,001,174	-	-
Common Equity Securities	236,201,919	236,201,919	-	-
Global Infrastructure	51,214,190	-	-	51,214,190
Target Date Funds	344,488	344,488	-	-
Total Fair Value	\$ 1,162,736,538	\$ 1,003,188,376	\$ 3,342,953	\$ 156,205,209

NOTES TO FINANCIAL STATEMENTS
(Continued)

As of June 30, 2025, the plans held the following recurring fair value measurements (DROP asset value is \$1,145,449):

Investments by fair value level	Total Pension Assets	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Fixed Income:				
Fixed Income Mutual Funds	\$ 224,346,580	\$ 224,346,580	\$ -	\$ -
Corporate Bonds & Notes	47,090,538	-	47,090,538	-
US Government Agencies	48,433,352	-	48,433,352	-
US Treasury Obligations	24,114,541	-	24,114,541	-
Other Government Agencies	2,854,126	-	2,854,126	-
Equities:				
Equity Mutual Funds	358,764,871	358,764,871	-	-
Common & Collective Funds	125,001,174	-	-	125,001,174
Common Equity Securities	236,201,919	236,201,919	-	-
Global Infrastructure	51,214,190	-	-	51,214,190
Target Date Funds	344,488	344,488	-	-
Total investments by fair value levels	<u>1,118,365,779</u>	<u>\$ 819,657,858</u>	<u>\$ 122,492,557</u>	<u>\$ 176,215,364</u>
Investments carried at amortized cost				
Money Market Funds	<u>44,370,759</u>			
Total investments carried at amortized cost	<u>44,370,759</u>			
Total investments at fair value	<u>\$ 1,162,736,538</u>			

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

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

The 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;

NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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 should be made to the extent practical, prudent and appropriate to select mutual or other commingled funds that have investment objectives and policies that are consistent with the Investment Policy Statement.

The Plan's investment policy limits its Fixed Income portfolio to the average credit quality of at least A. No issue may be held whose rating is less than BBB-/Baa3 by at least two of the three credit rating agencies recognized by the US Securities and Exchange Commission. In the case of unrated private placements, no obligation of a corporation may be held whose public debt rating is less than BBB-/Baa3 by at least two of the three credit rating agencies. 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, 2025, the Plan's investments had the following characteristics (DROP assets are \$1,145,449 and all show as unrated):

Credit Rating or Comparable	Standard & Poor's	Moody's	Fitch
	Fair Value	Fair Value	Fair Value
AAA to A1	\$ 35,487,564	\$ 62,368,574	\$ -
BAA3 to BA1	13,962,718	10,636,741	-
Not rated	1,113,286,256	1,089,731,223	1,162,736,538
Total Fair Value	\$ 1,162,736,538	\$ 1,162,736,538	\$ 1,162,736,538

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, 2025.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Length of Service Awards Program

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

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

Asset Class	Range	Target
Equities	0 - 55%	65%
US Large-Cap Equities	35 - 55%	45%
US Small/Mid-Cap Equities	0 - 20%	10%
International Equities	0 - 20%	10%
Fixed Income	0 - 40%	35%
US Investment Grade Core	20 - 40 %	30%
Treasury Inflation Protected Securities	0 - 10%	5%
Cash	0 - 5%	0%

As of June 30, 2025, the program held the following investments and maturities:

Investment Type (All funds)	Fair Value	0 - 18 Month	18 - 24 Month	> 24 Month
		Maturities	Maturities	Maturities
Money Market Funds	\$ 249	\$ 249	\$ -	\$ -
Equity Mutual Funds	3,303,656	3,303,656	-	-
Fixed Income Mutual Funds	1,733,016	1,733,016	-	-
Total Fair Value	<u>\$ 5,036,921</u>	<u>\$ 5,036,921</u>	<u>\$ -</u>	<u>\$ -</u>

Frederick County's LOSAP program had the following recurring fair value measurements as of June 30, 2025:

	June 30, 2025	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level				
Equity Mutual Funds	\$ 3,303,656	\$ 3,303,656	\$ -	\$ -
Fixed Income Mutual Funds	1,733,016	1,733,016	-	-
Total investments by fair value levels	<u>\$ 5,036,672</u>	<u>\$ 5,036,672</u>	<u>\$ -</u>	<u>\$ -</u>
Investments carried at amortized cost				
Money Market Funds	249			
Total investments carried at amortized cost	<u>249</u>			
Total investments at fair value	<u>\$ 5,036,921</u>			

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Credit Risk - The Program'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 program's exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The program'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 program did not have foreign currency risk as of June 30, 2025.

Other Post Employment Benefit (OPEB) Trust Fund

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

The County's OPEB Trust fund (the Plan) has an investment policy that is designed to protect its principal from both market value erosion and inflationary erosion. The Plan's objective is to achieve a real rate of return over the long term, solely in the financial interest of the Plan, its participants and beneficiaries. To help achieve this return, professional investment managers are employed by the Plan to manage the Plan's assets. It is important to note that private market investments will not occur until the investment manager partially or fully call committed capital. The County has contracted with two global infrastructure managers in FY25. The Plan employs Wilmington Trust as custodian for their assets.

Investments - The Plan's investment policy was updated in April 2025, and includes an asset allocation plan for investments, as shown below. Portfolio allocations are assessed quarterly and rebalancing back to target ranges will occur based on recommendations from the investment consultant with approval from the OPEB Trust Committee.

Asset Class	Range	Target
Equities	52 - 72%	62%
US Equities	42 - 62%	52%
International Equities	0 - 20%	10%
Global Infrastructure	0 - 12%	6%
Fixed Income	22 - 42 %	32%
Cash	0 - 5%	0%

NOTES TO FINANCIAL STATEMENTS
(Continued)

As of June 30, 2025, the Plan held the following investments and maturities:

Investment Type (All funds)	Fair Value	0 - 18 Month Maturities	18 - 24 Month Maturities	> 24 Month Maturities
Money Market Funds	\$ 2,769,849	\$ 2,769,849	\$ -	\$ -
Equity Mutual Funds	168,405,705	168,405,705	-	-
Fixed Income Mutual Funds	66,719,589	66,719,589	-	-
Corporate and Foreign Bonds	5,085,779	405,368	148,066	4,532,345
Global Infrastructure	12,246,871	-	-	12,246,871
US Treasury Obligations	12,241,216	75,158	324,948	11,841,110
Total Fair Value	<u>\$ 267,469,009</u>	<u>\$ 238,375,669</u>	<u>\$ 473,014</u>	<u>\$ 28,620,326</u>

Frederick County's OPEB plan has the following recurring fair value measurements as of June 30, 2025:

Investments by fair value level	June 30, 2025	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Equity Mutual Funds	\$ 168,405,705	\$ 168,405,705	\$ -	\$ -
Fixed Income Mutual Funds	66,719,589	66,719,589	-	-
Corporate and Foreign Bonds	5,085,779	-	5,085,779	-
Global Infrastructure	12,246,871	-	-	12,246,871
US Treasury Obligations	12,241,216	-	12,241,216	-
Total investments by fair value levels	<u>264,699,160</u>	<u>\$ 235,125,294</u>	<u>\$ 17,326,995</u>	<u>\$ 12,246,871</u>
Investments carried at amortized cost				
Money Market Funds	2,769,849			
Total investments carried at amortized cost	<u>2,769,849</u>			
Total investments at fair value	<u>\$ 267,469,009</u>			

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

Equities

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

Equities - Permissible

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

Equities - Not Permissible

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

Fixed Income

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

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

Fixed Income - Permissible

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

Fixed Income - Not Permissible

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Infrastructure

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

Infrastructure - Permissible

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

Infrastructure - Not Permissible

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

Mutual and Other Commingled Pooled Funds

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

The money market funds are unrated, as are the mutual funds and common equity securities within the Plan. As of June 30, 2025, the Plan's fixed income investments had the following characteristics:

Credit Rating or Comparable	Standard & Poor's	Moody's	Fitch
	Fair Value	Fair Value	Fair Value
AAA to A1	\$ 2,437,111	\$ 14,012,505	\$ -
BAA3 to BA1	2,603,087	2,300,685	-
Not rated	262,428,811	251,155,819	267,469,009
Total Fair Value	\$ 267,469,009	\$ 267,469,009	\$ 267,469,009

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, 2025.

Component Units

The Board of Education's investments as of June 30, 2025, are categorized in the following table:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
MLGIP	\$ 50,683,769	\$ 50,683,769	\$ -	\$ -
Money Market	71,747	71,747	-	-
Certificates of Deposit	4,649	4,649	-	-
Fixed Income Securities	79,711,764	79,711,764	-	-
Equity Securities	133,447,031	133,447,031	-	-
Total	\$ 263,918,960	\$ 263,918,960	\$ -	\$ -

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, 2025, of \$213,158,795 that include Fixed Income Securities and Equity Securities. These investments were valued using quoted market prices (Level 1 inputs).

MLGIP of \$50,683,769, Money Market of \$71,747 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 \$213,230,542. Total net investment income per the statement of activities as of June 30, 2025, was \$4,143,882.

FCC's investments as of June 30, 2025, were as follows:

NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
MLGIP	\$ 12,886,576	\$ 12,886,576	\$ -	\$ -

Total net investment income for FCC (excluding the FCC Foundation) as of June 30, 2025, was \$1,428,111. The Frederick Community College Foundation investments as of June 30, 2025, were:

Investment Type	Cost	Fair Value	Unrealized
			Gains (Losses)
USMF Fund	\$ 21,389,277	\$ 22,811,173	\$ 1,421,896
Certificate of Deposit	220,881	220,881	-
Charitable Remainder Trust	21,604	24,842	3,238
Total Investments	\$ 21,631,762	\$ 23,056,896	\$ 1,425,134

As of June 30, 2025, the Foundation had 364,541.6003 units of the University System of Maryland Foundation, Inc. Unitized Investment Fund valued at \$62.575 per unit with a value of \$22,811,173.

FCPL's investments as of June 30, 2025, were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			Interest Rate At June 30
		Less than 1	1-5	6-10	
MLGIP	\$ 553,170	\$ 553,170	\$ -	\$ -	4.31%
Certificates of Deposit	20,010	20,010	-	-	0.15%
Total Investments	\$ 573,180	\$ 573,180	\$ -	\$ -	

Total net investment income per the statement of activities for the year ending June 30, 2025, was \$26,967

SKC, Inc., investments as of June 30, 2025, were as follows:

Investment Type	Cost	Fair Value	Unrealized
			Gains (Losses)
Fund held at the Community Foundation of Frederick County, Inc.	\$ 101,108	\$ 106,136	\$ 5,028
Total Investments	\$ 101,108	\$ 106,136	\$ 5,028

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 AAA 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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2025, all the component unit investments were insured or registered, or securities were held by the unit or its agent in the unit's name or were invested in the MLGIP.

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

B. Receivables and Payables

1. Accounts and Other Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The associated allowance for doubtful accounts in the business-type funds has been established in the Comprehensive Care Facility, \$94,526 and Solid Waste, \$25,758.

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, 2025, are reconciled as follows:

	BOE	FCC	FCPL	SKC	TOTAL
Due from component units per Primary Government	\$ 395,363	\$ -	\$ -	\$ -	\$ 395,363
Add: Payable recorded by component unit in FY25	359,572	-	-	815,916	1,175,488
Due to primary government per Component Units (included in accounts payable)	<u>\$ 754,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 815,916</u>	<u>\$ 1,570,851</u>
Due to component units per Primary Government	\$ 10,198,816	\$ 492	\$ 7,954,754	\$ 535,055	\$ 18,689,117
Add: Receivables recorded by component unit in FY25	274,202	-	83,056	-	357,258
Less: Receivable recorded by component unit in FY25	-	(492)	-	(535,055)	(535,547)
Due from primary government per Component Units	<u>\$ 10,473,018</u>	<u>\$ -</u>	<u>\$ 8,037,810</u>	<u>\$ -</u>	<u>\$ 18,510,828</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Capital Assets

Capital Asset activity for the year ending June 30, 2025, is as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 162,085,631	\$ 12,200,114	\$ (3,354,738)	\$ 170,931,007
Construction in progress	76,605,451	58,003,089	(70,919,164)	63,689,376
Total capital assets at historical cost not being depreciated	<u>238,691,082</u>	<u>70,203,203</u>	<u>(74,273,902)</u>	<u>234,620,383</u>
Capital assets being depreciated:				
Buildings and improvements	398,133,027	25,114,508	(1,674,094)	421,573,441
Right-to-use buildings and improvements	5,227,861	-	-	5,227,861
Equipment	179,980,191	19,367,294	(4,420,802)	194,926,683
Right-to-use equipment	813,691	214,399	(249,744)	778,346
Right-to-use SBITAs	6,406,029	5,373,265	-	11,779,294
Infrastructure	<u>463,027,219</u>	<u>14,151,175</u>	<u>-</u>	<u>477,178,394</u>
Total capital assets at historical cost being depreciated	<u>1,053,588,018</u>	<u>64,220,641</u>	<u>(6,344,640)</u>	<u>1,111,464,019</u>
Less accumulated depreciation for:				
Buildings and improvements	164,109,527	12,079,889	(668,625)	175,520,791
Right-to-use buildings and improvements	1,301,457	813,329	-	2,114,786
Equipment	119,136,961	12,593,122	(3,905,873)	127,824,210
Right-to-use equipment	481,911	249,859	(249,744)	482,026
Right-to-use SBITAs	941,862	1,527,174	-	2,469,036
Infrastructure	<u>298,738,997</u>	<u>9,403,805</u>	<u>-</u>	<u>308,142,802</u>
Total accumulated depreciation	<u>584,710,715</u>	<u>36,667,178</u>	<u>(4,824,242)</u>	<u>616,553,651</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>468,877,303</u>	<u>27,553,463</u>	<u>(1,520,398)</u>	<u>494,910,368</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 707,568,385</u>	<u>\$ 97,756,666</u>	<u>\$ (75,794,300)</u>	<u>\$ 729,530,751</u>
Depreciation/amortization expense was charged to governmental functions as follows:				
General government				\$ 5,999,881
Public safety				9,007,738
Public works				4,613,522
Public Health				1,127,523
Social services				600,999
Parks, recreation and culture				6,066,724
Conservation of natural resources				45,650
Community Development				2,831
Economic development and opportunity				64,987
Infrastructure				9,137,323
Total depreciation/amortization expense				<u>\$ 36,667,178</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 8,527,737	\$ -	\$ -	\$ 8,527,737
Construction in progress	37,644,416	21,234,222	(11,710,902)	47,167,736
Total capital assets at historical cost not being depreciated	<u>46,172,153</u>	<u>21,234,222</u>	<u>(11,710,902)</u>	<u>55,695,473</u>
Capital assets being depreciated:				
Buildings and improvements	332,524,781	80,257	(2,891,722)	329,713,316
Equipment	62,365,490	1,645,701	(1,832,854)	62,178,337
Right-to-use lease equipment	134,510	-	-	134,510
Infrastructure	489,715,661	11,119,188	(550,975)	500,283,874
Total capital assets at historical cost being depreciated	<u>884,740,442</u>	<u>12,845,146</u>	<u>(5,275,551)</u>	<u>892,310,037</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	122,720,596	9,406,891	(2,110,369)	130,017,118
Equipment	48,031,843	2,290,568	(1,787,589)	48,534,822
Right-to-use lease equipment	71	25,607	-	25,678
Infrastructure	117,992,056	6,707,465	(198,636)	124,500,885
Total accumulated depreciation	<u>288,744,566</u>	<u>18,430,531</u>	<u>(4,096,594)</u>	<u>303,078,503</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>595,995,876</u>	<u>(5,585,385)</u>	<u>(1,178,957)</u>	<u>589,231,534</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 642,168,029</u>	<u>\$ 15,648,837</u>	<u>\$ (12,889,859)</u>	<u>\$ 644,927,007</u>
Depreciation/amortization expense was charged to business-type functions as follows:				
Bell Court				\$ 72,554
Comprehensive Care Facility				49,747
Solid Waste				1,651,863
Water & Sewer				16,656,367
Total depreciation/amortization expense				<u>\$ 18,430,531</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

Component units' capital asset activity for the year ending June 30, 2025, was as follows:

BOE	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets not being depreciated:				
Land	\$ 53,469,196	\$ 8,662	\$ -	\$ 53,477,858
Construction in progress	57,153,955	114,812,041	(42,584,107)	129,381,889
Total capital assets at historical cost not being depreciated	<u>110,623,151</u>	<u>114,820,703</u>	<u>(42,584,107)</u>	<u>182,859,747</u>
Capital assets being depreciated/amortized:				
Building and improvements	1,299,015,972	44,818,279	(4,899,129)	1,338,935,122
Right-to-use lease building and improvements	44,591,612	180,347	-	44,771,959
Right-to-use SBITAs	6,949,384	4,339,603	(1,525,156)	9,763,831
Furniture and equipment	81,977,322	15,881,438	(3,263,630)	94,595,130
Total capital assets at historical cost being depreciated/amortized	<u>1,432,534,290</u>	<u>65,219,667</u>	<u>(9,687,915)</u>	<u>1,488,066,042</u>
Less accumulated depreciation/amortization for:				
Building and improvements	529,285,589	36,272,462	(4,810,012)	560,748,039
Right-to-use lease building and improvements	15,863,956	3,484,253	-	19,348,209
Right-to-use SBITAs*	2,123,574	1,716,762	(1,525,156)	2,315,180
Furniture and equipment	41,697,151	8,101,894	(2,979,412)	46,819,633
Total accumulated depreciation/amortization	<u>588,970,270</u>	<u>49,575,371</u>	<u>(9,314,580)</u>	<u>629,231,061</u>
Total capital assets being depreciated/amortized, net of accumulated depreciation/amortization	<u>843,564,020</u>	<u>15,644,296</u>	<u>(373,335)</u>	<u>858,834,981</u>
BOE's capital assets, net of accumulated depreciation/amortization	<u>\$ 954,187,171</u>	<u>\$ 130,464,999</u>	<u>\$ (42,957,442)</u>	<u>\$ 1,041,694,728</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

FCC	Beginning Balance	Additions	Retirements/ Reclassification	Ending Balance
Capital assets not being depreciated:				
Land	\$ 271,620	\$ -	\$ -	\$ 271,620
Construction in progress	2,355,323	715,787	(2,016,133)	1,054,977
Total capital assets at historical cost not being depreciated	<u>2,626,943</u>	<u>715,787</u>	<u>(2,016,133)</u>	<u>1,326,597</u>
Capital assets being depreciated:				
Library collection	2,083,723	6,624	-	2,090,347
Building and improvements	144,131,323	3,599,542	(422,979)	147,307,886
Right-to-use SBITAs	1,371,079	-	-	1,371,079
Furniture and equipment	8,106,372	649,262	(152,357)	8,603,277
Site improvement	8,789,796	2,812,655	(327,825)	11,274,626
Total capital assets at historical cost being depreciated	<u>164,482,293</u>	<u>7,068,083</u>	<u>(903,161)</u>	<u>170,647,215</u>
Less accumulated depreciation for:				
Library collection	2,064,166	6,106	-	2,070,272
Building and improvements	59,394,724	3,771,995	(155,538)	63,011,181
Right-to-use SBITAs	653,872	327,554	-	981,426
Furniture and equipment	5,484,631	687,540	(148,825)	6,023,346
Site improvement	7,086,047	407,115	(243,956)	7,249,206
Total accumulated depreciation	<u>74,683,440</u>	<u>5,200,310</u>	<u>(548,319)</u>	<u>79,335,431</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>89,798,853</u>	<u>1,867,773</u>	<u>(354,842)</u>	<u>91,311,784</u>
FCC's capital assets, net of accumulated depreciation	<u>\$ 92,425,796</u>	<u>\$ 2,583,560</u>	<u>\$ (2,370,975)</u>	<u>\$ 92,638,381</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
FCPL				
Capital assets being depreciated/amortized:				
Library collection	\$ 6,073,476	\$ 1,725,463	\$ (1,813,379)	\$ 5,985,560
Right-to-use SBITAs	250,721	-	(27,522)	223,199
Furniture and equipment	<u>441,602</u>	<u>-</u>	<u>(22,900)</u>	<u>418,702</u>
Total capital assets at historical cost being depreciated/amortized	<u>6,765,799</u>	<u>1,725,463</u>	<u>(1,863,801)</u>	<u>6,627,461</u>
Less accumulated depreciation/amortization for:				
Library collection	1,483,772	1,028,921	(1,813,380)	699,313
Right-to-use SBITAs	123,848	27,759	-	151,607
Furniture and equipment	<u>194,005</u>	<u>30,265</u>	<u>(22,900)</u>	<u>201,370</u>
Total accumulated depreciation/amortization	<u>1,801,625</u>	<u>1,086,945</u>	<u>(1,836,280)</u>	<u>1,052,289</u>
FCPL's capital assets, net of accumulated depreciation/amortization	<u>\$ 4,964,174</u>	<u>\$ 638,518</u>	<u>\$ (27,521)</u>	<u>\$ 5,575,171</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
SKC Inc.				
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>

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D. Interfund Receivables, Payables and Transfers

1. *Primary Government Interfund Receivables and Payable Balances*

For year ending June 30, 2025, there were no interfund receivables or payables.

2. *Interfund Transfers - Primary Government*

Interfund transfers for the year ending June 30, 2025, 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
Transfers Out									
General Fund	\$ -	\$ 9,074,307	\$ 50,947,851	\$ 462,953	\$ 54,944,117	\$ 1,500,000	\$ 2,587,844	\$ -	\$ 119,517,072
Grants Fund	465,000	-	1,767,358	-	-	-	205,794	269,793	2,707,945
Agricultural Preservation	-	-	-	-	5,474,865	-	-	-	5,474,865
Nonmajor Governmental	-	-	-	-	176,307	-	-	-	176,307
Capital Projects	-	71,376	-	-	8,035,077	-	80,736	1,627,777	9,814,966
Enterprise Fund	282,000	-	9,070	-	-	-	76,114	-	367,184
Total Transfers in from Other Funds	<u>\$ 747,000</u>	<u>\$ 9,145,683</u>	<u>\$ 52,724,279</u>	<u>\$ 462,953</u>	<u>\$ 68,630,366</u>	<u>\$ 1,500,000</u>	<u>\$ 2,950,488</u>	<u>\$ 1,897,570</u>	<u>\$ 138,058,339</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, risk management and health insurance which are internal service funds for vehicles, workers' compensation, and various insurance costs.

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 underlying asset. Under this Statement, a lessee is required to recognize a lease liability

NOTES TO FINANCIAL STATEMENTS
(Continued)

and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

1. Leases Receivable

As of June 30, 2025, 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, 2025, the value of the lease receivable is \$86,696 and the value of the short-term lease receivable is \$34,342. The lessee was 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, 2025, was \$84,592 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* - Effective January 21, 2025, the existing lease agreement was terminated prior to the end of the lease term with the parties entering into an Early Termination Agreement. On September 1, 2023, the now-terminated 18-month lease commenced. An initial lease receivable was recorded in the amount of \$142,329. The County recognized lease revenue of \$56,346 during fiscal year 2025. As of June 30, 2025, the lease receivable and deferred inflow of resources is \$0.
- *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, 2025, the value of the lease receivable was \$45,257 which is the value of the short-term lease receivable. The lessee was required to make quarterly fixed payments of \$9,584 which increased 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, 2025, was \$43,226 and the County recognized lease revenue of \$43,226 during the fiscal year. The lessee has 2 extension option(s), each for 24 months which was deemed not likely to be exercised.

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

Fiscal Year	Governmental Activities				
	Principal	Interest	Total		
	Payments	Payments			
2026	\$ 79,599	\$ 1,817	\$ 81,416		
2027	34,790	472	35,262		
2028	17,564	66	17,630		
	<u>\$ 131,953</u>	<u>\$ 2,355</u>	<u>\$ 134,308</u>		

2. Leases Payable

- *Parking spaces at Winchester Hall from Heritage Frederick for use by County employees* - In FY22, an initial lease liability was recorded in the amount of \$105,511. As of June 30, 2025, the value of the lease liability is \$54,728 and the value of the short-term portion is \$13,121. Frederick County is required to make monthly fixed payments of \$1,120. The lease has an interest rate of 1.3720%. The value

NOTES TO FINANCIAL STATEMENTS
(Continued)

of the right-to-use asset as of June 30, 2025, of \$105,511 with accumulated amortization of \$52,212 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, 2025, the value of the lease liability is \$168,872 and the value of the short-term lease liability is \$91,675. 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, 2025, of \$525,820 with accumulated amortization of \$360,562 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 FY24, 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, 2025, the value of the lease liability is \$522,429 and the short-term portion is \$189,413. 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, 2025, of \$936,037 with accumulated amortization of \$436,817 is included with buildings on the lease class activities table found below.
- *Copiers for use across most County departments* - On June 30, 2024, the County entered into a new 31-month lease. An initial lease liability was recorded in the amount of \$295,275. As of June 30, 2025, the value of the lease liability is \$88,333 which is also the short-term portion. 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, 2025, of \$295,275 with accumulated amortization of \$228,600 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, 2025, the value of the lease liability is \$2,479,186 and the value of the short-term portion is \$509,123. 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, 2025, of \$3,660,494 with accumulated amortization of \$1,265,194 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 on this 36-month lease which concluded in October 2024. As of June 30, 2025, the value of the lease liability and the right-to-use asset is \$0. Frederick County was required to make quarterly fixed payments of \$21,967. The lease had an interest rate of 3.990%.
- *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, 2025, the value of the lease liability is \$43,257 which is also the short-term portion. 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, 2025, of \$268,671 with accumulated amortization of \$231,391 is included with equipment on the lease class activities table found below. This lease expires November 25, 2025.

NOTES TO FINANCIAL STATEMENTS
(Continued)

- *Lease for use of two Hitachi wheel loaders* - In March 2025, Frederick County entered into a 36-month lease. An initial lease liability was recorded in the amount of \$214,031. As of June 30, 2025, the value of the lease liability is \$190,687 and the value of the short-term lease liability is \$69,824. Frederick County is required to make quarterly fixed payments of \$6,194. The lease has an interest rate of 2.838%. The value of the right-to-use asset as of June 30, 2025, of \$214,399 with accumulated amortization of \$22,036 is included with equipment on the lease class activities table found below.
- *Xerox copiers at Citizens Care & Rehabilitation Center* - In FY24, a 64-month lease was executed. An initial lease liability was recorded in the amount of \$134,510. As of June 30, 2025, the value of the lease liability is \$112,571, and the value of the short-term lease liability is \$27,151. 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, 2025, of \$134,510 with accumulated amortization of \$25,679 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:

Asset Class	As of June 30, 2025	
	Lease Asset Value	Accumulated Amortization
Buildings and Improvements - Governmental	\$ 5,227,861	\$ 2,114,786
Equipment - Business & Governmental	912,856	507,705
Total Leases	\$ 6,140,717	\$ 2,622,491

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

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total
2026	\$ 27,151	\$ 2,574	\$ 29,725
2027	25,519	1,920	27,439
2028	26,188	1,251	27,439
2029	26,881	558	27,439
2030	6,832	30	6,862
	\$ 112,571	\$ 6,333	\$ 118,904

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Fiscal Years	Governmental Activities		
	Principal Payments	Interest Payments	Total
2026	\$ 1,004,746	\$ 44,414	\$ 1,049,160
2027	892,395	30,346	922,741
2028	754,986	17,976	772,962
2029	595,732	8,738	604,470
2030	299,635	1,220	300,855
	<u>\$ 3,547,494</u>	<u>\$ 102,694</u>	<u>\$ 3,650,188</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, 2025, the value of the liability was \$227,057. Quarterly payments were \$27,510 in FY25. The lease includes a 7-year and 10-year component with interest rates of 1.906% and 2.084% respectively. The 7-year component of the lease matured on April 1, 2024. The value of the financed assets as of June 30, 2025, is \$3,724,910 with accumulated depreciation of \$2,502,344 and 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, 2025, the value of the liability was \$576,382. Quarterly payments were \$281,829 in FY25. The financed purchase has an interest rate of 2.99%. The value of the financed assets as of June 30, 2025, is \$6,296,134 with accumulated depreciation of \$5,668,942 and is included with equipment on the lease class activities table found below. The lease matures on October 1, 2025.

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

Asset Class	As of June 30, 2025	
	Capital Asset Value	Accumulated Depreciation
Equipment - Governmental	\$ 1,649,182	\$ 15,360,447
Equipment - Business	407,881	277,951
Total Leases	<u>\$ 2,057,063</u>	<u>\$ 15,638,398</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

Fiscal Year	Business-Type Activities			
	Principal Payments	Interest Payments	Total	
	2026	\$ 16,924	\$ 190	\$ 17,114
		\$ 16,924	\$ 190	\$ 17,114

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

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total
	2026	\$ 671,807	\$ 10,139
2027	114,708	1,498	116,206
	\$ 786,515	\$ 11,637	\$ 798,152

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 that will expire in FY34 and FY43. In FY24, BOE entered into an office building space lease arrangement as a lessee to finance the right-to-use asset that will expire in FY35. New in FY25, BOE entered into a lease amendment to the office building to finance the expansion of the right-to-use-leased asset by 1,758 square feet. The additional space leased will expire in 2035.

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 FY25, payments including interest for the lease were \$869,337. 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 FY25 were \$1,109,817. 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. The Board determined it was reasonably certain the option period, only on a portion of the leased space, will be exercised which is accounted for. As the interest rate implicit in the lease agreement is not readily determinable, 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. BOE utilizes its incremental borrowing rate of 4.5% to discount the lease payments. Payments and amortization expense

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(Continued)

began in FY24. The second amendment was signed in May 2025, and financed \$0.2 million, with terms consistent with the original lease agreement applied. Additional payments for variable costs are expensed as incurred.

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

Right-to-use Lease Assets:	Governmental Activities
Buildings and improvements	\$ 44,771,959
Less: Accumulated amortization	<u>(19,348,209)</u>
Total	<u>\$ 25,423,750</u>

As of June 30, 2025, the minimum obligations under the leases were as follows:

Years Ending	Governmental Activities		
	June 30,	Principal	Interest
2026	\$ 2,272,931	\$ 846,144	\$ 3,119,075
2027	2,402,645	783,490	3,186,135
2028	2,539,033	716,572	3,255,605
2029	2,682,127	645,159	3,327,286
2030	2,831,938	569,010	3,400,948
2031-2035	11,680,475	1,629,722	13,310,197
2036-2040	2,287,657	691,721	2,979,378
2044-2043	1,883,085	127,736	2,010,821
	<u>\$ 28,579,891</u>	<u>\$ 6,009,554</u>	<u>\$ 34,589,445</u>

F. Subscription-Based Information Technology Arrangements (SBITAs)

Primary Government

Beginning in FY24, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right-to-use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

NOTES TO FINANCIAL STATEMENTS
(Continued)

1. *SBITAs Payable*

As of June 30, 2025, the County has 11 active SBITAs that have payments that range from \$26,919 to \$426,400 and interest rates that range from 2.038% to 3.179%. The total combined value of the subscription liability is \$4,717,070 and the total combined value of the short-term subscription liability is \$1,296,209. The combined value of the right to use asset, as of June 30, 2025, of \$9,310,261 with accumulated amortization of \$2,469,033 is included within the Subscription Class activities table found below.

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

- *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, 2025, the value of the subscription liability was \$0. The County was required to make annual fixed payments of \$35,383. The subscription had an interest rate of 3.121%. The value of the right-to-use asset as of June 30, 2025, of \$102,968 with accumulated amortization of \$94,387 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, 2025, the value of the subscription liability is \$213,003 and the short-term portion is \$105,350. 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, 2025, of \$526,997 with accumulated amortization of \$289,849 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, 2025, the value of the subscription liability is \$0. The County was required to make annual fixed payments of \$275,000. The subscription has an interest rate of 2.038%. The value of the right-to-use asset as of June 30, 2025, of \$768,932 with accumulated amortization of \$747,572 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, 2025, the value of the subscription liability is \$159,327 which is the short-term liability. 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, 2025, of \$455,324 with accumulated amortization of \$278,253 is included with Software on the Subscription Class activities table found below.
- *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, 2025, the value of the subscription liability is \$91,145 which is the value of the short-term subscription liability. 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, 2025, of \$273,481 with accumulated amortization of \$160,797 is included with Software on the Subscription Class activities table found below.

NOTES TO FINANCIAL STATEMENTS
(Continued)

- *PublicInput Engage Plus* - On April 1, 2024, the County entered into a 36-month subscription for the use of PublicInput Engage Plus. An initial subscription liability was recorded in the amount of \$104,201. As of June 30, 2025, the value of the subscription liability is \$35,775, which is the value of the short-term subscription liability. 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, 2025 of \$104,201 with accumulated amortization of \$43,417 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, 2025, the value of the subscription liability is \$190,068 and the value of the short-term subscription liability is \$21,479. 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, 2025 of \$4,174,126 with accumulated amortization of \$464,937 is included with Software on the Subscription Class activities table found below.
- *Jail Management System* - In January 2025, the County entered into a 60-month subscription for the use of a Jail Management System by the Frederick County Adult Detention Center. The County incurred capitalizable implementation costs of \$498,705 during fiscal year 2023 through 2025 which were necessary to bring the SBITA into service. As of June 30, 2025, the value of the subscription liability is \$1,975,746 and the value of the short-term subscription liability is \$375,189. The County is required to make annual fixed payments of \$426,400. The subscription has an interest rate of 2.592%. The value of the right to use asset as of June 30, 2025 of \$2,474,451 with accumulated amortization of \$207,464 is included with Software on the Subscription Class activities table found below.
- *Records Management System* - In January 2025, the County entered into a 60-month subscription for the use of a Records Management System by the Frederick County Sheriff's Office. The County incurred capitalizable implementation costs of \$498,107 during fiscal year 2023 through 2025 which were necessary to bring the SBITA into service. As of June 30, 2025, the value of the subscription liability is \$1,663,238 and the value of the short-term subscription liability is \$315,628. The County is required to make annual fixed payments of \$364,097. The subscription has an interest rate of 3.179%. The value of the right to use asset as of June 30, 2025 of \$2,161,345 with accumulated amortization of \$181,315 is included with Software on the Subscription Class activities table found below.
- *OpenGov (Cartegraph)* - In June 2025, the County entered into a 24-month subscription for the use of OpenGov. The County incurred capitalizable implementation costs of \$235,000 during fiscal year 2025 which were necessary to bring the SBITA into service. As of June 30, 2025, the value of the subscription liability is \$327,560 and the value of the short-term subscription liability is \$161,929. The County is required to make annual fixed payments of \$161,929. The subscription has an interest rate of 2.668%. The value of the right to use asset as of June 30, 2025 of \$562,561 with accumulated amortization of \$780 is included with Software on the Subscription Class activities table found below.
- *YOGA Data Capture Automation for FSM* - In March 2025, the County entered into a 27-month subscription for the use of YOGA by Frederick County Accounts Payable. The County incurred capitalizable implementation costs of \$113,700 during fiscal year 2025 which were necessary to bring the SBITA into service. As of June 30, 2025, the value of the subscription liability is \$61,208 and the value of the short-term subscription liability is \$30,387. The County is required to make annual fixed payments of \$31,700. The subscription has an interest rate of 2.851%. The value of the right to use asset as of June 30, 2025 of \$174,908 with accumulated amortization of \$265 is included with Software on the Subscription Class activities table found below.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Asset Class	As of June 30, 2025	
	Subscription Asset Value	Accumulated Amortization
Software	\$ 11,779,294	\$ 2,469,036
Total Subscriptions	<u>\$ 11,779,294</u>	<u>\$ 2,469,036</u>

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
2026	\$ 1,296,209	\$ 117,767	\$ 1,413,976
2027	1,032,370	96,803	1,129,173
2028	749,086	68,330	817,416
2029	770,509	46,907	817,416
2030	792,551	24,864	817,415
2031-2033	<u>76,345</u>	<u>4,411</u>	<u>80,756</u>
	<u><u>\$ 4,717,070</u></u>	<u><u>\$ 359,082</u></u>	<u><u>\$ 5,076,152</u></u>

Component Unit

BOE 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 six years and may contain one or more optional renewals, generally for an additional one to two years. BOE has generally included these renewal periods in the SBITA term when it is reasonably certain the BOE will exercise them. BOE utilizes its incremental borrowing rate of 4.5% to discount the lease payments.

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

Right-to-use Subscription-Based Assets:		Governmental Activities
Information Technology (IT)		\$ 9,763,831
Less: Accumulated amortization		(2,315,180)
Total		<u>\$ 7,448,651</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

As of June 30, 2025, the minimum obligations under the leases were as follows:

Years Ending June 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 1,250,487	\$ 372,996	\$ 1,623,483
2027	1,347,875	308,334	1,656,209
2028	1,451,516	238,566	1,690,082
2029	1,561,756	163,358	1,725,114
2030	571,067	109,074	680,141
2031-2035	1,562,420	251,476	1,813,896
	<u>\$ 7,745,121</u>	<u>\$ 1,443,804</u>	<u>\$ 9,188,925</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:

Right-to-use Subscription Based Assets:		Governmental Activities
Information technology (IT)		\$ 1,371,079
Less: Accumulated amortization		(981,426)
Total		<u>\$ 389,653</u>

As of June 30, 2025, the minimum obligations under the leases were as follows:

Years Ending June 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 236,614	\$ 7,819	\$ 244,433
2027	91,466	4,090	95,556
2028	100,333	-	100,333
	<u>\$ 428,413</u>	<u>\$ 11,909</u>	<u>\$ 440,322</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Non-Current Liabilities

1. *Changes in Non-Current Liabilities*

Primary Government:

Governmental Activities	Balance	Principal		Balance	Due Within
	July 1, 2024	Additions	Repayments & Reductions	June 30, 2025	One Year
Bonds Payable	\$ 562,569,367	\$ 181,325,000	\$ (31,775,222)	\$ 712,119,145	\$ 37,778,032
Notes from direct borrowings and direct placements	27,029,955	-	(8,350,107)	18,679,848	7,350,733
Unamortized Premium on Bonds	34,148,261	11,276,062	(7,674,567)	37,749,756	7,812,617
Installment Purchase Agreements	40,004,518	862,969	(3,812,880)	37,054,607	1,510,622
Leases	4,382,781	214,031	(1,049,318)	3,547,494	1,004,746
SBITAs	1,394,252	4,027,752	(704,934)	4,717,070	1,298,209
Financed Purchase Obligations	1,990,767	-	(1,204,252)	786,515	671,807
Prefunded Loss Claims	5,784,057	3,644,040	(2,772,603)	6,655,494	1,092,667
Compensated Absences*	19,058,917	57,263	-	19,116,180	1,673,805
Net Pension Liability	109,623,093	142,324,492	(187,742,125)	64,205,460	-
Net LOSAP Pension Liability	10,995,751	1,293,396	(2,088,700)	10,200,447	-
Termination Benefits	353,319	97,444	(4,805)	445,958	95,015
Total Governmental Activity - Long Term Liabilities	\$ 817,335,038	\$ 345,122,449	\$ (247,179,513)	\$ 915,277,974	\$ 60,288,253

*Restated due to implementation of GASB Statement No. 101. Changes in the liability are shown as a net change.

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

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

Payments on the non-current liabilities related to the OPEB are supported by revenue transfers from all funds in proportion to the number of benefited 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, 2025, Internal Service Funds compensated absences totaling \$319,140 are included in the above amounts.

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Balance June 30, 2024	Additions	Principal		Balance June 30, 2025	Due Within One Year
			Repayments & Reductions	Balance June 30, 2025		
Business-type Activities:						
Bonds Payable	\$ 59,460,633	\$ 21,330,000	\$ (1,729,778)	\$ 79,060,855	\$ 1,011,969	
Notes from direct borrowing and direct placements	45,869,026	-	(4,695,654)	41,173,372	5,984,869	
Unamortized Premium on Bonds	1,435,810	265,108	(316,597)	1,384,321	381,129	
Leases	134,510	-	(21,939)	112,571	27,151	
Financed Purchase Obligations	50,026	-	(33,102)	16,924	16,924	
Landfill Closure Costs	21,387,211	354,668	(355,125)	21,386,754	369,983	
Compensated Absences*	1,782,268	-	(95,750)	1,686,518	447,676	
Termination Benefits	22,346	11,425	-	33,771	-	
Total Business-type Activities - Long Term Liabilities	<u>\$ 130,141,830</u>	<u>\$ 21,961,201</u>	<u>\$ (7,247,945)</u>	<u>\$ 144,855,086</u>	<u>\$ 8,239,701</u>	

*Restated due to implementation of GASB Statement No. 101. Changes in the liability are shown as a net change.

Component Units:

	Balance July 1, 2024	Net Changes	Balance		Due Within One Year
			July 1, 2024	June 30, 2025	
Board of Education					
Capital lease right-to-use	\$ 30,535,148	\$ (1,955,257)	\$ 28,579,891	\$ 2,272,931	
Subscription based right-to-use	4,904,624	2,840,497	7,745,121	1,250,487	
Compensated absences	12,270,638	(449,754)	11,820,884	5,461,451	
Net OPEB liability	472,067,373	(152,043,883)	320,023,490	-	
Termination benefits payable	31,445,554	(9,707,561)	21,737,993	-	
Net pension liability	54,432,653	13,165,763	67,598,416	-	
BOE - Long-term liabilities	<u>\$ 605,655,990</u>	<u>\$ (148,150,195)</u>	<u>\$ 457,505,795</u>	<u>\$ 8,984,869</u>	
Frederick Community College					
Subscription based right-to-use	\$ 761,737	\$ (333,324)	\$ 428,413	\$ 236,614	
Certificates of Participation	4,858,050	(398,867)	4,459,183	345,000	
Compensated absences	2,115,264	150,959	2,266,223	2,239,228	
FCC Long-term Liabilities	<u>\$ 7,735,051</u>	<u>\$ (581,232)</u>	<u>\$ 7,153,819</u>	<u>\$ 2,820,842</u>	
Frederick County Public Libraries					
Subscription based right-to-use	\$ 112,557	\$ (55,691)	\$ 56,866	\$ 56,866	
Compensated absences	738,374	139,009	877,383	74,767	
Termination Benefits	29,889	1,495	31,384	1,494	
FCPL Long-term Liabilities	<u>\$ 880,820</u>	<u>\$ 84,813</u>	<u>\$ 965,633</u>	<u>\$ 133,127</u>	

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. *General Obligation Bonds*

Primary Government

The County cannot issue general obligation bonds and installment purchase agreements unless specific enabling legislation is passed by the County Council. As of June 30, 2025, the Council authorization remains in the amount of \$88,973,044 under bill #24-16. 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 was amended in 2021, changing the calculation to three percent of the assessable real property and nine percent of the assessable personal property as reflected in the FY2025 calculation.

The debt limit for the primary government's general obligation borrowings as of June 30, 2025, was \$1,368,496,215 and the legal debt margin was \$473,102,531.

The County's most recent credit ratings were reaffirmed as of January 2025 are Moody's - Aaa, S&P - AAA, Fitch - AAA. These bonds are a general obligation of the County and as such are supported by the full faith and credit of the County.

Government Activities	Date of Debt Issue	Date of Debt Maturity Due Serially to	Range of Interest Rates	Amount of Original Issue	Amount Outstanding 6/30/25
Pub Fac Bonds of 2016, Series A	6/29/2016	8/1/2036	2.25%-5.00%	\$ 77,186,341	\$ 49,865,422
Pub Fac Bonds of 2016B - Refunding	6/29/2016	8/1/2036	2.06%-3.00%	34,820,000	22,895,000
Pub Fac Bonds of 2017A - Refunding (2020 Crossover)	4/11/2017	2/1/2030	5.00%	56,901,147	31,822,736
Pub Fac Bonds of 2017B - Refunding	12/20/2017	8/1/2031	5.00%	35,860,543	24,970,903
Pub Fac Bonds of 2018, Series A	3/7/2018	8/1/2037	3.00%-5.00%	84,465,639	62,662,181
Pub Fac Bonds of 2019, Series A	9/24/2019	8/1/2039	2.25%-5.00%	98,509,493	81,249,817
Pub Fac Bonds of 2019B - Refunding	9/24/2019	8/1/2034	2.00%-3.00%	26,747,886	25,098,983
Pub Fac Bonds of 2021, Series A	9/28/2021	10/1/2051	1.50%-5.00%	149,610,000	134,145,116
Pub Fac Bonds of 2021, Series B	9/28/2021	10/1/2032	0.75%-1.60%	8,873,683	8,437,706
Pub Fac Bonds of 2023, Series A	5/31/2023	4/1/2053	4.00%-5.00%	96,315,000	89,646,281
Pub Fac Bonds of 2025, Series A	2/13/2025	4/1/2055	3.00%-5.00%	181,325,000	181,325,000
Total Bonds Outstanding				<u>\$ 850,614,732</u>	<u>\$ 712,119,145</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

The annual requirements to amortize governmental activities bond debt outstanding as of June 30, 2025, are as follows:

Years Ending June 30,	Principal	Interest	Total Requirement
2026	\$ 37,778,032	\$ 28,087,910	\$ 65,865,941
2027	40,872,499	25,184,292	66,056,792
2028	42,910,998	23,195,660	66,106,658
2029	44,741,645	21,206,180	65,947,824
2030	46,928,205	19,196,735	66,124,940
2031-2035	211,061,567	69,236,927	280,298,494
2036-2040	186,751,170	34,486,012	221,237,183
2041-2045	101,075,029	9,173,473	110,248,502
	<u>\$ 712,119,145</u>	<u>\$ 229,767,189</u>	<u>\$ 941,886,334</u>

For the year ending June 30, 2025, total principal and interest incurred related to general obligation bonds was \$31,775,222 and \$20,554,238 respectively.

Business-type Activities	Debt Issue	Maturity Due Serially to	Range of Interest Rates	Amount of Original Issue	Outstanding 6/30/25
Pub Fac Bonds of 2016, Series A	6/29/2016	8/1/2036	2.25%-5.00%	\$ 8,218,659	\$ 4,109,578
Pub Fac Bonds of 2017A - Refunding (2020 Crossover)	4/11/2017	2/1/2030	5.00%	16,963,853	6,057,264
Pub Fac Bonds of 2017B - Refunding	12/20/2017	8/1/2031	5.00%	824,457	574,097
Pub Fac Bonds of 2018, Series A	3/7/2018	8/1/2037	3.00%-5.00%	15,269,361	9,242,819
Pub Fac Bonds of 2019, Series A	9/24/2019	8/1/2039	2.25%-5.00%	7,735,507	5,395,183
Pub Fac Bonds of 2019, Series B	9/24/2019	8/1/2034	2.00%-3.00%	3,267,114	2,981,017
Pub Fac Bonds of 2021, Series A	9/28/2021	10/1/2051	1.50%-5.00%	4,885,000	4,589,884
Pub Fac Bonds of 2021, Series B	9/28/2021	10/1/2032	0.75%-2.50%	21,976,317	21,917,294
Pub Fac Bonds of 2023, Series A	5/31/2023	4/1/2053	4.00%-5.00%	2,970,000	2,863,719
Pub Fac Bonds of 2025, Series A	2/13/2025	4/1/2055	3.00%-5.00%	21,330,000	21,330,000
Total Bonds Outstanding				<u>\$ 103,440,268</u>	<u>\$ 79,060,855</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2025, are as follows:

Years Ending June 30,	Principal	Interest	Total Requirement
2026	\$ 1,011,969	\$ 2,685,059	\$ 3,697,028
2027	1,147,500	2,526,969	3,674,469
2028	3,469,002	2,479,709	5,948,711
2029	5,153,355	2,304,077	7,457,432
2030	5,266,795	2,087,248	7,354,042
2031-2035	25,468,433	7,827,007	33,295,439
2036-2040	19,458,830	4,679,540	24,138,370
2041-2045	5,294,971	2,930,764	8,225,735
2046-2050	6,310,000	1,930,913	8,240,913
2051-2055	6,480,000	731,469	7,211,469
	<u>\$ 79,060,855</u>	<u>\$ 30,182,755</u>	<u>\$ 109,243,608</u>

For the year ending June 30, 2025, total principal and interest incurred related to business-type activities was \$1,729,778 and \$1,719,136 respectively.

On February 13, 2025, Frederick County issued its Tax-Exempt General Obligation Public Facilities Project Bonds, Series 2025A in the par amount of \$202,655,000 and premium of \$11,541,170. The Series 2025A Bond bears an average coupon rate of 4.1564% per annum and a true interest cost of 3.6269%. The principal amount of the Series 2025A Serial Bonds is payable April 1, 2026 through April 2, 2045. Term bonds are included in this series with maturities on April 1, 2051, in the amount of \$5,610,000 and April 1, 2055, in the amount of \$4,530,000, bearing yields of 4.19% and 4.00% respectively. The Series 2025A bonds were issued to finance capital projects in the amount of \$213,290,000.

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 and 2020A. These debt instruments are general obligations of the County to which its full faith and credit and unlimited taxing power are pledged, but no collateral is pledged for repayment of the debt. The remaining Series 2014C Refunding Bonds do not offer a prepayment option. These notes do not contain any acceleration clauses.

Government Activities	Date of Debt Issue	Date of Maturity Due Serially to	Range of Interest Rates	Amount	
				Original Issue	Outstanding 6/30/25
Pub Fac Bonds of 2014C Refunding	11/25/2014	6/1/2028	2.49%	\$ 12,431,564	\$ 11,271,334
Pub Fac Bonds of 2020A Refunding	3/26/2020	6/1/2027	1.48%	7,952,496	7,408,514
Pub Fac Bonds of 2022A Refunding	5/3/2022	8/1/2024	1.48%	16,346,973	-
Total Notes from Direct Borrowing and Direct Placements				\$ 36,731,033	\$ 18,679,848

NOTES TO FINANCIAL STATEMENTS
(Continued)

For the year ending June 30, 2025, total principal and interest incurred related to notes from direct borrowing and direct placement was \$8,350,107 and \$456,049 respectively. The annual requirements to amortize governmental activities notes from direct borrowing and direct placements outstanding as of June 30, 2025, are as follows:

Year Ending June 30,	Principal	Interest	Total Requirement
2026	\$ 7,350,733	\$ 390,302	\$ 7,741,035
2027	7,480,277	244,478	7,724,755
2028	3,848,838	95,836	3,944,674
	<u>\$ 18,679,848</u>	<u>\$ 730,616</u>	<u>\$ 19,410,464</u>

Business-type Activities	Date of Debt Issue	Date of Debt Maturity Due	Range of Interest Rates	Amount of Original Issue	Amount Outstanding
	Serially to	6/30/25			
Pub Fac Bonds of 2014C Refunding	11/25/2014	6/1/2028	2.49%	\$ 4,283,436	\$ 3,883,666
Pub Fac Bonds of 2020A Refunding	3/26/2020	6/1/2027	1.48%	5,862,504	5,461,486
Pub Fac Bonds of 2022A Refunding	5/3/2022	8/1/2024	1.48%	5,218,027	-
Total Notes from Direct Borrowing and Direct Placements				<u>\$ 15,363,967</u>	<u>\$ 9,345,152</u>

For the year ending June 30, 2025, total principal and interest incurred related to notes from direct borrowing and direct placement was \$2,709,893 and \$199,254 respectively. The annual requirements to amortize business-type activities notes from direct borrowings and direct placements outstanding as of June 30, 2025, are as follows:

Year Ending June 30,	Principal	Interest	Total Requirement
2026	\$ 3,979,267	\$ 177,533	\$ 4,156,800
2027	4,039,723	105,880	4,145,603
2028	1,326,162	33,021	1,359,183
	<u>\$ 9,345,152</u>	<u>\$ 316,434</u>	<u>\$ 9,661,586</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, 2025, the County has no authorized and approved borrowings left to draw. As of June 30, 2025, the county has one solid waste loan with a principal balance of \$399,457 and two water sewer

NOTES TO FINANCIAL STATEMENTS
(Continued)

loans with a combined principal balance of \$31,428,763. The total outstanding principal as of June 30, 2025, is \$31,828,220. These loans have interest rates of .80% - 1.00%.

For the year ending June 30, 2025, total principal and interest incurred related to the MDE loans was \$1,985,761 and \$441,655 respectively. The annual requirements to amortize these loans as of June 30, 2025, are as follows:

Years Ending June 30,	Total		
	Principal	Interest	Requirement
2026	\$ 2,005,602	\$ 422,818	\$ 2,428,420
2027	1,622,188	382,743	2,004,930
2028	1,638,391	366,539	2,004,930
2029	1,654,756	350,174	2,004,930
2030	1,671,285	333,645	2,004,930
2031-2035	8,610,193	1,414,457	10,024,651
2036-2040	9,007,973	974,236	9,982,209
2041-2045	5,617,832	365,344	5,983,176
	<u>\$ 31,828,220</u>	<u>\$ 4,609,956</u>	<u>\$ 36,438,176</u>

4. Agricultural Preservation Installment Purchase Agreements

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

In FY25 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. 24-16 enacted by the Frederick County Council on October 15, 2024. 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:

Issue	Amount of Original Issue	Date of Debt Issue	Obligation Term	Date of Debt Maturity	Interest Rate
24-148	\$ 212,251	7/23/2024	10-year	5/15/2034	4.0760%
24-149	295,672	9/4/2024	20-year	5/15/2044	4.2120%
25-150	355,046	5/28/2025	10-year	5/15/2035	4.3550%

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Years Ended June 30,	Principal	Interest	Total Requirement
2026	\$ 1,510,622	\$ 1,438,438	\$ 2,949,060
2027	3,105,570	1,425,360	4,530,930
2028	4,686,308	1,264,920	5,951,228
2029	4,473,319	1,069,655	5,542,974
2030	2,074,044	814,030	2,888,074
2031-2035	7,731,882	2,833,476	10,565,358
2036-2040	10,051,931	1,460,071	11,512,002
2041-2045	3,420,931	290,553	3,711,484
	<u>\$ 37,054,607</u>	<u>\$ 10,596,503</u>	<u>\$ 47,651,110</u>

For the year ending June 30, 2025, total principal and interest incurred related to agricultural land preservation installment agreements was \$3,812,880 and \$1,642,887, respectively. These agreements have interest rates that vary from 1.99% to 5.267%.

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 FY25.

The annual requirements to amortize the Certificates of Participation as of June 30, 2025, are as follows:

Years Ending	Certificates of Participation	
	June 30,	Premium
Principal	Amortization	
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	139,991
2035	475,000	7,401
	<u>\$ 4,090,000</u>	<u>\$ 369,183</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

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 FY25, \$366,760 of operating activities such as leachate treatment and well testing related to Site A were incurred. The liability for Site A closure was increased \$68,296 to reflect the variance between estimated and actual costs. The total remaining estimated cost for closure and post closure care of Site A is \$7,841,983 as of June 30, 2025. This entire amount is reported as a liability for Site A.

As of June 30, 2025, the Site B landfill had capacity used of 2,232,971 tons, which is 54.18% 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 \$24,997,877. The resulting liability is \$13,544,771 with \$11,453,106 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 \$21,386,754 as of June 30, 2025. 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.

H. Fund Balances/Net Position

1. Governmental Funds – Nonspendable

	General Fund	Grants	Agricultural Preservation	Nonmajor Government Funds	Total Governmental Funds
Inventory	\$ 3,144,207	\$ -	\$ -	\$ -	\$ 3,144,207
Prepaid	545,649	121,047	663,108	44,000	1,373,804
Long-term receivables	78,381	-	-	-	78,381
Salary advances	6,118	-	-	-	6,118
Total nonspendable fund balances	<u>\$ 3,774,355</u>	<u>\$ 121,047</u>	<u>\$ 663,108</u>	<u>\$ 44,000</u>	<u>\$ 4,602,510</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. *Governmental Funds – Restricted*

	General Fund	Grants	Capital Projects	Agricultural Preservation	Debt Service	Nonmajor Governmental Funds	Governmental Funds
Animal control	\$ 583,717	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 583,717
Forfeitures - circuit court	34,875	-	-	-	-	-	34,875
School and library construction	-	-	194,257,799	-	-	-	194,257,799
Roads and bridges construction	-	-	43,035,084	-	-	-	43,035,084
Watershed restoration	-	-	4,832,028	-	-	-	4,832,028
General government/other construction	-	-	40,993,891	-	-	-	40,993,891
Senior services	118,201	-	-	-	-	-	118,201
Economic Development	570,000	-	-	-	-	-	570,000
Grants	-	22,197,009	-	-	-	-	22,197,009
Sheriff's/judicial activities	-	-	-	-	-	260,446	260,446
Agricultural preservation	-	-	-	1,892,018	-	-	1,892,018
Loan activities	-	-	-	-	-	19,540,098	19,540,098
Opioid Abatement	-	-	-	-	-	2,745,494	2,745,494
Debt service	-	-	-	-	2,655,280	-	2,655,280
Total restricted fund balances	<u>\$ 1,306,793</u>	<u>\$ 22,197,009</u>	<u>\$ 283,118,802</u>	<u>\$ 1,892,018</u>	<u>\$ 2,655,280</u>	<u>\$ 22,546,038</u>	<u>\$ 333,715,940</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

3. *Governmental Funds – Committed*

	General Fund	Grants	Capital Projects	Agricultural Preservation	Nonmajor Governmental Funds	Total Governmental Funds
Bond rating enhancement	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
County Set-aside*	71,960,075	-	-	-	-	71,960,075
FY26 budget	34,933,617	-	-	-	-	34,933,617
Forest resource ordinance fee-in-lieu	708,997	-	-	-	-	708,997
Permanent public improvement	79,074	-	-	-	-	79,074
FY27 budget	88,031,169	-	-	-	-	88,031,169
Commission for Women	33,993	-	-	-	-	33,993
Health insurance fund	1,370,056	-	-	-	-	1,370,056
School and library construction	-	-	53,958,738	-	-	53,958,738
Parks construction	-	-	31,541,144	-	-	31,541,144
Roads and bridges construction	-	-	28,649,074	-	-	28,649,074
General government/other construction	-	-	84,336,756	-	-	84,336,756
Watershed restoration	-	-	11,051,937	-	7,272	11,059,209
Grant activities	-	7,359,230	-	-	-	7,359,230
Electric lighting	-	-	-	-	4,923	4,923
Sheriff's/judicial activities	-	-	-	-	1,903,105	1,903,105
Loan activities	-	-	-	-	17,759,351	17,759,351
Opioid abatement	-	-	-	-	246,119	246,119
Agricultural preservation	-	-	-	11,337,151	-	11,337,151
Installment purchase agreements	-	-	-	77,752,266	-	77,752,266
Total committed fund balances	\$ 197,216,981	\$ 7,359,230	\$ 209,537,649	\$ 89,089,417	\$ 19,920,770	\$ 523,124,047

* 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, 2025, the required balance is \$71,960,075. 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

	General Fund	Debt Service Fund
Encumbrances		
General government	\$ 1,343,905	\$ -
Conservation of natural resources	1,349,835	-
Public safety	2,770,597	-
Economic development & opportunity	250,033	-
Health	2,768	-
Social services	12,421	-
Parks, recreation & culture	29,072	-
Public works	562,944	-
Miscellaneous	55,488	-
Road/street inspection	614,508	-
Automation enhancement fee	806,917	-
Revenue stabilization	10,788,924	-
Debt service	190,000	12,964,008
Total assigned fund balances	<u><u>\$ 18,777,412</u></u>	<u><u>\$ 12,964,008</u></u>

5. Governmental Funds - Unassigned

Sections 2-7-1(b) and (4) of the Frederick County, Maryland Code of Ordinances stipulates that the County may not levy more than \$500,000 as use in a contingency fund and must be maintained as part of unassigned fund balance. It shall be dedicated and appropriated to meet any unexpected demand which arises after the tax levy has been made, the occurrence of which could not reasonably have been foreseen. As of June 30, 2025, 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, 2025, the calculation of these reserves is \$203,464,468 (detailed below). These reserves are a part of the \$774,187,951 net position balance.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Reserved for:	
Operating Reserves	\$ 9,121,016
3 R Reserves	11,514,487
Tap Credits	352,015
Cash Funding of Capital Projects	61,894,407
Rosemont MDE	87,530
System Development	<u>120,495,013</u>
Total Water and Sewer Reserves	203,464,468
Excess reserves	<u>60,836,485</u>
Unrestricted net position	<u><u>\$ 264,300,953</u></u>

7. Net Investment in Capital Assets

As of June 30, 2025, net investment in capital assets in the Government-Wide Statement of Net Position was calculated as follows:

	Governmental Activities	Business-type Activities
Net carrying value of capital assets	\$729,530,751	\$644,927,008
Debt related to capital assets	(435,704,989)	(110,966,556)
Unamortized balances of original issue discounts and deferred outflows of resources	128,372	393,723
Net Investment in Capital Assets (Exhibit II-A-1)	<u>\$ 293,954,134</u>	<u>\$ 534,354,175</u>

NOTE 4. OTHER INFORMATION

A. Commitments and Contingencies

1. Construction Commitments

As of June 30, 2025, the County had the following commitments with respect to unfinished capital projects:

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Total Project Budget	Total Expenditures	Amount Funded	Required Future Funding
General government	\$ 379,750,478	\$ 69,122,271	\$ 183,419,285	\$ 196,331,193
Roads and bridges	277,302,116	28,677,039	62,020,708	215,281,408
Board of Education	565,593,648	285,268,708	355,871,742	209,721,906
Frederick Community College	30,593,424	13,308,343	14,119,982	16,473,442
Parks and recreation	108,275,405	16,546,390	36,726,473	71,548,932
Watershed restoration	66,848,209	7,073,390	17,786,989	49,061,220
Municipal	1,617,590	756,799	1,467,590	150,000
	<u>\$ 1,429,980,870</u>	<u>\$ 420,752,940</u>	<u>\$ 671,412,769</u>	<u>\$ 758,568,101</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.

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 ending June 30, 2025, 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, 2025.

4. Economic Dependency

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

The Solid Waste Enterprise Fund has two customers which account for 25% of total operating revenues. These commercial companies accounted for \$8,163,269 or 25% of FY25 operating revenues. Should the revenues from any of these customers decrease significantly, certain variable operating expenses, such as transfer expense and closure/post closure care costs would decrease.

NOTES TO FINANCIAL STATEMENTS

(Continued)

The Comprehensive Care Facility Fund has two payer types that individually exceed ten percent of total operating revenues for this fund. They are Medicaid (46%) and Medicare (33%).

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 Risk Management Insurance 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, 2025.

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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

- 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 schedule below:

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

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

- 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 people 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 people in permanent full-time positions in the new or expanded premises for a period of three years after each year that a tax credit is allowed. The property must also be located in a priority funding area and the business entity must notify the County of the intent to apply for the credit. An application is filed with the County when the business entity believes it has met all the requirements, and an annual submission of supporting information is necessary for the credit to continue. The abatements equal a percentage of the property tax imposed on the assessment of the new or expanded premises. The percentage is 52% in years one and two, 39% in years three and four, and 26% in years five and six. The credits are administered as a reduction in the tax bill. The program has a recapture provision that allows the County to recapture tax credits if the business entity does not continue to satisfy all applicable requirements to qualify for the credit. Interest will accrue on any repayable tax credit, and unpaid tax credits are a lien against the property

NOTES TO FINANCIAL STATEMENTS
(Continued)

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 unpaid 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 eighty percent for the first five years and decreases ten percent annual thereafter to thirty percent in the tenth 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.

Information relevant to the disclosure of those programs as of June 30, 2025:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>	
Economic Development:		
Enterprise Zone Tax Credit	\$ 33,636	
Commercial & Industrial Tax Credit	1,614,059	
Rehabilitated Vacant Commercial Structures Tax Credit	48,330	
Total	\$ 1,696,025	

NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

Refunded Bond Issues	Par Amount	Maturity Dates	Call Date
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>		

NOTES TO FINANCIAL STATEMENTS
(Continued)

This refunding will reduce total debt service payments through fiscal years 2021-2040 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.

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

These refundings will reduce total debt service payments through 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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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 Series 2019 Bonds are structured as three term bonds. The first of these matured on July 1, 2024, in the amount of \$1,665,000. The remaining term bonds are listed in the chart below. 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.

Conduit Borrower	TIF/CDA	Amount of Original Issue	Date of Debt Issue	Date of Debt Maturity	Interest Rate	Amount Outstanding 6/30/2025
Lake Linganore - Series 2001A	CDA-Term	\$ 4,285,000	01/18/01	07/01/29	5.700%	\$ 1,512,000
Lake Linganore - Series 2007A	CDA-Loan	3,114,000	09/20/07	07/01/29	0.000%	831,219
Lake Linganore - Series 2007B	CDA-Loan	3,232,142	09/20/07	03/01/28	0.000%	574,142
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%	52,960,000
Urbana CDA - Series 2020B	CDA-Term	1,410,000	11/01/20	07/01/40	4.000%	1,110,000
Urbana CDA - Series 2020C	CDA-Term	25,505,000	11/01/20	07/01/50	4.000%	25,015,000
Jefferson Technology Park - Series 2020A	TIF/CDA-Serial	7,040,000	09/17/20	07/01/43	5.000%	6,345,000
Jefferson Technology Park - Series 2020B	TIF/CDA-Serial	37,330,000	09/17/20	07/01/43	4.625%	<u>33,485,000</u>
						<u>\$ 137,582,361</u>

3. Other Conduit Financing

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

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

On December 21, 2017, Frederick County issued Economic Development Revenue Refunding Bonds. Series 2017A were issued in the amount of \$54,590,000 as Educational Facilities Project and Refunding Bonds and Series 2017B in the amount of \$1,920,000 as Taxable Educational Facilities Revenue Bonds. 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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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. As of June 30, 2025, the full amount of the bonds has been drawn.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Conduit Borrower	Serial/ Term Bonds	Original Issue Amount	Date of Debt Issue	Date of Maturity	Interest Rates	Amount Outstanding 6/30/2025
Friends Meeting School	Serial	\$ 2,346,203	10/01/18	10/01/28	Variable	\$ 1,814,127
Hood College	Serial	36,100,000	07/23/19	02/01/41	3.360%	30,211,675
Hood College	Serial	7,600,000	05/01/22	06/01/44	Variable	7,315,000
Mount Saint Mary's University	Serial	7,345,000	12/21/17	09/01/27	5.000%	4,625,000
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%	7,786,538
YMCA	Serial	18,000,000	12/20/19	07/01/47	3.370%	12,210,152
						<u>\$ 111,207,492</u>

E. Retirement and Pension Programs

For the year ending June 30, 2025, the County recognized an aggregated pension expense of \$25,378,300.

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 of the County Code. Benefit provisions of the plan were adopted by ordinance after a public hearing.

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

1. Employees Retirement Plan

Plan Description

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2025, was as follows:

	<u>Non-Uniformed</u>	<u>Non-Vested</u>	<u>Vested</u>
		<u>Terminations</u>	<u>Terminations</u>
Retirees and beneficiaries currently receiving benefits	1,065	-	-
Terminated employees entitled to benefits	-	537	183
Active employees	1,687	-	-

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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2024, non-uniformed employees contribute six percent of their base pay under the plan. The County's required payroll contribution in FY25 was 15.1%.

Net Pension Liability

The components of the net pension liability of the County as of June 30, 2025, were as follows:

Total pension liability	\$ 664,893,875
Plan fiduciary net position	<u>(640,183,361)</u>
County's net pension liability	<u><u>\$ 24,710,514</u></u>
Plan fiduciary net position as a percentage of the total pension liability	96.28%

Annual Pension Costs

During the fiscal year ending June 30, 2025, contributions to the plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation as of July 1, 2023.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2024 rolled forward to June 30, 2025 using the following actuarial assumptions, applied to all periods included in the measurement:

Date of experience study	9/10/2019
Inflation	2.50%
Salary Increases	Rates vary by participant service
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Mortality	Employees: 70% of PUB-2010 General Employees Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018 Retiree: PUB-2010 General Retiree Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018 Beneficiary: PUB-2010 General Retiree Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018

NOTES TO FINANCIAL STATEMENTS
(Continued)

Disabled Retiree: PUB-2010 General Disabled Retiree Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the July 1, 2024 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:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
U.S. Equity	52.00%	6.12%
Broad Non-U.S. Equity	10.00%	7.13%
Global Infrastructure	6.00%	4.59%
Core Fixed Income	31.00%	2.62%
Cash	1.00%	0.66%
Inflation	0.00%	2.50%
Total	100.00%	

Rate of Return

For the year ending June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of expense, was 12.7%. 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:

	Current		
	1% Decrease - 6%	Discount Rate - 7%	1% Decrease - 8%
County's net pension liability (asset)	\$ 115,552,528	\$ 24,710,514	\$ (49,914,735)

NOTES TO FINANCIAL STATEMENTS
(Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2024	\$ 621,879,769	\$ 569,050,652	\$ 52,829,117
Changes for the year:			
Service cost	18,459,352	-	18,459,352
Interest	42,589,320	-	42,589,320
Differences between expected and actual experience	8,887,274	-	8,887,274
Contributions - employer	-	18,797,373	(18,797,373)
Contributions - member	-	7,475,389	(7,475,389)
Net investment income	-	71,981,242	(71,981,242)
Benefit payments, including refunds of member contributions	(26,921,840)	(26,921,840)	-
Administrative expense	-	(282,181)	282,181
Other	-	82,726	(82,726)
Net Changes	<u>43,014,106</u>	<u>71,132,709</u>	<u>(28,118,603)</u>
Balances as of June 30, 2025	<u><u>\$ 664,893,875</u></u>	<u><u>\$ 640,183,361</u></u>	<u><u>\$ 24,710,514</u></u>

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

For the year ending June 30, 2025, the County recognized pension revenue of \$3,692,492. As of June 30, 2025, the County reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,408,687	\$ 1,116,054
Net difference between projected and actual earnings on pension plan investments	-	28,956,004
Total	<u>\$ 19,408,687</u>	<u>\$ 30,072,058</u>

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

Years ending	
June 30	Total
2026	\$ 11,580,433
2027	(9,740,605)
2028	(7,845,175)
2029	(4,658,024)

NOTES TO FINANCIAL STATEMENTS
(Continued)

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, participation in the Plan was optional and employees had the right to elect to transfer to the County Plan from the Maryland State Retirement or Pension System.

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

The type and number of employees covered as of June 30, 2025, was as follows:

	<u>Uniformed</u>	<u>Non-Vested</u>	<u>Vested</u>
		<u>Terminations</u>	<u>Terminations</u>
Retirees and beneficiaries currently receiving benefits	360	-	-
Terminated employees entitled to benefits	-	88	44
Active employees	904	-	-
DROP participants	8	-	-

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

NOTES TO FINANCIAL STATEMENTS

(Continued)

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-rata 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 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-rata 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.

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 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, 2024, uniformed employees contribute nine percent of their base pay under the plan. The County's required payroll contribution in FY25 was 31.7%.

Net Pension Liability

The components of the net pension liability of the County as of June 30, 2025, were as follows:

Total pension liability	\$ 562,495,200
Plan fiduciary net position	<u>(523,000,254)</u>
County's net pension liability	<u><u>\$ 39,494,946</u></u>

Plan fiduciary net position as a percentage of the total pension liability	92.98%
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Annual Pension Costs

During the fiscal year ending June 30, 2025, 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, 2024 rolled forward to June 30, 2025 using the following actuarial assumptions, applied to all periods included in the measurement:

Date of experience study	9/10/2019
Inflation	2.50%
Salary Increases	Rates vary by participant service

NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Mortality	Employees: 70% of PUB-2010 Safety Employees Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018
	Retiree: PUB-2010 General Retiree Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018
	Beneficiary: PUB-2010 General Retiree Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018
	Disabled Retiree: PUB-2010 General Disabled Retiree Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the July 1, 2024, actuarial valuation report.

Long-term expected rate of return

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
U.S. Large Cap Equity	52.00%	6.12%
Broad Non-U.S. Equity	10.00%	7.13%
Global Infrastructure	6.00%	4.59%
Core Fixed Income	31.00%	2.62%
Cash	1.00%	0.66%
Inflation	0.00%	2.50%
Total	100.00%	

Rate of Return

For the year ending June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of expense, was (12.7%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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:

	1% Decrease - 6%	Current Discount Rate - 7%	1% Increase - 8%
	6%	7%	8%
	County's net pension liability (asset)	\$ 128,255,981	\$ 39,494,946

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	\$ 507,277,948	\$ 450,483,972	\$ 56,793,976
Balances as of June 30, 2024			
Changes for the year:			
Service cost	24,445,488	-	24,445,488
Interest	34,925,411	-	34,925,411
Differences between expected and actual experience	12,533,348	-	12,533,348
Contributions - employer	-	25,376,817	(25,376,817)
Contributions - member	-	7,085,159	(7,085,159)
Net investment income	-	56,876,619	(56,876,619)
Benefit payments, including refunds of member contributions	(16,686,995)	(16,686,995)	-
Administrative expense	-	(202,118)	202,118
Other	-	66,800	(66,800)
Net Changes	<u>55,217,252</u>	<u>72,516,282</u>	<u>(17,299,030)</u>
Balances as of June 30, 2025	<u>\$ 562,495,200</u>	<u>\$ 523,000,254</u>	<u>\$ 39,494,946</u>

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

For the year ending June 30, 2025, the County recognized pension expense of \$28,359,275. As of June 30, 2025, the County reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

NOTES TO FINANCIAL STATEMENTS
(Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,479,138	\$ 391,849
Net difference between projected and actual earnings on pension plan investments	-	22,955,571
Total	\$ 25,479,138	\$ 23,347,420

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

Years ending	
June 30	Total
2026	\$ 8,019,483
2027	(8,428,758)
2028	(4,856,772)
2029	(715,588)
2030	2,188,006
Thereafter	5,925,347

3. Length of Service Awards Program

Program 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 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 62 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 \$240 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 \$340 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 62 or older, who has died after completing five 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

NOTES TO FINANCIAL STATEMENTS
(Continued)

of five years and is under 62 years of age will be covered under a \$15,000 LOSAP life insurance policy. The program 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 program consisted of the following as of January 1, 2024, the date of the October 24, 2024, actuarial valuation report that was used for the Actuarially Determined Contribution (ADC) for FY26:

Active volunteers	767
Terminated vested	17
Service retirements continuing to earn benefits	137
Service retirements not continuing to earn benefits	196
Total	<u>1,117</u>

Summary of Significant Accounting Policies

The program's financial statements are prepared using the accrual basis of accounting. Employer contributions to the program 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 program. Investments are reported at fair value, which for the program 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, 2025, contributions were made slightly above with actuarially determined contribution requirements determined through an actuarial valuation as of July 1, 2023.

Net LOSAP Liability of the County

The components of the net LOSAP liability of the County as of June 30, 2025, were as follows:

Total LOSAP liability	\$ 15,662,677
Plan fiduciary net position	(5,462,230)
County's net LOSAP liability	<u>\$ 10,200,447</u>
Plan fiduciary net position as a percentage of the total LOSAP liability	34.87%

Annual LOSAP Costs

For the year ending June 30, 2025, the County recognized LOSAP expense of \$711,517.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial assumptions

The total pension liability (LOSAP) was determined by an actuarial valuation as of July 1, 2024, rolled forward to June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	None
Investment rate of return	7.00% net of program investment expense, including inflation
Mortality rates	Pub-2010 Safety Employees and Retirees Headcount-Weighted Mortality table projected generationally from the 2010 base year using scale MP-2018

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the January 1, 2024, 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 program investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates for each major asset class are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap equity	45%	6.12%
U.S. small/mid cap equity	10%	6.61%
Non-US developed equity	10%	6.98%
Core fixed income	30%	2.62%
Treasury inflation protected securities	5%	2.56%
Inflation	0%	2.50%
Total	<u>100%</u>	

Rate of Return

For the year ending June 30, 2025, the annual money-weighted rate of return on LOSAP investments, net of LOSAP expense, was 12.4%. 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:

	1% Decrease - 6%	Current Discount Rate - 7%	1% Increase - 8%
County's net LOSAP liability	\$ 11,835,664	\$ 10,220,447	\$ 8,811,933

Changes in Net LOSAP Liability

	Increase (Decrease)		
	Total LOSAP Liability (a)	Plan Fiduciary Net Position (b)	Net LOSAP Liability (a) - (b)
Balances as of June 30, 2024	\$ 15,596,992	\$ 4,601,241	\$ 10,995,751
Changes for the year:			
Service cost	231,122	-	231,122
Interest	1,049,331	-	1,049,331
Differences between expected and actual experience	(1,688)	-	(1,688)
Contributions - employer	-	1,480,000	(1,480,000)
Net investment income/ (loss)	-	607,012	(607,012)
Benefit payments, including refunds of member contributions	(1,213,080)	(1,213,080)	-
Administrative expense	-	(12,943)	12,943
Net Changes	<u>65,685</u>	<u>860,989</u>	<u>(795,304)</u>
Balances as of June 30, 2025	<u><u>\$ 15,662,677</u></u>	<u><u>\$ 5,462,230</u></u>	<u><u>\$ 10,200,447</u></u>

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

As of June 30, 2025, the County reported deferred outflows of resources and deferred inflow of resources related to LOSAP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,185	\$ 394,980
Changes of assumptions	38,914	-
Net difference between projected and actual earnings on LOSAP plan investments	-	359,894
Total	<u>\$ 69,099</u>	<u>\$ 754,874</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

<u>Years Ended June 30</u>	<u>Total</u>
2026	\$ (161,184)
2027	(207,517)
2028	(175,103)
2029	(114,624)
30	(26,925)
Thereafter	(422)

The combining statement of net position for FY25 for pension and LOSAP are as follows:

	<u>Employees</u>	<u>Uniformed Employees Retirement Plan</u>	<u>Length of Service Award Program Trust</u>
	<u>Retirement Plan</u>	<u>Plan</u>	<u>Program Trust</u>
ASSETS			
Cash and cash equivalents	\$ 1,216,668	\$ 1,997,114	\$ 429,601
Investments:			
Money markets	2,974,203	41,396,556	249
Fixed income securities	198,997,185	147,841,952	1,733,016
Equity securities	409,776,504	310,191,460	3,303,656
Global infrastructure	29,067,615	22,146,575	-
Target date securities	-	344,488	-
Accounts receivable	219,573	250,798	-
Interest receivable	620,395	462,844	1
Total assets	<u>642,872,143</u>	<u>524,631,787</u>	<u>5,466,523</u>
LIABILITIES			
Accounts payable	338,347	267,455	4,293
Accrued benefit payments	2,348,210	1,356,971	-
Other liabilities	2,225	7,107	-
Total liabilities	<u>2,688,782</u>	<u>1,631,533</u>	<u>4,293</u>
NET POSITION			
Net position restricted for pension	640,183,361	523,000,254	5,462,230
Net position restricted for other post employment benefits	-	-	-
Total net position	<u>\$ 640,183,361</u>	<u>\$ 523,000,254</u>	<u>\$ 5,462,230</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

The combining statement of changes in net position for pension and LOSAP for FY25 are as follows:

	Employees Retirement Plan	Uniformed Employees Retirement Plan	Length of Service Award Program Trust
Additions			
Contributions			
Employer contributions	\$ 18,797,373	\$ 25,376,817	\$ -
Member contributions	7,475,389	7,085,159	-
County contributions	-	-	1,480,000
Other	82,726	66,800	-
Total contributions	<u>26,355,488</u>	<u>32,528,776</u>	<u>1,480,000</u>
Investment income			
Net appreciation in fair value of plan investments	61,851,851	48,313,876	449,183
Interest and dividends	11,427,165	9,582,598	161,998
Investment expense	(1,297,774)	(1,019,855)	(4,169)
Net investment income	<u>71,981,242</u>	<u>56,876,619</u>	<u>607,012</u>
Total additions	<u>98,336,730</u>	<u>89,405,395</u>	<u>2,087,012</u>
Deductions			
Benefit premiums and refunds	26,921,840	16,686,995	1,213,080
Benefit claims incurred	-	-	-
Administrative expenses	282,181	202,118	12,943
Total deductions	<u>27,204,021</u>	<u>16,889,113</u>	<u>1,226,023</u>
Change in net position	71,132,709	72,516,282	860,989
Net position - beginning of year	<u>569,050,652</u>	<u>450,483,972</u>	<u>4,601,241</u>
Net position - end of year	<u>\$ 640,183,361</u>	<u>\$ 523,000,254</u>	<u>\$ 5,462,230</u>

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 \$42,821,213 in FY25. This contribution was recognized as both revenue and expenditures for BOE.

As of June 30, 2025, the BOE reported a liability of approximately \$67.6 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, 2024, 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

NOTES TO FINANCIAL STATEMENTS
(Continued)

units, actuarially determined. As of June 30, 2025, the Board's 115 proportion for ERS was 0.257% which was 0.021% higher than its proportion measured as of June 30, 2024. For the year ending June 30, 2025, the public schools recognized pension expense for ERS of approximately \$7.7 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 \$3,350,946. 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 \$1,212,190. 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.

The majority of FCPL employees 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, 2025, the State paid \$1,155,011 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 by 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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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	<u>2,080</u>
Total	<u>2,802</u>

Summary of Significant Accounting Policies

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide 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. The chart below shows detailed benefit information:

Original Service Date	Years of Service	Retiree Share	County Share
Prior to July 1, 1992	N/A	15%	85%
On or after July 1, 1992 and before August 1, 2008	Less than 25 years of service	50%	50%
On or after July 1, 1992 and before August 1, 2008	With 25 or more years of service	45%	55%
On or after August 1, 2008	10 years or greater and less than 15 years of service	75%	25%
On or after August 1, 2008	15 years or greater and less than 20 years of service	65%	35%
On or after August 1, 2008	20 years or greater and less than 25 years of service *	55%	45%
On or after August 1, 2008	25 or more years of service	45%	55%
Employees aged 65 years or greater regardless of service date	5 years or greater and less than 10 years and retire after July 1, 2021	80%	20%

* Exception for sworn, regular nonexempt uniformed employees at or below the rank of Captain with the Division of Fire and Rescue Services, or full-time Deputy Sheriffs or Correctional Officers at or below the rank of Sergeant with the Sheriff's Office, the benefit contribution is split 50/50 between the Retiree and the County.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Full-time Deputy Sheriffs 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 FY25, the County contributed \$1,350,509 to the Plan. Plan members receiving benefits contributed \$2,535,207, approximately 18.9% of total premiums and benefit claims. Administrative costs are financed through investment earnings.

Net OPEB Liability

As of June 30, 2025, the components of the net OPEB liability of the County were as follows:

Total OPEB liability	\$ 155,264,766
Plan fiduciary net position	<u>(268,977,607)</u>
County's net OPEB asset	<u><u>\$ (113,712,841)</u></u>
Plan fiduciary net position as a percentage of the total OPEB asset	173.24%

Annual OPEB Costs

During fiscal year ending June 30, 2025, contributions were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation as of July 1, 2023. The County recognized OPEB revenue of \$89,453,437 for year ending June 30, 2025. This was a result of favorable change in benefit terms in the current fiscal year and favorable claims experience in the prior fiscal year.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 1, 2024 rolled forward to June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.6%
Salary increases	2.5%
Investment rate of return	7.0% net of OPEB plan investment expenses including inflation
Healthcare cost trend	The trend for 2025 is 7.00% for pre-Medicare benefits and 0.00% for Medicare benefits. The ultimate trend is 4.04% for pre-Medicare benefits and 3.92% for Medicare benefits.
Mortality	Pre-retirement mortality is 70% of SOA Pub 2010 Safety Employees Headcount-Weighted Mortality Table, projected on a fully generational basis using mortality improvement scale MP-2018 for Uniformed employees, and 70% of SOA Pub 2010 General Employees Headcount-Weighted Mortality Table, projected on a fully generational basis using mortality improvement scale MP-2018 for non-uniformed employees.

NOTES TO FINANCIAL STATEMENTS
(Continued)

Post-retirement mortality for healthy participants and beneficiaries is SOA Pub 2010 general retirees Headcount-Weighted Mortality Table, projected on a fully generational basis using mortality improvement scale MP-2018.

Post-retirement mortality for disabled participant is SOA Pub 2010 General Disabled Retirees Headcount-Weighted Mortality Table, projected on a fully generational basis using mortality improvement scale MP-2018.

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	52%	6.12%
Non U.S. broad equity	10%	6.98%
Global Infrastructure	6%	4.59%
Core Fixed income	32%	2.62%
Inflation	0%	2.50%
Total	<u><u>100%</u></u>	

Rate of Return

For the year ending June 30, 2025, the annual money-weighted rate of return on OPEB plan investments net of expense was 12.0%. 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><u>1% Decrease 6%</u></u>	<u><u>Current Discount Rate 7%</u></u>	<u><u>1% Increase 8%</u></u>
	\$ (95,019,196)	\$ (113,712,841)	\$ (129,431,006)
County's net OPEB liability (asset)			

NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

	1% Decrease 2.92%	Trend Rate 3.92%	1% Increase 4.92%
County's net OPEB (asset) liability	\$ (133,041,850)	\$ (113,712,841)	\$ (89,958,669)

Changes in the net OPEB liability

	Increase/(Decrease)		
	Total OPEB Asset (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balance as of June 30, 2024	\$ 224,471,217	\$ 248,629,978	\$ (24,158,761)
Changes for the year			
Service cost	6,484,947	-	6,484,947
Interest	15,839,476	-	15,839,476
Change in Benefit Terms	(77,986,338)	-	(77,986,338)
Experience Losses/(Gains)	11,435,903	-	11,435,903
Trust Contribution - Employer	-	1,350,509	(1,350,509)
Net Investment Income	-	28,840,848	(28,840,848)
Changes in Assumptions	(15,564,136)	-	(15,564,136)
Benefit Payments (net of retiree contributions)	(9,416,303)	(9,416,303)	-
Administrative expenses	-	(427,425)	427,425
Net Changes	<u>(69,206,451)</u>	<u>20,347,629</u>	<u>(89,554,080)</u>
Balance as of June 30, 2025	<u>\$ 155,264,766</u>	<u>\$ 268,977,607</u>	<u>\$ (113,712,841)</u>

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

As of June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary government		
Difference between expected and actual experience	\$ 10,165,247	\$ 53,409,907
Changes of assumptions	11,990,695	18,358,965
Net difference between projected and actual earnings on OPEB plan investments	-	13,690,712
Total primary government	<u>\$ 22,155,942</u>	<u>\$ 85,459,584</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

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:

Year ending	Total
2026	\$ (11,264,909)
2027	(20,295,378)
2028	(10,281,452)
2029	(7,013,920)
2030	(4,663,094)
Thereafter	(9,784,889)

The combining statement of net position for FY25 for OPEB is as follows:

	OPEB Trust
Assets	
Cash and cash equivalents	\$ 1,995,485
Investments:	
Money markets	2,769,849
Fixed income securities	84,046,584
Equity securities	168,405,705
Global infrastructure	12,246,871
Accounts receivable	175,205
Interest receivable	190,672
Total assets	<u>269,830,371</u>
Liabilities	
Accounts payable	38,764
Accrued benefit payments	<u>814,000</u>
Total liabilities	<u>852,764</u>
Net Position	
Net position restricted for other post employment benefits	<u>268,977,607</u>
Total net position	<u>\$ 268,977,607</u>

NOTES TO FINANCIAL STATEMENTS
(Continued)

The combining statement of changes in net position for FY25 for OPEB is as follows:

	OPEB Trust
Additions	
Contributions	
Employer contributions	\$ 1,350,509
Member contributions	2,535,207
Other	1,477,654
Total contributions	<u>5,363,370</u>
Investment income	
Net appreciation in fair value of plan investments	23,132,647
Interest and dividends	5,831,690
Investment expense	(123,489)
Net investment income	<u>28,840,848</u>
Total additions	<u>34,204,218</u>
Deductions	
Benefit premiums and refunds	2,344,547
Benefit claims incurred	11,084,617
Administrative expenses	427,425
Total deductions	<u>13,856,589</u>
Change in net position	20,347,629
Net position - beginning of year	<u>248,629,978</u>
Net position - end of year	<u>\$ 268,977,607</u>

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, 2025, there were 2,745 retirees (of which 725 had dependent coverage) and 6,101 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 FY25, the Board contributed \$18,477,865 to the plan. Of this amount, \$18,423,365 was for BOE’s share of retiree premiums and \$54,500 was contributed towards trust investment fees. In FY25, BOE did not make a contribution to 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 \$9,470,320 or approximately 34% of the total premiums. The rates for FY25 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).

NOTES TO FINANCIAL STATEMENTS
(Continued)

The FCC Healthcare Plan is approved by the Board of Trustees. Currently this policy provides for those retirees who have retired as of June 30, 2025 and 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 through June 30, 2026. At that point, no further benefits will be offered to current and future retirees. Employees who retire after June 30, 2025 are not eligible for any healthcare coverage.

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 amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. During FY25, approximately 43% 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 2025 membership dues and fees for services amounting to \$166,427.

NOTES TO FINANCIAL STATEMENTS

(Continued)

I. Subsequent Events

Installment Purchase Agreements Issued

On October 22, 2025, 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 24-16, enacted by the County Council on October 15, 2024. This transaction is a 20-year obligation with interest paid annually at 4.5723% and final maturity on May 15, 2045, in the amount of \$685,844. Funds are invested in U.S. Treasury strips to finance the final maturity payments. These investments are recorded in the Agricultural Preservation Fund.

On October 22, 2025, 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 24.16, enacted by the County Council on October 15, 2024. This transaction is a 20-year obligation with interest paid annually at 4.5723% and final maturity on May 15, 2045, in the amount of \$426,088. Funds are invested in U.S. Treasury strips to finance the final maturity payments. These investments are recorded in the Agricultural Preservation Fund

Maryland Department of Environment Loan Issued

On October 15, 2025, Frederick County entered into a loan agreement with the Maryland Department of the Environment (MDE) to finance the acquisition and installation of equipment for new water lines and associated equipment for the Briercrest Apartments and the Springview and Gilbert Mobile Home Parks in Frederick County. This borrowing was authorized under Council Resolution 25-28, enacted by the County Council on July 22, 2025. The resolution authorizes a borrowing not to exceed \$2,198,339. The bond documents provide that the MDE Administration shall forgive repayment of the principal amount of the loan so long as the borrower performs all of the obligations under the loan agreement by October 15, 2035. No payment will be required during the period of this agreement. The County intends to fulfill its obligations under the agreement and for the debt to be forgiven.

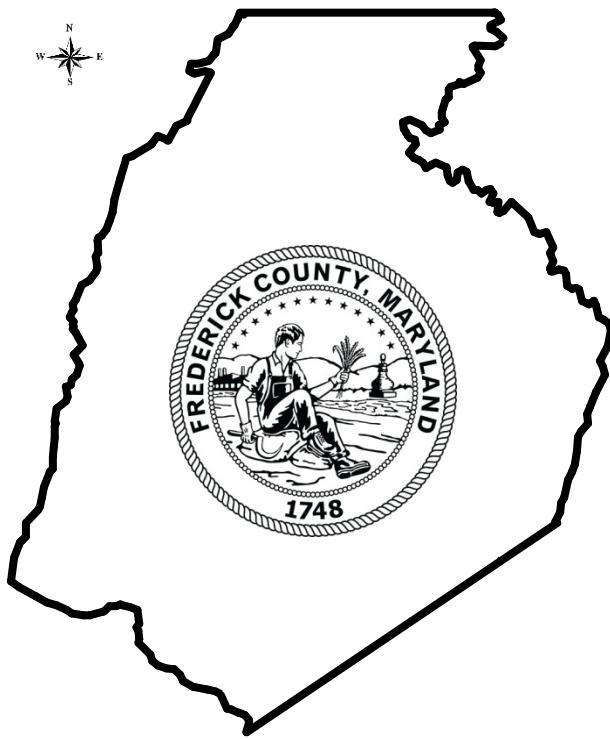
J. New Governmental Accounting Standards Board (GASB) Standard

For fiscal year ending June 30, 2025, the County adopted the provisions of GASB issued Statement No. 101, "Compensated Absences" and Statement No. 102, "Certain Risk Disclosures".

GASB issued Statement No. 103, "Financial Reporting Model Improvements" and Statement No. 104, "Disclosure of Certain Capital Assets". Both Statements will take effect for the fiscal year ending June 30, 2026. 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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability *										
Service cost	\$ 18,459	\$ 16,632	\$ 14,471	\$ 11,756	\$ 26,468	\$ 24,286	\$ 22,689	\$ 22,387	\$ 21,310	\$ 20,272
Interest	42,589	39,619	32,137	30,403	48,722	45,446	42,252	39,564	36,760	34,936
Changes of benefit terms	-	655	70,465	4,783	10,508	-	11,649	-	-	-
Differences between expected and actual experience	8,887	11,409	13,634	(471)	(6,131)	2,175	(6,595)	(7,803)	2,501	(10,287)
Changes of assumptions	-	-	-	-	-	2,013	-	6,434	-	-
Benefit payments, including refunds of member contributions	(26,921)	(24,850)	(22,765)	(20,642)	(28,618)	(25,648)	(23,067)	(21,308)	(19,696)	(18,052)
Net change in total pension liability	43,014	43,465	107,942	25,829	50,949	48,272	46,928	39,274	40,875	26,869
Total pension liability - beginning	<u>621,880</u>	<u>578,415</u>	<u>470,473</u>	<u>444,644</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>
Total pension liability - ending	<u><u>\$ 664,894</u></u>	<u><u>\$ 621,880</u></u>	<u><u>\$ 578,415</u></u>	<u><u>\$ 470,473</u></u>	<u><u>\$ 761,283</u></u>	<u><u>\$ 710,334</u></u>	<u><u>\$ 662,062</u></u>	<u><u>\$ 615,134</u></u>	<u><u>\$ 575,860</u></u>	<u><u>\$ 534,985</u></u>
Plan fiduciary net position										
Contributions - employer	\$ 18,797	\$ 17,279	\$ 11,898	\$ 10,245	\$ 19,697	\$ 19,751	\$ 23,153	\$ 21,678	\$ 20,419	\$ 18,910
Contributions - member	7,475	6,971	6,214	5,361	10,005	9,421	9,401	8,093	7,681	7,199
Net investment income	71,981	62,810	54,932	(74,773)	200,543	34,269	46,159	56,674	66,342	3,253
Benefit payments, including refunds of member contributions	(26,921)	(24,850)	(22,765)	(20,642)	(28,618)	(25,648)	(23,067)	(21,308)	(19,696)	(18,052)
Administrative expense	(282)	(247)	(277)	(269)	(836)	(995)	(1,492)	(1,504)	(1,038)	(705)
Other	83	22	12	29	7	-	-	-	-	-
Net change in plan fiduciary net position	71,133	61,985	50,014	(80,049)	200,798	36,798	54,154	63,633	73,708	10,605
Plan fiduciary net position - beginning	<u>569,051</u>	<u>507,066</u>	<u>457,052</u>	<u>537,101</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>
Plan fiduciary net position - ending	<u><u>\$ 640,184</u></u>	<u><u>\$ 569,051</u></u>	<u><u>\$ 507,066</u></u>	<u><u>\$ 457,052</u></u>	<u><u>\$ 927,011</u></u>	<u><u>\$ 726,213</u></u>	<u><u>\$ 689,415</u></u>	<u><u>\$ 635,261</u></u>	<u><u>\$ 571,628</u></u>	<u><u>\$ 497,920</u></u>
Net position liability (asset) - ending	<u><u>\$ 24,710</u></u>	<u><u>\$ 52,829</u></u>	<u><u>\$ 71,349</u></u>	<u><u>\$ 13,421</u></u>	<u><u>\$ (165,728)</u></u>	<u><u>\$ (15,879)</u></u>	<u><u>\$ (27,353)</u></u>	<u><u>\$ (20,127)</u></u>	<u><u>\$ 4,232</u></u>	<u><u>\$ 37,065</u></u>
Plan fiduciary net position as percentage of total pension liability	96.28%	91.50%	87.66%	97.15%	121.77%	102.24%	104.13%	103.27%	99.27%	93.07%
Covered payroll	\$ 124,486	\$ 115,192	\$ 98,567	\$ 87,973	\$ 139,796	\$ 130,636	\$ 117,956	\$ 114,631	\$ 108,689	\$ 100,998
Net pension liability as a percentage of covered payroll	19.85%	45.86%	72.39%	15.26%	-118.55%	-12.16%	-23.19%	-17.56%	3.89%	36.70%
Expected average remaining service years of all participants	5	5	5	5	6	6	6	6	6	6
Discount rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Annual money weighted rate of return, net of investment expenses	12.70%	12.30%	12.10%	-13.90%	27.70%	4.98%	7.34%	10.17%	13.46%	1.07%

* The measurement date for the pension liability is as of June 30 of the fiscal year stated.

Notes to Schedule:

The FY21 and prior columns include both non-uniformed and uniformed values since all participants were in one plan. Starting 7/1/2022, only non-uniformed information is presented.

Changes of assumptions: None for 2025

Benefit changes: None for 2025

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 18,797	\$ 17,279	\$ 7,179	\$ 9,273	\$ 19,697	\$ 19,751	\$ 16,929	\$ 17,365	\$ 17,455	\$ 18,808
Less: Contributions in relation to the actuarially determined contribution	<u>18,797</u>	<u>17,279</u>	<u>11,897</u>	<u>10,244</u>	<u>19,697</u>	<u>19,751</u>	<u>23,153</u>	<u>21,678</u>	<u>20,419</u>	<u>18,910</u>
Contribution deficiency (excess)	<u>\$ -</u>	<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>
Covered payroll	\$ 124,486	\$ 115,192	\$ 98,567	\$ 87,973	\$ 139,796	\$ 130,636	\$ 117,956	\$ 114,631	\$ 108,689	\$ 100,998
Contributions as a percentage of covered payroll	15.10%	15.00%	12.07%	11.65%	14.09%	15.12%	19.63%	18.91%	18.79%	18.72%

Notes to Schedule:

Valuation date: Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year. The assumptions shown below are those used in the July 1, 2023 actuarial valuation to calculate the FY 2025 ADC. 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	Layered, closed, level percentage of payroll
Remaining amortization period	1 year for ad hoc COLA, 10 years for grant funded employees, 30 years for surplus, 14 years for CPI COLA, 15 years for Vesting Change
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	Rates vary by participant service
Investment rate of return	7.0% net of pension plan investment expense, including inflation
Cost of living adjustment	2.30%
Retirement age	Rates vary by participant age and service
Mortality	Employees: 70% of PUB-2010 General Employees Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018
	Retiree: PUB-2010 General Retiree Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018
	Beneficiary: PUB-2010 General Retiree Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018
	Disabled Retiree: PUB-2010 General Disabled Retiree Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability *										
Service cost	\$ 24,446	\$ 22,089	\$ 19,916	\$ 16,020						
Interest	34,925	31,673	24,922	21,767						
Changes of benefit terms	-	627	66,139	3,003						
Differences between expected and actual experience	12,533	7,864	(627)	16,444						
Benefit payments, including refunds of member contributions	(16,687)	(14,877)	(12,945)	(11,376)						
Net change in total pension liability	55,217	47,376	97,405	45,858						
Total pension liability - beginning	<u>507,278</u>	<u>459,902</u>	<u>362,497</u>	<u>316,639</u>						
Total pension liability - ending	<u>\$ 562,495</u>	<u>\$ 507,278</u>	<u>\$ 459,902</u>	<u>\$ 362,497</u>						
Plan fiduciary net position										
Contributions - employer	\$ 25,377	\$ 23,131	\$ 11,681	\$ 12,334						
Contributions - member	7,085	6,520	5,850	5,358						
Net investment income	56,876	48,345	41,902	(54,733)						
Benefit payments, including refunds of member contributions	(16,687)	(14,877)	(12,945)	(11,375)						
Administrative expense	(202)	(200)	(232)	(232)						
Other	67	17	9	21						
Net change in plan fiduciary net position	72,516	62,936	46,265	(48,627)						
Plan fiduciary net position - beginning	<u>450,484</u>	<u>387,548</u>	<u>341,283</u>	<u>389,910</u>						
Plan fiduciary net position - ending	<u>\$ 523,000</u>	<u>\$ 450,484</u>	<u>\$ 387,548</u>	<u>\$ 341,283</u>						
Net position liability (asset) - ending	<u>\$ 39,495</u>	<u>\$ 56,794</u>	<u>\$ 72,354</u>	<u>\$ 21,214</u>						
Plan fiduciary net position as a percentage of the total pension liability	92.98%	88.80%	84.27%	94.15%						
Covered payroll	\$ 80,053	\$ 73,432	\$ 65,385	\$ 59,740						
Net pension liability as a percentage of covered payroll	49.34%	77.34%	110.66%	35.51%						
Expected average remaining service years of all participants	9	9	8	8						
Discount rate	7.00%	7.00%	7.00%	7.00%						
Annual money weighted rate of return, net of investment expenses	12.70%	12.30%	12.10%	-13.90%						

* The measurement date for the pension liability is as of June 30 of the fiscal year stated.

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: None for 2025

Benefit changes: None for 2025

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 25,377	\$ 23,131	\$ 11,681	\$ 12,334						
Less: Contributions in relation to the actuarially determined contribution	<u>25,377</u>	<u>23,131</u>	<u>11,681</u>	<u>12,334</u>						
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
Covered payroll	\$ 80,053	\$ 73,432	\$ 65,385	\$ 59,740						
Contributions as a percentage of covered payroll	31.70%	31.50%	17.87%	20.65%						

Notes to Schedule:

Valuation date: Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year. The assumptions shown below are those used in the July 1, 2023 actuarial valuation to calculate the FY 2025 ADC. 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	Layered, closed, level percentage of payroll
Remaining amortization period	1 year for ad hoc COLA, 11 years for assumption change, 12 years for DROP, 30 years for surplus, 14 years for CPI COLA, 15 years for IAFF DROP
Asset valuation method	5-year smoothed fair value
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	7.00%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	Employees: 70% of PUB-2010 Safety Employees Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018
	Retiree: PUB-2010 General Retiree Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018
	Beneficiary: PUB-2010 General Retiree Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018
	Disabled Retiree: PUB-2010 General Disabled Retiree Amount-Weighted Mortality Table projected generationally from the 2010 base year using Scale MP-2018

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total LOSAP liability *										
Service cost	\$ 231	\$ 181	\$ 183	\$ 195	\$ 186	\$ 191	\$ 202	\$ 171	\$ 167	n/a
Interest	1,050	840	844	847	830	815	840	827	810	
Changes of benefit terms	-	3,024	-	-	-	-	-	-	-	
Differences between expected and actual experience	(2)	14	(229)	(260)	55	(135)	(628)	(74)	-	
Changes of assumptions	-	-	-	-	-	156	-	-	-	
Benefit payments, including refunds of member contributions	(1,213)	(916)	(825)	(795)	(866)	(774)	(763)	(719)	(744)	
Net change in total LOSAP liability	66	3,143	(27)	(13)	205	253	(349)	205	233	
Total LOSAP liability - beginning	15,597	12,454	12,481	12,494	12,289	12,036	12,385	12,180	11,947	
Total LOSAP liability - ending	<u>\$ 15,663</u>	<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	\$ 1,480	\$ 1,207	\$ 1,207	\$ 1,207	\$ 1,202	\$ 1,187	\$ 1,461	\$ 1,241	\$ 1,006	
Net investment income	607	607	395	(441)	605	114	102	23	-	
Benefit payments, including refunds of member contributions	(1,213)	(916)	(825)	(795)	(866)	(774)	(763)	(719)	(744)	
Administrative expense	(13)	(15)	(25)	(9)	(15)	(12)	(24)	(20)	-	
Net change in plan fiduciary net position	861	883	752	(38)	926	515	776	525	262	
Plan fiduciary net position - beginning	4,601	3,718	2,966	3,004	2,078	1,563	787	262	-	
Plan fiduciary net position - ending	<u>\$ 5,462</u>	<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>\$ 10,201</u>	<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 percentage of total pension liability	34.87%	29.50%	29.86%	23.76%	24.06%	16.91%	12.99%	6.36%	2.15%	
Covered payroll	n/a									
Net LOSAP liability as a percentage of covered payroll	n/a									
Expected average remaining service years of all participants	8	7	8	8	8	8	8	9	9	
Discount rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	
Annual money weighted rate of return, net of investment expenses	12.40%	14.80%	11.80%	-13.30%	26.80%	5.96%	7.75%	3.21%	0.00%	

* The measurement date for the LOSAP liability is as of June 30 of the fiscal year stated.

Notes to Schedule:

Changes of assumptions: None in 2025

Benefit changes: None in 2025

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,480	\$ 1,176	\$ 1,147	\$ 1,207	\$ 1,202	\$ 1,187	\$ 1,461	\$ 1,461	\$ 1,430	n/a
Less: Contributions in relation to the actuarially determined contribution	<u>\$ 1,480</u>	<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>\$ 220</u>	<u>\$ 425</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ (31)</u></u>	<u><u>\$ (60)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 220</u></u>	<u><u>\$ 425</u></u>	
Covered payroll	n/a	n/a	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	n/a	n/a

Notes to Schedule:

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, 2023 actuarial valuation to calculate the FY 2025 ADC. 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 12 to 20 years
Asset valuation method	Smoothed fair value
Inflation	2.50%
Salary Increases	None
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	The later of 25 years of service and age 62
Mortality	Pub-2010 Safety Employees and Retirees Headcount-Weighted Mortality table projected generationally from the 2010 base year using scale MP-2018

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability *										
Service cost	\$ 6,485	\$ 7,237	\$ 6,963	\$ 5,972	\$ 5,742	\$ 6,622	\$ 6,380	\$ 5,623	\$ 5,257	n/a
Interest	15,839	17,083	16,218	15,349	14,500	17,869	16,845	15,251	14,311	
Changes of benefit terms	(77,986)	168	-	-	-	-	-	-	-	
Differences between expected and actual experience	11,436	(50,342)	-	(4,565)	-	(47,073)	(1,633)	2,460	-	
Changes of assumptions	(15,564)	12,503	-	4,533	-	(18,097)	(6,787)	5,964	-	
Benefit payments, including refunds of member contributions	(9,416)	(12,448)	(9,223)	(8,488)	(7,741)	(7,151)	-	(6,278)	(5,998)	
Net change in total pension liability	(69,206)	(25,799)	13,958	12,801	12,501	(47,830)	14,805	23,020	13,570	
Total OPEB liability - beginning	<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>	<u>207,445</u>	
Total OPEB - ending	<u><u>\$ 155,265</u></u>	<u><u>\$ 224,471</u></u>	<u><u>\$ 250,270</u></u>	<u><u>\$ 236,312</u></u>	<u><u>\$ 223,511</u></u>	<u><u>\$ 211,010</u></u>	<u><u>\$ 258,840</u></u>	<u><u>\$ 244,035</u></u>	<u><u>\$ 221,015</u></u>	
Plan fiduciary net position										
Contributions - employer	\$ 1,350	\$ 12,204	\$ 5,653	\$ 6,864	\$ 6,529	\$ 12,385	\$ 12,031	\$ 10,833	\$ 10,343	
Net investment income	28,841	31,558	23,101	(30,110)	47,351	10,848	10,928	11,693	13,807	
Benefit payments, including refunds of member contributions	(9,416)	(12,448)	(9,223)	(8,488)	(7,741)	(7,151)	(6,787)	(6,279)	(5,998)	
Administrative expense	(427)	(473)	(276)	(27)	(30)	(28)	(13)	-	(52)	
Net change in plan fiduciary net position	20,348	30,841	19,255	(31,761)	46,109	16,054	16,159	16,247	18,100	
Plan fiduciary net position - beginning	<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>	<u>117,626</u>	
Plan fiduciary net position - ending	<u><u>\$ 268,978</u></u>	<u><u>\$ 248,630</u></u>	<u><u>\$ 217,789</u></u>	<u><u>\$ 198,534</u></u>	<u><u>\$ 230,295</u></u>	<u><u>\$ 184,186</u></u>	<u><u>\$ 168,132</u></u>	<u><u>\$ 151,973</u></u>	<u><u>\$ 135,726</u></u>	
Net OPEB liability (asset) - ending	<u><u>\$ (113,713)</u></u>	<u><u>\$ (24,159)</u></u>	<u><u>\$ 32,481</u></u>	<u><u>\$ 37,778</u></u>	<u><u>\$ (6,784)</u></u>	<u><u>\$ 26,824</u></u>	<u><u>\$ 90,708</u></u>	<u><u>\$ 92,062</u></u>	<u><u>\$ 85,289</u></u>	
Fiduciary net position as a % of total OPEB liability	173.24%	110.76%	87.02%	84.01%	103.04%	87.29%	64.96%	62.27%	61.41%	
Covered payroll **	n/a	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	9	8	8	8	8	8	8	8	
Discount rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	
Annual money weighted rate of return, net of investment expenses	12.00%	14.50%	11.80%	-13.30%	27.20%	6.22%	7.71%	8.39%	11.60%	

* The measurement date for the OPEB liability is as of June 30 of the fiscal year stated.

** The OPEB plan does not depend on salary.

Notes to Schedule:

Benefit changes:

Effective July 1, 2024, the County's subsidy has been increased for certain Police and Corrections Officers retiring with 20-24.9 years of service.

Effective January 1, 2025, all Medicare-eligible participants must enroll in the CareFirst MAPD plan. The Cigna self-funded plan will only be available to a small group of grandfathered retirees, and the AARP Medicare Supplement and Part D plan through UHC and Cigna MAPD plan will no longer be offered.

Changes of assumptions:

The healthcare cost trend assumption was updated to reflect the expected impact of the IRA as well as the premium rate guarantees through 2027 for the CareFirst MAPD plan.

The retirement rates were updated for Fire employees hired after June 30, 2011 as a result of changes to the plan provisions for DROP as described in the July 1, 2023 pension valuation for the Frederick County Uniformed Employees Retirement Plan.

The assumption for the timing of active decrements was updated from beginning of year to middle of year.

Exhibit II-A-23

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,307	\$ 10,089	\$ 4,293	\$ 6,310	\$ 6,150	\$ 11,663	\$ 11,519	\$ 10,386	\$ 9,783	n/a
Less: Contributions in relation to the actuarially determined contribution	1,350	12,205	5,653	6,864	6,529	12,385	12,031	10,832	10,343	
Contribution deficiency (excess)	<u>\$ (43)</u>	<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	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	n/a	

Notes to Schedule:

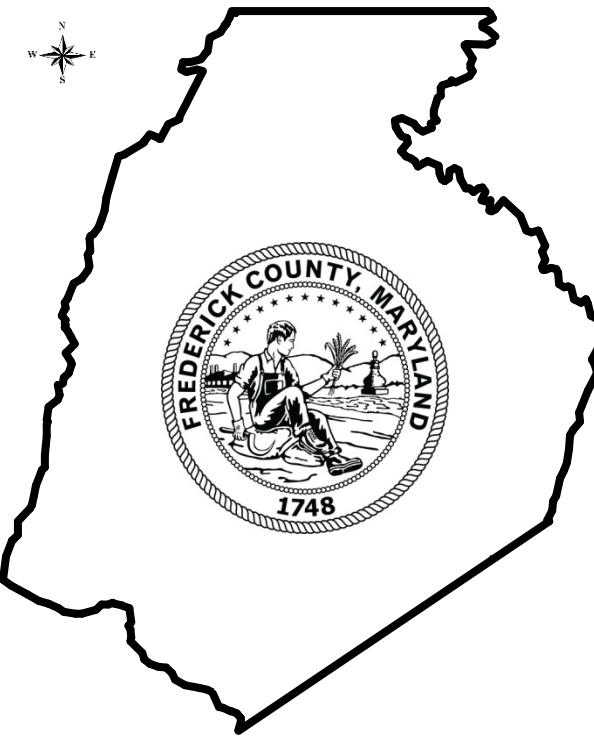
Benefit Changes: Effective July 1, 2023, the County's subsidy has been increased for sworn, regular, nonexempt uniformed employees at or below the rank of captain within the Frederick County Division of Fire and Rescue Services with an original service date on or after July 1, 1992.

Changes of assumptions: The healthcare cost trend assumption was updated based on the 2024 Getzen model released by the SOA.

Methods and assumptions used to determine contribution rates:

Report for reference	FY2025 ADC report dated March 8, 2024
Valuation date	9/1/2023
Measurement date	7/1/2023
Actuarial cost method	Projected Unit Credit method (with linear pro-ration to assumed benefit commencement)
Amortization method	The unfunded liability is amortized as level percent of payroll. As of the FY2025 ADC, the remaining amortization period for gains and losses prior to July 1, 2021 is 14 years. Gains or losses from July 1, 2021 to June 30, 2023 are amortized over a closed 15-year period.
Asset valuation method	Actuarial Value of Assets (5-year smoothed fair value)
Investment rate of return	7.00%
Payroll growth rate	2.50%
Inflation	2.60%
Healthcare cost trend	The trend for 2024 is 7.50%. The ultimate trend is 4.04%.

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, 2025

	Special Revenue Funds						Total Non Major Governmental Funds (See Exhibit II-A-3)
	Opioid Abatement	Watershed Protection & Restoration	Electric Lighting Tax Districts	Hotel Rental Tax	Sheriff's/ Judicial Activities	Loan Activities	
Assets							
Cash	\$ -	\$ -	\$ -	\$ -	\$ 241,462	\$ -	\$ 241,462
Equity in pooled invested cash	105,228	7,272	6,234	308,768	2,065,557	17,769,062	20,262,121
Total cash and cash equivalents	105,228	7,272	6,234	308,768	2,307,019	17,769,062	20,503,583
Receivables, net of allowance for uncollectibles:							
Accounts	-	-	67	298,215	71,338	11,039	380,659
Prepaid items	-	-	-	-	-	44,000	44,000
Long term receivables, net of allowance for uncollectibles:							
Non-profit organization loans	-	-	-	806,851	-	-	806,851
Housing loans	-	-	-	-	-	19,532,098	19,532,098
Cash and cash equivalents - restricted	4,333,661	-	-	-	-	-	4,333,661
Total assets	\$ 4,438,889	\$ 7,272	\$ 6,301	\$ 1,413,834	\$ 2,378,357	\$ 37,356,199	\$ 45,600,852
Liabilities and fund balance							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 56,260	\$ -	\$ 56,260
Accrued liabilities	398,803	-	1,378	606,983	-	-	1,007,164
Due to third parties	-	-	-	-	158,546	-	158,546
Other liabilities	-	-	-	-	-	12,750	12,750
Unearned revenues	1,048,473	-	-	806,851	-	-	1,855,324
Total liabilities	\$ 1,447,276	-	1,378	\$ 1,413,834	\$ 214,806	\$ 12,750	\$ 3,090,044
Deferred inflows of resources							
Unavailable revenue - property taxes	-	-	-	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund balances							
Nonspendable	-	-	-	-	-	44,000	44,000
Restricted	2,745,494	-	-	-	260,446	19,540,098	22,546,038
Committed	246,119	7,272	4,923	-	1,903,105	17,759,351	19,920,770
Total fund balance	\$ 2,991,613	\$ 7,272	\$ 4,923	\$ -	\$ 2,163,551	\$ 37,343,449	\$ 42,510,808
Total liabilities and fund balance	\$ 4,438,889	\$ 7,272	\$ 6,301	\$ 1,413,834	\$ 2,378,357	\$ 37,356,199	\$ 45,600,852

FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
SHERIFF'S/ JUDICIAL ACTIVITIES - SPECIAL REVENUE FUNDS
JUNE 30, 2025

	Sheriff's Drug Enforcement	Narcotics Investigative Section	State's Attorney Law Enforcement Aid	Inmates' Canteen	Total Sheriff's/Judicial Activities (See Exhibit II-B-1)
Assets					
Cash	\$ 45,898	\$ 9,070	\$ 25,365	\$ 161,129	\$ 241,462
Equity in pooled invested cash	195,462	112,651	106,339	1,651,105	2,065,557
Total cash and cash equivalents	241,360	121,721	131,704	1,812,234	2,307,019
Receivables, net of allowance for uncollectibles:					
Accounts	-	-	-	71,338	71,338
Total assets	\$ 241,360	\$ 121,721	\$ 131,704	\$ 1,883,572	\$ 2,378,357
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ -	\$ 5,310	\$ -	\$ 50,950	\$ 56,260
Due to third parties	-	-	-	158,546	158,546
Total liabilities	-	5,310	-	209,496	214,806
Fund balances					
Restricted	193,312	-	67,134	-	260,446
Committed	48,048	116,411	64,570	1,674,076	1,903,105
Total fund balance	241,360	116,411	131,704	1,674,076	2,163,551
Total liabilities and fund balance	\$ 241,360	\$ 121,721	\$ 131,704	\$ 1,883,572	\$ 2,378,357

FREDERICK COUNTY, MARYLAND
COMBINING BALANCE SHEET
LOAN ACTIVITIES - SPECIAL REVENUE FUNDS
JUNE 30, 2025

	Housing Initiative	Non-Profit Organizations Loans	Fire/Rescue Loans	Total Loan Activities (See Exhibit II-B-1)
Assets				
Equity in pooled invested cash	\$ 17,514,060	\$ 20,000	\$ 235,002	\$ 17,769,062
Total cash and cash equivalents	17,514,060	20,000	235,002	17,769,062
Receivables, net of allowance for uncollectibles:				
Accounts	11,039	-	-	11,039
Prepaid items	44,000	-	-	44,000
Long term receivables, net of allowance for uncollectibles:				
Housing loans	19,532,098	-	-	19,532,098
Total assets	<u>\$ 37,101,197</u>	<u>\$ 20,000</u>	<u>\$ 235,002</u>	<u>\$ 37,356,199</u>
Liabilities and fund balance				
Liabilities				
Accrued liabilities	\$ 12,750	\$ -	\$ -	\$ 12,750
Total liabilities	<u>\$ 12,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,750</u>
Fund balances				
Nonspendable	44,000	-	-	44,000
Restricted	19,540,098	-	-	19,540,098
Committed	17,504,349	20,000	235,002	17,759,351
Total fund balance	<u>\$ 37,088,447</u>	<u>\$ 20,000</u>	<u>\$ 235,002</u>	<u>\$ 37,343,449</u>
Total liabilities and fund balance	<u>\$ 37,101,197</u>	<u>\$ 20,000</u>	<u>\$ 235,002</u>	<u>\$ 37,356,199</u>

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Special Revenue Funds						Total Nonmajor Governmental Funds (See Exhibit II-A-5)
	Opioid Abatement	Watershed & Restoration	Electric Lighting Tax Districts	Hotel Rental Tax	Sheriff's/ Judicial Activities	Loan Activities	
Revenues							
Storm Water Remediation Fee	\$ -	\$ 590	\$ -	\$ -	\$ -	\$ -	\$ 590
Lighting tax levy	-	-	18,508	-	-	-	18,508
Other local taxes	-	-	-	3,044,712	-	1,844,269	4,888,981
Grants from state government	1,340,264	-	-	-	-	-	1,340,264
Charges for services	-	-	-	-	976,774	-	976,774
Fines and forfeitures	-	-	-	-	143,246	-	143,246
Interest from loans	-	-	-	-	-	28,367	28,367
Investment earnings	194,828	328	646	8,367	91,379	731,372	1,026,920
Miscellaneous revenue	758,183	-	-	176,307	1,550	552,196	1,488,236
Total revenues	2,293,275	918	19,154	3,229,386	1,212,949	3,156,204	9,911,886
Expenditures							
General government	-	-	-	43,271	-	-	43,271
Health	1,505,396	-	-	-	-	-	1,505,396
Public safety	-	-	-	-	1,037,453	-	1,037,453
Public works	-	-	17,157	-	-	-	17,157
Community development and public housing	-	-	-	-	-	272,490	272,490
Economic development and opportunity	-	-	-	3,009,808	-	-	3,009,808
Total expenditures	1,505,396	-	17,157	3,053,079	1,037,453	272,490	5,885,575
Excess (deficiency) of revenues over expenditures	787,879	918	1,997	176,307	175,496	2,883,714	4,026,311
Other financing sources (uses)							
Transfers in from General Fund	-	-	-	-	-	1,500,000	1,500,000
Transfers out to Debt Service Fund	-	-	-	(176,307)	-	-	(176,307)
Total other financing sources (uses)	-	-	-	(176,307)	-	1,500,000	1,323,693
Net change in fund balances	787,879	918	1,997	-	175,496	4,383,714	5,350,004
Fund balance - beginning of year	2,203,734	6,354	2,926	-	1,988,055	32,959,735	37,160,804
Fund balance - end of year	\$ 2,991,613	\$ 7,272	\$ 4,923	\$ -	\$ 2,163,551	\$ 37,343,449	\$ 42,510,808

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, 2025

	<u>Sheriff's Drug Enforcement</u>	<u>Narcotics Investigative Section</u>	<u>State's Attorney Law Enforcement Aid</u>	<u>Inmates' Canteen</u>	<u>Total Sheriff's/Judicial Activities (See Exhibit II-B-4)</u>
Revenues					
Charges for services	\$ -	\$ -	\$ -	\$ 976,774	\$ 976,774
Fines and forfeitures	-	122,403	20,843	-	143,246
Investment earnings	8,848	4,450	4,663	73,418	91,379
Miscellaneous revenue	-	1,550	-	-	1,550
Total revenues	<u>8,848</u>	<u>128,403</u>	<u>25,506</u>	<u>1,050,192</u>	<u>1,212,949</u>
Expenditures					
Public safety	30,348	113,904	10,630	882,571	1,037,453
Total expenditures	<u>30,348</u>	<u>113,904</u>	<u>10,630</u>	<u>882,571</u>	<u>1,037,453</u>
Other financing sources (uses)					
Transfers out to general fund	-	-	-	-	-
Transfers in/out to other funds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	(21,500)	14,499	14,876	167,621	175,496
Fund balance - beginning of year	<u>262,860</u>	<u>101,912</u>	<u>116,828</u>	<u>1,506,455</u>	<u>1,988,055</u>
Fund balance - end of year	<u>\$ 241,360</u>	<u>\$ 116,411</u>	<u>\$ 131,704</u>	<u>\$ 1,674,076</u>	<u>\$ 2,163,551</u>

Exhibit II-B-6

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, 2025

	Housing Initiative	Non-Profit Organizations Loans	Fire/Rescue Loans	Total Loan Activities (See Exhibit II-B-4)
Revenues				
Other local taxes	\$ 1,844,269	\$ -	\$ -	\$ 1,844,269
Interest from loans	28,367	-	-	28,367
Investment earnings	720,735	-	10,637	731,372
Miscellaneous revenue	552,196	-	-	552,196
Total revenues	<u>3,145,567</u>	<u>-</u>	<u>10,637</u>	<u>3,156,204</u>
Expenditures				
Community development and public housing	272,490	-	-	272,490
Total expenditures	<u>272,490</u>	<u>-</u>	<u>-</u>	<u>272,490</u>
Excess (deficiency) of revenues over expenditures	<u>2,873,077</u>	<u>-</u>	<u>10,637</u>	<u>2,883,714</u>
Other financing sources (uses)				
Transfer in from general fund	1,500,000	-	-	1,500,000
Total other financing sources (uses)	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
Net change in fund balances	4,373,077	-	10,637	4,383,714
Fund balance - beginning of year	<u>32,715,370</u>	<u>20,000</u>	<u>224,365</u>	<u>32,959,735</u>
Fund balance - end of year	<u>\$ 37,088,447</u>	<u>\$ 20,000</u>	<u>\$ 235,002</u>	<u>\$ 37,343,449</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, 2025

	Hotel Rental Tax			Housing Initiative			School Construction		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues									
Lighting tax levy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	2,700,000	3,044,712	344,712	923,938	1,844,269	920,331	6,169,663	12,315,237	6,145,574
Grants from federal government	-	-	-	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Interest from loans	-	-	-	-	28,367	28,367	-	-	-
Investment earnings	500	8,367	7,867	110,000	720,735	610,735	184,272	1,026,684	842,412
Miscellaneous revenue	176,284	176,307	23	1,000,000	794,294	(205,706)	-	-	-
Total revenues	2,876,784	3,229,386	352,602	2,033,938	3,387,665	1,353,727	6,353,935	13,341,921	6,987,986
Expenditures									
General government	46,639	43,271	3,368	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Social services	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-	-	-	-
Community development and public housing	-	-	-	8,703,798	4,741,481	3,962,317	-	-	-
Economic development and opportunity	2,653,861	3,009,808	(355,947)	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Total expenditures	2,700,500	3,053,079	(352,579)	8,703,798	4,741,481	3,962,317	-	-	-
Excess (deficiency) of revenues over expenditures	176,284	176,307	23	(6,669,860)	(1,353,816)	5,316,044	6,353,935	13,341,921	6,987,986
Other financing sources (uses)									
Appropriated fund balance	-	-	-	5,169,860	4,740,490	(429,370)	-	-	-
Transfers in from general fund	-	-	-	1,500,000	1,500,000	-	-	-	-
Transfers in from grants fund	-	-	-	-	-	-	-	-	-
Transfers out to capital projects fund	-	-	-	-	-	-	(1,058,950)	(1,058,950)	-
Transfers out to general fund	-	-	-	-	-	-	-	-	-
Transfers out to fleet services	-	-	-	-	-	-	-	-	-
Transfers out to housing initiative	-	-	-	-	-	-	-	-	-
Transfers out to debt service fund	(176,284)	(176,307)	(23)	-	-	-	(4,497,400)	(4,499,094)	(1,694)
Total other financing sources (uses)	(176,284)	(176,307)	(23)	6,669,860	6,240,490	(429,370)	(5,556,350)	(5,558,044)	(1,694)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ 4,886,674	\$ 4,886,674	\$ 797,585	\$ 7,783,877	\$ 6,986,292
Fund balance - beginning of year	-	-	-	-	32,715,370	-	-	-	-
Net change in reserves and adjustments to GAAP basis	\$ -	-	-	-	(513,597)	\$ 37,088,447	-	\$ (7,783,877)	\$ -
Fund balance - end of year	\$ -	-	-	-	-	-	-	-	-

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, 2025

	Impact Fees			Parks Acquisition & Development			Electric Lighting Tax Districts		
	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)	Final Amended Budget	Actual	Variance - Positive (Negative)
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Lighting tax levy	\$ -	\$ -	\$ -	\$ 4,624,009	\$ 9,229,964	\$ 4,605,955	\$ 16,814	\$ 18,508	\$ 1,694
Other local taxes	-	-	-	-	-	-	-	-	-
Grants from federal government	-	-	-	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-	-	-	-
Charges for services	20,167,170	22,021,934	1,854,764	-	-	-	-	-	-
Interest from loans	-	-	-	-	-	-	-	-	-
Investment earnings	2,532,777	7,908,544	5,375,767	113,390	1,218,670	1,105,280	-	646	646
Miscellaneous revenue	-	-	-	-	-	-	-	-	-
Total revenues	<u>22,699,947</u>	<u>29,930,478</u>	<u>7,230,531</u>	<u>4,737,399</u>	<u>10,448,634</u>	<u>5,711,235</u>	<u>16,814</u>	<u>19,154</u>	<u>2,340</u>
Expenditures									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	16,668	17,157	(489)
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>16,668</u>	<u>17,157</u>	<u>(489)</u>
Excess (deficiency) of revenues over expenditures	<u>22,699,947</u>	<u>29,930,478</u>	<u>7,230,531</u>	<u>4,737,399</u>	<u>10,448,634</u>	<u>5,711,235</u>	<u>146</u>	<u>1,997</u>	<u>1,851</u>
Other financing sources (uses)									
Appropriated fund balance	-	-	-	-	-	-	-	-	-
Transfers in from general fund	17,961	17,961	-	-	-	-	-	-	-
Transfers out to capital projects fund	(8,283,359)	(8,283,359)	-	(729,747)	(729,747)	-	-	-	-
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	(2,098,484)	(2,101,556)	(3,072)	(1,433,768)	(1,434,427)	(659)	-	-	-
Total other financing sources (uses)	<u>(10,363,882)</u>	<u>(10,366,954)</u>	<u>(3,072)</u>	<u>(2,163,515)</u>	<u>(2,164,174)</u>	<u>(659)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 12,336,065</u>	<u>19,563,524</u>	<u>\$ 7,227,459</u>	<u>\$ 2,573,884</u>	<u>8,284,460</u>	<u>\$ 5,710,576</u>	<u>\$ 146</u>	<u>1,997</u>	<u>\$ 1,851</u>
Fund balance - beginning of year	-	-	-	-	-	-	-	2,926	-
Net change in reserves and adjustments to GAAP basis	<u>\$ (19,563,524)</u>	<u>-</u>	<u>-</u>	<u>\$ (8,284,460)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ 146</u>	<u>1,997</u>	<u>\$ 1,851</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, 2025

	Opioid Abatement		
	Final Amended Budget	Actual	Variance - Positive (Negative)
Revenues			
Lighting tax levy	\$ -	\$ -	\$ -
Other local taxes	-	-	-
Grants from federal government	-	-	-
Grants from state government	602,631	1,340,264	737,633
Charges for services	-	-	-
Interest from loans	-	-	-
Investment earnings	1,000	194,828	193,828
Miscellaneous revenue	-	758,183	758,183
Total revenues	<u>603,631</u>	<u>2,293,275</u>	<u>1,689,644</u>
Expenditures			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health	1,662,615	1,505,396	157,219
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>1,505,396</u>	<u>157,219</u>
Excess (deficiency) of revenues over expenditures	<u>(1,058,984)</u>	<u>787,879</u>	<u>1,846,863</u>
Other financing sources (uses)			
Appropriated fund balance	1,058,984	-	(1,058,984)
Transfers in from general fund	-	-	-
Transfers out to capital projects fund	-	-	-
Transfers out to general fund	-	-	-
Transfers out to grants fund	-	-	-
Proceeds from refunding bonds	-	-	-
Payment to refunded bond escrow agent	-	-	-
Premium on public facilities bonds	-	-	-
Transfers out to fleet services fund	-	-	-
Transfers out to debt service fund	-	-	-
Total other financing sources (uses)	<u>1,058,984</u>	<u>-</u>	<u>(1,058,984)</u>
Net change in fund balances	<u>\$ -</u>	<u>787,879</u>	<u>\$ 787,879</u>
Fund balance - beginning of year		2,203,734	
Net change in reserves and adjustments to GAAP basis		-	
Fund balance - end of year		<u>\$ 2,991,613</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, 2025

	Amended Budget	Actual	Variance - Positive (Negative)
Revenues			
Investment earnings	\$ 3,057,500	\$ 3,068,988	\$ 11,488
Total revenues	<u>3,057,500</u>	<u>3,068,988</u>	<u>11,488</u>
Expenditures			
Principal and interest for general obligation bonds:			
General government	9,496,742	9,047,883	448,859
Parks and recreation	2,459,617	2,325,521	134,096
Watershed restoration	1,974,825	1,853,530	121,295
Transportation	13,066,230	12,438,656	627,574
Public Safety	8,313,254	7,978,466	334,788
Frederick County Public Libraries	1,219,207	1,183,009	36,198
Frederick Community College	3,518,529	3,378,618	139,911
Frederick County Public Schools	22,747,516	21,836,386	911,130
Municipalities	812,323	777,090	35,233
Tourism	190,779	187,080	3,699
Principal and interest for:			
Installment purchase agreements	5,847,910	5,455,896	392,014
Long term leases	1,247,687	1,247,679	8
Debt issuance costs	<u>881,114</u>	<u>941,531</u>	<u>(60,417)</u>
Total expenditures	<u>71,775,733</u>	<u>68,651,345</u>	<u>3,124,388</u>
Excess (deficiency) of revenues over expenditures	<u>(68,718,233)</u>	<u>(65,582,357)</u>	<u>3,135,876</u>
Other financing sources (uses)			
Transfers in from general fund	54,944,117	54,944,117	-
Transfers in from special revenue funds:			
Agricultural preservation fund	5,897,910	5,474,865	(423,045)
Hotel rental tax fund	177,370	176,307	(1,063)
Transfers in from capital project funds:			
Impact fee fund	2,098,484	2,101,556	3,072
Parks acquisition & development fund	1,433,768	1,434,427	659
School construction fund	4,497,400	4,499,094	1,694
Premium on debt	<u>811,064</u>	<u>811,062</u>	<u>(2)</u>
Total other financing sources (uses)	<u>69,860,113</u>	<u>69,441,428</u>	<u>(418,685)</u>
Net change in fund balances	<u>\$ 1,141,880</u>	<u>3,859,071</u>	<u>\$ 2,717,191</u>
Net change in reserves and adjustment to GAAP basis		-	
Fund balance - beginning of year		11,760,217	
Fund balance - end of year		<u>\$ 15,619,288</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, 2025

	<u>Project Budget</u>	<u>Current Year Actual</u>	<u>Total To Date</u>	<u>Variance - Positive (Negative)</u>
Revenues				
Grants from federal government				
Highways	\$ 18,774,473	\$ 38,194	\$ 231,272	\$ (18,543,201)
Miscellaneous grants	14,643,122	817,200	103,121	(14,540,001)
Grants from state government:				
Highways	5,024,000	-	-	(5,024,000)
Program open space	4,999,370	-	(222,044)	(5,221,414)
Detention center	6,648,092	189,952	-	(6,648,092)
Education	254,968,934	76,346,062	132,583,494	(122,385,440)
Education - library	4,322,000	-	-	(4,322,000)
Watershed restoration	2,682,221	709,048	143,356	(2,538,865)
Miscellaneous grants	19,120,249	1,706,021	4,935,472	(14,184,777)
Other	5,944,812	1,146,057	1,930,569	(4,014,243)
Total revenues	<u>337,127,273</u>	<u>80,952,534</u>	<u>139,705,240</u>	<u>(197,422,033)</u>
Expenditures				
General government	379,750,478	47,265,505	69,122,271	310,628,207
Roads and bridges	277,302,116	11,495,523	28,677,039	248,625,077
Board of Education	565,593,648	120,637,581	285,268,708	280,324,940
Frederick Community College	30,593,424	4,245,349	13,308,343	17,285,081
Parks and recreation	108,275,405	5,852,006	16,546,390	91,729,015
Watershed restoration	66,848,209	8,875,269	7,073,390	59,774,819
Municipal	1,617,590	12,362	756,799	860,791
Total expenditures	<u>1,429,980,870</u>	<u>198,383,595</u>	<u>420,752,940</u>	<u>1,009,227,930</u>
Excess (deficiency) of revenues over expenditures	<u>(1,092,853,597)</u>	<u>(117,431,061)</u>	<u>(281,047,700)</u>	<u>811,805,897</u>
Other financing sources (uses)				
Transfers in from general fund	213,929,117	28,898,500	124,087,140	(89,841,977)
Transfers in from general fund BOE paygo	22,031,390	22,031,390	22,031,390	-
Transfers in from grant fund	3,665,270	1,767,358	2,906,403	(758,867)
Transfers in from impact fees fund	120,195,266	8,283,359	93,608,764	(26,586,502)
Transfers in from parks acquisition & development fund	43,572,069	729,747	21,989,224	(21,582,845)
Transfers in from development road improvement fund	3,153,070	-	243,852	(2,909,218)
Transfers in from school construction fund	30,648,421	1,058,950	22,227,145	(8,421,276)
Transfers in from water and sewer fund	3,023,610	9,070	1,391,144	(1,632,466)
Transfers in from solid waste fund	110,185	-	188,847	78,662
Transfers out to grants	-	(71,376)	(71,376)	(71,376)
Transfers out to fleet service fund	-	(80,736)	(80,736)	(80,736)
Transfers out to water and sewer fund	-	(1,627,777)	(2,367,797)	(2,367,797)
General obligation bonds issued	603,770,925	181,325,000	188,838,813	(414,932,112)
Premium on debt	41,102,442	10,465,000	53,426,386	12,323,944
Sale of capital assets	2,868,427	-	2,868,427	-
Capital leases	4,783,405	-	401,940	(4,381,465)
Total other financing sources (uses)	<u>1,092,853,597</u>	<u>252,788,485</u>	<u>531,689,566</u>	<u>(561,164,031)</u>
Net change in fund balances	<u>\$ -</u>	<u>135,357,424</u>	<u>\$ 250,641,866</u>	<u>\$ 250,641,866</u>
Net change in reserves and adjustment to GAAP basis		38,555,289		
Fund balance - beginning of year		318,743,738		
Fund balance - end of year		<u>\$ 492,656,451</u>		

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2025

	Risk Management Insurance*	Health Insurance	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-10)
Assets					
Current assets:					
Equity in pooled invested cash	\$ 21,122,035	\$ 3,859,430	\$ 84,428	\$ 21,363,889	\$ 46,429,782
Total cash and cash equivalents	21,122,035	3,859,430	84,428	21,363,889	46,429,782
Receivables, net of allowance for uncollectible					
Accounts	370,493	635,256	97,670	147,122	1,250,541
Inventories	-	-	-	662,850	662,850
Prepaid items	-	-	74,221	-	74,221
Total current assets	<u>21,492,528</u>	<u>4,494,686</u>	<u>256,319</u>	<u>22,173,861</u>	<u>48,417,394</u>
Noncurrent assets:					
Capital assets:					
Buildings and improvements	-	-	-	2,252,736	2,252,736
Equipment	-	-	588,424	53,240,487	53,828,911
Right-to-use assets	-	-	-	483,071	483,071
Accumulated depreciation/amortization	-	-	(452,438)	(29,311,458)	(29,763,896)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>135,986</u>	<u>26,664,836</u>	<u>26,800,822</u>
Total assets	<u>21,492,528</u>	<u>4,494,686</u>	<u>392,305</u>	<u>48,838,697</u>	<u>75,218,216</u>
Liabilities					
Current liabilities:					
Accounts payable	-	-	-	348,234	348,234
Payroll and benefit deductions	3,877	-	16,822	97,914	118,613
Accrued expenses	12,364	3,515,964	22,295	348,782	3,899,405
Other liabilities	-	585,407	2,767	6,195	594,369
Current portion of prefunded loss claims	1,092,667	-	-	-	1,092,667
Current portion of leases	-	-	-	113,081	113,081
Current portion of compensated absences	-	-	10,238	23,576	33,814
Total current liabilities	<u>1,108,908</u>	<u>4,101,371</u>	<u>52,122</u>	<u>937,782</u>	<u>6,200,183</u>
Noncurrent liabilities:					
Liability for prefunded loss claims	5,562,827	-	-	-	5,562,827
Liability for long-term portion of leases	-	-	-	120,863	120,863
Liability for compensated absences	7,497	-	44,151	233,678	285,326
Total noncurrent liabilities	<u>5,570,324</u>	<u>-</u>	<u>44,151</u>	<u>354,541</u>	<u>5,969,016</u>
Total liabilities	<u>6,679,232</u>	<u>4,101,371</u>	<u>96,273</u>	<u>1,292,323</u>	<u>12,169,199</u>
Net position					
Net investment in capital assets	-	-	135,986	26,430,891	26,566,877
Unrestricted	<u>14,813,296</u>	<u>393,315</u>	<u>160,046</u>	<u>21,115,483</u>	<u>36,482,140</u>
Total net position	<u>\$ 14,813,296</u>	<u>\$ 393,315</u>	<u>\$ 296,032</u>	<u>\$ 47,546,374</u>	<u>\$ 63,049,017</u>

*Formerly known as Worker's Compensation

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Risk Management Insurance*	Health Insurance	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-11)
Operating revenues					
Service charges	\$ 8,184,330	\$ 42,640,243	\$ 1,259,904	\$ 20,081,603	\$ 72,166,080
Other revenues	125,211	1,969,393	-	43,855	2,138,459
Total operating revenues	<u>8,309,541</u>	<u>44,609,636</u>	<u>1,259,904</u>	<u>20,125,458</u>	<u>74,304,539</u>
Operating expenses					
Personnel services	115,633	-	496,374	3,063,515	3,675,522
Other operating expenses (including administrative overhead)	474,518	1,738,630	447,992	1,594,217	4,255,357
Prefunded loss & estimated claims	3,644,040	-	-	-	3,644,040
Insurance	4,769,824	42,567,502	-	-	47,337,326
Supplies	-	-	969	6,036,591	6,037,560
Repairs and maintenance	-	-	245,683	1,748,700	1,994,383
Depreciation/amortization expense	-	-	49,606	4,896,825	4,946,431
Total operating expenses	<u>9,004,015</u>	<u>44,306,132</u>	<u>1,240,624</u>	<u>17,339,848</u>	<u>71,890,619</u>
Operating income (loss)	<u>(694,474)</u>	<u>303,504</u>	<u>19,280</u>	<u>2,785,610</u>	<u>2,413,920</u>
Nonoperating revenues (expenses)					
Investment earnings	857,314	114,962	392	885,979	1,858,647
Insurance recovery	49,476	-	-	89,843	139,319
Interest expense	-	-	-	(5,460)	(5,460)
Gain (loss) on disposition of capital assets	-	-	-	289,568	289,568
Total nonoperating revenues (expenses)	<u>906,790</u>	<u>114,962</u>	<u>392</u>	<u>1,259,930</u>	<u>2,282,074</u>
Net income (loss) before contributions and transfers	<u>212,316</u>	<u>418,466</u>	<u>19,672</u>	<u>4,045,540</u>	<u>4,695,994</u>
Transfers in (out)	<u>450,000</u>	<u>325,000</u>	<u>-</u>	<u>2,175,488</u>	<u>2,950,488</u>
Total contributions and transfers	<u>450,000</u>	<u>325,000</u>	<u>-</u>	<u>2,175,488</u>	<u>2,950,488</u>
Change in net position	662,316	743,466	19,672	6,221,028	7,646,482
Net position - beginning 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>
Change in accounting principle	<u>(690)</u>	<u>-</u>	<u>(14,571)</u>	<u>(48,323)</u>	<u>(63,584)</u>
Net positions - restated	<u>14,150,980</u>	<u>(350,151)</u>	<u>276,360</u>	<u>41,325,346</u>	<u>55,402,535</u>
Net position - end of year	<u>\$ 14,813,296</u>	<u>\$ 393,315</u>	<u>\$ 296,032</u>	<u>\$ 47,546,374</u>	<u>\$ 63,049,017</u>

*Formerly known as Worker's Compensation

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Risk Management Insurance*	Health Insurance	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-12)
Cash flows from operating activities					
Cash received from residents and customers	\$ -	\$ 2,267	\$ 450,310	\$ 759,016	\$ 1,211,593
Cash paid to suppliers	(8,008,596)	(43,083,086)	(623,182)	(8,815,783)	(60,530,647)
Cash paid to employees	(112,593)	-	(493,786)	(3,039,876)	(3,646,255)
Internal activity - receipts from other funds	8,292,691	42,574,995	773,604	19,258,452	70,899,742
Net cash provided by operating activities	<u>171,502</u>	<u>(505,824)</u>	<u>106,946</u>	<u>8,161,809</u>	<u>7,934,433</u>
Cash flows from noncapital financing activities					
Insurance recovery	49,476	-	-	-	49,476
Transfers in	450,000	325,000	-	2,175,488	2,950,488
Net cash provided (used) by noncapital financing activities	<u>499,476</u>	<u>325,000</u>	<u>-</u>	<u>2,175,488</u>	<u>2,999,964</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	-	-	(109,940)	(10,064,329)	(10,174,269)
Recoveries for damages	-	-	-	89,843	89,843
Proceeds from sale of capital assets	-	-	-	721,484	721,484
Payment of bond, note, and lease principals	-	-	-	85,044	85,044
Interest paid on bonds, notes, and leases	-	-	-	(5,460)	(5,460)
Net cash provided (used) by capital & related financing activities	<u>-</u>	<u>-</u>	<u>(109,940)</u>	<u>(9,173,418)</u>	<u>(9,283,358)</u>
Cash flows from investing activities					
Interest received on investments	857,315	114,962	392	885,979	1,858,648
Net cash provided by investing activities	<u>857,315</u>	<u>114,962</u>	<u>392</u>	<u>885,979</u>	<u>1,858,648</u>
Net increase (decrease) in cash and cash equivalents	1,528,293	(65,862)	(2,602)	2,049,858	3,509,687
Cash and cash equivalents - beginning 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>
Cash and cash equivalents - end of year	<u>\$ 21,122,035</u>	<u>\$ 3,859,430</u>	<u>\$ 84,428</u>	<u>\$ 21,363,889</u>	<u>\$ 46,429,782</u>

*Formerly known as Worker's Compensation

(continued)

FREDERICK COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Risk Management Insurance*	Health Insurance	Voice Services	Fleet Services	Total Internal Service Funds (See Exhibit II-A-12)
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ (694,474)	\$ 303,504	\$ 19,280	\$ 2,785,609	\$ 2,413,919
Adjustments to reconcile net operating income to net cash provided by operating activities:					
Depreciation	-	-	49,606	4,896,825	4,946,431
Change in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(16,850)	(68,907)	(35,991)	(64,134)	(185,882)
Bad debt allowance	-	1,423	-	-	1,423
Inventory	-	-	-	49,517	49,517
Prepaid items	-	-	54,548	-	54,548
(Increase) decrease in:					
Accrued expenses	8,941	(463,358)	15,339	479,643	40,565
Liability for compensated leave	2,448	-	1,396	8,154	11,998
Other liabilities	871,437	(278,486)	2,768	6,195	601,914
Net cash provided by operating activities	<u>\$ 171,502</u>	<u>\$ (505,824)</u>	<u>\$ 106,946</u>	<u>\$ 8,161,809</u>	<u>\$ 7,934,433</u>

*Formerly known as Worker's Compensation

Non-cash investing, capital, and financing activities: None

FREDERICK COUNTY, MARYLAND
OTHER CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

	Tax Agency	Subdivision and Driveway Deposits	Work Release	Law Library	Juror's Fund	Total Other Custodial
Assets						
Cash and cash equivalents	\$ 5,472,994	\$ 9,295,208	\$ 15,174	\$ 424,241	\$ 19,690	\$ 15,227,307
Receivables (net of allowance for uncollectibles):						
Interest	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-
Accounts	18,757	-	-	-	31,920	50,677
Total Assets	5,491,751	9,295,208	15,174	424,241	51,610	15,277,984
Liabilities						
Accounts payable	-	-	-	-	-	-
Accrued benefit payments	-	-	-	-	-	-
Due to third parties	5,491,751	-	15,174	369,791	51,610	5,928,326
Bond forfeitures	-	-	-	54,450	-	54,450
Performance deposits	-	9,295,208	-	-	-	9,295,208
Retirement benefit deductions	-	-	-	-	-	-
Total Liabilities	5,491,751	9,295,208	15,174	424,241	51,610	15,277,984
NET POSITION						
Total net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

FREDERICK COUNTY, MARYLAND
OTHER CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Tax Agency	Subdivision and Driveway Deposits	Work Release	Tax Incremental Financing Bond	Law Library	Juror's Fund	Total Other Custodial
Additions							
Other	\$ 25,345,028	\$ 5,888,623	\$ 1,323,120	\$ 11,216,336	\$ 123,685	\$ 629,365	\$ 44,526,157
Total Additions	<u>25,345,028</u>	<u>5,888,623</u>	<u>1,323,120</u>	<u>11,216,336</u>	<u>123,685</u>	<u>629,365</u>	<u>44,526,157</u>
Deductions							
Third party payments	25,345,028	5,888,623	1,323,120	11,216,336	123,685	629,365	44,526,157
Total Deductions	<u>25,345,028</u>	<u>5,888,623</u>	<u>1,323,120</u>	<u>11,216,336</u>	<u>123,685</u>	<u>629,365</u>	<u>44,526,157</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>

FREDERICK COUNTY, MARYLAND
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE (1)
JUNE 30, 2025

	2025
Governmental funds capital assets	
Land and improvements	\$ 254,709,179
Buildings	340,770,394
Equipment	153,172,341
Infrastructure	477,178,394
Construction in progress	63,689,376
Total governmental funds capital assets	<u>\$ 1,289,519,684</u>
Investment in governmental funds capital assets by source	
Capital projects fund (2)	\$ 1,000,617,198
General fund	46,320,002
Special revenue funds	145,762,549
Donations	96,819,935
Total governmental funds capital assets	<u>\$ 1,289,519,684</u>

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$56,564,718 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, 2025

Function	Land and Improvements	Buildings	Equipment	Infrastructure	Construction in Progress	Total
General government	\$ 14,403,815	\$ 82,877,060	\$ 30,654,866	\$ -	\$ -	\$ 127,935,741
Public safety	10,958,774	106,839,666	92,069,569	-	-	209,868,009
Public works	10,568,306	25,685,025	14,757,885	-	-	51,011,216
Public health	4,949,536	38,631,825	1,382,817	-	-	44,964,178
Social services	859,145	11,641,477	996,874	-	-	13,497,496
Recreation and culture	86,240,088	73,890,392	12,742,408	3,815,709	-	176,688,597
Conservation of natural resources	123,651,974	-	128,984	-	-	123,780,958
Economic development and opportunity	217,969	1,204,949	438,938	-	-	1,861,856
Infrastructure	2,859,572	-	-	473,362,685	-	476,222,257
Construction in progress	-	-	-	-	63,689,376	63,689,376
Total governmental funds capital assets	<u>\$ 254,709,179</u>	<u>\$ 340,770,394</u>	<u>\$ 153,172,341</u>	<u>\$ 477,178,394</u>	<u>\$ 63,689,376</u>	<u>\$ 1,289,519,684</u>

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$56,564,718 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.

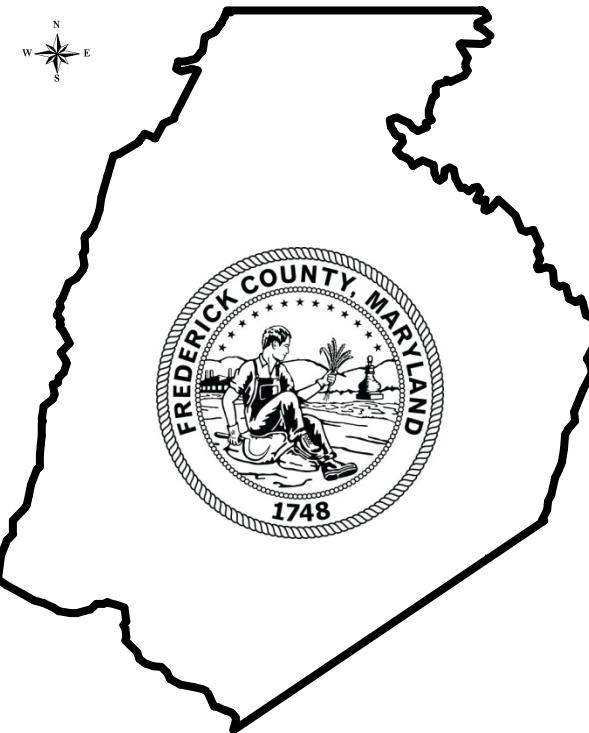
Exhibit II-B-17

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, 2025

Function	Governmental Funds Capital Assets			Governmental Funds Capital Assets	
	July 1, 2024	Additions	Deductions		June 30, 2025
General government	\$ 118,592,596	\$ 10,157,886	\$ 814,741	\$ 127,935,741	
Public safety	188,040,843	22,548,150	720,984	209,868,009	
Public works	48,583,389	4,451,764	2,023,937	51,011,216	
Public health	44,448,906	515,272	-	44,964,178	
Social services	13,081,223	416,273	-	13,497,496	
Recreation and culture	171,766,607	4,921,990	-	176,688,597	
Conservation of natural resources	117,875,575	8,847,995	2,942,612	123,780,958	
Economic development and opportunity	1,493,549	368,307	-	1,861,856	
Infrastructure	461,998,200	14,224,057	-	476,222,257	
Construction in progress	76,453,396	58,003,089	70,767,109	63,689,376	
Total governmental funds capital assets	\$ <u>1,242,334,284</u>	\$ <u>124,454,783</u>	\$ <u>77,269,383</u>	\$ <u>1,289,519,684</u>	

(1) This schedule presents only the capital asset balances related to Governmental Funds. Accordingly, the capital assets reported in Internal Service Funds totaling \$56,564,718 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)

	2025	2024	2023	2022	2021	2020	2019	2018 (3)	2017	2016 (2)
Governmental activities										
Net Investment in capital assets	\$ 293,954,134	\$ 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
Restricted	447,428,781	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
Unrestricted (Deficit) (1)	229,576,550	209,104,288	146,717,276	120,131,163	106,283,881	(119,663,607)	(255,175,876)	(323,725,357)	(233,227,495)	(235,936,549)
Total governmental activities net position	<u>970,959,465</u>	<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>
Business-type activities										
Net Investment in capital assets	534,354,175	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
Restricted	611,375	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
Unrestricted (Deficit)	318,585,783	281,708,683	260,984,509	230,821,036	212,361,518	181,779,367	154,769,121	122,915,156	118,937,571	101,822,626
Total business-type activities net position	<u>853,551,333</u>	<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>
Primary government										
Net Investment in capital assets	828,308,309	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
Restricted	448,040,156	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
Unrestricted (Deficit) (1)	548,162,333	490,812,971	407,701,785	350,952,199	318,645,399	62,115,760	(100,406,755)	(200,810,201)	(114,289,924)	(134,113,923)
Total primary government net position	<u>\$ 1,824,510,798</u>	<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>

(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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities:										
General government	\$ 86,659,356	\$ 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
Public safety	171,118,259	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
Public works	53,452,459	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
Health	5,884,324	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
Social services	8,591,360	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
Education	510,696,091	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
Parks, recreation and culture	34,016,678	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
Conservation of natural resources	17,360,752	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
Community development and public housing	12,731,701	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
Economic development and opportunity	10,110,560	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
Interest on long term debt	18,369,174	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
Total governmental activities expenses	<u>928,990,714</u>	<u>954,455,307</u>	<u>976,336,254</u>	<u>788,767,731</u>	<u>741,335,357</u>	<u>718,303,304</u>	<u>655,076,148</u>	<u>673,683,074</u>	<u>636,947,480</u>	<u>577,080,006</u>
Business-type activities:										
Water and sewer	55,845,450	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
Solid waste management	33,640,902	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
Comprehensive care facility	25,684,055	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	540,702	265,427	617,400	196,375	329,752	179,034	185,840	176,422	166,198	165,457
Total business-type activities expenses	<u>115,711,109</u>	<u>114,097,557</u>	<u>110,193,658</u>	<u>114,234,623</u>	<u>106,263,823</u>	<u>104,973,421</u>	<u>99,385,393</u>	<u>96,850,861</u>	<u>81,403,122</u>	<u>59,462,290</u>
Total primary government expenses	<u><u>\$ 1,044,701,823</u></u>	<u><u>\$ 1,068,552,864</u></u>	<u><u>\$ 1,086,529,912</u></u>	<u><u>\$ 903,002,354</u></u>	<u><u>\$ 847,599,180</u></u>	<u><u>\$ 823,276,725</u></u>	<u><u>\$ 754,461,541</u></u>	<u><u>\$ 770,533,935</u></u>	<u><u>\$ 718,350,602</u></u>	<u><u>\$ 636,542,296</u></u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 31,048,270	\$ 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
Public safety	25,832,594	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
Public works	254,318	63,885	192,471	46,678	197,736	768,577	814,575	1,005,135	1,014,323	1,014,588
Health	297,757	170,000	186,879	171,405	122,548	195,102	248,377	316,946	345,202	257,160
Social services	650	1,200	1,700	2,400	620,983	1,913,469	1,767,433	1,958,040	1,812,220	1,840,224
Parks, recreation and culture	2,857,107	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
Conservation of natural resources	194,313	264,653	255,691	274,181	272,291	396,570	459,396	292,960	320,147	271,956
Community development and public housing	-	-	-	-	882,524	-	-	-	-	-
Operating grants and contributions:	55,859,591	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
Capital grants and contributions:	3,541,017	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
Total governmental activities program revenues	<u><u>\$ 119,885,617</u></u>	<u><u>\$ 99,873,950</u></u>	<u><u>\$ 98,672,489</u></u>	<u><u>\$ 125,059,918</u></u>	<u><u>\$ 195,635,635</u></u>	<u><u>\$ 92,682,226</u></u>	<u><u>\$ 99,390,882</u></u>	<u><u>\$ 87,434,980</u></u>	<u><u>\$ 81,381,781</u></u>	<u><u>\$ 71,749,178</u></u>

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Business-type activities:										
Charges for services:										
Water and sewer	\$ 53,488,537	\$ 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
Solid waste management	30,787,487	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
Comprehensive care facility	26,556,077	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	177,384	154,823	152,789	146,353	249,704	136,182	129,366	128,367	127,729	126,095
Operating grants and contributions:	5,168,316	4,218,434	777,258	307,755	485,063	1,077,649	-	986	-	-
Capital grants and contributions:	20,452,683	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
Total business-type activities program revenues	<u>136,630,484</u>	<u>126,868,199</u>	<u>125,477,098</u>	<u>138,747,844</u>	<u>150,661,255</u>	<u>136,345,459</u>	<u>141,660,887</u>	<u>117,167,844</u>	<u>119,911,445</u>	<u>78,219,005</u>
Total primary government program revenues	<u>\$ 256,516,101</u>	<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>
Net (Expense)/Revenue										
Governmental activities	\$ (809,105,097)	\$ (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)
Business-type activities	<u>20,919,375</u>	<u>12,770,642</u>	<u>15,283,440</u>	<u>24,513,221</u>	<u>44,397,432</u>	<u>31,372,038</u>	<u>42,275,494</u>	<u>20,316,983</u>	<u>38,508,323</u>	<u>18,756,715</u>
Total primary government net expense	<u>\$ (788,185,722)</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Local property taxes	\$ 481,432,643	\$ 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
Local income taxes	416,250,933	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
Other local taxes	92,170,191	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
Build America Bonds Subsidy	-	-	-	-	-	678,783	1,246,061	1,244,234	1,247,613	1,277,965
Investment earnings	40,761,830	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
Miscellaneous	21,432,360	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
Gain /Loss on disposal of assets	291,163	293,742	2,786,352	123,093	-	-	(133,395)	384,230	284,109	-
Transfers	(1,530,386)	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>1,050,808,734</u>	<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>
Business-type activities:										
Build America Bonds Subsidy	-	-	-	-	-	5,165	374,401	364,816	388,152	336,301
Investment earnings	14,217,609	14,707,897	8,822,091	410,301	258,327	3,060,246	4,611,389	2,107,163	1,033,861	-
Miscellaneous	1,251	39,100	128,000	-	-	-	-	79,277	934	532,839
Gain /Loss on disposal of assets	(1,075,993)	80,000	138,737	190,262	81,279	(242,107)	134,322	14,055	(26,784)	-
Transfers	1,530,386	(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>14,673,253</u>	<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>
Total primary government	<u>\$ 1,065,481,987</u>	<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>
Change in Net Position										
Governmental activities	\$ 241,703,637	\$ 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
Business-type activities	<u>35,592,628</u>	<u>26,431,313</u>	<u>26,961,701</u>	<u>27,716,682</u>	<u>44,380,003</u>	<u>34,576,642</u>	<u>46,651,898</u>	<u>22,715,334</u>	<u>39,477,659</u>	<u>15,625,855</u>
Total primary government	<u>\$ 277,296,265</u>	<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>

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	\$ 3,774,355	\$ 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
Restricted	1,306,793	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
Committed	197,216,981	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
Assigned	18,777,412	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
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>221,375,541</u>	<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>
All other Governmental Funds										
Nonspendable										
Debt Service fund	-	3,818	-	-	-	-	-	-	-	-
Special revenue funds	828,155	6,609,373	7,391,727	4,132,115	5,070,564	1,407,940	142,663	68,514	-	6,994,203
Restricted										
Capital project funds	283,118,802	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
Debt Service fund	2,655,280	171,534	609,276	14,023,877	375	-	65,324,590	66,579,921	68,405,176	-
Special revenue funds	46,635,065	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
Committed										
Capital project funds	209,537,649	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
Special revenue funds	116,369,417	119,732,499	117,234,977	135,052,314	109,804,174	72,094,610	64,022,464	56,678,124	53,082,809	52,533,574
Assigned										
Debt Service fund	12,964,008	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>672,108,376</u>	<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>
Total Governmental Fund Balance	<u>\$ 893,483,917</u>	<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>

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Local property taxes	\$ 481,453,808	\$ 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
Local income taxes	404,355,909	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
Other local taxes	106,151,355	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
Licenses and permits	6,834,056	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
Grants from federal government	33,734,102	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
Grants from state government	28,047,310	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
Charges for services	34,986,781	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
Fines and forfeitures	219,575	267,005	232,182	176,532	135,351	245,049	255,800	310,369	288,871	295,013
Interest from loans	28,367	28,873	29,395	41,043	21,676	-	-	34	298	4,721
Investment income	38,903,183	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
Build America bond subsidy	-	-	-	-	-	1,202,253	1,253,644	1,254,053	1,247,613	1,277,965
Miscellaneous	11,465,370	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
Total revenues	<u>1,146,179,816</u>	<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>
Expenditures										
Current										
General government	87,448,321	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
Public safety	213,728,347	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
Public works	38,152,134	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
Health	15,643,847	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
Social services	15,186,171	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
Education	462,159,222	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
Parks, recreation and culture	29,985,702	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
Conservation of natural resources	17,996,307	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
Community development and public housing	13,468,957	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
Economic development and opportunity	12,684,921	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
Miscellaneous	3,770,346	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
Intergovernmental	7,024,328	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
Debt service										
Principal	45,022,385	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
Interest and fiscal charges	22,697,845	23,784,937	22,636,241	21,029,092	19,463,550	-	22,361,610	17,739,886	17,739,886	17,791,749
Issue costs	931,115	13,861	-	-	-	-	-	-	-	-
Capital projects	119,114,104	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
Total expenditures	<u>1,105,014,052</u>	<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>
Excess of revenues over expenditures	<u>41,165,764</u>	<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>

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Other Financing Sources (Uses)										
Transfers in from:										
General Fund	\$ 116,929,228	\$ 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
Special Revenue Funds	7,883,530	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	8,106,453	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	291,070	974,934	3,859	70,377	1,080,000	118,700	633,377	119,000	-	4,000,000
Transfer out to:										
General Fund	(465,000)	(175,772)	-	(12,011)	(18,871)	(264,767)	(295,252)	-	-	-
Special Revenue Funds	(11,108,636)	(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)
Capital Projects Fund	(52,715,209)	(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)
Enterprise Funds	(1,897,570)	(72,915)	(2,593,292)	(2,673,275)	(816,665)	(500,000)	-	-	(2,999,332)	-
Internal Service Funds	(2,874,374)	(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)
Debt Service Fund	(68,630,366)	(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	1,595	108,984	-	-	-	-	-	-	-	-
Proceeds from public facilities and refunding bonds	181,325,000	-	96,315,000	174,830,657	7,830,000	133,241,018	-	120,326,182	56,901,147	112,006,339
Payment to refunded bond escrow agent	-	-	-	(8,824,890)	-	(90,150,822)	-	(43,852,615)	-	(34,523,171)
Bond premium on public facilities and refunding bonds	11,276,062	-	13,411,355	17,135,762	-	11,585,003	-	15,198,824	12,039,897	11,508,322
Insurance proceeds	177,576	72,657	-	-	-	-	-	-	-	-
Installment purchase agreement	862,969	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
Right-to-use Lease	-	295,275	4,596,531	-	-	-	-	-	-	-
SBITAs	4,027,752	1,049,976	1,522,947	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	7,008,003	-	3,704,232	-
Unusual or infrequent	1,370,056	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	194,560,136	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
Net change in fund balances	\$ 235,725,900	\$ (73,058,358)	\$ 116,108,430	\$ 200,966,536	\$ 54,515,415	\$ 1,508,063	\$ 22,587,615	\$ 21,283,643	\$ 8,930,180	\$ 73,219,476
Total expenditures	\$ 1,105,014,052	\$ 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
Less: Capital outlay	(48,887,188)	(77,456,815)	(70,432,603)	(54,664,537)	(55,568,126)	(39,125,685)	(35,947,417)	(10,926,354)	(6,765,350)	(885,721)
Noncapital expenditures	\$ 1,056,126,864	\$ 985,317,067	\$ 862,300,684	\$ 833,000,803	\$ 797,731,087	\$ 757,409,659	\$ 673,032,297	\$ 723,591,611	\$ 681,045,799	\$ 626,183,654
Debt service	\$ 68,651,345	\$ 68,061,561	\$ 79,556,184	\$ 59,588,382	\$ 59,167,198	\$ 75,859,824	\$ 65,613,452	\$ 58,438,459	\$ 58,261,362	\$ 56,339,531
Debt service as a percentage of noncapital expenditures	6.50%	6.91%	9.23%	7.15%	7.42%	10.02%	9.75%	8.08%	8.55%	9.00%

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

Fiscal Year	Real Property Taxable Assessed Value					Limited Business Personal Property (4)			Total	
	Real Property Taxable Assessed Value			Total Real Property	Direct Tax Rate (1)	Public Utilities		Taxable Assessed Value	Direct Tax Rate (1) (3)	
	Residential Property	Commercial Property	Industrial Property			Taxable Assessed Value	Direct Tax Rate (1) (2)			
2025	\$ 35,171,393,172	\$ 7,125,086,789	\$ 1,871,268,653	\$ 44,167,748,614	1.110	\$ 482,930,630	2.78	\$ 44,650,679,244	1.128	
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	

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Direct Real Property Tax Rates										
Frederick County (1)	\$ 1.110	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060
Total Direct Real Property Tax Rates	\$ 1.110	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060	\$ 1.060
Overlapping real property tax rates										
<u>Fire and lighting tax districts</u>										
Braddock lighting tax district	\$ 0.013	\$ 0.010	\$ 0.010	\$ 0.010	\$ 0.010	\$ 0.015	\$ 0.015	\$ 0.015	\$ 0.015	\$ 0.015
Libertytown lighting tax district	0.014	0.010	0.010	0.010	0.010	0.013	0.013	0.013	0.013	0.013
New Addition lighting tax district	0.014	0.010	0.012	0.012	0.012	0.017	0.017	0.017	0.017	0.017
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	0.410	0.420	0.430	0.440	0.462
Burkittsville	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190
Emmitsburg	0.346	0.346	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	0.196	0.166	0.166	0.166	0.166	0.166	0.166	0.166	0.170	0.170
Myersville	0.346	0.346	0.346	0.346	0.346	0.361	0.376	0.391	0.391	0.391
New Market	0.120	0.120	0.120	0.120	0.117	0.120	0.120	0.120	0.120	0.120
Rosemont	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Thurmont	0.299	0.321	0.299	0.299	0.299	0.299	0.304	0.285	0.293	0.302
Walkersville	0.140	0.140	0.140	0.140	0.140	0.160	0.160	0.160	0.160	0.150
Woodsboro	0.180	0.141	0.139	0.139	0.141	0.123	0.124	0.126	0.125	0.126

(1) In FY2025, 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: 1.0077

County's Myersville tax differential rate: 1.0198

(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 2025</u>				<u>Fiscal Year 2016</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	\$ 241,816,990	1	0.54 %		\$ 162,391,190	1	0.60 %	
Astrazeneca Pharmaceuticals	132,252,100	2	0.30		-	-	-	
Kite Pharma Inc.	122,704,400	3	0.27		-	-	-	
RIV 402, LLC	107,498,233	4	0.24		97,504,933	2	0.36	
The Kroger Company	96,527,800	5	0.22		-	-	-	
Costco Wholesale Corporation	92,239,000	6	0.21		44,711,400	7	0.16	
B R Lake Linganore DST	88,255,400	7	0.20		-	-	-	
Apartments at Urban Green LLC	83,941,700	8	0.19		-	-	-	
Washington Gas Light Company	70,084,010	9	0.16		40,995,030	10	0.15	
Fannie Mae	68,243,400	10	0.15		-	-	-	
PR Financing Limited Partnership	-	-	-		80,019,800	3	0.29	
Verizon Maryland LLC	-	-	-		49,317,360	6	0.18	
Medimmune, Inc.	-	-	-		52,452,033	4	0.19	
River X, LLC	-	-	-		50,035,067	5	0.18	
Dominion Transmission Corporation	-	-	-		44,525,980	8	0.16	
WIG07 Prospect Hall LLC	-	-	-		42,299,467	9	0.16	
Totals	<u>\$ 1,103,563,033</u>		<u>2.48 %</u>		<u>\$ 664,252,260</u>		<u>2.44 %</u>	

Source: County Treasury Office

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

Fiscal Year	Taxes Levied for the				Collected within the		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year	(Original Levy)	Adjustments (1)	Total Adjusted Levy	Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2025	\$ 470,173,720	\$ (4,524,488)	\$ 465,649,233	\$ 465,509,478	99.01 %	\$ -	\$ 465,509,478	99.97 %	
2024	414,747,202	(3,093,261)	411,653,941	411,919,680	99.32 %	(51,306)	411,868,374	100.05	
2023	386,688,395	(3,661,284)	383,027,111	383,170,397	99.09	(64,926)	383,105,471	100.02	
2022	361,954,333	(857,203)	361,097,130	361,276,230	99.81	(170,760)	361,105,470	100.00	
2021	338,833,698	1,347,198	340,180,896	340,175,965	100.40	6,173	340,182,139	100.00	
2020	325,721,487	(2,674,322)	323,047,165	322,731,553	99.08	307,485	323,039,038	100.00	
2019	310,250,830	(2,038,312)	308,212,518	308,101,472	99.31	89,356	308,190,828	99.99	
2018	295,980,742	(2,035,217)	293,945,525	293,695,909	99.23	248,066	293,943,975	100.00	
2017	282,599,043	(2,126,738)	280,472,305	280,316,897	99.19	152,577	280,469,474	100.00	
2016	271,195,289	(1,982,045)	269,213,244	269,144,537	99.24	143,227	269,287,764	100.03	

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 2016 through 2025.

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

Fiscal Year	Governmental Activities							Total Governmental Activities	
	General Obligation Bonds (1)	Notes from Direct Borrowings & Direct Placements		Financed Purchase Obligations	Leases (2)	SBITAs (2)	Agricultural Preservation Installment Purchase Agreements		
2025	\$ 749,868,901	\$ 18,679,848	\$ 786,515	\$ 3,547,494	\$ 4,717,070	\$ 37,054,607	\$ 814,654,435		
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		
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	
2025	\$ 80,445,176	\$ 41,173,372	\$ 16,924	\$ 110,283	\$ -	\$ 121,745,755	\$ 936,400,190	N/A	
2024	60,896,443	45,869,027	50,026	134,510	-	106,950,006	778,469,907	N/A	
2023	63,078,926	50,515,664	74,212	46,189	-	113,714,991	837,090,686	2.7%	
2022	97,808,245	52,681,241	113,342	76,735	-	150,602,828	795,049,941	2.6%	
2021	100,355,456	51,467,792	248,660	-	-	152,071,908	657,642,303	2.9%	
2020	113,864,115	55,638,415	364,862	-	-	169,867,392	712,493,594	2.5%	
2019	138,399,421	59,724,637	319,416	-	-	198,443,474	744,259,589	2.2%	
2018	152,461,139	64,352,465	163,353	-	-	216,976,957	803,833,062	2.0%	
2017	148,748,940	67,533,907	231,830	-	-	216,514,677	750,965,833	2.0%	
2016	103,784,507	72,476,241	287,798	-	-	176,548,546	716,689,391	1.9%	
								Per Capita (3)	

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, 2025.

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

Fiscal Year	General Obligation Debt (1)	Direct Borrowing Bonds (2)	Installment Purchase Agreements (3)	Accumulated Resources to Paying the Principal of General Bonded Debt (4)	Total Net General Obligation Debt Outstanding	Percentage of Total Estimated Actual Value of Taxable Property (5)	Per Capita (5)
2025	\$ 830,314,077	\$ 28,025,000	\$ 37,054,607	\$ -	\$ 895,393,684	2.01%	\$ 2,991
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

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.

Exhibit III-A-11

FREDERICK COUNTY, MARYLAND
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2025

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct:			
Frederick County	\$ <u>814,654,435</u>	100%	\$ <u>814,654,435</u>
Overlapping Debt:			
Component Units:			
Frederick County Public Schools	36,325,012	100%	36,325,012
Frederick Community College	4,887,596	100%	4,887,596
Towns, Cities and Villages:			
Brunswick	2,839,162	100%	2,839,162
Burkittsville	85,555	100%	85,555
Frederick City	58,650,000	100%	58,650,000
Middletown	4,333,455	100%	4,333,455
Myersville	2,713,154	100%	2,713,154
Mt. Airy	4,294,111	100%	4,294,111
Subtotal Overlapping:	<u>114,128,045</u>		<u>114,128,045</u>
Totals	\$ <u>928,782,480</u>		\$ <u>928,782,480</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**

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt limitation	\$ 1,269,184,099	\$ 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
Less: Total debt applicable to limit (2)	736,703,589	791,947,030	751,149,185	609,148,610	658,354,185	647,564,101	701,148,445	652,533,314	626,480,249
Legal debt margin	\$ 532,480,510	\$ 395,740,467	\$ 366,279,944	\$ 444,009,958	\$ 1,015,532,337	\$ 949,438,952	\$ 991,178,761	\$ 961,106,672	\$ 924,599,353
Total net debt applicable to the limit as a percentage of debt limit	58.05%	66.68%	67.22%	57.84%	39.33%	40.55%	41.43%	40.44%	40.39%

Legal debt margin calculation for Fiscal Year 2025

Assessable Basis - Real Property (2)	\$ 44,167,748,614
Debt limitation - 3% of assessable basis in real property	\$ 1,325,032,458
Assessable Basis - Personal Property (public utilities)	482,930,630
Debt limitation - 9% of assessable basis in personal property	<u>43,463,757</u>
Total Debt Limit	1,368,496,215
Amount of Debt Applicable to Debt Limit:	
Total Bonds and Direct Borrowings (1)	858,339,077
Total Installment Purchase Agreements	<u>37,054,607</u>
Total debt applicable to limit	895,393,684
Legal debt margin	\$ 473,102,531

Total net debt applicable to the limit as a percentage of debt limit 65.43%

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

(1) General obligation bonds are presented net of unamortized premium/discount and excludes deferred losses.

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

Year	Population(1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (2)	Public School Enrollment (3)	Community College Academic State FTE (4)			Unemployment Rate (5)
					Credit	Non-Credit	Total	
2025	299,317	N/A	N/A	48,054	3,967	547	4,514	3.2
2024	293,391	N/A	N/A	47,681	3,642	608	4,250	3.0
2023	287,079	\$ 22,492,641	\$ 76,664	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

Sources: (1) U.S. Census Bureau, retrieved from Federal Reserve Bank of St. Louis (2024)

(2) State of Maryland Website (using latest 2023 data)

(3) Frederick County Public Schools

(4) Frederick Community College

(5) U.S.Census Bureau, retrieved from Federal Reserve Bank of St. Louis (May 2025)

N/A - Not available

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

<u>Employer</u>	2025			2016			<u>Percentage of Total County Employment</u>
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>		
Fort Detrick	10,827 *	1	9.97 %	9,100	1		9.07 %
Frederick County Public Schools	7,433	2	6.84	5,650	2		5.63
Frederick Health Hospital (formerly Frederick Memorial Healthcare System)	3,360	3	3.09	2,328	4		2.32
Frederick County Government	3,341	4	3.08	2,072	5		2.06
Leidos Biomedical (formerly SAIC-Frederick)	2,370	5	2.18	2,700	3		2.69
Frederick Community College	1,369	6	1.26	1,055	7		1.05
Frederick City Government	977	7	0.90	841	8		0.84
Thermo Fisher Scientific (formerly Life Technologies)	782	8	0.72	-	-		-
AstraZeneca	750	9	0.69	650	10		0.65
Mount Saint Mary's University	723	10	0.67	-	-		-
Wells Fargo Home Mortgage	-	-	-	1,881	6		1.87
United Health Care (formerly MAMSI)	-	-	-	675	9		0.67
	<u><u>31,932</u></u>		<u><u>29.40 %</u></u>	<u><u>26,952</u></u>			<u><u>26.85 %</u></u>

* Includes military personnel, contractors and offsite annex

Source: City of Frederick and Frederick County Government

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

<u>Function/Program</u>	<u>2025</u>	<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>
General government	607	540	526	399	375	368	349	341	338	318
Public safety	1,334	1,209	1,187	1,068	1,035	1,043	967	915	898	837
Public works	564	478	476	390	385	402	394	402	385	374
Health	259	223	200	164	203	161	153	149	154	157
Social services	168	145	117	108	108	116	111	106	104	98
Parks, recreation and culture	107	93	85	69	58	59	46	46	46	46
Library	217	193	182	126	128	161	106	119	115	115
Conservation of natural resources	61	30	29	19	15	8	8	8	8	7
Community dev. & public housing	15	15	14	14	11	12	11	11	11	10
Economic dev. & opportunity	57	43	69	37	40	41	39	37	34	30
Total	<u>3,389</u>	<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>

Source: Division of Finance

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

<u>Function/Program</u>	<u>2025</u>	<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>
General Government										
Human Resources										
Employment announcements issued	550	522	517	528	345	322	333	314	323	297
Employment applications received/reviewed	23,166	18,716	13,525	11,446	11,620	13,478	15,227	13,755	14,976	13,947
Finance/Accounting										
Accounts payable checks/ACH's generated (1)	29,341	27,403	22,811	65,866	23,224	23,694	23,359	21,639	19,315	19,223
Procurement & Contracting										
Formal bids, sole source & emergencies	980	717	747	782	750	699	614	406	287	286
Treasurer										
Invoices prepared	2,456	3,869	2,317	2,216	2,299	2,268	2,332	2,447	1,874	1,791
Property tax bills/delinquent notices mailed (2)	123,145	118,237	119,645	115,594	112,278	110,865	108,320	109,509	108,101	107,557
Building Maintenance										
Buildings	257	257	185	185	162	162	166	165	164	162
Work orders/service requests	3,901	4,010	4,150	3,726	3,111	3,226	3,542	3,703	3,800	4,004
Square feet of properties managed	2,005,249	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
Facility Services										
Number of leases managed	23	25	31	31	31	31	33	17	28	28
Square feet of leased property managed	205,495	204,781	84,522	84,522	222,071	45,817	77,257	74,286	100,238	100,238
Pieces of outgoing U.S. mail	195,002	190,511	183,686	177,116	194,277	218,756	272,739	233,430	243,253	234,145
Elections										
Registered voters	209,072	202,152	198,137	193,203	190,684	182,962	177,333	169,113	167,809	163,131
Liquor Board										
Regular liquor licenses	357	360	360	357	345	345	336	332	331	322
Liquor inspections	2,500	886	2,700	2,200	2,022	6,597	3,926	6,597	8,825	10,084
Internal Audit										
Internal audits performed (3)	13	19	11	18	12	12	13	12	10	12
Circuit Court										
New cases filed	8,600	7,618	6,850	6,302	4,828	7,501	9,190	8,379	8,181	8,734
Public Safety										
Housing units permitted (4)										
Sheriff's Office	407	493	625	1,432	2,155	1,518	2,226	1,410	1,263	1,302
Administration Bureau										
Civil Process papers served	13,586	17,303	24,027	18,601	11,318	17,447	21,995	22,521	22,701	23,416
Courthouse Security										
Prisoners handled: adult/juvenile	3,042	3,228	3,094	2,177	1,104	3,205	3,570	3,793	4,750	5,129
Operations: Law Enforcement										
Arrests: adult/juvenile	4,822	3,159	3,338	4,268	2,173	3,214	4,046	3,902	3,924	4,162
Calls for service	125,197	124,214	141,956	142,344	106,404	103,758	113,762	108,045	93,621	121,158
Adult Detention Center										
Average daily population	283	301	282	262	232	257	298	321	398	374
Emergency Communications										
Fire/EMS dispatches	44,174	42,424	41,561	41,911	35,482	34,022	35,682	36,739	35,222	33,646
Police dispatches	245,185	286,584	285,584	283,070	250,287	262,879	277,548	301,502	277,546	262,803
Administrative phone calls	242,051	325,655	377,244	352,293	338,472	303,752	359,884	363,781	383,672	298,311
Animal Control/ECC/Park Dispatches	43,663	35,296	38,437	35,687	38,439	29,386	31,972	31,647	28,228	28,375
911 calls	105,454	110,953	112,959	108,979	96,836	84,898	97,610	90,032	93,249	136,708
Text to 911	807	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) FY16 - FY25 includes special projects, agreed upon procedure reports, reviews, audits and closed follow up reports.

(4) FY16 data represents housing units permitted. FY16 - FY25 numbers include the County and all municipalities, but excludes the City of Frederick.

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

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Public Safety, Cont'd										
Animal Control										
Calls for service	8,480	8,439	8,086	8,320	8,068	8,766	10,968	10,543	10,446	11,834
Public Works										
Water facilities										
Customers	28,554	28,289	28,010	27,914	27,500	26,540	26,000	24,536	23,636	22,666
Annual production (1,000 gals.)	2,296,845	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
Sewer facilities										
Customers	38,854	38,523	37,491	36,767	35,650	34,624	34,183	33,267	32,178	30,978
Fleet Services										
Work orders	5,240	5,190	5,127	4,957	5,250	5,171	5,934	5,725	5,510	5,646
Vehicles maintained	1,259	1,242	1,216	1,147	1,176	1,116	1,141	1,054	966	962
Highway Operations										
County roads - mileage maintained	1,308	1,302	1,302	1,297	1,292	1,285	1,279	1,285	1,273	1,273
Usage of salt & anti-skid (tons)	15,560	11,545	4,024	13,806	20,507	6,124	31,668	21,242	12,426	12,995
Transportation Engineering										
Bridges inspected	150	165	146	146	140	141	134	142	103	145
Road overlay (miles)	76	40	47	41	39	32	32	33	33	25
Tar and chip maintenance (miles)	41	73	72	56	67	55	56	61	87	64
Construction Management										
CIP and developer funded subdivision projects completed	24	29	41	46	35	48	32	45	32	38
TransIT										
Passenger trips	928,290	836,621	688,568	554,464	413,434	431,933	593,853	614,551	636,862	677,808
Revenue vehicle miles (1)	1,130,736	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
Revenue vehicle hours (1)	83,533	114,838	78,125	81,103	75,444	74,005	85,986	83,902	81,855	81,037
Health										
Public health nursing/non-nursing contacts (2)	65,166	59,426	71,030	87,464	56,301	41,567	41,363	42,044	40,533	24,775
Mental health visits	3,119	3,472	3,729	4,075	4,353	3,612	3,836	7,518	12,781	16,514
Peer service encounters (3)	2,472	2,963	2,246	4,428	2,249	2,416	2,086	8,544	39,620	35,401
Environmental health reviews/inspections	17,277	17,237	16,355	16,263	14,641	14,098	17,390	16,591	16,610	16,150
School health program										
Children served (4)	34,067	33,631	33,162	20,661	6,039	28,035	31,031	42,340	41,984	40,819
Health room visits	299,762	294,525	288,277	240,272	20,167	210,260	305,928	299,000	345,604	338,167
Developmental Center										
Dental visits for children	4,012	4,171	3,472	3,425	2,708	2,971	3,848	4,090	4,065	4,109
Infants & Toddlers Program children served	1,012	980	925	754	728	743	797	744	682	636
School-based services visits	24,166	23,657	22,788	21,869	20,646	20,815	20,575	20,521	20,327	19,133
School-based assessments	369	364	379	428	235	335	385	376	414	325
Audiology services visits	563	409	299	245	96	508	693	775	810	798
Social Services										
Child & Adult Care Food Program										
Home visits (5)	n/a	850	900	850						
Aging & Independence										
Home delivered meals served to elderly	119,150	119,179	106,527	129,179	131,470	94,100	79,000	80,000	58,000	57,635
Congregate meals served (6)	3,773	3,790	45	-	-	6,000	10,000	10,500	10,000	10,751

*Information not available

(1) FY19 - FY25 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 FY16 - FY18. FY19 - FY25 data reflects unduplicated individuals served across all FCHD peer programs.

(4) The FY19 - FY25 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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Parks, recreation and culture										
Parks acres maintained	2,445	2,445	2,445	2,445	2,445	2,282	2,099	2,099	2,099	2,099
Recreation registrations	31,336	32,567	28,921	23,987	8,852	17,408	21,754	21,025	20,896	19,244
Conservation of natural resources										
Agriculture										
Farms	1,367	1,367	1,373	1,373	1,373	1,373	1,373	1,308	1,308	1,308
Acreage	238,820	236,648	188,576	188,576	188,576	188,576	188,576	181,512	181,512	181,512
Preserved land										
Farms	611	600	583	546	515	492	482	467	455	439
Acreage	79,645	77,612	75,559	72,298	70,100	67,166	65,546	63,565	61,667	59,220
Business support										
Ag business visits (1)	85	80	n/a							
Ag business technical assistance (1)	175	261	n/a							
Community development and public housing										
Bell Court housing project (28 units)										
Occupancy rate	98%	96%	99%	99%	99%	99%	99%	94%	100%	100%
Economic development and opportunity										
Workforce Services										
One - stop services - customers served	9,690	8,488	3,848	4,292	4,632	9,389	5,210	5,896	6,132	5,911
One - stop services - youth customers served	401	265	331	437	402	223	295	284	377	335
Job openings received	5,625	4,392	6,101	7,388	6,037	5,439	5,244	4,879	4,755	3,708
Frederick Business works projects (trainees)	87	70	71	35	17	61	84	90	45	1
Recruitment for business (2)	422	351	285	135	115	100	110	80	5	58
Customized business services support (3)	207	184	505	200	250	195	416	300	439	318
Website unique visitors	56,000	47,000	38,000	30,650	25,681	36,955	47,876	36,410	35,313	41,054
Office of Economic Development										
Website views/social media engagements (4)	n/a	121,378	257,611	249,950	202,222	237,614	208,728	29,382	1,243	513,951
Inquiries (5)	n/a	2,100	2,100							
Prospects	111	114	138	84	112	96	124	106	195	120
Projects (5)	n/a	500	400							
Business visits (6)	184	175	295	241	233	243	264	284	400	350
Business assistance (7)	132	477	492	1,860	2,231	2,413	2,328	2,501	500	400

(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 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. In FY25, website views/social media engagements are no longer being tracked in this manner.

(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

<u>Function/Program</u>	<u>2025</u>	<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>
General Government										
Building maintenance										
Buildings managed	257	257	184	185	162	162	166	165	164	162
Public Safety										
Fire/rescue stations	29	29	30	30	29	29	29	29	30	30
Adult Detention Center average daily population	283	301	299	262	232	257	298	321	398	374
Public Works										
County roads - mileage	1,308	1,302	1,301	1,297	1,292	1,285	1,279	1,285	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	17,005	17,061	17,198	17,198
Miles of water mains	387	381	380	379	373	364	355	344	336	321
Hydrants	3,570	3,538	3,520	3,512	3,447	3,339	3,224	3,117	3,026	2,843
Sewer facilities										
Plants/Collection Systems	11	11	12	12	12	12	12	12	12	12
Daily capacity (1,000 gals.)	16,038	16,038	16,043	16,043	16,043	16,043	16,043	16,043	16,043 *	16,043
Miles of sewer mains	456	453	450	446	437	427	416	406	396	377
Bridges										
Bridges (over 20' spans)	224	225	222	224	223	221	221	222	219	218
Fleet services										
Vehicles	1,541	1,350	1,249	1,160	1,176	1,097	1,008	1,054	1,001	996
Parks, Recreation and Culture										
County park acreage	2,445	2,445	2,445	2,445	2,445	2,282	2,099	2,099	2,099	2,099
County facilities	45	46	46	46	42	41	40	39	39	39

*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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