NEW ISSUE-DTC BOOK-ENTRY ONLY

DAC Bond

RATINGS: Fitch Ratings: "AAA"
Moody's: "Aaa"
Standard and Poor's: "AAA"
(See "Ratings" herein)

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants in the Tax Certificate and Compliance Agreement to be executed and delivered by the County on the date of delivery of the 2017A Bonds, and subject to the conditions stated herein under "Tax Matters," under existing law, (a) the interest on the 2017A Bonds is excludable from gross income for federal income tax purposes, and (b) the interest on the 2017A Bonds is not an enumerated preference or adjustment for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. As described herein under "Tax Matters," other federal income tax consequences may arise from ownership of the 2017A Bonds. It is also the opinion of Bond Counsel that, under existing law of the State of Maryland, the interest on the 2017A Bonds and profit realized from the sale or exchange of the 2017A Bonds is exempt from income taxation by the State of Maryland or by any of its political subdivisions; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes, or any other taxes not levied directly on the 2017A Bonds or the interest thereon. See "Tax Matters" herein."

$73,865,000
FREDERICK COUNTY, MARYLAND
General Obligation Public Facilities Refunding Bonds, Series 2017A (2020 Crossover)

Dated: Date of Delivery **Due: February 1, shown on inside cover**

The Frederick County, Maryland, General Obligation Crossover Public Facilities Refunding Bonds, Series 2017A (2020 Crossover) (the "2017A Bonds") are being issued by Frederick County, Maryland (the "County or Frederick County") only in fully registered form in aggregate denominations of $5,000 and integral multiples thereof.

The 2017A Bonds, when issued, will be registered in the name of Cede & Co., as the Bond Owner and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the 2017A Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2017A Bonds will be paid from the sources provided below by Manufacturers & Traders Trust Company, as paying agent, directly to Cede & Co. as the nominee of DTC and the registered owner of the 2017A Bonds. Disbursements of such payments to the DTC Participants are the responsibility of DTC and disbursements of such payments to the beneficial owners is the responsibility of DTC Participants and the Indirect Participants, as more fully described herein. Beneficial owners of a 2017A Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such 2017A Bonds. See "DESCRIPTION OF THE 2017A BONDS – Book-Entry Only System" herein.

The 2017A Bonds are being issued by the County for the purposes of: (i) refinancing certain of the County's General Obligation Consolidated Public Improvement Taxable Build America Bonds – Direct Payment to Issuer, Series 2010B and (ii) paying costs of issuance related thereto.

The 2017A Bonds will bear interest at the fixed rates set forth on the inside cover of this Official Statement, calculated on the basis of a 360-day year comprised of twelve thirty-day months, payable semi-annually on each February 1 and August 1, commencing August 1, 2017.

Series 2017A bonds are not subject to redemption prior to their respective maturities.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2017A Bonds are offered for delivery when, as and if issued by the County and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice and the receipt of the opinion of Venable LLP, Baltimore, Maryland, Bond Counsel, as to the validity of the 2017A Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the Underwriters by McGuireWoods LLP, Baltimore, Maryland. It is expected that the 2017A Bonds will be available for delivery on or about April 11, 2017.

J.P. Morgan **Citigroup** **M&T Securities, Inc.**

The date of this Official Statement is March 28, 2017.

$73,865,000 General Obligation Public Facilities Refunding Bonds, Series 2017A (2020 Crossover)

MATURITIES, AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIPS

Maturing February 1	Principal Amount	Interest Rate	Price or Yield	CUSIP*	Maturing February 1	Principal Amount	Interest Rate	Price or Yield	CUSIP*
2021	$5,935,000	5.00%	1.36%	35569PBS1	2026................	$7,485,000	5.00%	2.19%	35569PBX0
2022	6,220,000	5.00	1.56	35569PBT9	2027................	7,850,000	5.00	2.29	35569PBY8
2023	6,475,000	5.00	1.76	35569PBU6	2028................	8,240,000	5.00	2.43	35569PBZ5
2024	6,795,000	5.00	1.93	35569PBV4	2029................	8,650,000	5.00	2.57	35569PCA9
2025	7,130,000	5.00	2.07	35569PBW2	2030................	9,085,000	5.00	2.74	35569PCB7

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*CUSIP (Committee on Uniform Securities Identification Procedures) data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association ("ABA") by S&P Capital IQ. "CUSIP" is a registered trademark of the ABA. CUSIP numbers are included solely for the convenience of the holders of the 2017A Bonds. Neither the County nor the Underwriters take any responsibility for the accuracy of CUSIP information. The CUSIP number for a specific maturity is subject to change after the issuance of the 2017A Bonds in certain circumstances. The County has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the assigned CUSIP numbers set forth herein. The use of CUSIP numbers in this Official Statement is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services.

PROSPECTIVE HOLDERS OF THE 2017A BONDS ARE ADVISED TO READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO. SPECIAL REFERENCE IS MADE TO THE SECTION "THE 2017A BONDS – SECURITY FOR THE 2017A BONDS" THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE 2017A BONDS.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE 2017A BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

IN CONNECTION WITH THE OFFERING OF EITHER SERIES OF THE 2017A BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES OF THE 2017A BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriters.

Certain information contained herein has been obtained from The Depository Trust Company and other sources which are believed to be reliable, but has not been independently verified by, is not guaranteed as to accuracy or completeness by and is not to be construed as a representation of the County or the Underwriters. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the 2017A Bonds shall under any circumstances create any implication that there has been no change in the affairs of the County since the respective dates as of which information is given herein. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the 2017A Bonds.

This Official Statement should be considered in its entirety and no one factor should be considered less important than any other by reason of its location herein. Where agreements, reports or other documents are referred to herein, reference should be made to such agreements, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. A number of important factors, including factors affecting the County's financial condition, could cause actual results to differ materially from those stated in the forward-looking statements.

In order and placement of information in this Official Statement, including the appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices, must be in its entirety. The captions and headings in the Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions.

THE 2017A BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT.

THE 2017A BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT.

FREDERICK COUNTY, MARYLAND
OFFICIAL ROSTER OF COUNTY OFFICIALS

COUNTY EXECUTIVE

Jan H. Gardner

COUNTY COUNCIL

Bud Otis, President
M.C. Keegan-Ayer, Vice President
Tony Chmelik, Treasurer
Kirby Delauter
Jerry Donald
Jessica Fitzwater
Billy Shreve

CERTAIN APPOINTED AND MANAGERIAL OFFICIALS

W. Paul Dial
Chief Administrative Officer

Lori L. Depies, CPA
Director, Finance Division

Steven C. Horn
Director, Planning & Permitting Division

John S. Mathias
County Attorney

Charles F. Nipe
Director, Public Works Division

Kevin L. Demosky
Director, Utilities and Solid Waste Management Division

Helen Propheter
Director, Office of Economic Development

BOND COUNSEL
Venable LLP
Baltimore, Maryland

COUNTY AUDITOR
SB & Company
Hunt Valley, Maryland

FINANCIAL ADVISOR
Davenport & Company LLC
Towson, Maryland

PAYING AGENT AND BOND REGISTRAR
Manufacturers and Traders Trust Company
Baltimore, Maryland

VERIFICATION AGENT
The Arbitrage Group, Inc.
Tuscaloosa, Alabama

No dealer, broker, salesman, or other person has been authorized by the County or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2017A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been obtained from the County and other sources which are deemed to be reliable but it is not to be construed as a representation by the County as to information from sources other than the County.

This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the 2017A Bonds.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the 2017A Bonds shall under any circumstances create any implication that there has been no change in the affairs of the County since the respective dates as of which information is given or the date hereof.

Figures used in this Official Statement relating to tax collections, assessed value of property and the financial position of the County have been taken from official records of the County.

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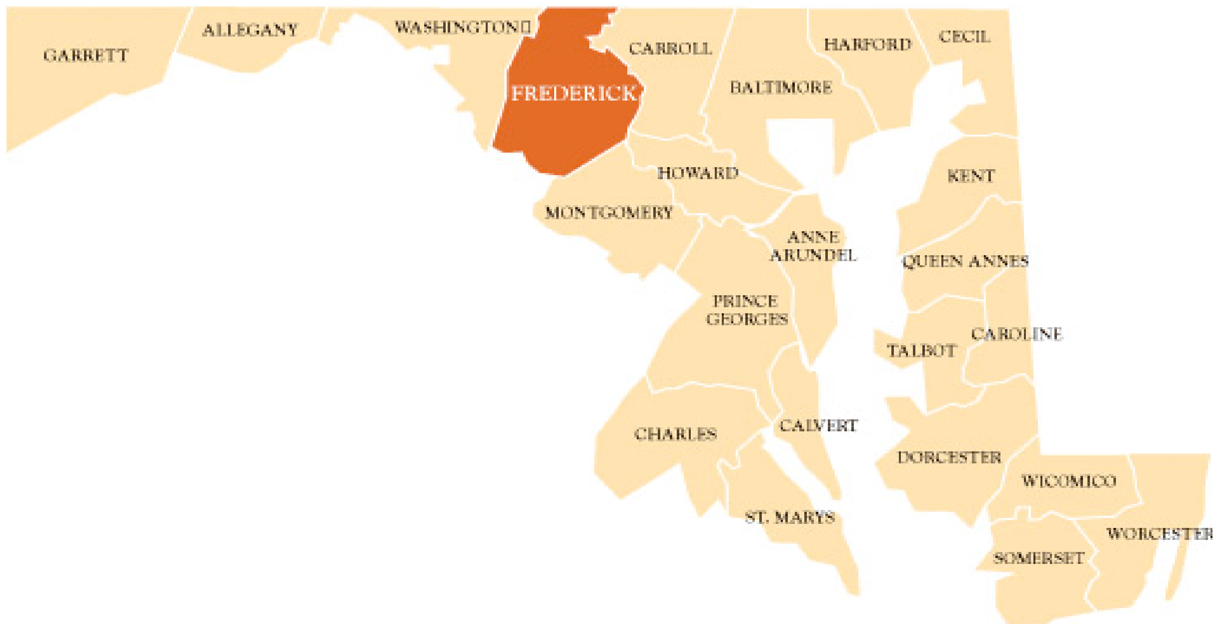
LOCATION

The County is located in the north central part of the State of Maryland, 245 miles from New York City, 150 miles from Philadelphia, 45 miles from Baltimore, and 45 miles from Washington, D.C.



OFFICIAL STATEMENT

$73,865,000

FREDERICK COUNTY, MARYLAND
General Obligation Public Facilities Refunding Bonds, Series 2017A (2020 Crossover)

INTRODUCTION

The purpose of this Official Statement, including the cover page, inside cover page and Appendices hereto, is to set forth certain information in connection with the issuance and sale by Frederick County, Maryland (the "County") and the $73,865,000 General Obligation Crossover Public Facilities Refunding Bonds Series 2017A (2020 Crossover) (the "2017A Bonds"). However, statements made involving estimates and assumptions, whether or not expressly so stated, are intended merely as such and not as representations of facts. Figures herein relating to tax collections, assessed value of property, and the financial position of the County have been taken from official records of the County.

The material and information contained in this Official Statement have been provided by the County and the execution and distribution of this Official Statement have been authorized and approved by the County.

Frederick County, founded in 1748, originally included the present Maryland counties of Garrett, Allegany, Washington, Carroll and Montgomery. It is located in the north central part of Maryland and is 664 square miles in area. The County is bordered on the north by Pennsylvania, on the west by Washington County, on the east by Howard and Carroll Counties, and on the south by Montgomery County and Virginia. The estimated population of the County as of July 1, 2016 is 246,972.

There are 12 incorporated towns within the County. The County seat and largest city is the City of Frederick, which has an estimated population of 70,691 as of July 1, 2016. The City of Frederick is located approximately 45 miles northwest of Washington, D.C. and 45 miles west of Baltimore, Maryland.

The County is a body politic and corporate and a political subdivision of the State of Maryland (the "State"), and is a "charter county" under the Maryland Constitution. As a charter county, the County has significant home rule powers, including the powers to enact local laws, to levy and collect taxes and assessments, and to incur debt. See "COUNTY GOVERNMENT AND ADMINISTRATION" below.

The executive offices of the County are located at Winchester Hall, 12 East Church Street, Frederick, Maryland. The County's central telephone number is (301) 600-1100 and the County's website is www.frederickcountymd.gov.

Any questions regarding this Official Statement or the 2017A Bonds should be directed to the Director of Finance, Frederick County, Maryland, Winchester Hall, 12 East Church Street, Frederick, Maryland 21701, telephone number (301) 600-1753.

THE 2017A BONDS

General

The 2017A Bonds will be dated the date of their delivery and will bear interest at the rates and mature in the amounts and at the times set forth on the inside front cover page hereof.

Interest on the 2017A Bonds, calculated on the basis of a 30-day month/360-day year factor, will be payable semiannually on February 1 and August 1, commencing August 1, 2017, until the principal amount is paid.

Interest on the 2017A Bonds shall be payable to the person in whose name such 2017A Bond is registered on the registration books for the 2017A Bonds as of the 30th calendar day of the month immediately preceding each interest payment date.

The 2017A Bonds will be issued in fully-registered form without coupons and will be issued in denominations of $5,000 and integral multiples thereof. The 2017A Bonds initially will be issued in book-entry form without any physical distribution of certificates made to the public. The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the 2017A Bonds and the 2017A Bonds will be registered in the name of DTC's partnership nominee, Cede & Co. (See "DTC and Book-Entry Only System" below).

So long as the 2017A Bonds are maintained in book-entry form, payments of principal, premium and interest on the 2017A Bonds will be made as described below under "DTC and Book-Entry Only System." At any other time, the principal amount of and premium, if any, on the 2017A Bonds will be payable at the principal corporate trust office of Manufacturers and Traders Trust Company, Baltimore, Maryland (the "Paying Agent" and "Bond Registrar"). Interest on the 2017A Bonds will be payable by check of the Paying Agent mailed to the registered owners thereof. The principal of, premium, if any, and interest on the 2017A Bonds will be paid in lawful money of the United States of America in the manner and at the places hereinabove described.

The 2017A Bonds will be valid and legally binding general obligations of the County, to which the full faith and credit and unlimited taxing power of the County will be pledged. They are not guaranteed by the State of Maryland or any other entity. Security for the 2017A Bonds is more fully described herein under "THE BONDS - Security for the 2017A Bonds".

Authorization

The 2017A Bonds are issued pursuant to the authority of Chapter 145 of the Laws of Maryland of 2005 (the "2005 Act"), Chapter 382 of the Laws of Maryland of 2007 (the "2007 Act") and Section 19-207 of the Local Government Article of the Annotated Code of Maryland, as amended (the "Refunding Act" and, together with the 2005 Act and the 2007 Act, the "Acts") and Resolution No. 17-05 adopted by the Frederick County Council (the "County Council") on February 21, 2017 (the "Resolution").

Security for the 2017A Bonds

The Acts provide that the 2017A Bonds constitute an irrevocable pledge of the full faith and credit and unlimited taxing power of the County to the payment of the maturing principal of and interest on the 2017A Bonds as and when they become payable. The Acts further provide, and the County has covenanted in the Resolution, that in each and every fiscal year that any of the 2017A Bonds are outstanding the County shall levy or cause to be levied ad valorem taxes upon all assessable property within the corporate limits of the County in rate and amount sufficient to provide for or assure the payment, when due, of the principal of and interest on all such Bonds maturing in each such fiscal year and, if the proceeds from the taxes so levied in such fiscal year prove inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up any deficiency.

The Acts further provide that the County may apply to the payment of the principal of and interest on any 2017A Bonds any funds received by it from the State, the United States of America, or any agency or instrumentality of either, or from any other source. If such funds are available for the purpose of assisting the County in financing the construction of the public facilities as defined in the Acts, and, to the extent of any such funds received or receivable in any fiscal year, taxes that might otherwise be required to be levied under the Acts may be reduced or need not be levied.

On and prior to February 1, 2020 (the "Crossover Date"), payment of the interest on the 2017A Bonds will be paid from and additionally secured by funds held in the Escrow Account (as defined herein). Moneys remaining in the Escrow Account on the Crossover Date shall be used to redeem all of the Refunded Bonds (as defined herein) in advance of their scheduled maturities. See "THE 2017A BONDS – Application of Proceeds of the 2017A Bonds; Crossover Refunding Program."

Indebtedness of the County presently outstanding and the County's authority to issue future debt are described herein under "CERTAIN DEBT INFORMATION".

DTC and Book-Entry Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2017A Bonds. The 2017A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the 2017A Bonds, each in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017A Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2017A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2017A Bonds, except in the event that use of the book entry system for the 2017A Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2017A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2017A Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 2017A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2017A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2017A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2017A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the 2017A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Bond Registrar and Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar and Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2017A Bonds at any time by giving reasonable notice to the County or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, definitive Bonds are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The current "Rules" applicable to DTC and its Participants are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC. The information under this heading concerning DTC and DTC's book-entry only system has been obtained from sources that the County believes to be reliable. No representation is made by the Bond Registrar and Paying Agent or the County as to, and the Bond Registrar and Paying Agent and the County take no responsibility for, the completeness or the accuracy of such information or the absence of material adverse changes in such information subsequent to the date of this Official Statement.

So long as Cede & Co., or any successor thereto, is the registered owner of the 2017A Bonds, as DTC's partnership nominee, references herein to the 2017A Bond holders or registered owners of the 2017A Bonds shall mean DTC and shall not mean the Beneficial Owners of the 2017A Bonds. During such period, the Bond Registrar and Paying Agent and the County will recognize DTC or its partnership nominee as the owner of all of the 2017A Bonds for all purposes, including the payment of the principal of, redemption premium, if any, and interest on the 2017A Bonds, as well as the giving of notices and voting.

NEITHER THE COUNTY NOR THE BOND REGISTRAR AND PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OF THE BONDS WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT OF ANY AMOUNT DUE TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (4) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BONDS TO BE GIVEN TO BOND OWNERS; (5) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

DTC may charge the Participants a sum sufficient to cover any tax, fee or other governmental charge that may be imposed for every transfer and exchange of a beneficial interest in the 2017A Bonds, and the Participants may seek reimbursement therefor from the Beneficial Owners.

Application of Proceeds of the 2017A Bonds; Crossover Refunding Program

The proceeds of the 2017A Bonds will be escrowed and used to redeem certain outstanding bonds (the "Refunded Bonds") of the Frederick County, Maryland Consolidated Public Improvement Taxable Build America Bonds – Direct Pay to Issuer, Series 2010B (the "Series 2010B Bonds"), and to pay costs of issuing the 2017A Bonds. A portion of each maturity of the Series 2010B Bonds was previously advance refunded; the Refunded Bonds consist of the outstanding balance of each maturity. The escrowed funds will be applied to redeem the Refunded Bonds on the Crossover Date and at the respective redemption prices set forth in Appendix D hereto. The County is issuing the 2017A Bonds to refund the Refunded Bonds in order to realize savings on debt service costs. As a result of the refunding, net present value savings will be obtained by the County. The Refunded Bonds are more fully described in Appendix D hereto.

The refunding method being used is frequently termed a "crossover refunding" in that provision is made to set aside immediately, from the proceeds of a refunding bond issue and other funds then available, monies for investment which, together with the interest to be received thereon, shall be sufficient to pay (i) interest due on the 2017A Bonds from August 1, 2017, through and including the Crossover Date, and (ii) the redemption price of the Refunded Bonds on the Crossover Date.

The proceeds of the 2017A Bonds will be applied to the purchase of non-callable direct obligations of the United States of America ("Government Obligations") and used to pay certain expenses of the County related to the issuance and disposition of the proceeds of the 2017A Bonds. Any proceeds remaining after purchase of the Government Obligations will be held in cash. The Government Obligations will be held in trust (the "Escrow Account") by Manufacturers and Traders Trust Company (the "Escrow Agent") pursuant to an escrow agreement to be dated as of the date of issuance of the 2017A Bonds, between the Escrow Agent and the County. The Government Obligations will mature at such times and in such amounts, and will bear interest payable at such times and in such amounts so that sufficient money will be available to pay (i) interest on the 2017A Bonds accruing to and including the Crossover Date and (ii) the redemption price of the Refunded Bonds on the Crossover Date. An examination of yields and escrow sufficiency prepared by The Arbitrage Group, Inc. has been made showing that the cash and securities deposited to provide for the payment of interest on the 2017A Bonds and redemption price of the Refunded Bonds will be sufficient for such purposes. The Escrow Agent will be irrevocably instructed to redeem the Refunded Bonds on the Crossover Date. The County has covenanted not to exercise any other redemption option it may have with respect to the Series 2010B Bonds prior to such redemption date. Prior to the Crossover Date the Refunded Bonds remain general obligations of the County.

Sources of Funds and Refunding Requirements

Sources of Funds	
Principal Amount of the 2017A Bonds	$73,865,000.00
Original Issue Premium	15,629,333.25
TOTAL SOURCES OF FUNDS	$89,494,333.25
Refunding Requirements	
Purchase Price of Restricted Acquired Obligations	$88,807,338.00
Initial Cash Deposit	712.43
Costs of Issuance [(1)]	491,732.74
Underwriter's Discount	194,550.08
TOTAL REQUIREMENTS...............................	$89,494,333.25

(1) Includes legal, financial advisory, verification agent, accounting, bond registrar, paying agent, escrow agent, printing and miscellaneous expenses.

Redemption

The Series 2017A Bonds are not subject to redemption prior to their respective maturities.

Registration and Transfer

So long as the 2017A Bonds are maintained in book-entry form, transfers of ownership interests will be made as described above under "DTC and Book-Entry Only System." At any other time, the 2017A Bonds will be transferable only upon the registration books kept at the principal corporate trust office of the Bond Registrar, by the registered owner thereof upon surrender thereof together with a written instrument of transfer in form attached thereto and satisfactory to the Bond Registrar and duly executed by the registered owner or his duly authorized attorney. The County may deem and treat the person in whose name a Bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal or redemption price thereof and interest due thereon and for all other purposes. Upon any such transfer or exchange, the County shall execute and the Bond Registrar shall authenticate and deliver a new registered Bond or Bonds of any authorized denomination in an aggregate principal amount equal to the principal amount of the 2017A Bond exchanged or transferred and maturing on the same date and bearing interest at the same rate. In each case, the County and the Bond Registrar may require payment by any holder of Bonds requesting exchange or transfer of Bonds of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect to such exchange or transfer, and the County and the Bond Registrar may charge a sum sufficient to reimburse them for expenses incurred in connection with such exchange or transfer. The Bond Registrar shall not be required to transfer or exchange any Bond within fifteen (15) days preceding any interest payment date or after the mailing of notice calling such Bond or portion thereof for redemption as hereinafter described; provided, however, that the foregoing limitation shall not apply to that portion of a Bond in excess of $5,000 which is not being called for redemption.

Bondholders' Remedies

It is the opinion of Bond Counsel that the County may be sued in the event that it fails to perform its obligations under the 2017A Bonds to the registered owners thereof and that any judgments resulting from such suits would be enforceable against the County. Nevertheless, a holder of a Bond who has obtained any such judgment may be required to seek additional relief to compel the County to assess, levy and collect such taxes as may be necessary to provide the funds from which such judgment may be paid. Although there is no State law with respect to this issue, it is the opinion of Bond Counsel that the appropriate courts of the State have jurisdiction to entertain proceedings and power to grant additional relief, such as a mandatory injunction, if necessary, to enforce the levy and collection of such taxes and payment of the proceeds thereof to the holders of general obligation bonds, pari passu, subject to the inherent constitutional limitations referred to below. It is also the opinion of Bond Counsel that, while remedies would be available to bondholders and while the 2017A Bonds are entitled to constitutional protection against the impairment of the obligation of contracts, such constitutional protection and the enforcement of such remedies would not be absolute.

Enforcement of a claim for payment of the principal of or interest on the 2017A Bonds could be made subject to the provisions of federal bankruptcy laws or of any statutes that may hereafter be constitutionally enacted by the United States Congress or the Maryland General Assembly extending the time of payment or imposing other constraints upon enforcement.

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RATINGS

Fitch Ratings, Moody's Investors Service, Inc., and Standard & Poor's Credit Market Services have given the 2017A Bonds the ratings indicated on the cover page of this Official Statement. An explanation of the significance of such ratings may be obtained only from the rating agency furnishing the same. The County furnished to such rating agencies the information contained in a preliminary form of this Official Statement and other information. Generally, rating agencies base their ratings on such materials and information, as well as their own investigations, studies and assumptions. Such ratings may be changed at any time and no assurance can be given that they will not be revised downward or withdrawn entirely by any or all of such rating agencies if, in the judgment of any or all, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the 2017A Bonds.

LEGAL MATTERS

Approval of Legal Proceedings

The validity of the 2017A Bonds and their treatment for federal income tax purposes will be passed upon by Venable LLP, Baltimore, Maryland, Bond Counsel. The proposed form of Bond Counsel's opinion is set forth in Appendix B to this Official Statement.

TAX MATTERS

Federal Income Taxation

In the opinion of Bond Counsel, under existing law, the interest on the 2017A Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes).

Summary. Under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain requirements that must be met subsequent to the issuance of the 2017A Bonds in order for the interest on the 2017A Bonds to remain excludable from gross income for federal income tax purposes, including restrictions that must be complied with throughout the term of the 2017A Bonds. Such restrictions include, among other things, limitations on the yield of investments acquired with gross proceeds of the 2017A Bonds and the periodic payment to the United States of specified portions of arbitrage profit derived from such investments.

In order to comply with the requirements of the Code, the County has made covenants and agreements that are designed to satisfy the requirements of Section 103 and Sections 141 through 150, inclusive, of the Code, and the income tax regulations issued thereunder. In the opinion of Bond Counsel, these covenants and agreements are sufficient to meet the requirements (to the extent applicable to the 2017A Bonds) of Section 103 and Sections 141 through 150 of the Code. However, Bond Counsel assumes no responsibility for, and will not monitor, compliance with these covenants and agreements. In the event of noncompliance with such covenants and agreements, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the 2017A Bonds from becoming includable in gross income for federal income tax purposes retroactively to the date of issue.

Under the Code, in calculating corporate alternative minimum tax, a corporation is required to increase its alternative minimum taxable income by 75 percent of the amount by which its "adjusted current earnings" exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For this purpose, "adjusted current earnings" would include, among other items, interest on the 2017A Bonds. In addition, the Code imposes a branch-level tax on certain earnings and profits of foreign corporations operating branches in the United States, and such earnings and profits would include interest on the 2017A Bonds.

Additional Consequences. Other federal income tax consequences may arise from ownership of the 2017A Bonds, and in connection therewith, attention is directed to the following provisions of the Code: (a) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the 2017A Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the 2017A Bonds, (b) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the 2017A Bonds, (c) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on bonds such as the 2017A Bonds, and (d) for S corporations having subchapter C earnings and profits, the receipt of certain amounts of passive investment income, which includes interest on the 2017A Bonds, may result in the imposition of income tax on such passive investment income and, in some cases, loss of S corporation status.

Bond Premium. A 2017A Bond will be considered to have been issued at a premium if, and to the extent that, the holder's tax basis in the 2017A Bond exceeds the amount payable at maturity (or, in the case of a 2017A Bond callable prior to maturity, the amount payable on the earlier call date). The holder will be required to reduce his tax basis in the 2017A Bond for purposes of determining gain or loss upon disposition of the 2017A Bond by the amount of amortizable bond premium that accrues (determined on a constant yield method) during the period of ownership. No deduction (or other tax benefit) is allowable in respect of any amount of amortizable bond premium on the 2017A Bonds.

Original Issue Discount. The initial public offering price of some of the 2017A Bonds may be less than the amount payable on those Bonds at maturity. The excess, if any, of the amount payable at maturity of a Bond over the initial public offering price (plus accrued interest from the dated date of the 2017A Bond to the date of initial delivery of the 2017A Bond) at which a substantial amount of the same maturity of the 2017A Bonds was sold constitutes original issue discount ("OID") for federal income tax purposes. The full amount of OID will accrue over the term of a 2017A Bond in accordance with a constant yield method (using semiannual compounding) which allocates smaller portions of OID to earlier semiannual compounding periods and larger portions of OID to later semiannual compounding periods. In the case of an original or a subsequent holder of a Bond, the amount of OID which is treated as having accrued with respect to such 2017A Bond during the period that the holder has held it (a) is not included in the gross income of the holder for federal income tax purposes, and (b) is included in the cost basis of the holder in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). Holders of 2017A Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of OID accrued upon the sale, redemption or payment at maturity of the 2017A Bonds.

Prospective purchasers of the 2017A Bonds should consider possible state and local, excise, or franchise tax consequences arising from original issue discount on the 2017A Bonds. In addition, prospective corporate purchasers of the 2017A Bonds should consider possible federal income tax consequences arising from original issue discount on the 2017A Bonds under the alternative minimum tax and the branch profits tax described above.

Legislation. Legislative proposals presently before Congress or that are introduced after issuance and delivery of the 2017A Bonds, if enacted, could alter or amend one or more of the federal tax matters referred to above and/or adversely affect the market value of the 2017A Bonds. It cannot be predicted whether or in what form any such proposal may be enacted, and there can be no assurance that any such proposal would not apply to Bonds issued prior to the enactment of such proposal. Accordingly, prospective purchasers of the 2017A Bonds should consult with their tax advisors as to the status and potential effect of such proposals.

IRS Examinations. The Internal Revenue Service (the "Service") has a program to audit state and local government bonds to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the 2017A Bonds, under current Service procedures, the Service will treat the County as the taxpayer and the owners of the 2017A Bonds will have only limited rights, if any, to participate in the audit process. Any action of the IRS, including but not limited to selection of the 2017A Bonds for audit, or the course or result of such an audit, or an audit of bonds presenting similar issues, may affect the market value and marketability of the 2017A Bonds. Bond Counsel's engagement with respect to the 2017A Bonds ends with the issuance of the 2017A Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the County or owners of the 2017A Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS.

Backup Withholding. Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt bonds, including the 2017A Bonds, are in certain cases subject to information reporting for federal income tax purposes in a manner similar to that applicable to taxable bonds. Additionally, backup withholding may apply to any such payments to any 2017A Bond holder who fails to provide an accurate From W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2017A Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. These reporting and backup withholding requirements do not in and of themselves affect or alter the excludability of such interest from gross income for federal tax purposes or any other federal tax consequences of purchasing, holding or selling tax-exempt bonds.

Other Consequences. The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete. Prospective purchasers and holders of the 2017A Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

Maryland State and Local Income Tax

In the opinion of Bond Counsel, under existing law of the State, the interest on the 2017A Bonds and the profit realized from the sale or exchange of the 2017A Bonds is exempt from income taxation by the State or by any of its political subdivisions; but no opinion is expressed as to estate or inheritance taxes or any other taxes not levied or assessed directly on the 2017A Bonds or the income therefrom.

Interest on the 2017A Bonds may be subject to state or local income taxes in jurisdictions other than the State under applicable state or local tax laws. Prospective purchasers of the 2017A Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the 2017A Bonds and regarding the taxable status of the 2017A Bonds in a particular state or local jurisdiction other than the State.

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COUNTY GOVERNMENT AND ADMINISTRATION

General

Frederick County, Maryland (the "County") is a body corporate and politic, which performs local governmental functions within the County except for those performed by its 12 incorporated municipalities. Certain independent agencies, which provide services to County residents, are funded by the County. See "Independent Agencies" under this heading.

The County provides a full range of services, including fire and rescue; law enforcement; sanitation services; construction and maintenance of highways, streets, and infrastructure; recreational activities; permitting and zoning activities: and general government activities. The County's sanitation services, i.e., water, sewer, and solid waste management (including residential recycling), are wholly supported through user fees; the remaining services are primarily tax-supported. Incorporated municipalities within the County provide some or all of the following services within their boundaries which relieves the County from providing these services in those areas: water, sewer, solid waste management, highway and street maintenance, parks and recreation, and police protection. There have been no recent significant changes or interruptions in the provision of these services.

The County is a "charter county" under the Maryland Constitution. Prior to December 1, 2014, the County was governed under the county commissioner form of government. As a charter county, the County operates under separate legislative and executive branches of government, with the legislative power vested in an elected County Council and executive power in an elected County Executive. Charter counties have significant home rule powers, including the powers to enact local laws, to levy and collect taxes and assessments, and to incur debt.

The County Council is composed of seven members, consisting of five members elected from council districts and two at-large members. Council members serve four-year terms, and may not serve more than three consecutive terms.

The County Executive is the chief executive officer of the County, and serves a four-year term. No County Executive may serve more than two consecutive terms. The County Executive appoints other County executive officers, including a Chief Administrative Officer, a County Attorney, a Director of Finance, and other department heads.

The financial affairs of the County are administered by the Director of Finance. The Director of Finance's duties include the disbursement of County funds, the keeping and supervision of all accounts, the control of all expenditures on the basis of budgetary appropriations and allotments, the preparation of bond sales, advising on debt management and the preparation of the County's annual financial report. In addition, the Director of Finance is responsible for the procurement operation, the treasurer's office and the risk management office.

The Frederick County, Maryland Government Organization Chart is found on the next page.

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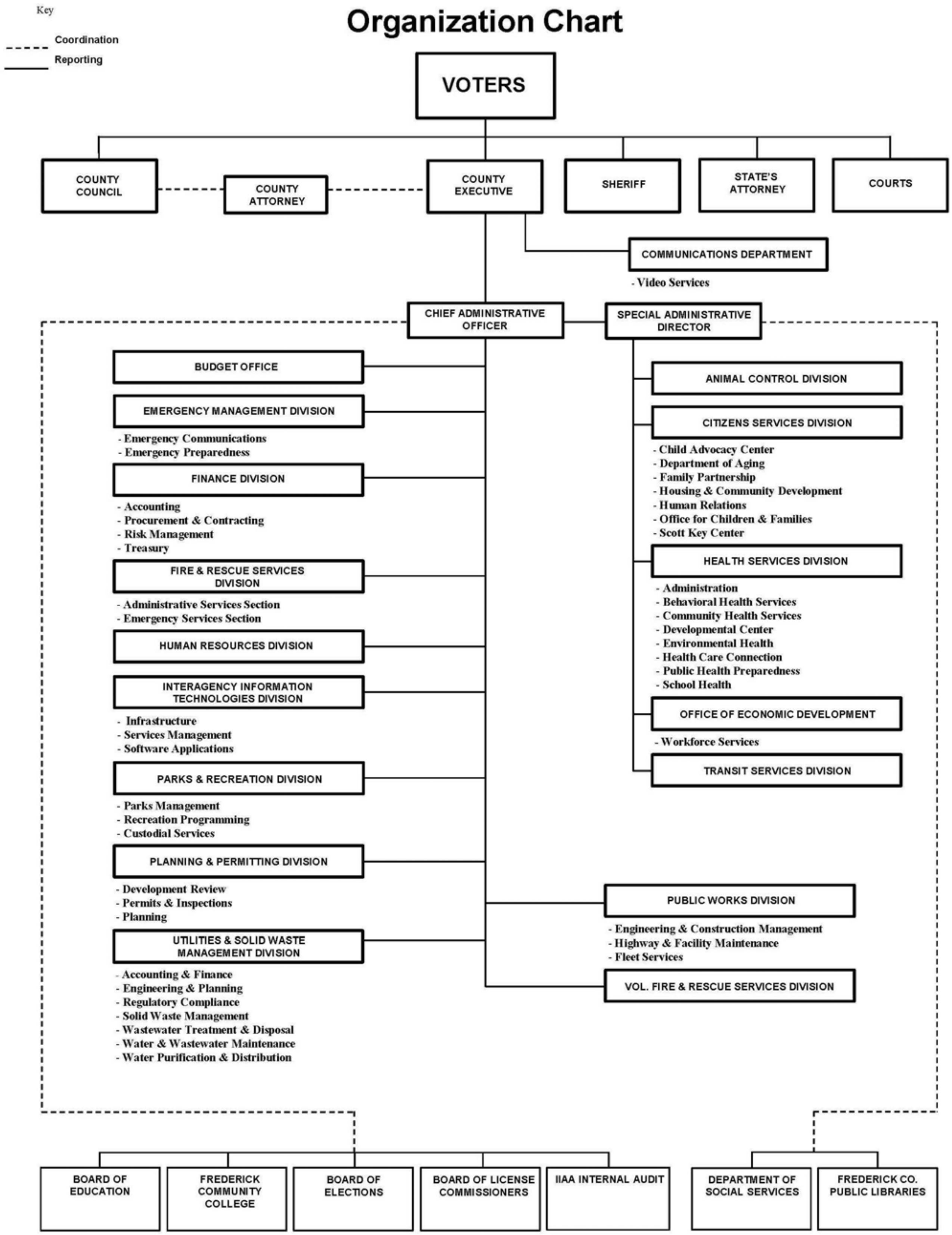
FREDERICK COUNTY GOVERNMENT
Organization Chart



Certain Elected and Appointed Officials

Jan H. Gardner, County Executive, was elected Frederick County's first county executive in November 2014. She previously served as a County Commissioner for 12 years, including as President of the Board of County Commissioners from 2006 to 2010. She currently serves on the Board of Directors for both the Maryland Association of Counties (MACo) and the Metropolitan Washington Council of Governments; she is also a Past President of MACo. She serves on the Frederick County Fire and Rescue Advisory Board, the Frederick Area Committee for Transportation, and the MACo Legislative Committee and Tax Committee. Additionally, she is a founding member of the Business and Industry Cabinet, serves on the Tourism Council of Frederick County Board of Directors, and the Frederick County Solid Waste Steering Committee. County Executive Gardner has been named one of Maryland's Top 100 Women by the Daily Record three times and is a member of the Circle of Excellence. Her business experience includes accounting, operations planning and new product development for the Quaker Oats Company, a Fortune 100 company. She gained valuable federal government experience as the State Director for U.S. Senator Barbara A. Mikulski. Ms. Gardner earned an MBA from Xavier University and a BBA in Finance and Economics from the University of Notre Dame. She also is a graduate of the Rawlings Leadership Training Program through the University of Maryland.

Harold "Bud" Otis, County Council President, was elected to Frederick County's first County Council under the new Charter form of government in December 2014. He previously served as Chief of Staff to U.S. Congressman Roscoe Bartlett for 12 years. During his tenure on Capitol Hill, he initiated the development of the Fort Detrick Alliance and brought SmartPROC to Frederick. He currently serves on the Interagency Internal Audit Authority, Board of Supervisors of Elections, Frederick County Volunteer Fire & Rescue Association, Transportation Services Advisory Council, Metropolitan Washing Council of Governments National Capital Region Transportation Board, Retirement Plan Committee, Business and Industry Cabinet, and was previously on the Ethics Commission. Mr. Otis is also an advisory board member of Operation Second Chance, a non-profit in service to wounded warriors. He earned a bachelor's degree in business administration from Andrews University in Michigan. His business experience includes President of the Review and Herald Publishing Association, Assistant to the President of the General Conference of Seventh-Day Adventists, President of Family Enrichment Resources, and Chair of the Board of Directors of the Major General Boyd Cook Foundation.

M.C. Keegan-Ayer, County Council Vice President, has resided in Frederick County for more than 25 years. She has three children and is particularly interested in education, growth, and development. Ms. Keegan-Ayer is a graduate of Bridgewater College with a degree in education. She taught first grade for 2 years, then worked on Capitol Hill for 10 years, first as a Legislative Assistant, then as a Legislative Director, and finished up as a lobbyist for an organization representing workers from across the U.S. Ms. Keegan-Ayer joined the PTA of her children's schools and continued to work on the PTA's for over 20 years in various capacities. She also served on the PTA Council of Frederick County, first as Chair of the Legislative Issues Committee, and later as the 2nd Vice President in charge of all legislative issues and advocacy efforts.

Tony Chmelik, County Council Treasurer, has lived in Frederick County for over 40 years. He is a graduate from Linganore High School and received a bachelor's degree in mathematics and engineering from Belmont Abbey College. Mr. Chmelik is the owner of Chesky Construction, Inc. and a partner in Affordable Geothermal, LLC. As a Knight of Columbus, Mr. Chmelik has volunteered hundreds of hours in service to the community.

Kirby Delauter, County Council Member, is a former Frederick County Commissioner from 2010-2014. Mr. Delauter was raised in Frederick County and graduated from Catoctin High School. He is a veteran of the U.S. Army. Mr. Delauter worked within the construction industry and in 1993 purchased the family business, W.F. Delauter and Son, Inc., with his business partner Mr. Carl Athey. Mr. Willie F. Delauter and Mr. Russell Delauter, Mr. Delauter's grandfather and father, opened the business in 1955. The business continues to operate today doing projects in Maryland, Pennsylvania, and Virginia. Mr. Delauter has served on the Thurmont Police Commission and as chair of the Thurmont Board of Appeals.

Jerry Donald, County Council Member, is a native and has worked in Frederick County for more than 25 years as a teacher. He is a graduate of Middletown High school and Western Maryland College (now McDaniel College). Mr. Donald is married, has three teenage daughters and resides in Braddock Heights, Maryland. Besides teaching, he has been in sales, coached and officiated high school sports, and served as President of the Braddock Heights Community Association.

Jessica Fitzwater, County Council Member, was born and raised in Smithsburg, Maryland, and has been residing in Frederick for 10 years. She holds a bachelor's degree in music from St. Mary's College of Maryland, and a master's degree in educational leadership from Hood College. Ms. Fitzwater is also a graduate of Emerge Maryland, a prestigious political leadership program for Democratic women. She is a music teacher at Oakdale Elementary School, where she also directs an extracurricular inclusive chorus. In 2012 Ms. Fitzwater was named one of The Frederick News-Post's 13 Young Professionals Under 30, in 2014 she was named the National Education Association's (NEA) Political Activist of the year, and in 2015 she was named one of the MD Daily Record's Leading Women. She is a past member of the Board of Directors of the Frederick County Teachers Association and currently serves as the Secretary/Treasurer on the Board of Directors of the Frederick Arts Council. Ms. Fitzwater also plays violin in the Frederick Symphony Orchestra.

Billy Shreve, County Council Member, is a former Frederick County Commissioner having served in such capacity from 2010-2014. He is a commercial realtor and consultant in Frederick and is licensed in Maryland and Pennsylvania. Mr. Shreve attended Frederick County Public Schools, Frederick Community College, and Hood College. He currently serves as the chair for the Frederick County Republican Central Committee. He has also served as chair of the Frederick County Board of Zoning Appeals and is a past member of the Frederick City Planning Commission. Mr. Shreve is a past president of the local chapter of Habitat for Humanity.

Paul Dial, Chief Administrative Officer, was appointed to the position on June 2, 2016. Mr. Dial brings nearly 20 years of government experience for the role, as he served as Director of the Division of Parks and Recreation since 1996. His management of the Division of Parks and Recreation included oversight of year-round and seasonal employees at various county park locations, as well as management of the County's security and custodial staff. He was responsible for 2,100 acres of parkland and 500 acres of other County-owned land. He administered a $8.4 million operating budget and a $37.4 million, six-year, capital improvements program budget. Mr. Dial received his bachelor of science degree at Marshall University in Huntington, West Virginia and is a Certified Parks and Recreation Professional (CPRP). He is a member of the National Recreation and Park Association. He served as President of the Maryland Recreation Parks Association and also Chair of the Maryland Association of Counties, Parks and Recreation Affiliate. He has also been an adjunct professor at the University of Maryland/Baltimore County.

John S. Mathias, County Attorney, was appointed to his position in September 1988. Mr. Mathias received his bachelor of arts degree in economics from St. John's University, Collegeville, Minnesota, in 1976, his law degree from the University of Maryland School of Law, Baltimore, Maryland, in 1979, and his master's degree in business administration from the University of Minnesota Graduate School of Management, Minneapolis, Minnesota, in 1985. Mr. Mathias was an attorney with the law firm of Murnane, Conlin, White, Brandt & Hoffman in St. Paul, Minnesota, from January 1980 through April 1983. From May 1983 until February 1987, Mr. Mathias was an attorney with Tenneco Oil Company in Houston, Texas. From February 1987 until September 1988, Mr. Mathias was an assistant attorney general in the Antitrust Division of the Office of the Attorney General of Maryland in Baltimore, Maryland.

*Richard P. Harcum, Budget Director, w*as appointed to his position in February 2016. Prior to joining Frederick County he worked for the Washington Metropolitan Area Transit Authority (WMATA) where he served most recently as director of performance management, developing business plans to align the organization to accomplish its strategic goals. Mr. Harcum also served as WMATA's budget director overseeing a multi-billion dollar operating and capital program financed through a mix of operating revenue, local government funding, long term debt and federal grants. Mr. Harcum served as a trustee for multiple defined benefit and defined contribution pension plans and has extensive experience with collective bargaining. He also worked at the Maryland Department of Transportation as a financial planner, and as a financial analyst for a telecommunications corporation. Mr. Harcum earned his master's degree in finance and his bachelor of science in business administration, both from the University of Maryland.

Helen Propheter, Director, Office of Economic Development (OED), was named Director in December 2015 after having been Manager of the OED since February 2012, following the reorganization of the OED. Ms. Propheter began her career with the County in May 1992 with Frederick County Workforce Services. In October 2007 she was hired by the OED and served as the deputy director from 2007 to 2012. She has 20+ years of experience leading teams, programs and staff. Ms. Propheter serves on the Board of Directors of Frederick Innovative Technology Center, the Downtown Frederick Partnership, the Fort Detrick Alliance, and the Frederick County Workforce Development Board, and is a member of Maryland Economic Development Association (MEDA), Biotechnology International Association, and the International Economic Development Council (IEDC). Ms. Propheter graduated from Mount Saint Mary's University with a bachelor of science degree in psychology.

Lori L Depies, CPA, Director, Finance Division, returned to her position in October 2014. Before her return, Ms. Depies served as the County Manager from October 2011 under the previous commissioner form of government. Ms. Depies has served as the director of the Department of Treasury and as an accounting team leader for the general fund, various enterprise funds, the pension fund, and component units. Prior to her employment with Frederick County, Ms. Depies was the controller for Washington Aluminum Company, Baltimore, Maryland, as well as the subsidiary operation in Pennsylvania. Her career in this manufacturing operation totaled 10 years. In addition, she served as a staff accountant for five years at Home Federal Savings Bank, Hagerstown, Maryland. Ms. Depies received her bachelor's degree in accounting from Frostburg State University. She is a certified public accountant and a member of the American Institute of Certified Public Accountants and the Government Finance Officers Association. She is a member of the Maryland Government Finance Officers Association and also serves as the trustee for both the Employees' Retirement System and the Other Post Employee Benefits (OPEB) Trust Fund for Frederick County.

Steven C. Horn, Director, Planning and Permitting Division, was appointed to his position in February 2014. Mr. Horn received his bachelor of arts degree in geography from Frostburg State College, Frostburg, Maryland, in 1983, and his master of City and Regional Planning degree from Morgan State University, Baltimore, Maryland, in 1994. Mr. Horn was Director of Planning and Community Development in Westminster, Maryland, from June of 2011 to February of 2014. He was appointed Director of Planning in Carroll County, Maryland, from January 2003 to December of 2010. Prior to his tenure with Carroll County, Mr. Horn was appointed Director of the County's Planning Division from August 2001 to January 2003. Mr. Horn has over 29 years of planning, zoning and community development experience throughout central Maryland and has served on numerous appointed commissions at the local, regional and statewide levels.

Charles F. Nipe, Director, Public Works Division, was appointed to his position in October 2013, after serving as the acting director since May 2013. Prior to that, Mr. Nipe was the department head for the Department of Construction Management and Inspection from 2000 until 2012 and served as the department head for the newly created Department of Facilities and Project Services (combining design and construction responsibilities) beginning in February 2012. In 1998 Mr. Nipe began his career with the Frederick County Division of Public Works as a contracts administrator. Prior to that, Mr. Nipe was employed in several positions at Earth Data Inc., a hydrogeological consulting firm, from 1986 until 1998. In 1989 he earned an associate in arts degree from Chesapeake College, Wye Mills, Maryland, a bachelor of science degree from Southern Illinois University at Carbondale (a satellite program at Dover Air Force Base, Dover, Delaware) in 1995, and a masters in business administration from Wilmington College (now Wilmington University) in Wilmington, Delaware, in 1999.

Kevin L. Demosky, Director, Utilities and Solid Waste Management Division, was named director in May 2011 after having been acting director since December 2010. Prior to that Mr. Demosky served as deputy director since August 2005. He was the department head for the Department of Engineering and Planning between April 2000 and August 2005. Mr. Demosky began his career with Frederick County in 1988 as a design engineer. Prior to his employment with Frederick County, Mr. Demosky was a staff engineer for William H. Gordon and Associates in Reston, Virginia. In 1987 he earned a bachelor of science degree in civil engineering from the West Virginia Institute of Technology (now WVU Tech) in Montgomery, West Virginia, and an associate in arts degree from Hagerstown Junior College, Hagerstown, Maryland.

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Remuneration of Certain County Officials

The following table presents the annual remuneration for certain County officials as of July 1, 2016:

Official Title	
County Attorney	$188,777
Chief Administrative Officer	179,229
Director of Finance	160,440
Director of Utilities and Solid Waste Management	158,516
Director of Planning and Permitting Division	150,440
Director of Public Works	140,755
Director of Economic Development	126,435

Source: Frederick County Finance Division.

Investment of County Funds

County funds are invested by the Director of Finance in accordance with the County's investment policy which conforms to State law on the investment of public funds. The County does not leverage its investment portfolio, buy reverse repurchase agreements or enter into interest rate swaps or other derivatives. It does no borrowing or lending of securities. The County invests primarily in obligations of the United States government, its agencies or instrumentalities, repurchase agreements, and bankers' acceptances.

Retirement and Pension Programs

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

Single-Employer Pension Plan

Plan Descriptions

The Frederick County Employees' Retirement Plan (the "County 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.

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

The type and number of employees covered as of June 30, 2016, was as follows:

	Uniformed	Non-Uniformed	Non-Vested Terminations	Vested Terminations
Retirees and beneficiaries currently receiving benefits	175	696	0	0
Terminated employees entitled to benefits	0	0	216	246
Active employees	617	1,158	0	0

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

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

Funding Policy and Net Pension Liability

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

As of July 1, 2000, uniformed employees contribute eight percent of their base pay under the plan and non-uniformed employees contribute four percent. As of July 1, 2012, uniformed employees contribute nine percent of their base pay under the plan and non-uniformed employees contribute six percent. The County's required payroll contribution in fiscal year 2016 was 18.6 percent.

The components of the net pension liability of the County at June 30, 2016, were as follows:

Total pension liability	$ 534,984,992
Plan fiduciary net position	(497,920,106)
County's net pension liability	$ 37,064,886
Plan fiduciary net position as a percentage of the total pension liability	93.07%

The total pension liability was determined by an actuarial valuation as of July 1, 2015 rolled forward to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates for healthy participants and beneficiaries were based on the RP-2000 Combined Healthy tables set back one year with generational projection by Scale AA. For disabled participants, the RP-2000 Combined Healthy tables set forward 10 years with generational projection by Scale AA.

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the July 1, 2015 actuarial valuation report.

The County's actual contributions to the plan for fiscal year 2016 were $18.9 million and were $0.1 million in excess of the actuarial determined contribution of $18.8 million. The actuarial valuation as of July 1, 2015 estimates the County contribution to plan to be $19.3 million for fiscal year 2017.

Employer Sponsored Defined Contribution Retirement Plan

The Frederick County Maryland Defined Contribution Plan was established on July 1, 2012 under authority created by State legislation and Section 2-2-2 of the County Code. Benefit provisions of the plan were adopted by ordinance after a public hearing. The defined contribution retirement plan (the "Plan") was established for employees of Frederick County Government classified as "grant funded" and employees of Citizens Care and Rehabilitation Center and Montevue Assisted Living hired, or rehired, by the County on and after July 1, 2012. Employees contribute 4% of base pay and the County contributes 4% of base pay. Vesting begins after two years of service; employees are 100% vested at six years of service. Normal Retirement Age is age 65.

The County's funding of this plan is solely based on a 4% employer contribution determined by the payroll associated with employees classified as "grant funded."

Other Post-Employment Benefits

Plan Description

The Frederick County Retiree Health Benefit Plan was established on July 1, 2008 and 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.

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

Funding Status and Progress

The actuarial accrued liability was determined as part of an actuarial valuation at July 1, 2016 for the County plan. At July 1, 2016 the unfunded actuarial liability is projected to be as follows:

Actuarial accrued liability:	
Active participants	$87,702,000
Retirees in pay status	99,270,000
Total actuarial accrued liability	186,972,000
Actuarial value of plan assets	121,115,000
Unfunded actuarial liability	$ 65,857,000

Contributions Required and Made

For fiscal year 2016, the County contributed $10,995,264 to the plan, which exceeded the other post-employment benefits cost of $10,845,000 by $110,264. In the July 1, 2016, actuarial valuation, the projected unit credit cost method with linear proration to assumed benefit commencement was used. The actuarial assumptions included: a) 7.5 percent investment rate (net of administrative expense), b) an annual healthcare cost trend rate of 7.0 percent Pre-Medicare and 5.5 percent Post-Medicare initially, reduced by decrements to an ultimate rate of 5.43 percent Pre-Medicare and 5.04 percent Post-Medicare by the year 2049, c) an inflation rate of 2.5 percent, and d) a level percentage of payroll amortization factor. The actuarial valuation method to determine the actuarial value of assets was fair market value. The unfunded actuarial accrued liability is being amortized over a closed 30-year period.

Labor Relations

As of June 30, 2016, the County employed approximately 2,024 regular employees, which includes regular part-time employees. The County has a merit system including a formal appeal and grievance process. Some County employees are members of the Maryland Classified Employees Association or the American Federation of State, County and Municipal Employees, but do not have the right to collective bargaining. The County has not experienced a work stoppage due to labor disputes and considers its relationships with employees to be satisfactory.

Effective July 1, 2005, State law allowed the County to enact an ordinance allowing voluntary collective bargaining concerning wages and benefits between the County and a duly certified organization representing employees of the County's Division of Fire & Rescue Services ("DFRS"). While the County did enact an ordinance in March 2006, no bargaining took place for fiscal year 2008 because the organization representing DFRS employees failed to obtain certification within the allotted time. The County also decided not to participate in bargaining for fiscal year 2009 and 2010. Collective bargaining was conducted with the certified representative of specified DFRS employees for fiscal years 2011, 2012, 2013-14, 2015 and 2016.

The State law also authorized the certified representatives of certain full time deputy sheriffs and corrections officers in the Frederick County Sheriff's Office to collectively bargain with the Sheriff concerning wages and benefits. The Sheriff has engaged in collective bargaining with the certified representatives for both of these groups for fiscal years 2009, 2010, 2011-2012, 2013-2015 and 2016. Any additional funding that is required as a result of collective bargaining by the Sheriff is subject to the approval of the County Executive.

Strikes on the part of the employees of the DFRS and deputy sheriffs and corrections officers in the Frederick County Sheriff's Office are not permitted.

The Frederick County Teachers Association represents the certificated employees (teachers) employed by the Board of Education. The Frederick County Teachers Association negotiates employment agreements that include rates of compensation with the Board of Education. Such negotiated agreements are not binding on the County. The County approves funding for the Board of Education.

Insurance

The County maintains commercial insurance for general and automobile liability, workers' compensation, and property loss. Liability coverage is also in place for cyber, fiduciary, multimedia, environmental, law enforcement, employment practices, and public officials' risks and exposures. The County is required to provide unemployment insurance coverage for County employees. In addition to these policies, the County keeps excess insurance policies in force to provide added coverage for large and/or catastrophic events.

Leases and Other Contracts

The County is financing the purchase of numerous pieces of equipment through various lease arrangements to be paid off over the next eight years.

The following is a schedule, by fiscal year, of the projected future minimum lease payments as of June 30, 2016, for all lease-purchase agreements:

Fiscal Year	
2017	$167,626
2018	60,223
2019	60,223
2020	60,223
2021	60,223
Subtotal	408,518
Less amount representing interest	(14,012)
Present value-net minimum lease payments	$394,506

Frederick County is committed under various leases for building and office space, the majority of which are cancelable. These leases are considered for accounting purposes to be operating leases. Operating lease expenditures for fiscal year 2016 were $1,253,464.

In addition to contracts for goods and services incurred in the ordinary course of business of the County, the County is party to numerous other contracts, primarily with engineers, architects and contractors relating to capital projects. Funds necessary to meet the County's obligations in respect to such contracts have been appropriated.

Independent Agencies

Eleven independent agencies submit yearly requests for funding to the County. These requests are subject to the County's budgetary process and must be approved by the County Executive and adopted by the Council. These agencies are the Board of Education; Frederick Community College; the Department of Social Services; the Interagency Internal Audit Division; the Board of License Commissioners; the Board of Elections; Frederick County Public Libraries; Weed Control Division of the Maryland Department of Agriculture; Soil Conservation Districts of Frederick County; Maryland Cooperative Extension Service; and the Maryland State Department of Assessments and Taxation. Except for the Board of Education and Frederick Community College, whose board members are elected or appointed by the Governor of the State, members of the boards of the remaining agencies are either appointed by the County Council, are designated members of other County agencies, or are State agencies or political subdivisions of the State. The Board of Education, Frederick Community College and Frederick County Public Libraries are accounted for as component units. All other agencies are funded for in whole or in part by the County's General Fund.

CERTAIN SERVICES AND RESPONSIBILITIES

Through its various departments, offices and related independent agencies (see "COUNTY GOVERNMENT AND ADMINISTRATION" above), the County is responsible for supplying the following services:

Education

The Board of Education is comprised of seven elected members each serving four-year terms. The board is responsible for the overall operation and policy decisions of the County's 66 schools accommodating 40,757 students. There are 38 elementary schools, 13 middle schools and 10 high schools, 3 charter schools and 4 vocational and special education facilities.

During the 2014-2015 school year, the teacher/student ratio was approximately 1 to 14 and in June of 2016, 2,851 students received high school diplomas.

The County's largest General Fund appropriation in its adopted fiscal year 2017 budget is $258,282,797 for operating expenditures for public education. County appropriations for operating expenditures constituted a 3.27% increase over approved operating expenditures by the County for public education in fiscal year 2016. County funds for educational purposes are requested and appropriated in accordance with categorical classifications delineated by the Education Article of the Maryland Code. County appropriations for capital expenditures for public education are $37,065,681 in fiscal year 2017. The County expects to receive State and federal aid of $286,223,790 and $21,745,000 for operating and capital expenditures, respectively, for public education during fiscal year 2017.

Frederick Community College (the "College") is a two-year community college offering three separate curricula: a transfer curriculum for those who wish to obtain a bachelor's degree; an occupational curriculum for those who seek entry-level employment; and a continuing education program for those who wish to upgrade basic skills or occupational skills. For fiscal year 2017, which includes Summer II 2016, Fall 2016, January 2017, Spring 2017 and Summer I 2017 terms, to date, 7,153 unduplicated students enrolled in the academic programs of the College. Credit enrollment included 6,252 total headcount for Fall; 480 for January term; 5,865 for Spring. The enrollment for Summer I in fiscal year 2017 has not begun. Additionally, there were 4,154 unduplicated headcount students enrolled in Continuing Education and Workforce Development in Fall 2016, between July 1 to December 2016.

The fiscal year 2017 operating budget for the College is $51,195,834. Of this amount, approximately 31% was appropriated from the County's General Fund. The balance of the College's funding is derived from a combination of State aid, student tuition and fees, and other miscellaneous sources. Additionally, the County funds certain capital improvements and renovations annually. New construction funding is usually shared by the County and State. The County's funding of the College's fiscal 2017 capital budget is $7,553,626.

Police and Fire

The Frederick County Sheriff's Office (the "Sheriff's Office") is a full-service law enforcement agency, providing law enforcement services, correctional services and judicial support services to the citizens of the County. The Sheriff's Office serves the community by protecting life and property, preventing crime, and preserving peace, order and safety.

The Sheriff's Office is comprised of two bureaus: the Law Enforcement Bureau and the Corrections Bureau. The Law Enforcement Bureau consists of the Administrative Services Division and the Operations Division and is staffed with 186 sworn and 88 civilian personnel. The Corrections Bureau consists of Administrative Services, Community Services, Inmate Services and Security Operations and is staffed with 129 uniformed and 29 non-uniformed personnel. The Sheriff's Office is an accredited agency through the Commission on Accreditation for Law Enforcement Agencies, the National Commission on Correctional Health Care, and Maryland Commission on Correctional Standards.

In addition to traditional law enforcement services, the Law Enforcement Bureau offers a wide variety of support services to the citizens of the County, including: victim services, domestic violence follow-up, school resource officer program, school crossing guard program, crime prevention programs, youth services programs, child safety programs, senior safety programs and child support enforcement.

The Corrections Bureau operates the Frederick County Adult Detention Center which is a full service correctional facility offering not only traditional incarceration, but all available alternatives to incarceration including: pretrial release (supervised release), home detention (electronic monitoring), alternative sentencing (community service hours) and work release. The Corrections Bureau also staffs a full service central booking facility, which processes all offenders arrested within Frederick County so that police officers can return to their patrol duties faster. At any given time, the Corrections Bureau supervises over 1,000 offenders a day.

Since April, 2008, the Sheriff's Office has partnered with the Department of Homeland Security Immigration and Customs Enforcement ("DHS/ICE") to participate in the 287(g) Immigration Enforcement Program. This program, written into federal law, allows for deputies and correctional officers trained under the program to perform specific functions to enforce the federal immigration laws of the United States. The Corrections Bureau also participates in a Federal Inter-Governmental Services Agreement with DHS/ICE to provide temporary housing for criminal illegal aliens being detained for deportation when bed space is available at the Frederick County Adult Detention Center. The contract provides for the County to receive reimbursement for the costs associated with the housing of those detainees.

The Frederick County Fire & Rescue Services Division ("DFRS") provides fire, rescue and emergency medical services in conjunction with 26 volunteer fire/rescue companies operating from 30 stations. DFRS is comprised of 339 uniformed personnel responding with approximately 600 volunteers. Emergency response vehicles include 64 pumpers, 8 aerials, 12 tankers, 10 squads, 27 brush trucks, 43 ambulances, and 11 medic units.

All volunteer companies receive funding for operating expenses and equipment through the County budget process. Private donations and fundraising remain significant sources of funding for volunteer company vehicles and buildings.

Prior to July 1, 2013, fire tax districts provided tax revenues for DFRS firefighters and paramedics and for capital expenditures such as vehicles and stations. Beginning in fiscal year 2014, fire and rescue services were consolidated into the General Fund with a recalibrated property tax rate and the fire tax was reduced to zero. The County also bills for ambulance services.

Emergency Management

The Division of Emergency Management is comprised of an Administrative Office and two operational departments: Emergency Communications and Emergency Preparedness. The Administrative Office provides supervision for Departmental activities as well as leadership and coordination for strategic projects. The Division Director serves as the County Director of Emergency Management for the responsibilities identified in Title 14, Section 109 of the Annotated Code of Maryland and is supported by an Administrative Assistant.

The Department of Emergency Preparedness coordinates the emergency mitigation, preparedness, response, and recovery efforts of Frederick County Government with appropriate public and private partners, including the management of Federal, State, or private grants to support program activities. The Department coordinates activities across different functional areas of the County government, and vertically between different levels of government. The Department of Emergency Preparedness is comprised of three full-time regular and one full-time grant funded personnel.

The Department of Emergency Communications operates the public safety answering point for the County which answers all 9-1-1 calls in Frederick County and operates the County's public safety radio system. The Department is responsible for the dispatch of County fire, rescue and ambulance services; the Frederick County Sheriff's Office; the Brunswick and Thurmont Police Departments; Frederick County Animal Control; and various other County agencies. The Department of Emergency Communications is comprised of 51 personnel.

Planning and Permitting

The Division of Planning and Permitting, which was reorganized in December 2015, includes the following departments:

- Department of Planning
- Department of Development Review
- Department of Permits and Inspections
- Office of Sustainability and Environmental Resources

This organization provides a unified vision of the Planning, Development Review, Permitting and Inspections functions to insure that efforts undertaken are grounded in a shared vision developed through community based planning. In addition, this also provides a central location for the general public and applicants involved in land development and processes from the time of land use planning and rezoning, to permitting and building occupancy. The County's Division of Planning and Permitting is currently administered by a staff of 54.

Division of Planning and Permitting staff are responsible for administering various boards and commissions including the Planning Commission, Board of Appeals, Agricultural Preservation Advisory Board, Agricultural Reconciliation Committee, Electrical Board, Board of Gaming Appeals, Historic Preservation Commission, the Monocacy Scenic River Advisory Board, Plumbing Advisory Board and the Sustainability Commission.

Department of Planning

The Department of Planning is responsible for the following areas:

- Comprehensive planning including preparation of the Countywide Comprehensive Plan (the "Comprehensive Plan") and the community/corridor plans.
- Responsible for functional planning areas including water and sewer, transportation, historic preservation, and environmental planning.
- Land preservation program administration

The Comprehensive Plan provides goals and policies to assist in guiding the County's projected land use and development as well as identifying the necessary public services and facilities including highways, schools, parks, libraries, and water and sewer. The Comprehensive Plan was first adopted in 1959 and has been updated periodically, with the latest comprehensive revision adopted in 2010 with amendments adopted in 2012. The 2010 Comprehensive Plan established a new planning process that will focus subsequent plan updates on individual community growth areas or corridors. The Comprehensive Plan would be updated on a 10-year cycle.

The Department of Planning is also responsible for various functional plans including the Water and Sewer Plan, Land Preservation, Parks and Recreation Plan, Historic Preservation Plan, and the Bikeways and Trails Plan.

The Frederick County Planning Commission was created in 1955 with the responsibility of preparing and administering plans and development regulations for the County. The Planning Commission is an appointed body composed of seven (7) members serving five year terms. The members represent a diversity of viewpoints including agriculture, business, professional services, civic groups and environmental perspectives. The Planning Commission has final authority over site plans, subdivision plats, planned development approvals, modifications to the subdivision regulations and determination of adequate public facilities for new developments. On items such as zoning map amendments, zoning or subdivision text amendments and comprehensive plans, the Planning Commission has a recommending role to the County Council, who has the final decision to adopt, or amend plans and regulations.

The County's Agricultural Land Preservation Program was established in the 1970's and currently administers five state and county land preservation programs. These programs assist in preserving agricultural land and also facilitate the ability for new farmers to purchase farm land. The County has a goal to preserve 100,000 acres of land and has preserved 53,742 acres (as of April 2016) under permanent preservation easements.

Department of Development Review

The mission of the Department of Development Review is to provide the highest possible level of customer service in a predictable and efficient manner while assuring compliance with zoning and development guidelines. The Department of Development Review is responsible for the review of land development plans in the County, and is comprised of several sections. The core services include:

- Development Review Planning – responsible for review of site development plans and subdivision plans, administering subdivision regulations and related planning/land development ordinances
- Development Review Engineering – responsible for approving plans and permits associated with stormwater management, roads, storm drains and grading
- Environmental Compliance – responsible for enforcing sediment control, stormwater management and forest resources ordinance code requirements
- Zoning Administration – responsible for administering the Board of Appeals, reviewing building permits for zoning compliance, inspection for site plan compliance, and zoning enforcement.

The Zoning Administration function is further carried out by the Frederick County Board of Appeals, which was established in conjunction with the original Zoning Ordinance in 1959. The Board of Appeals is composed of 5 members and 1 alternate member serving staggered 3-year terms. The Board of Appeals adopts its own administrative procedures and has the powers to: hear and decide appeals where it is alleged there is an error in any order, requirement, decision or determination made by an administrative official in the enforcement of the Zoning Ordinance; hear and decide special exceptions authorized in the Zoning Ordinance; and authorize, upon appeal in specific cases, a variance from the terms of the Zoning Ordinance.

In 1991, the County adopted an Adequate Public Facilities Ordinance (APFO) to coordinate the timing of development with the adequacy of public facilities such as schools, roads, and water and sewer. The APFO was recently updated in 2011 with comprehensive amendments to the roads section and revisions to the schools section, which provided a school construction fee option. In 1993, a development impact fee was adopted to partially offset the capital costs of new school construction. The impact fee was expanded in 2001 to include capital costs of library facilities and to provide for an annual adjustment to reflect the construction cost index. An update to the impact fee study was last performed by a consultant in 2014.

Permits and Inspections

Permits and Inspections continue their mission of providing a "one-stop" location for all activities relating to the issuance of building, plumbing, electrical, fire, grading and gaming permits. These activities include issuance and inspection of Life Safety requirements for fire suppression and alarm systems as well as review of plans and permits. The Department of Permits and Inspections is administered by a staff of 31.

Office of Sustainability and Environmental Resources

Sustainability and Environmental Resources functions were formally established in 2008 with the intent to integrate sustainable practices into County operations, and provide committed environmental leadership to the community-at-large. The Sustainability and Environmental Resources mission is to advance practical solutions for protecting the environment, conserving energy and living sustainably in the County. The offices oversee multiple functions: sustainability, energy and emissions planning and performance; watershed management policy, planning, and implementation; financial grant management; education; outreach, and training.

The Office is responsible for goals in a number of Board resolutions including Resolution 07-14: Endorsement of the U.S. Mayors' Climate Protection Agreement (MCPA) passed on April 9, 2007; a Sustainability Framework, adopted March 10, 2009; Resolution 09-02 passed on March 26, 2009 to create the thirteen member Frederick County Sustainability Commission; a Sustainable Action Plan (SAP) for County Operations adopted Thursday, August 26, 2010 for County Operations for Fiscal Year 2011-2015; Resolution 10-24 passed on August 26, 2010 to provide an "Organizational Commitment to Sustainability"; the Comprehensive Energy Plan for 2010-2024, adopted September 16, 2010; and Resolution 13-24 Transportation Petroleum

Consumption Policy and Renewable Energy Policy passed October 31, 2013 to reduce petroleum consumption in County vehicles 20% by 2016 and meet 20% of electricity demand of County buildings with distributed renewable energy generation by 2022. Regulatory functions include compliance with the mandatory National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS4) permit; oversight on Industrial Discharge Permits for Stormwater; and coordination on Chesapeake Bay Total Maximum Daily Load (TMDL) requirements. Through a Green Infrastructure planning effort, the Office has conducted natural resource assessments for wetlands, forests, and streams. Green Infrastructure is a priority for the Environmental Protection Agency and is tied to funding opportunities and regulatory programs.

On May 2, 2012, Maryland Governor Martin O'Malley signed into law House Bill 987, which requires ten Maryland counties, including Frederick, to collect a Stormwater Remediation Fee from taxpayers to fund the implementation of local stormwater management practices and stream and wetland restoration projects. The charge to the County's residential properties was set at $0.01 per year. All funds collected by the Stormwater Fee must be placed in a dedicated fund which can only be used to pay for stormwater remediation projects and related expenses. Such projects are being funded through the County's Capital Improvements Program and included stream restorations, stormwater management pond retrofits, and education outreach.

Economic Development

Functions within the Office of Economic Development are administered by a staff of 6 full-time employees and include efforts to increase the overall economic health of the County through attracting new businesses in targeted industries and helping existing businesses be more successful.

The County is made up of a diverse business community and supports and cultivates the growth of entrepreneurship. The County boasts a supportive and business friendly climate as well as a strategic location, a highly skilled and well-educated workforce, an award winning educational system and an array of business associations and agencies to assist and foster the growth and success of businesses.

From second quarter 2012 to second quarter 2016, the County saw an increase of 7 percent or 6,956 new jobs, illustrating significant growth over the last five years. The average wage per worker was $920 per week, up 3 percent since the second quarter 2012. The industries that experienced the most growth in employment in the private sector were the leisure and hospitality sector, trade, transportation and utilities, and the construction industries.

The County's first business incubator, the Frederick Innovative Technology Center, Inc. ("FITCI"), was officially opened in January 2005. From 2005 to 2013, FITCI has assisted 38 clients who have leased over 76,500 square feet of local commercial space. FITCI's tenant companies have created over 268 new jobs in the last seven years with a payroll value of these jobs to Frederick County estimated at $16.6 million. FITCI has generated a 429 percent return on investment and leverages its funding by attracting over $3.00 for every $1.00 of local funding. FITCI estimates a local economic impact of $74.7 million on the local economy.

The County has experienced significant growth in the bioscience and advanced technology industries over the past few years. The growth is due in part to the County's access to the federal labs and other public and private high tech facilities in the region. The location of Fort Detrick in Frederick is also a major contributor to the growth of the life sciences industry in the County. Fort Detrick is home to the National Cancer Institute and the U.S. Army Medical Research Institute of Infectious Diseases, which is the lead medical research laboratory for the nation's biological defense program, and is home to the new National Interagency Biodefense Campus.

Manufacturing plays an important role in the County's diverse economy. In 2016, there were 173 manufacturing establishments employing approximately 5,222 people, paying an average of over $75 million in annual wages. Average weekly wage rates per worker for this sector are 21 percent greater than the weekly wage per worker.

Roads and Highways

The County is served by I-270 of the federal interstate highway system running northwest from Washington, D.C., to the City of Frederick and I-70 running west from Baltimore to and continuing through the County. U.S. 15 runs north and south of the City of Frederick, U.S. 340 runs south of the City of Frederick and U.S. 40 runs east and west of the City of Frederick.

The County-owned and maintained road system of approximately 1,280 miles supplements approximately 39 miles of State-maintained and federally aided interstate highways and approximately 307 miles of additional State-maintained primary and secondary roadways serving the County. The County budget includes capital and operating expenditures of $17,218,398 and $17,655,761, respectively, for the County's road system in fiscal year 2017. State Highway User Revenues to the County for highway maintenance through State-shared taxes was budgeted to be $1,479,769 in fiscal year 2017.

Health

The County ranked in 2015 as the third best county for health outcomes in the State according to the Robert Wood Johnson Foundation (RWJF) and the University of Wisconsin Population Health Institute (UWPHI). The County provides various health services to its citizens through the Health Services Division ("HSD"). HSD, alone or in conjunction with the Maryland Department of Health and Mental Hygiene and Maryland Department of the Environment, is responsible for the enforcement of all State and local health and sanitation laws. The HSD also provides services in the areas of nutrition, maternal and child health, dental health for children, school health, communicable disease control, public health emergency response, early intervention services for children with developmental disabilities, behavioral health treatment and prevention services, geriatric evaluations, food service facility inspections, and well and septic inspections. Funding for the HSD is shared among County funds, both matching and non-matching, State and federal funds, and client fee collections.

Health Care

There are approximately 500 physicians and 200 advanced practice providers practicing in the County. Frederick Regional Health System (FRHS) is a not-for-profit healthcare delivery system serving Frederick County and surrounding areas. FRHS consists of Frederick Memorial Hospital, Monocacy Health Partners, Monocacy Insurance Limited, Frederick Health Services, and Frederick Integrated Health Network. FRHS has 2,267 employees. Frederick Memorial Hospital is a 233 bed acute care hospital with 24/7 coverage by hospitalists, intensivists, surgicalists, adult emergency physicians and pediatric emergency and hospitalist physicians. The adult and pediatric emergency departments see 76,363 annual visits.

Monocacy Health Partners (MHP) is a separate not-for-profit corporation operated by FRHS and consists of employed physician practices. MHP employs 100 physicians, nurse practitioners, and physician assistants. The specialties consist of Family Medicine, Internal Medicine, Urgent Care, Thoracic Surgery, Breast Surgery, Endocrine & Thyroid, Urology, Medical Oncology, Orthopedics, Pain & Supportive Care, General and Oncology Surgery, Pediatric Emergency, Pediatric Hospitalists, Behavioral Health, and Wound Care & Hyperbaric.

In addition to FRHS facilities there are 5 imaging centers, 3 labs, 4 urgent care centers as well as minute clinics located in some of the retail stores, and 7 outpatient surgery/endoscopy centers. There are numerous rehab and wellness centers located throughout the County. Several physicians have x-ray, rehab, lab, and wellness components within their practices.

Nursing Home and Assisted Living Facilities

The County previously owned a licensed 170-bed comprehensive and skilled nursing care facility ("Citizens Care & Rehabilitation Center") and a 75-bed assisted living facility ("Montevue Home" and, together with Citizens Care & Rehabilitation Center, the "Facilities"). The Facilities are located adjacent to each other in the City of Frederick.

On May 1, 2014, the County leased the Facilities to Aurora Holdings VII, LLC, a Maryland limited liability company ("Aurora"). Pursuant to the terms of the lease agreement, Aurora pays the County an annual rental payment of $1,440,000, subject to a 1.5% annual increase on May 1, 2018 and on each May 1 thereafter. The lease agreement expires on December 31, 2035, subject to early termination in various circumstances, notably the consummation of the sales described in the next succeeding paragraph. The County also sold to Aurora certain accounts receivable relating to the Facilities for $1,500,000. In addition, the County has deposited $300,000 in an indemnity escrow to pay certain of its ongoing obligations and indemnities relating to the Facilities.

Under an Asset Purchase Agreement negotiated by the prior Board of County Commissioners, the County had agreed to sell, and Aurora had agreed to purchase, the buildings and improvements comprising the Facilities for $29,600,000, subject to the satisfaction of certain terms and conditions, which included but were not limited to obtaining regulatory approvals and the resolution of certain ongoing litigation (see "County Litigation" below). In addition, the County had agreed to sell, and Aurora had agreed to purchase, the real property on which the Facilities are sited for $400,000, subject to the satisfaction of certain terms and conditions, which include but are not limited to subdividing such real property from other property to be retained by the County. The County had intended to apply the proceeds of such sales, should they occur, to the redemption of its general obligation bonds attributable to the capital cost of the Facilities.

As part of the lease and sale transactions described herein, the County and Aurora entered into a Continued Care Commitment, pursuant to which the County had agreed to pay the aggregate amount of $10,700,000 in installments ending May 1, 2017, for the cost of providing ongoing care to certain residents of Montevue Home.

The County Executive no longer desired to consummate the Asset Purchase Agreement with Aurora and has signed various agreements to retain County ownership of the Facilities. The settlement ends all of the outstanding lawsuits and other pending legal issues between Aurora Holdings, the citizen plaintiffs and the County.

The settlement includes three agreements: one under which Aurora will manage the facilities; one concerning the sale of Aurora's business interests; and the settlement agreement itself. Aurora has guaranteed earnings of at least $2.5 million to the County while it continues to manage the facility for the next 18 months. Aurora will be paid a management fee of 4.5 percent of gross revenues under the management agreement. Should Aurora fail to provide the County with at least $2.5 million each year in earnings, the County may terminate the management agreement.

Closing was held on September 1, 2016, when all necessary permits from the State were transferred from Aurora to the County to operate the facilities and all required medical services provider agreements for Medicare and Medicaid were obtained.

Solid Waste

The Division of Utilities and Solid Waste Management (DUSWM) is responsible for the planning, design and management of the County's solid waste management system and programs. The County's primary disposal facilities are located at its 529-acre Reich's Ford Road Landfill property, which includes the 72-acre Site A landfill, the 58-acre Site B landfill, and a 17-acre rubble fill. The Site A landfill ceased operating in August 1997 and its closure was completed in December 1998. Closure construction included the deployment of a synthetic cap, a landfill gas extraction and collection system, and a flaring system. Site A is maintained as an open, grassed space. To the south of Site A is a closed rubble fill. Since the County's rubble fill was unlined, it was closed on September, 2001, in accordance with State regulations. The construction contract for the rubble fill closure and capping was initiated in September, 2005, with final acceptance in August, 2007 and a bituminous-improved surface for the yard waste processing operation was completed in May 2008. As a post closure end use, the rubble fill site is being used for yard waste processing. Rubble or construction and demolition debris is accepted and co-disposed primarily at Cell 3 in the Site B landfill or transferred to other solid waste facilities along with municipal solid waste. The latter are the principal means of disposal for these wastes.

All of the disposal cells within Site B are constructed with a double composite liner system. The construction of the sub title D liner system for third Cell was completed in August 2006 and is in service receiving between 25 - 50 tons per day of waste dependent on needs and various market costs. An active gas extraction system was installed at Site B Cells 1 and 2 in 2010 in conjunction with the landfill gas to energy project through DCO Energy.

DUSWM extended a sanitary sewer interceptor along Bush Creek to a point where the Leachate Treatment Plant discharge could be connected by eliminating the Leachate Plant's direct discharge into Bush Creek. The leachate from both Site A and B landfills is now discharged and conveyed via the Bush Creek Sewer interceptor and treated at the Ballenger/McKinney WWTPDUSWM also operates a comprehensive groundwater and gas monitoring program for Sites A, B and the rubble fill.

Other than through its curbside recycling collection, the County does not provide or fund waste collection services. Municipal or private waste haulers (by subscription) collect trash in Frederick County and use the County's Reich's Ford Road disposal facilities as their primary disposal facility for municipal solid waste generated in Frederick County.

The County's residential Recycling Program includes curbside recycling collection for all individual single family residential properties, one drop-off center location at the Reich's Ford Road landfill and two-yard waste drop-off sites with mulching/composting operations. In 2009, the County's curbside residential collection program was upgraded to a single stream operation and expanded from 54,000 to over 75,000 households; it now provides collection to all single family residential properties within the County.

Solid Waste Initiatives

Since 2000, the County has pursued initiatives to extend the operational life of the Reich's Ford Road Site B Landfill. These initiatives include permitting a 105 foot vertical expansion of the Site B landfill, construction of a waste transfer station to allow waste to be diverted from the County's landfill, and permitting a waste to-energy facility located in the County that can reduce or eliminate the need to transfer waste to other jurisdictions.

On May 9, 2008 the MDE issued the County its new Refuse Disposal Permit for the Site B landfill (No. 2003-WMF-0582), which includes the requested vertical expansion of the landfill. The vertical expansion provides an additional 2 million cubic yards of landfill disposal capacity, without the need to construct additional lined disposal cells.

Following a protracted siting and permitting process, the County completed the construction of the transfer station in January 2009. The transfer station, located at the Reich's Ford Road landfill is owned and operated by the County. It receives waste generated throughout Frederick County and through waste transportation and disposal contracts, procured through the Northeast Maryland Waste Disposal Authority ("NMWDA"), transfers waste to landfills outside of the County. The current transportation and disposal contract is provided by IESI MD Corporation., which provides the County disposal capacity in landfills in Pennsylvania. This contract expires on October 24, 2017.

The transfer station also provides for the transfer of single stream recycling materials collected in the County. The County also receives, through agreements procured through NMWDA, transportation and Material Recovery Facility (MRF) services provided by Waste Management's Recycle America LLC. Recyclable materials are processed at Recycle America's Howard or Prince George's County MRF.

In addition to the projects detailed above, the County has pursued other initiatives to address the County's long-term waste disposal infrastructure needs. In 2003, the County obtained enabling legislation allowing the County to become a member of NMWDA. NMWDA was created in 1980 by the Maryland General Assembly, is a regional quasi-state agency that assists its member jurisdictions in planning and developing efficient and reliable waste management systems. Also in 2003, the County obtained enabling legislation that allows the County to assess a solid waste disposal fee or System Benefit Charge ("SBC") for the developed properties in the County. To assure that the County's Solid Waste Enterprise continues to operate on a self-sufficient basis, the County implemented a countywide solid waste SBC in 2006. The revenue generated by the SBC supplements the revenues collected as tipping fees, allowing the County to set tipping fees at market rates. To ensure adequate funding of the Solid Waste Fund and to allow for recycling program expansions, the former Board of County Commissioners continually increased the SBC as deemed necessary. The most recent increases were approved on May 21, 2008 when a multi-fiscal year increase was established.

At the same time the former Board of County Commissioners adopted higher tipping fees for municipal solid waste and construction and demolition debris. The increases in the SBC and tipping fees were needed to address the solid waste enterprise's increasing program costs, which are primarily attributed to recycling program expansions and increased transportation and disposal contract costs resulting from increases in diesel fuel costs. For fiscal year 2014, the former Board of County Commissioners reduced tipping fees for transactions made by cash or check. Summarized below are the current tipping fees and the approved fiscal year 2014 tipping fees.

Material	**FY2013**	**FY2014 thru 2016***
Municipal Solid Waste	$ 76/ton	$ 69/ton
Construction & Demolition (C&D)	$ 85/ton	$ 78/ton
Tires	$160/ton	$160/ton

Note: Fiscal year 2014 rates were approved to include a discounted tipping fee for all transactions made by cash or check, which includes billable accounts making payments by check or cash. Current tipping fees will be reduced to $69 per ton for MSW and $78 per ton for C&D respectively.

These tipping fees are subject to a monthly escalation provision to ensure that the tipping fees are adjusted as costs associated with the IESI transportation (fuel) and disposal contract increase.

The former Board of County Commissioners had adopted the SBC fee structure on January 26, 2006; and increased these rates in fiscal year 2009 through fiscal year 2011. No changes to the SBC have been made since and the current fees are shown below.

Property Designation	**FY2016**
Single Family Residential	$ 88/yr
Multi Family Residential	49/yr
(Per 2000 ft^2)	
Commercial Low	$ 42
Commercial Medium Low	125
Commercial Medium	208
Commercial Medium High	301
Commercial High	372

The tipping fees produced approximately $11.6 million in fiscal year 2014 for the Solid Waste Enterprise and approximately $12.9 million in fiscal year 2015. The approved SBC rates resulted in approximately $9.9 million in Solid Waste Enterprise Revenues for fiscal year fiscal year 2012, $9.9 million in fiscal year 2013, $9.9 million in fiscal year 2014 and $10 million in fiscal year 2015.

In addition to these tipping fee and SBC increases, the former Board of County Commissioners also adopted fees for commercial Single Stream Recycling disposal and processing which became available with the opening of the new transfer station in January 2009, and they adopted a fee schedule for the sale of mulch and compost products. Revenues from the sale of these products were approximately $119,500 for fiscal year 2014 and $140,000 in fiscal year 2015.

Another revenue producing initiative for the solid waste enterprise was the development of the landfill (Site A and B) gas to energy (electricity) project. In January 2009, the former Board of County Commissioners executed an agreement with NMWDA to develop the landfill gas through DCO Energy. The project was completed on May 31, 2010 and involved the construction and operation of facilities capable of generating up to 2 megawatts (MW) of electricity using the landfill gas, with a guaranteed annual minimum revenue of $199,000. The agreement also includes the installation of gas extraction wells on Cells 1 and 2 of the Site B landfill, which has been estimated over $1 million that was borne by DCO Energy.

Water Supply and Wastewater Facilities

DUSWM is also responsible for the planning, design, operation and maintenance of certain County owned water supply and wastewater disposal systems. The County's water and wastewater utilities are typically provided in unincorporated areas of Frederick County, although in some cases the County owns and operates certain water and wastewater utilities in incorporated towns or municipalities. The development of water and wastewater infrastructure within Frederick County is controlled by the County's Comprehensive Plan and its subordinate Water and Sewerage Plan.

The County owns and/or operates 13 water treatment plants ("WTP"). The County's largest WTP relies on surface water, while the other smaller facilities rely on ground water. With the completion of the Potomac River Water Transmission project, approximately 93% of the County's water supply is provided from the Potomac River. The remaining 7% of the County's source water is provided from deep well sources associated with the County's smaller water systems.

The County's completion of the Potomac River water transmission system establishes approximately 32 MGD of water transmission capacity to serve the County's service areas south of the City of Frederick and east of the Monocacy River as well as a portion of the City of Frederick. In March 2006, the City of Frederick executed the County's Potomac River Water Supply Agreement (PRWSA), which among other things, formally establishes the City's participation in the funding of the County's Potomac River transmission system and treatment plant improvements so that the City can receive up to 8.0 MGD (max day demand) of water supply capacity. The New Design WTP was completed in April 2011, which expanded the WTP capacity to 25 MGD, which the City of Frederick funding a share of the improvement providing them with up to 8.0 MGD maximum daily demand and is billed monthly (revenue) for water supplied pursuant to the PRWSA. In addition, the County executed the Fort Detrick Water Supply Agreement on September 28, 2010, which provides Fort Detrick with 2.6 MGD max day demand of water with a provision that a minimum of approximately 1.0 MGD of water is purchased (revenue) each month, less the "wheeling" surcharge to City of Frederick for use of its water distribution system.

The County owns and operates 10 active wastewater treatment plants ("WWTP") where all but one has a design capacity of less than 0.5 MGD. These smaller WWTPs provide wastewater service to individual subdivisions, small incorporated or unincorporated municipalities within the County.

The County's largest WWTP is the Ballenger-McKinney WWTP, which currently has a constructed design capacity of 15.0 MGD. This facility treats wastewater that originates from areas south of the City of Frederick, east of the Monocacy River and areas south of the City of Frederick in the general vicinity of Ballenger Creek, Adamstown and Urbana. This facility also receives wastewater flow from the County's Monocacy wastewater collection system, which is a large wastewater conveyance system that serves areas within a portion of the City of Frederick as well as areas immediately north of the City of Frederick and the entire Town of Walkersville. Wastewater flow values for the Monocacy system are reported as part of the total flow treated at the Ballenger McKinney WWTP. This facility is designed to meet the State's enhanced nutrient removal (ENR) requirements. The increase in capacity is based in part on 20-year projected capacity needs and available assimilation capacity within the Monocacy River. The 15 MGD Ballenger-McKinney ENR WWTP also provides additional capacity for the City of Frederick of 1.36 MGD (or 3.4 MGD at maximum daily flow; approximately 17% funded by the City of Frederick) in accordance with the Central Frederick Sewer Service Area Agreement (CFSSAA) executed June 30, 2014 by and between the County and the City of Frederick. The resulting CFSSAA followed a wastewater utility (capacity) completed in August 2013.

In summary, as of June 30, 2016, the County owned and operated 12 wastewater systems and 13 water systems having a total capacity of 16.143 MGD and 17.198 MGD, respectively. While the total constructed capacity is 28.63 MGD, the MDE issued Water Appropriation and Use Permits govern the saleable capacity. The wastewater systems serve a total of 31,662 accounts and the water systems serve a total of 22,499 accounts.

User Rates and Fees

In January 2001, the County commissioned a comprehensive water and sewer cost of service study for the water and sewer enterprise. The study included the development of a computer model to assist DUSWM in monitoring its revenue requirements and determining necessary rate increases. In fiscal year 2008 a comprehensive update to the model was completed, which resulted in recommendations to increase water and sewer capacity fees and to change the basis for non-residential Ready-to-Serve charges. On May 20, 2008 the former Board of County Commissioners adopted these recommended changes, establishing an annual escalation factor for the water and sewer capacity fees and increasing the Ready-to-Serve charges for non-residential customers based on the size of their meter. The Ready-to-Serve fee is a fixed availability fee billed quarterly regardless of consumption. An update of the existing rate model (study) was completed in fiscal year 2013, with the former Board of County Commissioners approval of an annual 15% rate increase in water rates over the next 5 years, along with a one-time sewer increase of 1.03%. The rate increases began in July 2013 (fiscal year 2014) and are subject to annual review by the County Executive, with the County Executive recently providing guidance to continue the planned rate increase in fiscal year 2017.

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ECONOMIC AND DEMOGRAPHIC FACTORS

The County is included as a part of the Washington, D.C. Maryland Virginia Metropolitan Statistical Area ("Washington MSA"). The Maryland portion of the Washington MSA also includes the following counties: Calvert, Charles, Montgomery and Prince George's.

Population of Frederick County and Incorporated Municipalities

Over the last two decades (1990-2000 and 2000-2010), the U.S. Census Bureau tabulated population of the County increased by approximately 30% and 20% respectively. The County has provided estimates for the years between the U.S. Census Bureau reports.

Year	Population of Frederick County
2016	246,972
2015	243,692
2014	240,911
2013	238,345
2012	236,551
2011	235,400
2010	235,385
2000	195,277
1995	176,044
1990	150,208
1985	127,860
1980	114,792

Source: U.S. Department of Commerce, U.S. Census Bureau. Frederick County Planning & Permitting Division.

The following table sets forth the County's twelve incorporated municipalities and their populations for the Census years 1980, 1990, 2000 and 2010.

Municipalities	1980	1990	2000	2010
Brunswick	4,572	5,117	4,894	5,870
Burkittsville	202	1942	171	151
Emmitsburg	1,552	1,870	2,290	2,814
Frederick	28,086	40,186	52,767	65,239
Middletown	1,748	1,834	2,668	4,136
Mount Airy [(1)]	540	1,497	2,967	3,785
Myersville	432	464	1,382	1,626
New Market	306	374	427	656
Rosemont	305	256	273	294
Thurmont	2,934	3,398	5,588	6,170
Walkersville	2,212	4,145	5,192	5,800
Woodsboro	506	513	846	1,141

[(1)]Mount Airy is located partly within Carroll County and partly within Frederick County and the data set forth above includes only the Frederick County portion.
Source: U.S. Department of Commerce, U.S. Census Bureau; Frederick County Division of Planning.

Income

The experience of personal income growth in the County, the State and the United States is shown in the two following tables:

Frederick County, State of Maryland and United States
Average Per Capita Personal Income

Calendar Year	Frederick County	Percent Change from Previous Year	State of Maryland	Percent Change from Previous Year	United States	Percent Change from Previous Year
2015	$54,893	4.4%	$55,972	3.3%	$47,669	3.2%
2014	52,554	2.7%	54,176	3.1	46,190	2.1
2013	51,153	-0.1	52,545	-1.0	45,210	-0.9
2012	51,191	2.0	53,078	2.5	45,650	2.3
2011	50,176	3.2	51,800	4.3	44,610	2.8

Source: U.S. Bureau of Economic Analysis, September 2016.

Frederick County and State of Maryland
Total Personal Income

	Personal Income ($000's)*		Percent Change from Previous Year	
Calendar Year	Frederick County	State of Maryland	Frederick County	State of Maryland
2015	$13,466,570	$336,187,435	5.1%	3.8%
2014	12,805,996	323,778,035	3.7	3.7
2013	12,349,144	312,053,581	0.6	-0.2
2012	12,268,780	312,724,325	3.0	3.3
2011	11,908,646	302,712,263	4.6	5.2

Source: U.S. Bureau of Economic Analysis, September 2016.
*Note: Total personal income are in thousands of dollars, not adjusted for inflation.

Personal income levels for the County residents from 2011 to 2015 show a significant increase as measured by the number of income tax returns with adjusted gross income levels over $50,000 filed with the Maryland Comptroller of the Treasury. Listed below is a five year comparison of the experience for the subdivisions constituting the Maryland portion of the Washington MSA and the State.

Adjusted Gross Income in Excess of $50,000

	2011 Number of Returns	2015 Number of Returns	Percent Increase
Calvert County	19,901	21,282	6.9%
Charles County	31,298	34,330	9.7
Frederick County	**50,588**	**55,690**	**10.1**
Montgomery County	222,433	243,244	9.4
Prince George's County	152,264	167,369	9.9
State of Maryland	1,106,631	1,216,023	9.8

Source: Comptroller of the Treasury, Income Tax Summary Report, Tax Years 2011 and 2015.

Education

Survey results of the number of high school students in the Maryland portion of the Washington MSA and the State as a whole who graduated in 2016, as a percentage of their ninth grade enrollment four grades earlier, are presented below:

Calvert County	94.4 %
Charles County	92.1
Frederick County	**92.6**
Montgomery County	89.8
Prince George's County..................	81.4
State of Maryland...........................	87.6

Source: Maryland Report Card 2016 – 4-Year Adjusted Cohort- Performance Report State and School Systems- Maryland State Department of Education.

The following table sets forth the years of school completed by persons 25 years of age or older as a percentage of the population described in the Census for Frederick County and the other counties in the Maryland portion of the Washington MSA and the State.

	Calvert	Charles	Frederick	Montgomery	Prince George's	State
Elementary (grades K-8)	1.8%	2.2%	**2.8%**	5.0%	7.5%	4.2%
High School						
1–3 years	5.0	5.5	**4.8**	3.9	6.9	6.5
4 years.................................	31.5	32.2	**25.2**	14.0	26.1	25.5
College						
No degree	25.3	24.7	**20.5**	14.3	22.2	19.5
Associate degree....................	7.3	8.1	**7.7**	5.0	5.9	6.4
Bachelor's degree	17.4	17.2	**23.2**	26.6	18.1	20.6
Graduate/Professional degree..	11.7	10.2	**15.8**	31.3	13.0	17.3

Source: Table S1501 - Educational Attainment. U.S. Bureau of the Census, 2011-2015 American Community Survey, American Fact Finder.

Retail Sales

Retail sales as measured by the growth in retail sales and use tax collections have experienced a steady gain between fiscal years 2015 and 2016. Listed below is the comparison of the experience of the counties in the Maryland portion of the Washington MSA and the State.

Retail Sales and Use Tax Collections
($000's)

	Fiscal Year 2016	Fiscal Year 2015	Percent Increase
Calvert County	$40,931	$38,582	6.1%
Charles County	110,971	110,383	0.5
Frederick County	**160,971**	**151,813**	**6.0**
Montgomery County	549,436	544,224	1.0
Prince George's County	519,619	507,224	2.4
State of Maryland..	4,548,552	4,424,991	2.8

Source: Retail Sales Tax Division of the Office of the Maryland Comptroller of the Treasury.

Business, Employment and Labor

In the following table, statistics are provided relating to the distribution of employment in the County by employer classification for the second quarter of 2016. These figures exclude railroad, domestic service, self-employed, agricultural and unpaid family workers:

Business and Employment Composition

Classification	Number of Reporting Units	Percent of Total	Quarterly Average Employment	Percent of Total
Natural Resources and Mining	59	0.9 %	506	0.5 %
Construction	930	14.4	9,470	9.4
Manufacturing	173	2.7	5,222	5.2
Trade/Transportation/Utilities	1,178	18.3	17,167	17.1
Information	72	1.1	1,070	1.1
Financial Activities	594	9.2	6,000	5.9
Professional and Business Services	1,420	22.0	14,931	14.8
Education and Health Services	747	11.6	14,263	14.2
Leisure and Hospitality	564	8.7	12,030	11.9
Other Services	546	8.5	3,754	3.7
Total – Private Sector	6,283	97.6	84,411	84.1
Local Government	83	1.3	11,167	11.1
State Government	12	0.2	1,188	1.2
Federal Government	62	0.9	3,662	3.6
Total	6,440	100.00 %	100,428	100.00 %

Source: Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information, "Employment and Payrolls, Second Quarter 2016."

Listed below are the 10 largest employers as of June 2016, located in the County:

Ten Largest Employers in Frederick County

Employer	Principal Products or Activities	June 2016 Employment
Fort Detrick Campus	Research/Telecommunications	9,100*
Frederick County Board of Education	Education	5,650
Leidos Biomedical (formerly SAIC) Frederick	Medical research	2,700
Frederick Memorial Healthcare System	Comprehensive health care	2,328
Frederick County Government	Local Government	2,072
Wells Fargo Home Mortgage	Mortgage servicing	1,881
Frederick Community College	Education	1,055
Frederick City Government	Local Government	841
United Health Care	Insurance	675
AstraZeneca	Pharmaceutical	650

* Includes military personnel.
Source: Frederick County Office of Economic Development, Frederick County Board of Education, Frederick County Division of Finance, and City of Frederick.

The following table indicates the County's unemployment rate as compared with the other counties of the Maryland portion of the Washington MSA, the State and the United States for the calendar years 2011-2015.

Annual Average Unemployment Rate

	2015	2014	2013	2012	2011
Calvert County	4.6%	5.3%	5.9%	6.3%	6.5%
Charles County	5.1	5.7	6.5	6.7	6.7
Frederick County	**4.5**	**5.0**	**5.8**	**6.1**	**6.4**
Montgomery County	4.0	4.4	5.0	5.2	5.3
Prince George's County	5.3	6.0	6.9	6.0	5.3
State of Maryland	5.2	5.8	6.6	7.0	7.2
United States[1]	5.3	6.2	7.4	8.1	8.9

Source: Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information;
[1] U.S. Department of Labor, Bureau of Labor Statistics

The number of persons living in the County who were available for work and composed the work force 130,973 in December 2016 and the total employment for this force was 126,752 resulting in an unemployment rate of 4.3% for this period. Certain comparative unemployment rates are given below for December 2016.

Calvert County	3.3%
Charles County	3.7
Frederick County	**3.2**
Montgomery County	2.8
Prince George's County	3.9
State of Maryland	3.8
United States	4.7

Source: "State of Maryland. Civilian Labor Force, Employment, and Unemployment by Place of Residence, December, 2016." Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information.

Commuting Patterns

The Census Bureau 2015 American Community Survey determined the work commuting patterns for workers 16 years and older for the labor forces of each of Maryland's counties with populations of 65,000 or more and the City of Baltimore. Comparative figures for workers commuting outside the county of residence for the subdivisions in the Maryland portion of the Washington Metropolitan Statistical Area (MSA) are presented below:

Calvert County	45.5%
Frederick County	**31.0**
Charles County	28.5
Prince George's County	19.0
Montgomery County	11.7

Source: U.S. Census Bureau, 2015 American Community Survey, Table S0801.

Agriculture

Agriculture is one of the largest industries in the County, with nearly 57% of the total land acreage dedicated to farmland. According to the most recent U.S. Census of Agriculture (2012), there are 1,308 farms located in the County with an average size of 139 acres each. Dairy farming is the major type of farming, and the County is the largest producer of dairy products in the State. The County provides one-third of all milk for the State and is the third largest producer of milk in the mid-Atlantic region. The County leads the State in the production of dairy products, hay, turkeys, cattle and calves, horses and ponies, forage and corn for silage.

Dedicated to farmland preservation, the County is a participant in the Maryland Agricultural Land Preservation Program. This program provides for the purchase of development rights easements. As of April 1, 2016, Maryland Agricultural Land Preservation Foundation easements have been purchased on 20,056 acres with an additional 5,362 acres under the temporary district status. The County has purchased easements in the Installment Purchase Program to protect a total of 18,166 acres. In combination with county and State land preservation programs, there are permanent protective easements on 53,742 acres.

Transportation

CSX Corporation, Maryland Midland Shortline, and numerous truck lines provide railroad and truck freight service to the County. Regular rail passenger service is provided by Amtrak and commuter rail services are provided by the Maryland Railroad Administration ("MARC") to Washington, D.C. The County has four MARC train stations, a downtown City of Frederick location and a suburban location just south of the City of Frederick, as well as MARC service from Brunswick and Point of Rocks. In addition, the Maryland Transit Administration provides commuter bus services to the Washington, D.C. Metropolitan Area Transit Shady Grove Metrorail station via the 505 Commuter Bus from the City of Frederick, The 515 from Hagerstown, and the 204 Commuter Bus to College Park via the Inter County Connector from various points in the County. Regular passenger bus service is provided by the Greyhound Corporation to a variety of locations outside the County. Intercity bus service is provided Bayrunner Shuttle and serves Western Maryland, initiating in Grantsville and serving stops in route to the City of Frederick, terminating in Baltimore and the reverse. Local fixed route and shuttle bus service and demand-response service in the County is provided by TransIT Services of the County. The Frederick Municipal Airport is served by private, industrial, and charter aviation as well as local bus service. Three major airports are within 60-miles of Frederick County: Dulles International, Reagan National and Baltimore-Washington International Thurgood Marshall airports.

Utilities

Electric power distribution in the County is provided by the Potomac Edison Company, an operating unit of First Energy, and Thurmont Municipal Light Company, which serves the incorporated town of Thurmont. The electrical generation is purchased from Talen Energy. Natural gas distribution is provided by the Frederick Gas Company, a division of the Washington Gas Light Company, and UGI/Central Penn Gas Company, which services the town of Emmitsburg and the surrounding area.

Recreation and Leisure

There are many historical and cultural attractions in the County including: the Weinberg Center for the Arts, the Delaplaine Visual Arts Center, the Maryland Ensemble Theatre, the National Museum of Civil War Medicine, the Barbara Fritchie House, the Children's Museum of Rose Hill Park, Francis Scott Key's Monument and Grave, Roger Brooke Taney House/Francis Scott Key Museum, the Camp David Museum, the Historical Society of Frederick County, the Seton Shrine Center, the Grotto of Lourdes, Lily Pons Water Gardens, Brunswick Railroad Museum, three covered bridges and an abundance of antique shops.

The County also offers 13 golf courses, the Frederick Keys (a minor league Class A affiliate of the Baltimore Orioles that plays at the Harry Grove Stadium in the City of Frederick), numerous Civil War sites, and local, state and national park facilities. The Appalachian Trail which runs from Georgia to Maine roughly follows the western boundary of the County and skirts the Gathland State Park which contains the first monument to war correspondents. The County is also home to several family-owned wineries, and has created a Frederick Wine Trail that highlights each unique vineyard.

Parks and Recreation

The Parks and Recreation Division provides for acquisition and development of a County-wide park system including community, district, regional and special use parks. The system includes 18 developed parks comprised of 2,097 acres of which 1,342 acres are developed to some degree. The largest site is 249 acres. Additionally, the Division develops and manages community recreational programs and maintains County-owned grounds.

State and national parks within the County are primarily utilized for natural and historical resource protection. There are six State parks in the County: Cunningham Falls State Park, Gambrill State Park, Gathland State Park, Greenbrier State Park, South Mountain State Park and Washington Monument State Park. Federal recreation areas include Monocacy National Battlefield, C&O Canal Park and Catoctin Mountain National Park.

The twelve municipalities also provide and maintain park systems which include neighborhood, community, and special use parks.

Construction Activity

Construction activity as illustrated by the number of building permits issued and their estimated value is reflected below. This table reflects building activity in the County including the incorporated municipalities:

Building Permits
Year Ending December 31

	2012		2013		2014		2015		2016	
	Issued	Value (000's)	Issued	Value (000's)	Issued	Value (000's)	Issued	Value (000's)	Issued	Value (000's)
Residential	893	$ 197,942	1,239	$ 221,227	1,318	$ 129,908	1,158	$ 180,891	1,868	$ 416,710
Other	2,746	113,162	3,288	146,826	2,278	135,720	2,649	232,932	4,447	161,591
Total.	3,639	$ 311,104	4,527	$ 368,053	3,596	$ 265,628	3,807	$ 413,823	6,315	$ 578,301

Source: Frederick County Planning & Permitting Division

Housing Permit Activity

The number of permits for new dwelling units issued in the County, including all municipalities, are provided below:

Dwelling Type	2012 No. of Units/ % of Total	2013 No. of Units/ % of Total	2014 No. of Units/ % of Total	2015 No. of Units/ % of Total	2016 No. of Units/ % of Total
Single Family Detached	448 / 50%	405 / 33%	389 / 30%	371 / 32%	519 / 28%
Townhouse	168 / 19%	312 / 25%	352 / 27%	358 / 31%	389 / 21%
Multi-Family	277 / 31%	522 / 42%	577 / 44%	429 / 37%	958 / 51%
Total	**893**	**1239**	**1318**	**1158**	**1868**

Source: Frederick County Planning & Permitting Division

Land Use

The County's existing land use is predominantly in agricultural and natural resource uses (forest, rivers, public parkland etc.) uses. The following table shows land use as designated on the County Comprehensive Plan (2012):

	Acres	Percentage
Agriculture	217,821	51%
Commercial/Industrial	12,323	3
Institutional	2,992	1
Municipal	27,330	6
Residential	40,845	10
Mixed Use	938	0
Resource Conservation/Water/Parks	113,080	26
Right of Way	13,415	3
Total	428,744	100.00%

Source: Frederick County Planning & Permitting Division

BUDGET AND ACCOUNTING

The County budget is comprised of the Current Expense Budget ("General Fund Budget" or "Operating Budget"), the Capital Budget, and the Capital Improvement Program (a six year plan). Budgets are also adopted for certain Special Revenue Funds and all Enterprise and Internal Service Funds. The formulation of the County's budget is the responsibility of the Budget Director. Public local law requires that a balanced budget be adopted by the County Council.

General Fund Budget

The General Fund Budget is prepared and submitted to the Council by the County Executive based on estimated revenues and expenditures of operations submitted by the County departments and agencies for the ensuing fiscal year. As submitted to the County Council, the General Fund Budget must contain: fund balance in excess of 5 percent of the prior year's General Fund expenditures and transfers to the Board of Education and Frederick Community College on a budgetary basis, if any; estimates of taxes and other revenues sufficient to balance said budget; recommended appropriations for current expenditures for each department, agency and non-departmental account and transfers to the Board of Education, Frederick Community College and Frederick County Public Libraries; amounts sufficient to meet all general obligation debt service requirements; and portions of the Capital Improvement Program to be financed out of current revenues during said fiscal year.

Operating and Capital Budgets and Capital Improvement Program

No department or agency of the County government may, during any fiscal year, expend or contract to expend any money or incur any liability or enter into any contract which by its terms involves the expenditure of money in excess of the amounts appropriated in the budget for such fiscal year. No payment may be made, nor any obligation or liability incurred, which has not been provided for in the Operating or Capital Budget. Funds resulting from the issuance of bonds, certificates of indebtedness, notes or other obligations of the County may be expended only for authorized purchases of capital assets. Transfer of appropriations among the items set forth therein may be authorized with the approval of the Council.

The Capital Budget is the County's plan to receive and expend funds for capital projects during the ensuing fiscal year. The Capital Improvement Program sets forth the County's plan of proposed capital projects to be undertaken in the ensuing fiscal year and the next five fiscal years and the proposed means of financing such projects. The Capital Budget and Capital Improvement Program are prepared by the County Executive in cooperation with the Finance Division and Planning and Permitting Division from submissions by the County departments and agencies and must be approved by the Council. The portion of the cost of the Capital Budget that is to be paid from current funds is included in the Operating Budget as a transfer to the Capital Budget where the expenditures are recorded.

Accounting System

The accounts of the County are organized and operated on the basis of funds, each of which is considered a separate fiscal and accounting entity. The financial position and operations of each fund are accounted for with a self-balancing set of accounts recording revenue, other financing sources, expenditures/expenses, and other financing uses, together with all related assets, liabilities deferred inflows /outflows and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special purposes, restrictions, or limitations.

Fund Structure

The County reports its financial activity on Government-wide and Fund Financial Statements in conformity with accounting principles generally accepted in the United States of America (GAAP).

The Government-wide financial statements, which include the Statement of Net Position and the Statement of Activities, report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The Statement of Net Position displays the financial position of the County as of the fiscal year end. 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 Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers who use, purchase or directly benefit from goods, services or privileges provided by a given function or segment, and grants 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.

The Fund Financial Statements are identified in the financial statements of the County and included in the County's Comprehensive Annual Financial Report located on the County's website (www.frederickcountymd.gov). The fund types are: Governmental Funds, which include the General Fund, the Special Revenue Funds, and the Capital Project Fund; Proprietary Funds, which include the Enterprise Funds and Internal Service Funds; and Fiduciary Funds, which include Agency, Other Post-Employment Benefits Trust and Pension Trust Funds. Details of the County's fund structure are set forth in the Notes to the Financial Statements. The revenues and expenditures/expenses of the County are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

Basis of Accounting

As noted above, the Government-wide Financial Statements are reported using the economic resources measurement focus and the full accrual basis of accounting.

Relative to the Fund Financial Statements, the financial operations of the Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded at the time liabilities are incurred, except for interest on long-term debt which is considered an expenditure when due and accrued annual leave which is considered an expenditure when paid. In addition, an encumbrance system is employed in the General, Special Revenue, and Capital Project budgetary schedules to account for expenditure commitments resulting from approved purchase orders and contracts.

The financial operations of the Proprietary and Pension Trust Funds are maintained on the accrual basis of accounting, in which all revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The funds also use the full accrual basis of accounting to recognize assets and liabilities.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (the "GFOA") has awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for fiscal year 2015. This was the thirty-fourth year (twenty-ninth consecutive year) that the County has received this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

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

A Certificate of Achievement is valid for a period of one year only. The County intends to continue to conform its Comprehensive Annual Financial Report to the Certificate of Achievement program requirements.

CERTAIN REVENUES, EXPENDITURES AND FUND BALANCE TRENDS

General

The audited fiscal year 2016 financial statements can be found on the County's web site (www.frederickcountymd.gov.reports).

The County records its transactions under various funds in conformity with GAAP as discussed under "BUDGET AND ACCOUNTING - Fund Structure" above. The largest of these funds is the General Fund, from which all general expenses of County government are paid and to which taxes and other revenues not specifically directed by law to be deposited in special funds, are deposited. In addition to the General Fund, several special revenue funds receive revenues from particular sources for specific purposes, all as prescribed by law.

The table on the following page indicates the County's General Fund revenues and expenditures for the fiscal years 2012-2016:

Frederick County Maryland
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis

	FY16	FY15	FY14	FY13	FY12
Revenues					
Local property taxes	$282,347,355	$ 271,399,557	$267,846,124	$229,421,283	$ 249,135,361
Local income taxes	203,361,507	195,202,656	174,145,880	176,068,392	169,760,329
Other local taxes	1,602,603	1,579,191	1,518,137	2,011,774	2,389,932
Recordation	21,009,823	17,702,621	15,569,098	15,617,540	9,969,245
Grants from federal government	1,052,588	273,790	281,779	253,848	251,082
Grants from state government					
Highway user	1,656,309	1,678,525	1,301,241	1,151,629	617,562
Other state grants	1,630,909	1,766,781	1,594,565	1,235,561	1,244,699
Intergovernmental	-	-	-	-	3,200,000
Investment earnings	474,786	263,472	247,956	231,262	348,963
Charges for services	10,292,152	9,694,734	9,403,534	6,114,460	3,821,932
Licenses and permits	4,781,330	4,094,070	3,360,551	2,974,589	532,074
Fines and forfeitures	80,584	87,555	52,760	308,429	153,910
Build America Bond Subsidy	791,728	790,025	715,695	730,163	730,163
Miscellaneous revenues	5,129,934	3,716,969	3,373,108	3,021,241	2,480,963
Total revenues	534,211,608	508,249,946	479,410,428	439,140,171	444,636,215
Expenditures					
Current					
General government	42,702,566	41,492,034	39,391,964	39,446,639	35,412,063
Public safety	101,561,405	99,945,158	95,321,188	53,951,073	48,672,920
Public works	19,658,739	19,474,469	18,939,640	17,368,519	16,061,215
Health	5,575,628	5,178,134	5,425,532	4,833,886	4,827,251
Social services	5,052,385	10,857,361	5,318,312	4,804,712	4,864,469
Education and library					
Board of education	249,371,572	241,491,204	241,239,173	237,156,411	229,599,287
Community college	15,127,919	14,544,914	14,205,683	13,966,874	13,414,859
Public Library	10,063,827	9,971,810	9,856,368	9,490,849	9,357,872
Parks, recreation and culture	6,354,784	6,067,350	5,935,170	5,631,127	5,295,924
Conservation of natural resources	766,295	650,855	628,285	587,367	571,582
Community development and public housing	358,396	367,642	312,509	326,247	302,771
Economic development and opportunity	2,240,938	1,937,559	1,774,674	1,920,620	2,055,564
Non-departmental					
Debt service	39,172,046	36,993,979	37,036,354	34,133,767	33,905,912
Tax rebate to municipalities	4,172,702	4,078,383	4,011,173	3,732,735	7,402,079
State Department of Assessments and Taxation	835,161	748,544	752,086	1,295,114	1,297,802
Other employee benefits	280,166	1,237,438	2,488,293	4,297,967	324,528
Property and liability insurance	1,215,275	1,067,584	867,211	809,416	713,743
Indirect cost recovery	(2,270,899)	(2,236,943)	(2,907,615)	(4,659,736)	(5,165,608)
Other non-departmental & contingencies	5,123,789	1,396,080	(338,649)	766,076	134,917
Total expenditures	507,362,694	495,263,555	480,257,351	429,859,663	409,049,150
Other financing sources (uses)					
Transfers from					
Special revenue funds	74,216	3,884,860	4,334,824	6,987,796	-
Internal service funds		3,500,000	300,000	51,300	-
Enterprise funds	4,000,000	-	1,943,209	1,410,316	-
Proceeds from Refunding Bonds	34,820,000	51,136,827	-	35,235,134	49,589,928
Proceeds from Capital Lease		-	-	-	1,842,437
Premium GO Bonds	1,329,309	1,967,228	-	3,167,032	10,495,016
Gain on sale of property		350,000	-	-	-
Transfers to					
Capital projects funds	(12,539,709)	(13,903,287)	(13,079,231)	(8,836,125)	(6,644,110)
Special revenue funds	(5,440,406)	(5,729,755)	(5,402,015)	(14,240,588)	(9,904,449)
Internal service funds	(276,478)	(264,279)	-	-	-
Enterprise funds		-	(4,526,914)	(4,192,557)	(6,012,930)
Payment to Refunding Agent	(34,523,170)	(49,815,235)	-	(35,117,972)	(57,261,534)
Payment to Refunding Lease Escrow		(910,517)	-	-	(1,827,651)
Total other financing sources (uses)	(12,556,238)	(9,784,158)	(16,430,127)	(15,535,664)	(19,723,293)
Total expenditures and other financing uses	519,918,932	505,047,713	496,687,478	445,395,327	428,772,443
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	14,292,676	3,202,233	(17,277,050)	(6,255,156)	15,863,772
Change in fund balance	$ 14,292,676	$ 3,202,233	$ (17,277,050)	$ (6,255,156)	$ 15,863,772

Taxes

Ad valorem property taxes remain the County's most important source of revenues, estimated at 52.9% of total General Fund revenues and 55.5% of total local General Fund tax revenues in fiscal year 2016. By comparison, in fiscal year 2012, these percentages were 56.0% and 57.8%, respectively.

The following table represents the County's actual principal tax revenues by source for each of the five fiscal years 2012-2016:

	Total Local Taxes	General Property Taxes (1)	Income Taxes	Other Local Taxes
2016	$508,321,288	$282,347,355	$203,361,507	$22,612,426
2015	485,884,025	271,399,557	195,202,656	19,281,812
2014	459,079,239	267,846,124	174,145,880	17,087,235
2013	423,118,989	229,421,283	176,068,392	17,629,314
2012	431,254,867	249,135,361	169,760,329	12,359,177

(1) Includes payment in lieu of taxes, additions and abatements, interest on taxes and tax credits.
Source: Frederick County Finance Division.

Property Taxes

The assessment of all real and tangible personal property for purposes of property taxation by the County is the sole responsibility of the State Department of Assessments and Taxation, an independent State agency. In February 2008 the County imposed a personal property tax applicable to all fiscal years beginning after June 30, 2008. The tax is applicable only to the one subclass of personal property (machinery and equipment, other than operating personal property of a public utility that is used to generate (i) electricity or steam for sale, or (ii) hot or chilled water for sale that is used to heat or cool a building). For State and County real property tax purposes, real property is valued at the currently phased-in market value. All property is physically inspected once every three years and any increase in value arising from such inspection is phased in over the ensuing three taxable years in equal annual installments.

A tax credit is permitted against local real property taxes on certain owner-occupied residential property. The tax credit for tax years 1991-1992 and thereafter was computed by multiplying the prior year's taxable assessment by a percentage of between 100% and 110% (as determined by the State, each county and each municipality), subtracting that amount from the current year's assessment, and multiplying the difference, if it is positive, by the applicable tax rate. The County and most of its municipalities adopted 105% as the tax credit factor for tax year 2012-2013.

The State also provides a tax credit based on the ability of homeowners to pay property taxes. The credit is calculated by use of a scale, which indicates a maximum tax liability for various income levels. This credit can be supplemented at the local level. For fiscal year 2017, the County has budgeted $3,538,300 in tax credits which is entirely reimbursable from the State. In 2006, the County chose to supplement this credit however; subsequently the State expanded its credit eligibility, thereby substantially lessening the effect of the County's action. On January 3, 2012 the former Board of County Commissioners approved an additional supplement as a Senior Tax Credit effective for fiscal year 2013. The anticipated annual fiscal impact for both County supplements is budgeted as $741,300 for fiscal year 2017. Other budgeted tax credits not reimbursed by the State include $23,700 for historic districts, and $1,174,000 for agriculture land and buildings.

Exemptions from State and County property taxation include public property; property owned by religious groups or organizations for public religious worship; property owned by charitable, fraternal, benevolent, educational and literary organizations; property owned by a national organization of veterans; property owned by historical societies and museums; property owned by fire companies and rescue squads; operating property owned by railroad and transportation companies (exempt from State taxation only); tangible personal property of certain domestic corporations, savings institutions and commercial banks; inventory, manufacturing equipment, manufacturing inventory and certain rolling stock (exempt from local taxation only); vessels, aircraft and motor vehicles; farming implements, certain agricultural products and commodities; all personal property located at a taxpayer's place of residence other than property used in connection with any business, occupation or profession; tools of mechanics or artisans; and non-operating property of public utilities and contract carriers (exempt from State taxation only).

The following table sets forth the assessment of all taxable property in the County for fiscal years 2012-2016 and the County and State tax rates applicable in each of those years. As of June 30, 2016, the assessment of tax exempt property owned by federal, State and County governments, churches, schools, fraternal organizations, cemeteries, disabled and the blind aggregated $2,979,690,899. Under applicable law, there are no limits on the rates of property taxes.

Assessments and Tax Rates of All Taxable Property by Class
(Fiscal Years Ended June 30)

Assessments....................	**2016**	**2015**	**2014**	**2013**	**2012**
Real Property................	$26,885,066,058	$26,014,847,023	$25,465,757,141	$25,473,411,929	$26,011,999,100
Public Utilities.............	342,546,890	302,584,420	299,508,700	298,056,050	294,258,800
Total Base........................	$27,227,612,948	$26,317,431,443	$25,765,265,841	$25,771,467,979	$26,306,257,900
County Tax Rate .... (Per $100 of Assessment)	$1.060	$1.060	$1.064	$0.936**	$0.936**
State Tax Rate.................. (Per $100 of Assessment)	$0.112	$0.112	$0.112	$0.112	$0.112

** Excludes Special Revenue Tax Districts.
Source: Frederick County Finance Division.

Tax rates for fiscal year 2017 were based on a budgeted taxable assessment of $27,724,439,844. There are residents who live in municipalities within the County and therefore pay property taxes to both the County and municipality for services that are only provided by the municipality. Prior to fiscal year 2013, all municipalities received a tax rebate or direct payment for the cost of services provided by the municipality but taxed by the County. Maryland code governs the procedure for setting a differential rate in the municipalities, and in fiscal year 2014, the City of Frederick and Myersville decided to take advantage of the differential rate rather than receive a tax rebate. The fiscal year 2017 tax rates are as follows:

	2017
County Tax Rate (Per $100 of Assessment)	$ 1.0600
County Frederick City Differential (Per $100 of Assessment)	$ 0.9374
County Myersville Differential (Per $100 of Assessment)	$ 0.9351
State Tax Rate (Per $100 of Assessment)	$ 0.1120

Source: Frederick County Treasurer's Office.

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The following table lists the 20 largest taxpayers in the County and the assessment of their property for fiscal year 2016:

Name of Taxpayer	Assessment	Percentage of Total County Taxable Assessments
Potomac Edison Co.	$ 162,391,190	0.5964
RIV 402 LLC	97,504,933	0.3581
PR Financing Limited Partnership	80,019,800	0.2939
Medimmune Inc.	52,452,033	0.1926
River X LLC	50,035,067	0.1838
Verizon Maryland	49,317,360	0.1811
Costco Wholesale Corporation	44,711,400	0.1642
Dominion Transmission Corp.	44,525,980	0.1635
WIG07 Prospect Hall LLC	42,299,467	0.1554
Washington Gas Light Company	40,995,030	0.1506
Frederick Westview Properties LLC	40,490,600	0.1487
Summit Clearbrook LLC	40,309,400	0.1480
Writ Frederick Crossing Land LLC	38,950,000	0.1431
LSREF2 Tractor REO (Frederick) LLC	38,182,800	0.1402
Toys R Us Inc.	36,396,300	0.1337
I&G Direct Real Estate 23 LP	35,980,100	0.1321
Fannie Mae	34,624,400	0.1272
KBS Legacy Partners Crystal LLC	32,798,400	0.1205
Market Square at Frederick LLC	32,268,367	0.1185
Wellington Trace Apartments LLC	32,000,000	0.1175
	$ 1,026,252,627	3.7692

Source: Frederick County Treasurer's Office

Tax Levies and Collections

Property taxes are levied as of July 1. Effective July 1, 2000, taxes on owner-occupied residential real property may be paid in two installments: one by September 30, and one by December 31. Discounts for timely payments are allowed through August 31 and taxes due and not paid by September 30 are subject to interest and penalties at a rate of 1% per month for each month or fraction thereof that taxes remain unpaid. Tax liens on real property are sold at public auction the second Monday in May when taxes have remained delinquent during the current fiscal year.

The County bills and collects its own property taxes and those of the State and municipalities. County property tax revenues are recognized when levied to the extent that they result in current receivables. State and municipality property taxes collected are remitted to the State and municipalities.

The following table sets forth certain information with respect to the County's tax levies and tax collections for each of the five most recent fiscal years:

Fiscal Year	Total Tax Levy (Original Levy)	Current Year's Taxes Collected in Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage		Amount	Percentage of Adjusted Levy
2016…	$269,520,819	$269,144,537	99.86%		$ 269,144,537	99.86%
2015…	260,342,354	260,153,968	99.93%	88,159	260,242,127	99.96%
2014…	256,863,697	256,652,511	99.92%	103,821	256,756,332	99.96%
2013…	225,237,681	224,912,437	99.86%	232,234	225,144,671	99.96%
2012…	238,393,670	238,135,801	99.89%	135,602	238,271,403	99.95%

Income Tax

The State imposes an income tax on the adjusted gross income of individuals for federal income tax purposes, subject to certain adjustments. Beginning tax year 2013, the personal State income tax rate is graduated up to 5.75%. Each county and Baltimore City must levy a local income tax at the rate of at least 1.25% of Maryland taxable income, but not in excess of 3.20%. The County's income tax rate is 2.96%, and has been the same since 2002. The County does not levy a local income tax on corporations. Local income tax was budgeted at $205,212,335 for fiscal year 2017.

Other Local Taxes

In addition to property taxes and income taxes, the County levies and collects miscellaneous taxes, the largest of which is the recordation tax on instruments conveying title to property and securing debt. Revenues from this tax in fiscal year 2016 were at $30,746,161 (including General Fund revenues of $21,009,823). The budget for fiscal year 2017 is $28,056,546 (including General Fund revenues of $17,769,052).

State and Federal Financial Assistance

The County receives grants from the federal and State governments for use in the General, Special Revenue, and Capital Projects Funds. In addition, the Board of Education, Frederick Community College, and Frederick County Public Libraries receive grants directly from the federal and State governments.

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Fund Balance Trends

General Fund

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Nonspendable	$ 2,460,677	$ 2,106,066	$ 875,623	$ 1,448,707	$ 1,245,845
Restricted					
Debt Service	1,139,026	1,914,392	1,789,157	3,075,002	1,481,720
Other	672,059	369,974	-	-	-
Committed					
Enabling Legislation (5% set aside)	25,297,566	24,763,178	24,012,867	21,492,983	20,452,457
Bond Rating Enhancement	2,700,000	2,700,000	2,700,000	2,200,000	1,200,000
Year 1 Budget	25,007,730	19,883,347	-	-	-
Year 2 Budget	31,257,192	23,054,531	-	-	-
Fuel Reserve	549,420	41,265	-	-	-
LOSAP	484,819	258,996	232,940	186,998	172,590
Permanent Public Improvement	176,000	176,000	-	-	-
Encumbrances	-	-	1,991,810	1,314,251	983,290
Assigned					
Snow Removal	-	-	-	473,553	1,000,000
Fuel Reserve	-	-	200,726	1,502,939	-
Lobbying Monitoring/Other	-	350,000	-	-	7,636
Year 1 Budget	-	-	24,051,966	34,564,993	38,355,177
Year 2 Budget	-	-	17,583,347	23,551,966	34,564,993
Income Taxes (Wynne Case)	2,883,627	2,883,627	2,883,627	3,414,828	-
Encumbrances	2,868,603	1,872,123	879,132	629,322	636,464
Other	404,825	-	-	-	-
Unassigned	300,000	300,000	300,000	500,000	500,000
	$ 96,201,544	$ 80,673,499	$ 77,501,195	$ 94,355,542	$ 100,600,172

Source: Frederick County Finance Division

Section 2-7-1(a) (2) of the Frederick County, Maryland Code of Ordinances provides for the County to maintain a committed General Fund balance equal to 5 percent of General Fund expenditures and transfer to the Board of Education and Frederick Community College on a budgetary basis. As of June 30, 2016, the required balance is $25,297,566. This is classified as "committed" fund balance in accordance with the promulgations of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Due to the restricting nature of the set-aside, the 5 percent is reported as restricted net position in the governmental activities column of the government-wide Statement of Net Position.

Special Revenue Funds – Available Fund Balances for Debt Service as of June 30:

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Recordation Taxes					
School Construction					
Fund Balance	$ 12,204,208	$ 11,654,409	$ 10,728,938	$ 11,680,050	$ 11,293,397
Subsequent Years Debt Service	4,603,589	4,093,367	4,009,267	3,964,911	3,903,218
Amount of Fund Balance Held for Debt Service	9,207,178	8,186,734	8,018,534	7,929,822	7,806,436
Parks Acquisition & Development					
Fund Balance	2,240,266	1,301,306	1,533,876	635,530	2,567,923
Subsequent Years Debt Service	123,524	80,524	81,017	81,246	45,529
Amount of Fund Balance Held for Debt Service	247,048	161,048	162,034	162,492	91,058
Impact Fees					
Fund Balance	31,516,389	21,914,791	16,745,497	13,913,209	11,071,737
Subsequent Years Debt Service	7,697,999	7,718,644	7,473,109	7,242,553	7,582,217
Fund Balance Held for Debt Service	12,615,844	12,068,841	13,036,563	10,453,746	9,237,044
Totals					
Fund Balance	45,960,863	34,870,506	29,008,311	26,228,789	24,933,057
Subsequent Years Debt Service	12,425,112	11,892,535	11,563,393	11,288,710	11,530,964
Fund Balance Held for Debt Service	$ 22,070,070	$ 20,416,623	$ 21,217,131	$ 18,546,060	$ 17,134,538

Source: Frederick County Finance Division

Water and Sewer Enterprise Fund

Water and sewer user charges are recorded when earned and expenses are recognized when they are incurred based on the accrual basis of accounting. Unpaid water and sewer user charges are a lien on the real property served and are collectible in the same manner as real property taxes.

For fiscal year 2016, the Water and Sewer Enterprise Fund reported $9,819,621 of connection fees and $11,920,561 in developer contributions for a total capital contribution of $21,740,182. Overall for fiscal year 2016, net position increased $14,475,819 consisting of ($7,264,363) in net loss and $21,740,182 in capital contributions.

Per GASB 34 requirements, the Water and Sewer Enterprise Fund reported total Net Position of $506,264,185 for fiscal year 2016. Of this amount, $424,817,440 was net investment in capital assets, $8,313,596 was restricted for capital projects and $73,133,149 was unrestricted.

The current schedule of rates and charges for water and sewer service became effective on July 1, 2015, which included a programmed increase in the rates over a period of five years.

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The following table summarizes the revenues and expenses of the Water and Sewer Enterprise Fund for the five most recent fiscal years:

Water and Sewer Enterprise Fund
Schedule of Revenues and Expenses & Change in Net Position
For the Fiscal Years ending June 30

	2016	2015	2014	2013	2012
Operating revenues					
Water and sewer charges	$ 29,939,536	$ 27,838,558	$ 25,682,075	$ 23,418,738	$ 23,734,175
Delinquent Fees	79,464	67,251	70,753	56,707	60,374
Other sources	1,381,630	1,029,924	762,542	977,774	744,587
Total operating revenues	31,400,630	28,935,733	26,515,370	24,453,219	24,539,136
Operating expenses					
Personnel services	9,211,580	9,160,376	8,777,096	8,670,045	8,289,678
Operating expenses	8,350,154	8,036,724	8,075,453	6,932,431	6,642,903
Insurance	334,541	314,504	369,449		
Supplies	2,060,483	1,741,090	1,426,704	1,135,444	965,609
Repairs and maintenance	3,023,257	2,344,768	2,344,176	1,830,590	1,438,339
Depreciation expense	11,780,067	9,798,865	9,774,024	9,694,115	9,560,014
Total operating expenses	34,760,082	31,396,327	30,766,902	28,262,625	26,896,544
Operating income (loss)	(3,359,452)	(2,460,594)	(4,251,532)	(3,809,406)	(2,357,407)
Nonoperating revenues (expenses)					
Investment income	390,185	303,840	330,281	362,395	352,273
Miscellaneous Income (expense)	-	-	3	-	-
Capital Grants				-	-
Build America Bonds Subsidy	327,717	328,633	328,517	341,630	354,480
Interest expense	(4,394,013)	(3,570,328)	(3,742,746)	(4,308,223)	(4,247,431)
Gain (Loss) on disposition of capital assets	(228,800)	(419,132)	7,291	5,725	(834,016)
Total nonoperating revenues (expenses)	(3,904,911)	(3,356,987)	(3,076,654)	(3,598,473)	(4,374,694)
Net Income (Loss) Before Capital Contributions and Transfers	(7,264,363)	(5,817,581)	(7,328,186)	(7,407,879)	(6,732,101)
Capital Contributions	21,740,182	24,576,946	25,481,073	36,011,030	15,481,330
Transfers in	-	-	-	-	40,084
Transfers out	-	-	-	(193,000)	-
Total contributions and transfers	21,740,182	24,576,946	25,481,073	35,818,030	15,521,414
Change in Net Position	$ 14,475,819	$ 18,759,365	$ 18,152,887	$ 28,410,151	$ 8,789,313

* Projected

Source: Frederick County Finance Division

Solid Waste Management Enterprise Fund

As of July 1, 1989, the Solid Waste Management Enterprise Fund was established to account for the operations of the County landfill and future solid waste activities. Revenues from user fees are the primary source of funds for operations, debt service payments and capital projects.

Landfill user charges (tipping fees) are recorded as revenues when billed. Unpaid tipping fees are assessed interest at the rate of 1% per month and access is denied to landfill users whose accounts are over 60 days past due.

The following table summarizes the revenues and expenses of the Solid Waste Management Enterprise Fund for the five most recent fiscal years:

Solid Waste Management Enterprise Fund
Schedule of Revenues and Expenses & Change in Net Position
For the Fiscal Years ending June 30

	2016	2015	2014	2013	2012
Operating revenues					
Tipping Fee Charges	$ 12,017,937	$ 11,843,388	$ 10,993,320	$ 12,236,598	$ 12,394,626
System Benefit Charges	10,107,446	10,035,523	9,994,939	9,957,169	9,957,757
Recycling	2,244,093	2,587,209	2,594,405	2,572,782	1,780,320
Delinquent Fees	58,986	54,770	56,058	56,468	73,400
Miscellaneous Operating Revenues	235,636	187,400	-	-	-
Landfill Gas Revenues	288,000	243,475	199,000	243,486	288,000
Total operating revenues	24,952,098	24,951,765	23,837,722	25,066,503	24,494,103
Operating expenses					
Personnel services	2,217,844	2,156,309	2,013,278	1,861,333	1,896,608
Operating expenses	1,602,100	1,206,555	2,230,681	1,396,588	1,421,763
Insurance	55,868	52,750	54,190	-	-
Supplies	31,597	59,055	27,806	42,880	39,677
Repairs and maintenance	270,309	299,445	209,881	161,673	244,767
Transfer expense	7,939,907	7,894,102	7,355,912	7,102,275	7,298,247
Recycling	6,327,878	6,087,461	5,848,712	5,839,196	4,490,589
Depreciation expense	1,010,877	956,719	915,260	1,029,995	1,340,126
Total operating expenses	19,456,380	18,712,396	18,655,720	17,433,940	16,731,777
Operating income (loss)	5,495,718	6,239,369	5,182,002	7,632,563	7,762,326
Nonoperating revenues (expenses)					
Investment income	140,746	61,083	49,813	104,323	81,103
Miscellaneous Income (expense)	366	(437,216)	1,925	-	(57,927)
Build America Bonds Subsidy	8,584	8,607	8,604	8,947	9,284
Interest expense	(610,451)	(692,892)	(810,146)	(979,803)	(1,112,139)
Gain (Loss) on disposition of capital assets	-	-	17,434	-	8,041
Total nonoperating revenues (expenses)	(460,755)	(1,060,418)	(732,370)	(866,533)	(1,071,638)
Net Income (Loss) Before Capital Contributions and Transfers	5,034,963	5,178,951	4,449,632	6,766,030	6,690,688
Capital Contributions	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(4,000,000)	-	-	(60,000)	-
Total contributions and transfers	-	-	-	(60,000)	-
Change in Net Position	$ 1,034,963	$ 5,178,951	$ 4,449,632	$ 6,706,030	$ 6,690,688

*Projected
Source: Frederick County Finance Division

CERTAIN DEBT INFORMATION

Bonded Indebtedness of the County

The County has the power to incur debt without specific enabling legislation from the Maryland General Assembly. The aggregate amount of County general obligation debt is limited to an amount equal to a total of five percent of the assessable basis of real property of the County and fifteen percent of the County's assessable basis of personal property and operating real property; as of July 1, 2016, this limit would have been $1.6 billion. This limit does not apply to the following categories of debt: tax anticipation notes or other evidences of indebtedness having a maturity not in excess of 12 months; debt payable primarily or exclusively from taxes levied in or on, or other revenues of, special taxing areas or community development authorities; and debt issued for self-liquidating and other projects payable primarily or exclusively from the proceeds of assessments or charges for special benefits or services.

Incurrence of debt is authorized by legislation enacted by the County Council and approved by the County Executive in accordance with the provisions of the Charter. All such legislation may be referred to the voters of the County for referendum if a petition signed by at least seven percent of the registered voters of the County is filed with the Board of Elections for the County no later than fifty-nine days following the date the legislation is enacted. In addition, the County may (i) incur debt for the purpose of providing funds for the construction of water, sewage, drainage systems and solid waste systems, as long as the amount issued, less any sinking funds or reserves to pay such bonds, does not exceed 6% of the valuation of all legally assessable property within Frederick County subject to unlimited County taxation and (ii) incur debt for the purposes of providing funds for the construction and improvement of public schools per Sections 5.601- 5.604 of the Education Volume of the Annotated Code of Maryland, as amended. The County also continues to utilize the existing borrowing authority of the 2012 Act during the transition from the former County Commissioners form of government to the current charter form of government.

Except as described in "COUNTY GOVERNMENT AND ADMINISTRATION - Leases and Other Contracts" above, the County is not a party to any long-term leases, lease-purchase obligations, joint ventures, guaranteed debt, "moral obligation" indebtedness, output or supply contracts, take or pay or similar contracts or any other form of contingency indebtedness that does not appear on its balance sheet.

The table on the following page sets forth the amount of the County's long-term general obligation bonded indebtedness issued and outstanding as of June 30, 2016.

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Schedule of Long-Term Loans and Bonded Indebtedness Issued and Outstanding

	Date of Debt Issue	Date of Debt Maturity	Amount of Original Issue	Amount Outstanding 6/30/2016
General Government Debt				
MD Industrial Land Act Loan - State Farm	5/12/1994	5/12/2021	181,059	59,918
Public Facilities Refunding Bonds of 2002, Series A	4/1/2002	7/1/2016	13,999,267	539,148
Public Facilities Refunding Bonds of 2006	2/1/2006	11/1/2022	12,608,476	12,608,476
Public Facilities Bonds of 2007	5/15/2007	6/1/2027	52,890,000	2,521,313
Public Facilities Bonds of 2008	6/15/2008	6/1/2028	61,055,000	4,924,395
Public Facilities Bonds of 2010A	1/26/2010	2/1/2020	47,213,456	19,219,435
Public Facilities Bonds of 2010B (BAB)	1/26/2010	2/1/2030	71,261,044	63,241,044
Public Facilities Bonds of 2010C Refunding	4/27/2010	12/1/2020	57,786,283	29,090,559
Public Facilities Bonds of 2011, Series A	8/4/2011	8/1/2031	55,810,000	39,250,000
Public Facilities Refunding Bonds of 2011, Series B	8/4/2011	8/1/2017	9,909,091	4,302,917
Public Facilities Refunding Bonds of 2012	2/9/2012	8/1/2017	59,842,669	52,837,669
Public Facilities Refunding Bonds of 2012 - Taxable	8/23/2012	8/1/2020	51,946,393	49,021,922
Public Facilities Bonds of 2013	5/2/2013	5/1/2033	26,800,000	23,779,142
Public Facilities Bonds of 2014, Series A	7/8/2014	8/1/2034	32,117,727	31,060,828
Public Facilities Refunding Bonds of 2014, Series C	11/25/2014	6/1/2028	12,429,335	12,429,335
Public Facilities Refunding Bonds of 2015, Series A	3/19/2015	6/1/2027	8,061,868	8,061,868
Public Facilities Bonds of 2016, Series A	6/29/2016	8/1/2036	77,186,341	77,186,341
Public Facilities Refunding Bonds of 2016, Series B-Taxab	6/29/2016	8/1/2036	34,820,000	34,820,000
FY2012 Capital Lease	12/15/2011	1/15/2017	836,610	106,708
Installment Purchase Agreements	VARIOUS	VARIOUS	60,024,857	52,440,249
Total General Government Debt			746,779,476	517,501,267
Less: Installment Purchase Agreements			(60,024,857)	(52,440,249)
Less: Capital Leases			(836,610)	(106,708)
Less: Notes Payable			(181,059)	(59,918)
Total Serial Bond General Government Debt			685,736,950	464,894,392
Proprietary Fund Debt				
Maryland Department of the Enviroment Loans	VARIOUS	VARIOUS	116,006,216	62,247,445
Public Facilities Refunding Bonds of 2002, Series A	4/1/2002	7/1/2016	8,590,733	330,852
Public Facilities Refunding Bonds of 2006	2/1/2006	11/1/2022	7,756,524	7,756,524
Public Facilities Bonds of 2007	5/15/2007	61/1/2027	38,990,000	1,858,687
Public Facilities Bonds of 2008	6/15/2008	6/1/2028	18,325,000	1,695,605
Public Facilities Bonds of 2010A	1/26/2010	2/1/2020	12,491,544	5,730,565
Public Facilities Bonds of 2010B (BAB)	1/26/2010	2/1/2020	18,853,956	18,853,956
Public Facilities Bonds of 2010C Refunding	4/27/2010	12/1/2020	21,578,717	10,984,441
Public Facilities Refunding Bonds of 2011, Series B	8/4/2011	8/1/2017	6,095,909	2,647,083
Public Facilities Refunding Bonds of 2012	2/9/2012	8/1/2024	25,232,331	25,232,331
Public Facilities Refunding Bonds of 2012 - Taxable	8/23/2012	8/1/2020	9,423,607	8,893,078
Public Facilities Bonds of 2013	5/2/2013	5/1/2033	4,650,000	4,125,858
Public Facilities Bonds of 2014, Series A	7/8/2014	8/1/2034	2,677,273	2,589,172
Public Facilities Refunding Bonds of 2014, Series C	11/25/2014	6/1/2028	4,285,665	4,285,665
Public Facilities Refunding Bonds of 2015, Series A	3/19/2015	6/1/2027	5,943,132	5,943,132
Public Facilities Bonds of 2016, Series A	6/29/2016	8/1/2036	8,218,659	8,218,659
FY2016 Capital Lease	3/4/2016	2/1/2021	287,798	287,798
Total Proprietary Debt			309,407,064	171,680,851
Less: Capital Lease			(287,798)	(287,798)
Less: MDE Loans			(116,006,216)	(62,247,445)
Total Serial Bond Proprietary Debt			193,113,050	109,145,608
Total Serial Bond Long-Term Indebtedness			$878,850,000	$574,040,000

Maryland Department of the Environment Loans

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

The County has been a participant in the MDE's loan program since fiscal year 1992. As of June 30, 2016, the County has authorized and approved borrowings in an aggregate principal amount of $95,456,559 for ten water and sewer loans. The County has also authorized and approved borrowings in an aggregate principal amount of $23,083,532 for three solid waste loans. The outstanding principal on these MDE loans as of June 30, 2016 is $62,247,445. These loans have interest rates of 0.08 – 3.48%.

Maryland Industrial Land Act Loans

The County had an outstanding loan from the Department of Business and Economic Development of the State in the original amount of $181,059 under the Maryland Industrial Land Act, Article 83A, Section 5-401 *et. seq.* of the Maryland Annotated Code. The proceeds of this loan have been reloaned to a private user to assist in the financing of certain street and site improvements in the County. The loan is a full faith and credit obligation of the County. The outstanding balance of this loan as of June 30, 2016 was $59,918.

Other Loans and Bonds

Community Development Authority (Special Tax) Financing

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

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

Tax Increment Financing

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

On March 6, 2014, the former Board of County Commissioners enacted ordinances and adopted resolutions creating the Oakdale-Lake Linganore Development District (the "Development District"), authorizing the issuance of up to $75 million aggregate principal amount of special obligation bonds to finance infrastructure costs within the Development District, pledging certain incremental tax revenues to the payment of debt service on such bonds, and authorizing the levy of special taxes within the Development District to pay debt service on such bonds. These bonds were issued on November 14, 2014, as draw down bonds. As of June 30, 2016, the developer has drawn $159,921 of the Series A bonds and $96,426 of the Series B bonds.

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 6/30/2016
Toys'R-Us	TIF-Serial	$ 1,890,094	09/26/96	09/15/18	8.160%	$ 479,144
Lake Linganore - Series 2001A	CDA-Term	1,957,000	02/05/01	07/01/20	5.600%	1,957,000
Lake Linganore - Series 2001A	CDA-Term	4,285,000	02/05/01	07/01/29	5.700%	4,285,000
Lake Linganore - Series 2007A	CDA-Loan	3,114,000	09/20/07	07/01/29	0.000%	2,134,938
Lake Linganore - Series 2007B	CDA-Loan	3,232,142	09/20/07	03/01/28	0.000%	2,113,142
Urbana CDA - Series 2010A	CDA-Serial	30,440,000	09/23/10	07/01/25	2.00-5.00%	23,440,000
Urbana CDA - Series 2010A	CDA-Term	20,455,000	09/23/10	07/01/30	4.400%	20,455,000
Urbana CDA - Series 2010A	CDA-Term	26,780,000	09/23/10	07/01/40	4.700%	26,780,000
Urbana CDA - Series 2010B	CDA-Term	20,020,000	09/23/10	07/01/40	5.500%	20,020,000
Jefferson Technology Park - Series 2013A	CDA-Serial	6,640,000	08/06/13	07/01/43	7.250%	6,640,000
Jefferson Technology Park - Series 2013B	TIF/CDA-Serial	33,360,000	08/06/13	07/01/43	7.125%	33,360,000
Oakdale-Lake Linganore - Series 2014A	CDA-Serial	15,750,000	11/14/14	07/01/44	2.000%	159,921
Oakdale-Lake Linganore - Series 2014B	TIF/CDA-Serial	7,750,000	11/14/14	07/01/44	2.000%	96,426
						$ 141,920,571

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 and interest and associated costs would also become immediately due if any encumbrance is placed upon the project without the prior written consent of DHCD or in the event of default as defined in the deed of trust. The principal amount of the loan is $1,813,056.

On June 20, 2013, the County entered into two loan agreements with the Maryland Department of the Environment (MDE) for the purpose of replacing the aging water distribution system located in the Village of Rosemont. The principal amount approved for the first loan to be repaid to MDE is $202,455, maturing on February 1, 2036. The second loan was approved in the amount of $1,500,000. At any time prior to June 20, 2023, the principal advanced under the second loan agreement shall be payable in full on demand. MDE has agreed to forgive the repayment of the principal amount of the loan and interest payable, so long as the County performs all of its other obligations under the loan agreement. As of June 30, 2016, $202,455 of the first loan and $1,417,182 of the second loan have been drawn.

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Summary of Debt Service Requirements

The following tables illustrate the County's schedules of projected debt service requirements for outstanding long-term obligations as of June 30, 2016.

Summary of Debt Service Requirements for Outstanding Long-Term Loans and Bonds

Fiscal	General Government Debt		Proprietary Debt		Total Long-Term Indebtedness		Total
Year	Principal	Interest	Principal*	Interest	Principal	Interest	Indebtedness
2017	$ 39,926,651	$ 18,307,909	$ 14,922,708	$ 5,149,844	$ 54,849,359	$ 23,457,753	$ 78,307,112
2018	39,161,955	18,351,828	14,715,802	4,816,779	53,877,757	23,168,607	77,046,364
2019	41,670,149	16,940,740	15,249,034	4,328,336	56,919,183	21,269,076	78,188,259
2020	42,522,577	15,506,625	15,244,547	3,813,006	57,767,124	19,319,631	77,086,755
2021	34,830,586	13,918,072	14,504,252	3,335,392	49,334,838	17,253,464	66,588,302
2022	25,690,384	12,646,273	11,332,122	2,884,788	37,022,506	15,531,061	52,553,567
2023	30,737,320	11,605,857	11,654,887	2,511,748	42,392,207	14,117,605	56,509,812
2024	26,837,573	10,198,050	10,203,210	2,168,116	37,040,783	12,366,166	49,406,949
2025	27,572,066	8,975,115	10,472,242	1,854,313	38,044,308	10,829,428	48,873,736
2026	26,071,678	7,797,445	10,675,318	1,598,311	36,746,996	9,395,756	46,142,752
2027	28,543,691	6,787,203	10,500,147	1,301,582	39,043,838	8,088,785	47,132,623
2028	27,500,827	5,639,006	7,919,822	1,023,526	35,420,649	6,662,532	42,083,181
2029	23,664,494	4,472,440	6,746,529	799,229	30,411,023	5,271,669	35,682,692
2030	22,330,469	3,352,305	6,903,090	603,574	29,233,559	3,955,879	33,189,438
2031	17,257,547	2,459,421	4,760,926	406,867	22,018,473	2,866,288	24,884,761
2032	13,738,998	1,749,850	4,831,548	337,864	18,570,546	2,087,714	20,658,260
2033	11,366,120	1,389,654	1,012,439	99,815	12,378,559	1,489,469	13,868,028
2034	10,255,370	1,051,118	708,633	70,235	10,964,003	1,121,353	12,085,356
2035	10,171,134	716,585	731,034	47,792	10,902,168	764,377	11,666,545
2036	10,073,963	464,459	559,151	27,602	10,633,114	492,061	11,125,175
2037	7,577,715	119,425	567,285	9,218	8,145,000	128,643	8,273,643
Total	$ 517,501,267	$ 162,449,380	$ 174,214,726	$ 37,187,937	$ 691,715,993	$ 199,637,317	$ 891,353,310

* Proprietary Debt assumes the full amount of MDE loans will be drawn. As of June 30, 2016, $2,533,875 of available funds remain to be drawn on the 2010 MDE loan.

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Schedule of Debt Service Requirements
As Adjusted to Reflect the Issuance of the Bonds

Fiscal Years as of June 30	Total Debt Service(1)	LESS: Refunded Bonds Debt Service (1)	General Obligation Public Facilities Refunding Bonds, Series 2017 (2020 Crossover)*		LESS: Interest Payments from the Escrow Account	Adjusted Total Debt Service (1)
			Principal	Interest (2)		
2017	$78,307,112	$ 0	$ 0	$ 0	$ 0	$78,307,112
2018	77,046,364	0	0	2,975,118	2,975,118	77,046,364
2019	78,188,259	0	0	3,693,250	3,693,250	78,188,259
2020	77,086,755	0	0	3,693,250	3,693,250	77,086,755
2021	66,588,302	11,565,488	5,935,000	3,693,250	0	64,651,064
2022	52,553,567	11,445,528	6,220,000	3,396,500	0	50,724,539
2023	56,509,812	11,267,278	6,475,000	3,085,500	0	54,803,034
2024	49,406,949	11,136,153	6,795,000	2,761,750	0	47,827,546
2025	48,873,736	11,002,523	7,130,000	2,422,000	0	47,423,213
2026	46,142,752	10,853,348	7,485,000	2,065,500	0	44,839,904
2027	47,132,623	10,694,948	7,850,000	1,691,250	0	45,978,925
2028	42,083,181	10,535,888	8,240,000	1,298,750	0	41,086,043
2029	35,682,692	10,364,108	8,650,000	886,750	0	34,855,334
2030	33,189,438	10,188,063	9,085,000	454,250	0	32,540,625
2031	24,884,761	0	0	0	0	24,884,761
2032	20,658,260	0	0	0	0	20,658,260
2033	13,868,028	0	0	0	0	13,868,028
2034	12,085,356	0	0	0	0	12,085,356
2035	11,666,545	0	0	0	0	11,666,545
2036	11,125,175	0	0	0	0	11,125,175
2037	8,273,643	0	0	0	0	8,273,643
2038	0	0	0	0	0	0
Total..........	$891,353,310	$109,053,320	$73,865,000	$32,117,118	$10,361,618	$877,920,480

(1) Totals may not add due to rounding.
(2) Interest rate on the 2017A Bonds is 5.000%.

The following table sets forth the County's general obligation long-term debt (including notes payable, capital leases, and installment purchase agreements) per capita and ratio of debt to assessment for the five most recent fiscal years:

Schedule of Debt Service Requirements
As Adjusted to Reflect the Issuance of the Bonds

Fiscal Year	General Government Debt	Property Tax Assessment	Debt to Assessment	Population (1)	Debt Per Capita
2016…	$ 517,501,267	$27,227,612,948	1.90%	249,972	$ 2,070
2015…	475,799,263	26,317,431,443	1.81%	243,692	1,952
2014…	471,470,093	25,765,265,841	1.83%	240,911	1,957
2013…	504,110,497	25,771,467,979	1.96%	238,345	2,115
2012…	477,310,498	26,306,257,900	1.81%	236,551	2,018

(1) Population estimate from the Frederick County Division of Community Development.
(2) U.S. Census
Source: Frederick County Finance Division.

The following table sets forth the County's General Fund debt service as a percentage of General Fund revenues for each of its four most recent fiscal years:

Fiscal Year	General Fund Revenues	Debt Service Expenditures	Percentage
2016	$534,211,608	$39,172,046	7.33%
2015	508,249,946	36,993,979	7.28
2014	479,410,428	37,036,354	7.73
2013	439,140,171	34,133,767	7.77
2012	444,636,215	33,905,912	7.63

Source: Frederick County Finance Division.

Rapidity of Debt (Excluding Proposed Issue)

Number of Years	Principal Retired	Percent of Debt Retired
5	$ 272,748,261	39.43%
10	463,995,061	67.08%
15	620,122,603	89.65%
20	683,570,993	98.82%
25	691,715,993	100.00%

Source: Frederick County Finance Division.

The following table sets forth the computation of direct and overlapping governmental activities debt of the municipalities within the County as of June 30, 2016:

Jurisdiction	Debt Outstanding (1)	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Brunswick	$ 401,407	100%	$ 401,407
Emmitsburg	301,399	100	301,399
Frederick City	63,672,706	100	63,672,706
Middletown	2,178,202	100	2,178,202
Myersville	3,681,710	100	3,681,710
Frederick County Public Schools ..	11,537,634	100	11,537,634
Frederick Community College......	6,489,798	100	6,489,798
Total Overlapping Debt			88,262,856
Frederick County Direct Debt ..			540,140,844
Total Direct and Overlapping Debt			$628,403,700

(1) Debt repaid by general government activities.
Source: Frederick County Finance Division.

Capital Budget

The following table sets forth the different classes of capital projects and the amounts included in the Capital Budget for fiscal year 2017 and the amounts included in the Capital Improvement Program for the next five fiscal years indicated:

Capital Budget - Program Requirements and Sources of Funds

	2017	2018	2019	2020	2021	2022
Program Requirements						
General Government	$ 10,197,612	$ 14,768,293	$ 22,667,750	$ 10,804,800	$ 15,235,965	$ 30,896,144
Water & Sewer	39,209,000	1,332,750	1,228,000	2,640,000	5,574,000	54,166,000
Solid Waste	-	-	-	-	-	-
Parks and Recreation	7,570,367	2,725,566	18,581,348	3,082,841	6,977,020	2,002,587
Watershed Restoration	4,116,148	5,781,867	6,156,335	8,089,861	1,000,000	1,000,000
Roads	2,041,948	891,492	13,424,100	7,194,200	1,120,000	924,300
Bridges	3,693,100	365,700	471,200	1,940,800	2,333,700	1,051,600
Highways	11,483,350	15,976,800	21,582,390	21,383,000	18,344,800	15,454,200
Community College	7,553,626	1,250,000	1,150,000	1,299,050	10,450,000	2,025,707
Board of Education	37,065,681	80,073,605	14,595,500	36,255,886	35,106,700	14,296,500
Municipalities	2,640,000	3,200,000	-	416,222	50,000	50,000
Total - Projects	$ 125,570,832	$ 126,366,073	$ 99,856,623	$ 93,106,660	$ 96,192,185	$ 121,867,038
Sources of Funds						
General Fund	$ 13,497,192	$ 16,380,006	$ 18,647,234	$ 19,039,763	$ 18,593,727	$ 22,313,728
General Fund Bonds/Leases	22,803,530	42,862,569	66,126,275	60,702,503	44,969,778	31,923,028
Recordation Tax / Bonds	9,552,243	1,704,523	10,723,547	3,054,523	5,109,313	452,333
Impact Fees / Bonds	5,329,000	18,605,160	-	4,000,000	5,000,000	-
School Mitigation Fee	-	12,500,000	-	-	5,000,000	-
Excise Tax	-	-	-	-	-	-
Enterprise Fees/Bonds	25,861,100	1,748,048	1,534,000	-	4,676,600	45,017,280
Grants	25,294,867	20,867,767	14,107,567	11,319,871	13,736,367	13,011,949
Miscellaneous	23,232,900	11,698,000	(11,282,000)	(5,010,000)	(893,600)	9,148,720
Total - Source of Funds	$ 125,570,832	$ 126,366,073	$ 99,856,623	$ 93,106,660	$ 96,192,185	$ 121,867,038

Source: Frederick County Budget Office

The County has consistently used a plan of "pay-as-you-go" financing. Under the pay-as-you-go approach, the County financed the construction of certain of its capital projects by appropriation of revenues from the current funds of the County. Monies expended under General Fund "pay-as-you-go" are as follows:

Fiscal Year	**Expended General Fund "Pay-As-You-Go" Funds**
2016	$12.5 million
2015	13.9 million
2014	13.2 million
2013	8.8 million
2012	6.6 million

Through use of pay-as-you-go, the County has sought to reduce the aggregate amount of general obligation indebtedness issued that would otherwise bear interest to finance the construction of capital projects.

Future General Obligation Issues

The County's Capital Improvement Program is an ongoing process, which requires periodic issuance of the County's general obligation bonds to fund any portion of such program appropriated from general obligation funds. The County plans no additional bond issuance during fiscal year 2017.

COUNTY LITIGATION

The County is currently involved in a number of legal disputes involving such matters as civil rights violations, construction contracts, land use, personnel matters, motor vehicle accidents and other negligence claims. Many of these are covered by insurance in whole or in part. Since certain of these disputes involve unspecified damages, it is not possible to provide a total of the damages claimed. In the opinion of the County Attorney, such matters are unlikely to result, singly or collectively, in total liabilities that would have a material effect on the financial condition of the County.

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

The fiscal year 2016 financial statements of the County have been audited by SB & Company, LLC, independent certified public accountants. The fiscal year 2016 financial statements can be found on the County's web site (www.FrederickCountyMD.gov/reports).

FINANCIAL ADVISOR

Davenport & Company LLC, Towson, Maryland, has rendered financial advice to the County in the preparation of this Official Statement.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The Arbitrage Group, Inc., a firm of independent arbitrage agents, will deliver to the County its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of computations prepared by Davenport & Company LLC relating to (a) the sufficiency of the anticipated receipts from the Government Obligations, together with the initial cash deposit, if any, to pay (i) interest due on the 2017A Bonds, through and including the Crossover Dates and (ii) the redemption price of the Refunded Bonds on the Crossover Date and (b) the "yield" on the Government Obligations and on the 2017A Bonds.

The report of The Arbitrage Group, Inc. will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligations to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

UNDERWRITING

J.P. Morgan Securities LLC, Citigroup Global Markets Inc. and M&T Securities, Inc. (the "Underwriters") have entered into a Bond Purchase Agreement with the County to purchase the 2017A Bonds at an aggregate purchase price of $89,299,783.17, which reflects the par amount of the 2017A Bonds, plus an original issue premium of $15,629,333.25, less an Underwriters' discount of $194,550.08. The Underwriters are obligated to purchase all of the 2017A Bonds if any are purchased. The obligation of the Underwriters to purchase the 2017A Bonds will be subject to various conditions contained in the Bond Purchase Agreement.

The Underwriters are purchasing the 2017A Bonds and intend to offer the 2017A Bonds to the original purchasers thereof at the offering prices set forth on the inside cover page of this Official Statement, which offering prices may subsequently be changed without any requirement of prior notice. The Underwriters may offer and sell the 2017A Bonds to certain dealers at prices lower than the public offering prices or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts and/or commissions that may be received by such dealers in connections with the sale of the 2017A Bonds will be deducted from the Underwriters' discount.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 2017A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS & Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS & Co. and LPL may purchase 2017A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2017A Bonds that such firm sells.

Citigroup Global Markets Inc., one of the Underwriters of the 2017A Bonds, has entered into a retail distribution agreement with UBS Financial Services Inc. ("UBSFS"). Under the distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup Global Markets Inc. may compensate UBSFS for their selling efforts with respect to the 2017A Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their respective affiliates may have certain creditor and/or other rights against the County and their respective affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

RELATIONSHIPS

M&T Securities, Inc., an Underwriter of the 2017A Bonds, is a subsidiary of Manufacturers and Traders Trust Company, the Paying Agent and Bond Registrar for the 2017A Bonds.

CERTIFICATE OF COUNTY OFFICIALS

Simultaneously with or before delivery of and payment for the 2017A Bonds, the County will furnish to the Underwriters a certificate of the County Executive and the Director of Finance, which shall state that, to the best of their knowledge and belief, this Official Statement (and any amendment or supplement thereto) as of the date of sale and as of the date of delivery of the 2017A Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and that between the date of sale and the date of delivery of the 2017A Bonds there has been no material adverse change in the financial position or revenues of the County, except as reflected or contemplated in this Official Statement (and any amendment or supplement thereto).

CONTINUING DISCLOSURE UNDERTAKING

In order to enable the participating underwriter, as defined in Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12") to comply with the requirements of paragraph (b)(5) of Rule 15c2-12, the County will execute and deliver a continuing disclosure agreement (the "Continuing Disclosure Agreement") on or before the date of issuance and delivery of the 2017A Bonds, the form of which is attached to this Official Statement as Appendix C. Potential purchasers of the 2017A Bonds should note that the definition of Listed Events in Appendix C is intended to completely restate the events specified in Rule 15c2-12. It is noted that certain Listed Events are expected to have no applicability to the 2017A Bonds, such as the possibility of unscheduled draws on debt service reserves and matters affecting collateral for the 2017A Bonds.

With the exception of non-compliance with a continuing disclosure undertaking as a result of a late filing in connection with the County's Special Obligation Bonds (Urbana Community Development Authority), Series 2010 (the "Urbana Bonds"), the County has complied with its continuing disclosure undertakings for each of the past five years. With respect to the Urbana Bonds undertaking, a report required to be filed with the Municipal Securities Rulemaking Board by February 15, 2013 was not filed until March 21, 2013. The County is committed to maintaining compliance with all of its continuing disclosure undertakings.

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MISCELLANEOUS

Financial data presented in this Official Statement which are identified as having been furnished by the County from its records, unless otherwise stated, reflect data prepared from the County's official records, which are public documents and which are believed to be accurate and reliable. Other data have been prepared by or furnished by sources (identified herein) which the County believes to be accurate and reliable, but the County does not guarantee the accuracy of such data. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement or any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

This Official Statement has been prepared by the County. Davenport & Company LLC, Financial Advisor to the County, has assisted the County, with this financing. This Official Statement has been approved, authorized and executed by the appropriate officials of the County for use in connection with the sale of the 2017A Bonds, all pursuant to the legislation authorizing the issuance of the 2017A Bonds.

So far as any statements are made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of any of the 2017A Bonds. Reference is made to Appendix B for the forms of legal opinions on the validity of the 2017A Bonds.

The execution of this Official Statement and its delivery have been approved by the County.

BY: /S/ JAN H. GARDNER
Jan H. Gardner
County Executive

BY: /S/ LORI L. DEPIES, CPA
Lori L. Depies, CPA
Director of Finance

The County's Fiscal Year 2016 Comprehensive Annual Financial Report can be viewed at
www.frederickcountymd.gov/reports

FORM OF BOND COUNSEL OPINION

Frederick County, Maryland
Winchester Hall
12 East Church Street
Frederick, Maryland 21701

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Frederick County, Maryland (the "County"), a body politic and corporate and a political subdivision of the State of Maryland (the "State"), of its Frederick County, Maryland, General Obligation Public Facilities Refunding Bonds, Series 2017A (2020 Crossover), in an aggregate principal amount of $73,865,000 (the "2017A Bonds") dated April 11, 2017.

In such capacity, we have examined the law and such certified proceedings and other papers as we deem necessary to render the opinions set forth below.

We are qualified to practice law in the State , and we do not purport to be experts on, or to express any opinion herein concerning, any law other than the law of the State and the federal law of the United States of America.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

We express no opinion herein as the accuracy, adequacy or completeness of the Official Statement relating to the 2017A Bonds.

As to questions of fact material to our opinion, without undertaking to verify the same by independent investigation, we have relied upon the certified proceedings of the County and other certifications by public officials.

Based upon the foregoing, we are of the opinion that, under existing Maryland and federal law and as of the date hereof:

1. The County is a validly created and existing body politic and corporate and political subdivision of the State, possessing authority under the Acts (as hereafter defined) to issue the 2017A Bonds.

2. The 2017A Bonds are issued for valid public purposes as provided in Chapter 145 of the Laws of Maryland of 2005, as amended, Chapter 382 of the Laws of Maryland of 2007, as amended, Section 19-207 of the Local Government Volume of the Annotated Code of Maryland, as amended (collectively, the "Acts") and Resolution No. 17-05 of the County adopted on February 21, 2017 (the "Resolution"), and the issuance thereof is within every debt and other similar legal limit applicable to the County.

3. The Resolution has been validly adopted.

4. All actions for the authorization, approval, sale, execution and delivery of the 2017A Bonds have been taken in full compliance with the Constitution and laws of the State, the laws of the County, the Acts and the Resolution.

5. The 2017A Bonds are valid and binding general obligations of the County to the payment of which the County has pledged its full faith and credit and unlimited taxing power, and are payable as to principal, premium, if any, and interest from ad valorem property taxes upon all the legally assessable property within the corporate limits of the County, and the County is required by law to levy and collect such taxes in rate and amount sufficient to provide for such payments when due.

6. By the terms of the Acts, the 2017A Bonds, their transfer, the interest payable on them, and any income derived therefrom, including any profit made in their sale shall be exempt from State, county, municipal or other taxation of every kind and nature whatsoever within the State, but no opinion is expressed as to estate or inheritance taxes or to any other taxes not levied or assessed directly on the 2017A Bonds or the income therefrom.

7. Interest on the 2017A Bonds is excluded from gross income for federal income tax purposes, and interest on the 2017A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes). The opinion set forth in the preceding sentence is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the 2017A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The County has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the 2017A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2017A Bonds. In addition interest on the 2017A Bonds may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States.

Other than as set forth in the preceding paragraphs 6 and 7, we express no opinion regarding the federal or state income tax consequences arising with respect to the 2017A Bonds.

The rights of the holders of the 2017A Bonds and the enforceability of the 2017A Bonds are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and to the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or a court of equity).

Very truly yours,

[to be signed "Venable LLP"]

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by **FREDERICK COUNTY, MARYLAND** (the "Issuer") in connection with the issuance of $73,865,000 Frederick County, Maryland General Obligation Public Facilities Refunding Bonds, Series 2017A (2020 Crossover) (the "2017A Bonds"). The 2017A Bonds are being issued pursuant to Resolution No. 17-05 adopted on February 21, 2017 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. ***Purpose of the Disclosure Agreement.*** This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the holders and the beneficial owners of the 2017A Bonds and to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The County's obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule.

SECTION 2. ***Definitions.*** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 of this Disclosure Agreement.

"Annual Audited Financial Information" means the annual financial statements of the Issuer, as prepared in accordance with generally accepted accounting principles in effect from time to time consistently applied and which are audited by an independent certified public accountant or firm of such accountants.

"Electronic Municipal Market Access (EMMA)" described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule. The Electronic Municipal Market Access system, or EMMA, is a comprehensive, centralized online source for free access to municipal disclosures, market transparency data and educational materials about the municipal securities market. EMMA houses municipal disclosure documents that provide information for investors about municipal securities. EMMA also provides access to advance refunding documents, which detail arrangements made when new bonds are issued to establish escrows to pay-off existing bonds (usually to refinance their debt at a lower interest rate), and continuing disclosure documents that describe material information throughout the life of a bond and must be provided by municipal bond issuers. Additional disclosures that are voluntarily provided by issuers may be available for some bonds. EMMA is a service of the Municipal Securities Rulemaking Board, or MSRB, the federal regulator of broker-dealers and banks that market, trade and underwrite municipal bonds, notes and other securities issued by state and local governments. The MSRB promotes investor protection through rulemaking and information collection and dissemination designed to promote transparency and public access. The MSRB collaborates with the Securities and Exchange Commission, Financial Industry Regulatory Authority, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and the United States Department of the Treasury's Office of the Comptroller of the Currency and Office of Thrift Supervision, all of which enforce compliance by brokers, dealers and banks with MSRB rules.

"Listed Events" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board, and its successors.

"Official Statement" shall mean the Official Statement dated March 28, 2017 relating to the 2017A Bonds.

"Participating Underwriters" shall mean the original underwriters of the 2017A Bonds required to comply with the Rule in connection with offering of the 2017A Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. ***Provision of Annual Financial Information, Operating Data, and Audited Information.***

(a) The Issuer shall provide to EMMA annual financial information and operating data generally consistent with the information contained under the headings "Certain Revenues and Expenditures" and "Certain Debt Information" in the Official Statement, such information to be made available within 270 days after the end of the Issuer's fiscal year, commencing with the fiscal year ending June 30, 2016.

(b) The Issuer shall provide to EMMA Annual Audited Financial Information, such information to be made available within 270 days after the end of the Issuer's fiscal year, commencing with the fiscal year ending June 30, 2016, unless the audited financial statements are not available on or before such date, in which event said financial statements will be provided promptly when and if available.

(c) The presentation of the financial information referred to in paragraph (a) and in paragraph (b) shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the Official Statement, *provided,* that the Issuer may modify the accounting principles utilized in the presentation of financial information by amending this Disclosure Agreement pursuant to the provisions of Section 8 hereof. Changes in Generally Accepted Accounting Principles, where applicable to financial information to be provided by the Issuer, shall not require the Issuer to amend this Disclosure Agreement.

(d) If the Issuer is unable to provide the annual financial information and operating data within the applicable time periods specified in (a) and (b) above, the Issuer shall send in a timely manner a notice of such failure to EMMA or to the Municipal Securities Rulemaking Board and the State Repository, if any.

The Issuer has not failed to comply with any prior undertakings under the Rule except as described in the section of the Official Statement titled "Continuing Disclosure Undertaking".

SECTION 4. ***Reporting of Significant Events.***

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events with respect to the 2017A Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the 2017A Bonds;

(vii) modifications to rights of owners of the 2017A Bonds, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the 2017A Bonds; if material;

(xi) rating changes.

(xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

(xiii) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material; or

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in the above clause (a)(xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or Federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement of liquidation by a court or governmental authority having supervision or jurisdiction over substantially all the assets or business of the obligated person.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall within ten (10) business days file a notice of such occurrence with the MSRB through EMMA.

(c) The Issuer shall file or cause to be filed with the MSRB notice of any change in its Fiscal Year not later than the date on which it files any information in the then current Fiscal Year.

(d) Any information required to be included in the Annual Bond Disclosure Report or Annual Audited Financial Information may be included by specific reference to other documents previously provided to the MSRB, if any, or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

SECTION 5. ***Termination of Reporting Obligation.*** The Issuer's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the 2017A Bonds. In addition, the Issuer may terminate its obligations under this Disclosure Agreement if and when the Issuer no longer remains an obligated person with respect to the 2017A Bonds within the meaning of the Rule.

SECTION 6. ***Dissemination Agent.*** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

SECTION 7. ***Amendment; Waiver.*** Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel, expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 8. ***Additional Information.*** Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event. The Issuer has not failed to comply with any prior undertakings pursuant to the Rule.

SECTION 9. ***Limitation of Remedies.*** The Issuer shall be given written notice at the address set forth below of any claimed failure by the Issuer to perform its obligations under the Disclosure Agreement, and the Issuer shall be given 15 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the Issuer shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the Issuer shall be given to the Director of Finance, Winchester Hall, 12 E. Church Street, Frederick, Maryland 21701, or at such alternate address as shall be specified by the Issuer with disclosures made pursuant to Section 4(a) or 4(b) hereof or a notice of occurrence of a Listed Event.

SECTION 10. ***Relationship to Bonds.*** The Disclosure Agreement constitutes an undertaking by the Issuer that is independent of the Issuer's obligations with respect to the 2017A Bonds; any breach or default by the Issuer under this Disclosure Agreement shall not constitute or give rise to a breach or default under the 2017A Bonds.

SECTION 11. ***Law of Maryland.*** This Disclosure Agreement, and any claim made with respect to the performance by the Issuer of its obligations hereunder, shall be governed by, subject to, and construed according to the laws of the State of Maryland.

SECTION 12. ***Limitation of Forum.*** Any suit or other proceeding seeking redress with regard to any claimed failure by the Issuer to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court for Frederick County, Maryland.

SECTION 13. ***Beneficiaries.*** This Disclosure Agreement shall inure solely to the benefit of the Owners, including beneficial owners, from time to time of the 2017A Bonds, and shall create no rights in any other person or entity.

Date: April 11, 2017

ATTEST:

____________________________	By: ____________________________
W. Paul Dial	Jan H. Gardner
Chief Administrative Officer	County Executive

Refunded Bonds Outstanding as of March 28, 2017

Consolidated Public Improvement Taxable Build America Bonds – Direct Pay to Issuer
Series 2010B

Date of Maturity February 1	Original Principal Amount	Previously Refunded Amount	2017 Refunded Amount	CUSIP	Rate of Interest	Principal Amount Payable (1)
2021	$7,725,000	$685,000	$7,040,000	3556944B3	4.90%	100%
2022	7,975,000	710,000	7,265,000	3556944C1	5.00	100
2023	8,180,000	730,000	7,450,000	3556944D9	5.25	100
2024	8,465,000	755,000	7,710,000	3556944E7	5.30	100
2025	8,765,000	780,000	7,985,000	3556944F4	5.50	100
2026	9,080,000	805,000	8,275,000	3556944G2	5.60	100
2027	9,420,000	840,000	8,580,000	3556944H0	5.70	100
2028	9,780,000	870,000	8,910,000	3556944J6	5.80	100
2029	10,160,000	905,000	9,255,000	3556944K3	5.90	100
2030	10,565,000	940,000	9,625,000	3556944L1	5.85	100
Totals	$90,115,000	$8,020,000	$82,095,000			

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Bonds redeemable on February 1, 2020 at the principal amount thereof, plus accrued interest.

(1)Principal amount payable stated as a percentage of principal

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