NEW ISSUE-DTC BOOK-ENTRY ONLY

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 2018A Bonds, and subject to the conditions stated herein under "Tax Matters," under existing law, (a) the interest on the 2018A Bonds is excluded from gross income for federal income tax purposes, and (b) the interest on the 2018A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that for tax years beginning before January 1, 2018, 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 described herein under "Tax Matters," other federal income tax consequences may arise from ownership of the 2018A Bonds. It is also the opinion of Bond Counsel that, under existing law of the State of Maryland, the interest on the 2018A Bonds and the profit realized from the sale or exchange of the 2018A Bonds is exempt from income taxation by the State of Maryland 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 2018A Bonds or the income therefrom. See "Tax Matters" herein.

$99,735,000
FREDERICK COUNTY, MARYLAND
General Obligation Public Facilities Bonds, Series 2018A

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

Bond Ratings	Fitch Ratings: AAA Moody's: Aaa Standard & Poor's: AAA
Redemption	2018A Bonds maturing on or after August 1, 2029, are redeemable in whole or in part, on or after August 1, 2028.
Security	General Obligations of Frederick County, Maryland
Purpose	The 2018A Bonds are being issued by the County for the purpose of (1) financing certain capital projects of the County's Capital Improvement Program and (ii) paying costs of issuance related thereto.
Interest Payment Dates	February 1 and August 1, beginning August 1, 2018
Closing/Settlement	On or about March 7, 2018
Denominations	$5,000
Book-Entry Only Form	The Depository Trust Company, New York, NY
Registrar/Paying Agent	Manufacturers and Traders Trust Company, Baltimore, MD
Bond Counsel	Venable LLP, Baltimore, MD
Financial Advisor	Davenport & Company LLC, Towson, MD
Issuer Contact	Frederick County Director of Finance: (301) 600-1753

The 2018A Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Venable LLP, Baltimore, Maryland, Bond Counsel. The date of this Official Statement is February 20, 2018 and the information contained herein speaks only as of that date.

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.

$99,735,000 General Obligation Public Facilities Bonds, Series 2018A

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

Maturing August 1	Principal Amount	Interest Rate*	Price or Yield*	CUSIP	Maturing August 1	Principal Amount	Interest Rate*	Price or Yield*	CUSIP
2018..............	$3,535,000	5.000%	1.220%	35569PDL4	2028	$5,020,000	5.000%	2.550%	35569PDW0
2019..............	3,300,000	5.000	1.430	35569PDM2	2029	5,280,000	5.000	2.630†	35569PDX8
2020..............	3,470,000	5.000	1.560	35569PDN0	2030	5,550,000	5.000	2.670†	35569PDY6
2021..............	3,645,000	5.000	1.700	35569PDP5	2031	5,775,000	3.000	3.100	35569PDZ3
2022..............	3,775,000	2.000	1.860	35569PDQ3	2032	5,950,000	3.000	3.200	35569PEA7
2023..............	3,910,000	5.000	2.010	35569PDR1	2033	6,135,000	3.125	3.250	35569PEB5
2024..............	4,110,000	5.000	2.110	35569PDS9	2034	6,335,000	3.250	3.270	35569PEC3
2025..............	4,320,000	5.000	2.220	35569PDT7	2035	6,545,000	3.300	3.300	35569PED1
2026..............	4,540,000	5.000	2.350	35569PDU4	2036	6,765,000	3.350	3.350	35569PEE9
2027..............	4,775,000	5.000	2.450	35569PDV2	2037	7,000,000	3.400	3.400	35569PEF6

† Priced to call date.

*The interest rates and prices or yields shown above are the interest rates payable by the County resulting from the successful bid for the 2018A Bonds on February 20, 2018. The interest rates and prices or yields shown above are furnished by Citigroup Global Markets Inc. (the "Successful Bidder"). Other information concerning the terms of reoffering of the 2018A Bonds, if any, should be obtained from the successful bidders and not from the County (see "SALE AT COMPETITIVE BIDDING" herein).

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 Global Market Intelligence. "CUSIP" is a registered trademark of the ABA. CUSIP numbers are included solely for the convenience of the holders of the 2018A Bonds. Neither the County nor the Underwriter 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 2018A 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.

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
Kirby Delauter
Jerry Donald
Jessica Fitzwater
Billy Shreve

CERTAIN APPOINTED AND MANAGERIAL OFFICIALS

Raymond V. Barnes Jr.
Acting Chief Administrative Officer

John S. Mathias
County Attorney

Lori L. Depies, CPA
Director, Finance Division

Charles F. Nipe
Director, Public Works Division

Steven C. Horn
Director, Planning & Permitting Division

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

Helen Propheter
Director, Office of Economic Development

BOND COUNSEL
Venable LLP
Baltimore, Maryland

FINANCIAL ADVISOR
Davenport & Company LLC
Towson, Maryland

COUNTY AUDITOR
SB & Company
Hunt Valley, Maryland

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

No dealer, broker, salesman, or other person has been authorized by the County or the Underwriter 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 2018A 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 2018A 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 2018A 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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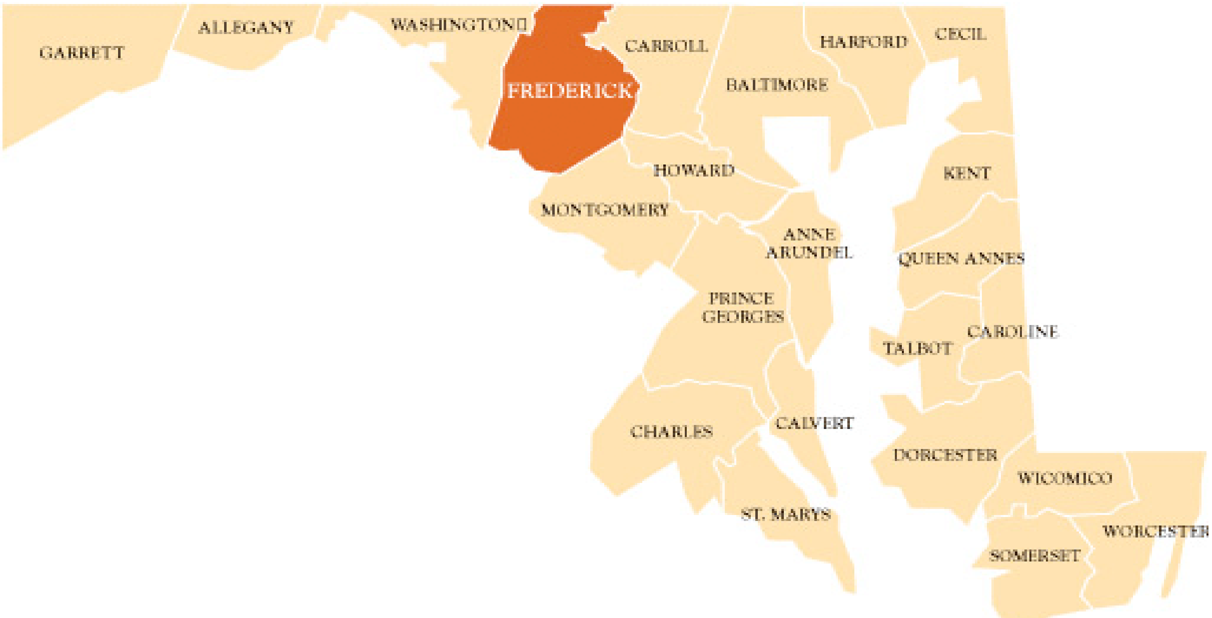
LOCATION

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.



PRELIMINARY OFFICIAL STATEMENT

$99,735,000

FREDERICK COUNTY, MARYLAND
General Obligation Public Facilities Bonds, Series 2018A

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 $99,735,000 General Obligation Public Facilities Bonds, Series 2018A (the "2018A 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, 2017 is 249,277.

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 71,867 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 2018A 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 2018A BONDS

General

The 2018A 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 2018A 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, 2018, until the principal amount is paid.

Interest on the 2018A Bonds shall be payable to the person in whose name such 2018A Bond is registered on the registration books for the 2018A Bonds as of the 30th calendar day of the month immediately preceding each interest payment date.

The 2018A Bonds will be issued in fully-registered form without coupons and will be issued in denominations of $5,000 and integral multiples thereof. The 2018A 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 2018A Bonds and the 2018A 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 2018A Bonds are maintained in book-entry form, payments of principal, premium and interest on the 2018A 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 2018A 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 2018A 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 2018A Bonds will be paid in lawful money of the United States of America in the manner and at the places hereinabove described.

The 2018A 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 2018A Bonds is more fully described herein under "THE 2018A BONDS - Security for the 2018A Bonds".

Authorization

The 2018A Bonds are issued pursuant to the authority of Chapter 54 of the Laws of Maryland of 2012 (the "2012 Act"), Section 10-203 of the Local Government Article of the Annotated Code of Maryland, as amended (the "Bond Act"), Chapter 2-13 of the Code of Public Local Laws of Frederick County (1979), as amended (the "Water and Sewer Act"), Section 5-601 through 5-604 of the Education Volume of the Annotated Code of Maryland, as amended (the "Education Act" and, together with the 2012 Act, the Bond Act and the Water and Sewer Act, the "Acts") and in accordance with Resolution No. 17-28 adopted by the Frederick County Council (the "County Council") on December 5, 2017 (the "Resolution").

Security for the 2018A Bonds

The Acts provide that the 2018A 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 2018A 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 2018A 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 2018A 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 2018A 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.

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 2018A Bonds. The 2018A 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 2018A 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 2018A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2018A 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 2018A 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 2018A Bonds, except in the event that use of the book entry system for the 2018A Bonds is discontinued.

To facilitate subsequent transfers, all 2018A 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 2018A 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 2018A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018A 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 2018A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2018A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2018A Bond documents. For example, Beneficial Owners of 2018A Bonds may wish to ascertain that the nominee holding the 2018A 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 2018A 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 2018A 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 2018A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the 2018A 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 2018A 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 2018A 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, 2018A 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 2018A Bonds, as DTC's partnership nominee, references herein to the 2018A Bond holders or registered owners of the 2018A Bonds shall mean DTC and shall not mean the Beneficial Owners of the 2018A 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 2018A Bonds for all purposes, including the payment of the principal of, redemption premium, if any, and interest on the 2018A 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 2018A BONDS WITH RESPECT TO: (1) THE 2018A 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 2018A 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 2018A BONDS TO BE GIVEN TO 2018A BOND OWNERS; (5) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2018A BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS 2018A 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 2018A Bonds, and the Participants may seek reimbursement therefor from the Beneficial Owners.

Application of Proceeds of the 2018A Bonds

The 2018A Bonds are being issued to pay a portion of the costs of financing indebtedness, reimbursing expenditures incurred for certain authorized capital projects of the County, and to pay related costs of issuance.

Sources of Funds:	
Par Amount of Series 2018A Bonds……………….	$ 99,735,000
Net Original Issue Premium……………………….	8,068,745
Total Sources of Funds	$ 107,803,745
Uses of Funds:	
Capital Projects	
Board of Education…………………………………	$ 46,000,000
General Government……………………………….	22,121,108
Roads and Bridges…………………………………..	17,010,000
Water / Sewer……………………………………….	16,400,000
Community College…………………………………	5,588,892
Total Capital Project Funding	$ 107,120,000
Underwriters' Discount………………………………..	307,181
Other Costs of Issuance………………………………..	376,564
TOTAL 2018A BOND PROCEEDS……………..	$ 107,803,745

Redemption

Optional Redemption of 2018A Bonds. The 2018A Bonds maturing on or after August 1, 2029 shall be subject to redemption prior to their respective maturities, at the option of the County, at any time on or after August 1, 2028, either as a whole or in part, but only upon payment of a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon to the date fixed for redemption.

If less than all of the outstanding 2018A Bonds are called for redemption, the County shall choose the maturities of the 2018A Bonds to be redeemed and the principal amount of each maturity to be redeemed, in its sole discretion; and if less than all of the 2018A Bonds of any one maturity are called for redemption, the particular 2018A Bonds to be redeemed from such maturity shall be selected by lot by the Registrar, except that so long as The Depository Trust Company ("DTC") or its nominee is the sole registered owner of the 2018A Bonds, the particular 2018A Bonds or portion to be redeemed shall be selected by lot by DTC, in such manner as DTC shall determine. Each $5,000 portion of a 2018A Bond shall be treated as a separate 2018A Bond in the selection by lot of 2018A Bonds to be redeemed.

In case part but not all of a 2018A Bond shall be selected for redemption, then, upon the surrender thereof, there shall be issued without charge to the registered owner thereof a 2018A Bond or Bonds in any authorized denomination as specified by the registered owner. The aggregate principal amount of the 2018A Bond or Bonds so issued shall be equal to the unredeemed balance of the principal amount of the 2018A Bond surrendered.

If the County elects to redeem all or a portion of the 2018A Bonds outstanding, a redemption notice as prescribed in the Resolution shall be mailed by the Bond Registrar, on behalf of the County, not less than 30 days prior to the date fixed for redemption, postage prepaid, to the registered owners of the 2018A Bonds to be redeemed by first-class mail at their last addresses appearing on the registration books maintained by the Bond Registrar; provided, however, that the failure to mail such notice with respect to a particular 2018A Bond to be redeemed or any defect in such notice, or in the mailing thereof, shall not affect the sufficiency of the redemption of any other 2018A Bond. So long as DTC or its nominee is the sole registered owner of the 2018A Bonds, any redemption notice shall be given to DTC by a secure means (e.g., legible facsimile transmission, registered or certified mail or overnight express delivery) in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on such 30th day. From and after the date fixed for redemption, if notice has been duly and properly given and if funds sufficient for the payment of the redemption price of the 2018A Bonds called for redemption are held by the Bond Registrar on such date, the 2018A Bonds so called for redemption shall become due and payable at the redemption price provided for the redemption of such 2018A Bonds on such date, interest on 2018A Bonds shall cease to accrue and the registered owners of such 2018A Bonds so called for redemption shall have no rights in respect thereof expect to receive payment of the redemption price thereof from such monies held by the Bond Registrar. Upon presentation and surrender of a 2018A Bond called for redemption in compliance with the redemption notice, the Bond Registrar shall pay the appropriate redemption price of such 2018A Bond. If 2018A Bonds so called for redemption are not paid upon presentation and surrender as described above, such 2018A Bonds shall continue to bear interest at the rates stated therein until paid.

Registration and Transfer

So long as the 2018A 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 2018A 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 2018A 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 2018A Bond or Bonds of any authorized denomination in an aggregate principal amount equal to the principal amount of the 2018A 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 2018A Bonds requesting exchange or transfer of 2018A 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 2018A Bond within fifteen (15) days preceding any interest payment date or after the mailing of notice calling such 2018A Bond or portion thereof for redemption as hereinafter described; provided, however, that the foregoing limitation shall not apply to that portion of a 2018A Bond in excess of $5,000 which is not being called for redemption.

2018A 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 2018A 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 2018A 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 2018A 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 2018A 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.

RATINGS

Fitch Ratings, Moody's Investors Service, Inc., and S & P Global Ratings have given the 2018A 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 2018A Bonds.

LEGAL MATTERS

Approval of Legal Proceedings

The validity of the 2018A 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 2018A Bonds (a) is excluded 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 certain corporations (as defined for federal income tax purposes) for tax years beginning before January 1, 2018. The alternative minimum tax for corporations is repealed for taxable years beginning after December 31, 2018.

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 2018A Bonds in order for the interest on the 2018A Bonds to remain excludable from gross income for federal income tax purposes, including restrictions that must be complied with throughout the term of the 2018A Bonds. Such restrictions include, among other things, limitations on the yield of investments acquired with gross proceeds of the 2018A 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 2018A 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 2018A 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 2018A 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 2018A Bonds.

Additional Consequences. Other federal income tax consequences may arise from ownership of the 2018A 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 2018A Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the 2018A 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 2018A 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 2018A 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 2018A 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 2018A Bond will be considered to have been issued at a premium if, and to the extent that, the holder's tax basis in the 2018A Bond exceeds the amount payable at maturity The holder will be required to reduce his tax basis in the 2018A Bond for purposes of determining gain or loss upon disposition of the 2018A 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 2018A Bonds.

Original Issue Discount. The initial public offering price of some of the 2018A 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 2018A Bond over the initial public offering price (plus accrued interest from the dated date of the 2018A Bond to the date of initial delivery of the 2018A Bond) at which a substantial amount of the same maturity of the 2018A 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 2018A 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 2018A Bond, the amount of OID which is treated as having accrued with respect to such 2018A 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 2018A 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 2018A Bonds.

Prospective purchasers of the 2018A Bonds should consider possible state and local, excise, or franchise tax consequences arising from original issue discount on the 2018A Bonds. In addition, prospective corporate purchasers of the 2018A Bonds should consider possible federal income tax consequences arising from original issue discount on the 2018A Bonds under the alternative minimum tax and the branch profits tax described above.

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 2018A Bonds, under current Service procedures, the Service will treat the County as the taxpayer and the owners of the 2018A 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 2018A 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 2018A Bonds. Bond Counsel's engagement with respect to the 2018A Bonds ends with the issuance of the 2018A Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the County or owners of the 2018A 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 2018A 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 2018A 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 2018A 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 2018A 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 2018A Bonds and the profit realized from the sale or exchange of the 2018A 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 2018A Bonds or the income therefrom.

Interest on the 2018A 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 2018A Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the 2018A Bonds and regarding the taxable status of the 2018A Bonds in a particular state or local jurisdiction other than the State.

Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by a state legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the 2018A Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the 2018A Bonds will not have an adverse effect on the tax status of interest or other income on the 2018A Bonds or the market value or marketability of the 2018A Bonds. Such adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the 2018A Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

As a recent example of such changes, the Tax Cuts and Jobs Act signed into federal law on December 22, 2017, reduces corporate tax rates, modifies individual tax rates, eliminates many deductions, repeals the corporate alternative minimum tax (for taxable years beginning after December 31, 2017) and eliminates tax-exempt advance refunding bonds, among many other changes in federal income tax law. Such legislation may increase, reduce or otherwise change the financial benefits currently provided to certain owners of tax-exempt state and local government bonds with results that differ for different categories of taxpayers. Additionally, investors in the 2018A Bonds should be aware that future legislative actions may retroactively change the treatment of all or a portion of the interest on the 2018A Bonds for federal or state income tax purposes for all or certain taxpayers. In all such events, the market value of the 2018A Bonds may be affected and the ability of holders to sell their 2018A Bonds in the secondary market may be reduced. The 2018A Bonds are not subject to special mandatory redemption, and the interest rates on the 2018A Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the 2018A Bonds.

Accordingly, prospective purchasers of the 2018A Bonds should consult with their own financial and tax advisors as to the status and potential effect of such changes and proposals.

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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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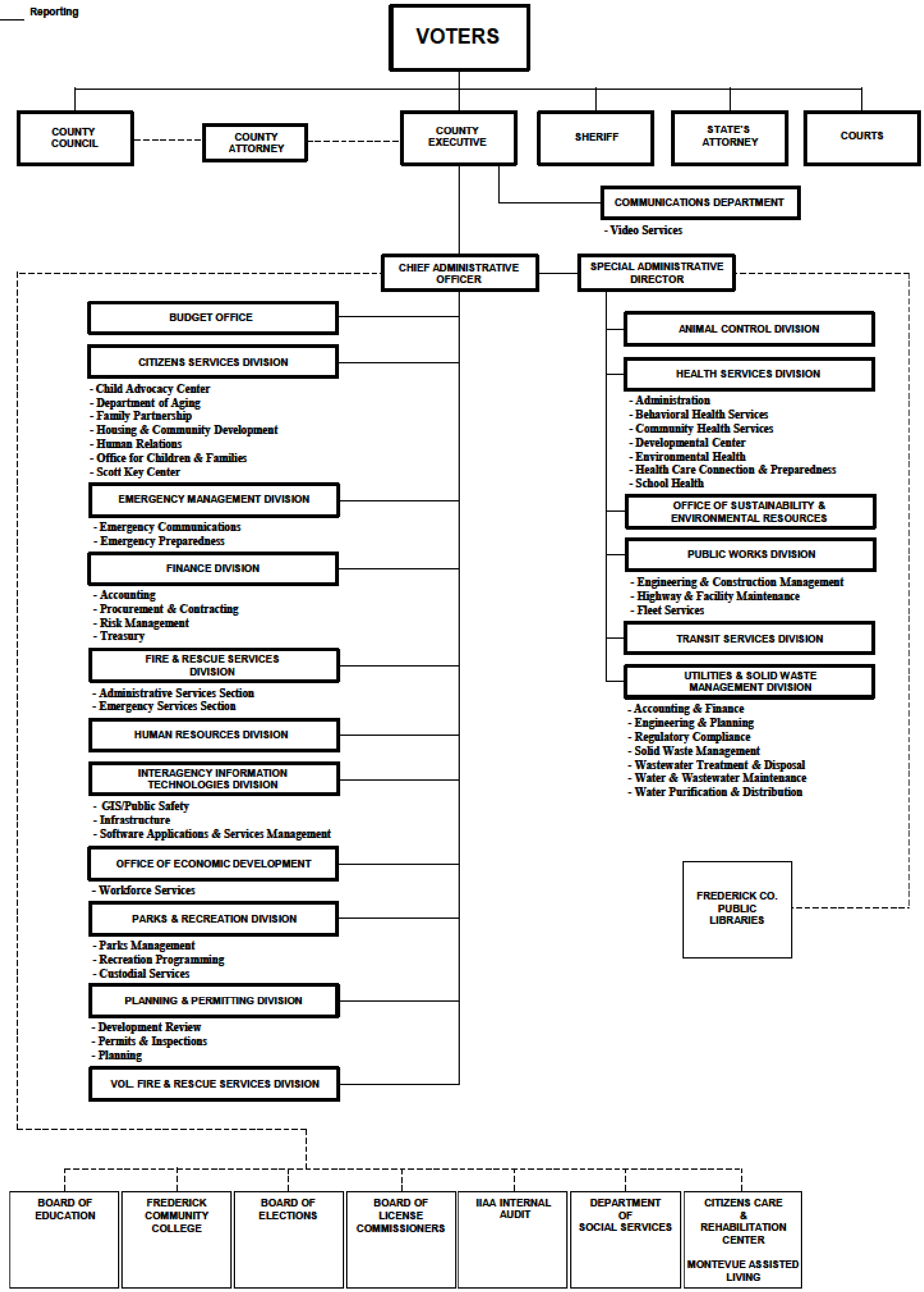
Revised:07/01/17

FREDERICK COUNTY GOVERNMENT
Organization Chart

Key
Coordination
Reporting



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 created "Root," an ecosystem that fosters the creation and expansion of business. The goal is to create jobs, grow the tax base, and build a support network of businesses to help each other succeed where the Frederick Innovative Technology Center's (FITCI) new technology incubator will soon open. Ms. Gardner currently serves on the Board of Directors for the Maryland Association of Counties (MACo), serving as treasurer, and for the Metropolitan Washington Council of Governments; she is also a Past President of MACo. Ms. Gardner also serves on the MACo Legislative Committee and Tax Committee, the Frederick County Fire and Rescue Advisory Board, the Frederick Area Committee for Transportation, and the Tourism Council of Frederick County Board of Directors. Her business experience includes accounting, operations planning and new product development for the Quaker Oats Company, a Fortune 100 company. Ms. Gardner gained valuable federal government experience as the State Director for U.S. Senator Barbara A. Mikulski. She earned an MBA from Xavier University and a BBA in finance and economics from the University of Notre Dame. Ms. Gardner also graduated from the Rawlings Leadership Training Program through the University of Maryland and was awarded the President's Medal for Leadership from St. John's Catholic Preparatory School. She 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. Ms. Gardner is married and has three adult children.

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. Mr. Otis currently serves on the Interagency Internal Audit Authority, Board of Supervisors of Elections, Frederick County Volunteer Fire & Rescue Association, Transportation Services Advisory Council, Metropolitan Washington Council of Governments National Capital Region Transportation Planning Board, Business and Industry Cabinet, and previously served on the Ethics Commission. He is also an advisory board member of Operation Second Chance, a non-profit in service to wounded warriors. Mr. Otis 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, and President of Family Enrichment Resources.

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 two 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 working on PTA issues 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 Member, 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 with a minor in 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 30 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 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.

Raymond V. Barnes, Jr., Acting Chief Administrative Officer, was appointed to his position by the County Executive in September 2017. Mr. Barnes received his Bachelor of Arts degree in government from the University of Maryland, College Park, Maryland, in 1979 and his master's degree in community planning from the University of Maryland, Baltimore City, Maryland, in 1981. Following college, Mr. Barnes was hired by the Frederick County Planning Department as a planning technician. Ultimately, he was promoted to senior planner, responsible for comprehensive land use planning for Frederick County. In 1993 he was hired by the Frederick County Public Schools to manage the facility planning program. Over time he assumed more responsibilities retiring in December 2016 as Chief Operating Officer, responsible for school planning and design, construction management, maintenance and operations, and security.

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 Frederick 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 Frederick County's various trust funds that include the Employees' Retirement System, the Other Post Employee Benefits (OPEB) Trust Fund and the Length of Service Awards Program (LOSAP).

Steven C. Horn, Director, Planning and Permitting Division, was appointed to his position in February 2015. 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 Frederick 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. Mr. Nipe's employment with the Frederick County Public Works Division began in 1998, when he was hired as a contracts administrator. He was promoted to department head of Construction Management and Inspection in 2000. In February 2012 the department expanded to include design responsibilities and was renamed the Department of Facilities and Project Services. Mr. Nipe has over thirty years of experience with construction activities, having begun his career with Earth Data Incorporated, a hydrogeological consulting firm, in 1986. He earned an Associate in Arts degree from Chesapeake College, Wye Mills, Maryland, in 1989; a Bachelor of Science from Southern Illinois University at Carbondale (a satellite program at Dover Air Force Base, Dover, Delaware) in 1995; and a Master of 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 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 November 1, 2017:

Official Title	
County Attorney	$192,552
Chief Administrative Officer	182,811
Director of Finance	163,649
Director of Utilities and Solid Waste Management	161,686
Director of Planning and Permitting	153,449
Director of Public Works	143,570
Director of Economic Development	128,964

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 County 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, 2017, was as follows:

	Uniformed	Non-Uniformed	Non-Vested Terminations	Vested Terminations
Retirees and beneficiaries currently receiving benefits	197	744	0	0
Terminated employees entitled to benefits	0	0	242	233
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 2017 was 18.6 percent.

The components of the net pension liability of the County at June 30, 2017, were as follows:

Total pension liability	$ 575,859,669
Plan fiduciary net position	(571,628,178)
County's net pension liability	$ 4,231,491
Plan fiduciary net position as a percentage of the total pension liability	99.27%

The total pension liability was determined by an actuarial valuation as of July 1, 2016 rolled forward to June 30, 2017 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, 2016 actuarial valuation report.

The County's actual contributions to the plan for fiscal year 2017 were $20.4 million and were $1.1 million in excess of the actuarial determined contribution of $19.3 million. The actuarial valuation as of July 1, 2016 estimates the County contribution to plan to be $20.8 million for fiscal year 2018.

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" 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."

Length of Service Awards Program

Plan Description

In 1985, the County created the Length of Service Awards Program (LOSAP), a defined benefit plan for eligible volunteers of Frederick County fire, rescue and emergency medical services. In fiscal year 2017, the County Executive elected to create a Length of Service Award Program Trust, which is funded entirely by the general fund. This trust provides benefits to volunteers who have completed certain eligibility and years of service requirements

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

The LOSAP program also provides a death benefit to eligible volunteers. In the event a member who is receiving LOSAP benefits dies before receiving at least $15,000 in total payments, their designated beneficiary will receive a partial benefit equal to the difference between payments received and $15,000. A maximum benefit of $15,000 will be paid to the designated beneficiaries of a member, age 65 or older, who has died after completing 5 years of active service but less than 25 years. The benefit will be pro-rated based on years served after 5 years. A member who has served a minimum of 5 years and is under 65 years of age will be covered under a $15,000 LOSAP insurance policy.

The type and number of participants consisted of the following at July 1, 2016, the date of the Actuarial Valuation:

Active volunteers	922
Terminated vested	42
Service retirements continuing employment	110
Service retirements and beneficiaries	138
Total	1,212

Net Pension Liability of the County

The components of the net pension liability of the County at June 30, 2017, were as follows:

Total pension liability	$ 12,179,946
Plan fiduciary net position	(261,608)
County's net pension liability	$ 11,918,338
Plan fiduciary net position as a percentage of the total pension liability	2.15%

The trust for this plan was established in fiscal year 2017. The County's actual contributions to the plan for fiscal year 2017 were $1.0 million. As part of a planned phase-in of the contributions, the actuarial valuation as of July 1, 2016 estimates the County contribution to the plan to be $1.2 million for fiscal year 2018 and $1.4 million for fiscal year 2019.

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.

Membership of the Plan consisted of the following at July 1, 2015, the date of the December 16, 2015 actuarial valuation report:

Retirees and beneficiaries receiving benefits	694
Terminated plan members entitled to but not yet receiving benefits	N/A
Active plan members	1,560
Total	2,254

Funding Policy and OPEB Liability

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 was projected to be as follows:

Actuarial accrued liability:	
Total actuarial accrued liability	$ 186,972,000
Actuarial value of plan assets	121,115,000
Unfunded actuarial liability	$ 65,857,000
Funded Ratio	64.78%

Contributions Required and Made

For fiscal year 2017, the County contributed $10,001,400 to the plan, which exceeded the other post-employment benefits cost of $9,863,000 by $138,400. 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) 7.0 percent investment rate of return, (b) an annual healthcare cost trend rate of 5.3% in 2017 to 3.9 percent Pre-Medicare and 3.8 percent Post-Medicare in 2018 based on the Society of Actuaries Long Term Medical Trend Model, (c) an inflation rate of 2.2 percent, and (d) an annual salary increase of 3.5 percent. The actuarial valuation method to determine the actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized over a closed 30-year period.

Labor Relations

As of June 30, 2017, the County employed approximately 2,127 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, 2016 and 2017. The Memorandum of Understanding between the County Executive of Frederick County and the Career Fire Fighters Association of Frederick County, MD Inc. Local #3666, IAFF is signed and in effect from July 1, 2016 through June 30, 2018.

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, Fraternal Order of Police Lodge No. 102 (Deputies) and 102A (Corrections Officers) for fiscal years 2009, 2010, 2011-2012, 2013-2015, 2016 and 2017. The labor agreements between the Sheriff of Frederick County and the Fraternal Order of Police Lodge No. 102 and 102A are both signed and in effect from July 1, 2016 through June 30, 2019. 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.

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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, 2017, for all lease-purchase agreements:

Fiscal Year	
2018	$ 483,013
2019	590,058
2020	601,523
2021	601,510
2022	541,278
2023 – 2028	1,429,530
Subtotal	4,246,912
Less amount representing interest	(310,850)
Present value-net minimum lease payments	$3,936,062

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 2017 were $1,525,767.

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: Frederick County Board of Education, Frederick Community College, Frederick County Public Libraries, Board of Elections, Cooperative Extension Services, Interagency Internal Audit Division, Liquor License Commission, Frederick/Catoctin Soil Conservation Districts, Maryland Department of Human Resources/Department of Social Services, Maryland State Department of Assessments and Taxation and the Weed Control Division of the Maryland Department of Agriculture. 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 and a student member who is a high school student selected by the Frederick County Association of Student Councils serving a one-year term. The Board is responsible for the overall operation and policy decisions of the County's 66 schools accommodating 42,204 students. There are 36 elementary schools, 13 middle schools and 10 high schools, 3 public charter schools, an alternative school, a special education school, the Frederick County Virtual School and the Frederick County Career and Technology Center.

During the 2016-2017 school year, the teacher/student ratio was approximately 1 to 15 and in May/June of 2017, 2,883 students received high school diplomas.

The County's largest General Fund appropriation in its adopted fiscal year 2018 budget is $272,256,736 for operating expenditures for public education. County appropriations for operating expenditures constituted a 5.4% increase over approved operating expenditures by the County for public education in fiscal year 2017. 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 $85,991,383 in fiscal year 2018. The County expects to receive State and federal aid of $298,571,350 and $19,984,000 for operating and capital expenditures, respectively, for public education during fiscal year 2018.

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. Fiscal year 2018, includes the following terms; Summer II 2017, Fall 2017, January 2018, Spring 2018 and Summer I 2018. The College served 2,257 unduplicated students for Summer II 2017 with total full-time equivalent (FTE) of 334.9 and 6,220 unduplicated students for Fall 2017 with total FTE of 1,773.60. Additionally, there were 2,958 unduplicated headcount students enrolled in Continuing Education and Workforce Development in Fall 2017, between July 1 to October 31, 2017.

The fiscal year 2018 operating budget for the College is $52,736,563. Of this amount, approximately 31.4% 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 2018 capital budget is $4,882,425.

Police and Fire

The Frederick County Sheriff's Office (the "Sheriff's Office") is a full-service law enforcement agency, providing law enforcement services, security and various support functions for the courts, and correctional services to the citizens of Frederick County. The Sheriff's Office serves the community by protecting life and property, preventing crime, and preserving peace, orderly 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 192 sworn and 70 civilian personnel. The Corrections Bureau consists of Administrative Services, Community Services, Inmate Services and Security Operations, and is staffed with 137 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, contracted 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 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 392 uniformed personnel responding with approximately 700 volunteers. Emergency response vehicles include 57 pumpers, 9 aerials, 16 tankers/engine tankers, 11 squads, 26 brush trucks, 41 ambulances, and 12 medic units.

All volunteer companies receive funding for operating expenses and equipment through the County budget process and a portion of EMS billing revenues. 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 four 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 63 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

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 57.

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, and the Plumbing Advisory Board.

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 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 1978 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 57,152 acres (as of July 2017) 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.

Department of 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 35.

Sustainability and Environmental Resources

The Office of Sustainability advances practical solutions for protecting the environment, conserving energy and living sustainably in Frederick County, Maryland. This Office collaborates with County Divisions, businesses, citizens, and other organizations to advance improvements and innovation in: Air and Water Quality, Energy Efficiency and Renewable Energy, Green Building and Smart Growth, Resource Conservation, Pollution Reduction and Land Protection, Waste Reduction and Recycling, Sustainable Economic Development, and Citizen Participation and Community Engagement.

The Watershed Management Section of this Office works to identify water quality problems from the storm sewer system discharges to watersheds in Frederick County and to correct these water quality problems. This work includes GIS data collection, water quality monitoring, special studies and reporting, stream restoration projects, stormwater management facility retrofits, and the reduction of untreated urban impervious areas by ten percent. Key to this is regulatory compliance including management of the mandatory National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS4) permit compliance and reporting.

This Office is fostering the long-term ability to provide an excellent quality of life for citizens, a thriving economy for businesses and jobs, and conservation of important resources. Sustainability means that the needs of the present and the needs of the future both have weight. A sustainability framework requires that decisions are made that give consideration to the economy, society, and environment.

Economic Development

Functions within the Office of Economic Development (OED) are administered by a staff of 8 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 Frederick County Workforce Services (FCWS) department is included within Economic Development. This department is one of the nation's American Job Centers. With 34 county and state staff, their mission is to assist businesses in need of qualified employees with individuals seeking employment opportunities. In 2017, FCWS co-located with Frederick Community College to continue to foster the workforce training opportunities through this enhanced partnership.

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 first quarter 2013 to first quarter 2017, the County saw an increase of 6 percent or 5,725 new jobs, illustrating significant growth over the last five years. The average wage per worker was $985 per week, up 4 percent since the first quarter 2013. The industries that experienced the most growth in employment in the private sector were the construction industry, trade, transportation and utilities sector and education and health services industries.

Frederick Innovative Technology Center, Inc. ("FITCI"), the county's incubator, continues to graduate technology companies into our county. In 2017, FITCI is home to 30 companies, 16 new this year, two company graduates and three more preparing to graduate by first quarter 2018. In March 2018, FITCI will co-locate with OED, the Frederick Chamber, Hood College and our Higher Education Center in ROOT (named for these economic development partners working with all businesses to increase their business roots in our county). This will be FITCI second location and with increase the number of startup businesses being served in Frederick County.

Bioscience and advanced technology industries continue to locate and expand in Frederick County. 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. In 2017, OED saw expansions from AstraZeneca, Thermo Fisher and Lonza all international life science companies.

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 1,284 miles supplements approximately 39 miles of State-maintained and federally aided interstate highways and approximately 303 miles of additional State-maintained primary and secondary roadways serving the County. The County budget includes capital and operating expenditures of $25,038,170 and $17,871,014, respectively, for the County's road system in fiscal year 2018. State Highway User Revenues to the County for highway maintenance through State-shared taxes was budgeted to be $1,980,651 in fiscal year 2018.

Health

In 2017, Frederick County ranked third in the state for social and economic factors, quality of life, and health behaviors, according to the Robert Wood Johnson Foundation (RWJF) County Health Rankings. 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 Maryland Department of the Environment, is responsible for the enforcement of all State and local health and sanitation laws. The HSD 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, grants, 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 2,421employees. Frederick Memorial Hospital is a 257 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 76,632 annual visits.

Monocacy Health Partners (MHP) is a separate not-for-profit corporation operated by FRHS and consists of employed physician practices located in 23 offices around Frederick County. 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, Dental Clinic, Care Clinic, Behavioral Health, and Wound Care & Hyperbaric.

In addition to FRHS facilities there are 5 imaging centers, 3 labs, 7 urgent care centers as well as minute clinics located in some of the retail stores, and 17 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. There are 10 post-acute care facilities in Frederick County.

Skilled Nursing 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 Assisted Living" 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"). 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.

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 ended all of the outstanding lawsuits and other pending legal issues between Aurora, the citizen plaintiffs and the County.

The settlement included 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 continues to manage the facilities under a contract until February, 2018. The contract may be extended for an additional year. The County has the right to terminate the contract if certain performance metrics are not met, including a metric of earnings before interest, taxes, depreciation, amortization and rent ("EBITDAR") of at least $2.5 million. Aurora will be paid a management fee of 4.5 percent of gross revenues under 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.

The average occupancy rate at Citizens Care & Rehabilitation Center for fiscal year 2017 was 95.07%. Occupancy rates are estimated at 94% for fiscal year 2018. The primary third party reimbursement is through Medicaid. Operating expenses for fiscal year 2017 were $16,420,878 and reflect the ten months of operations. Budgeted expenses for fiscal year 2018 are $19,407,460. The increase in budgeted expenses for fiscal year 2018 reflects a full year of operations. The fiscal year 2018 budget includes 256 employees, consisting of full-time and part-time personnel. All personnel of the facility are employees of Aurora Health Management.

Montevue Assisted Living provides minimal care for the patients, with most patients responsible for self-care, except for the administration of medication. Operating expenses for fiscal year 2017 were $3,629,584 and reflect the ten months of operation. Budgeted expenses for fiscal year 2018 are $4,662,932. The increase in budgeted expenses for fiscal year 2018 reflects a full year of operations. The fiscal year 2018 budget includes 50 employees, consisting of full-time and part-time personnel. All personnel of the facility are employees of Aurora Health Management. The capacity of Montevue Assisted Living is 75, of which 30 patients are participants in the financial subsidy program of the facility. These residents are unable to provide for the full cost of their care. The funds to assist these patients are generated by Citizens Care and Rehabilitation Center. No County funds are contributed to this program.

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 WWTP. DUSWM 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 Waste Connections of Maryland, Inc., which provides the County disposal capacity in landfills in Pennsylvania. This contract expires on April 24, 2020.

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 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.

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 2018 tipping fees:

Material	FY2018
Municipal Solid Waste	$ 69/ton
Construction & Demolition (C&D)	$ 78/ton
Tires	$160/ton

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

No changes to the SBC have been made and the current fees are shown below.

Property Designation	FY2018
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 2012, $9.9 million in fiscal year 2013, $9.9 million in fiscal year 2014 and $10 million in fiscal years 2015, 2016 and 2017.

In addition to these tipping fees 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 in fiscal year 2014, $140,000 in fiscal year 2015, $132,500 in fiscal year 2016 and $117,500 in fiscal year 2017.

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, currently with a guaranteed annual minimum revenue of $199,000. However, gas production has not matched early projections and the current revenue is budgeted to be $0 in the forthcoming fiscal year. The agreement included 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 operates 13 water treatment plants ("WTP") or systems. The County's largest WTP relies on surface water, while the other smaller treatment facilities rely on ground water. 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 or are interconnected with municipal supplies.

The County's 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. The New Design WTP has constructed capacity of 25 MGD, which the City of Frederick funded a share providing them with up to 8.0 MGD maximum daily demand and is billed monthly (revenue) for water supplied by Agreement. 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 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.

In summary, as of June 30, 2017, the County owned and operated 12 WWTPs or systems and 13 WTPs or 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 32,178 accounts and the water systems serve a total of 23,636 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 five 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. The County Executive provided a decision to continue the planned rate increase in fiscal year 2018. While there is no anticipated increase planned for fiscal year 2019, an update of the Cost of Service study is planned for winter 2017, with recommendations for fiscal year 2020 and beyond.

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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
2017	249,277
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

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
2016	$56,072	3.2%	$58,052	3.6%	$49,246	2.3%
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, November 2017.

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
2016	$13,882,887	$349,266,576	6.7%	3.6%
2015	13,011,582	337,212,412	1.6	4.1
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

Source: U.S. Bureau of Economic Analysis, November 2017.
*Note: Total personal income are in thousands of dollars, not adjusted for inflation.

Personal income levels for the County residents from 2012 to 2016 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

	2012 Number of Returns	2016 Number of Returns	Percent Increase
Calvert County	20,244	21,802	7.7%
Charles County	31,790	35,814	12.7
Frederick County	**52,250**	**57,255**	**9.7**
Montgomery County	228,777	247,587	8.2
Prince George's County	155,004	169,431	5.4
State of Maryland	1,131,614	1,237,205	9.3

Source: Comptroller of the Treasury, Income Tax Summary Report, Tax Years 2012 and 2016.

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 2017 – 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)	1.3%	2.5%	**3.2%**	4.8%	7.5%	4.0%
High School						
1–3 years	4.6	3.9	**5.0**	3.2	6.5	5.8
4 years	31.7	35.0	**24.9**	14.2	26.0	25.4
College						
No degree	25.6	23.6	**17.9**	13.2	22.4	18.9
Associate degree	6.7	7.7	**8.2**	5.2	5.6	6.5
Bachelor's degree	14.0	14.6	**22.2**	26.9	17.7	20.9
Graduate/Professional degree	16.1	12.8	**18.6**	32.3	14.2	18.5

Source: Table S1501 - Educational Attainment. U.S. Bureau of the Census, 2016 1-year estimate - 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 2016 and 2017. 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 2017	Fiscal Year 2016	Percent Increase
Calvert County	$41,109	$40,931	0.4%
Charles County	106,226	110,971	(4.3)
Frederick County	**165,333**	**160,646**	**2.9**
Montgomery County	562,756	549,436	2.4
Prince George's County	534,457	519,619	2.4
State of Maryland	4,637,789	4,548,552	2.0

Source: Comptroller's Revenue Accounting Division. Summary by Subdivision and Business Activity 2016-2017.

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 2017. 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.......	60	0.9	%	542	0.5	%
Construction..................................	932	14.5		10,083	9.9	
Manufacturing................................	181	2.8		5,191	5.1	
Trade/Transportation/Utilities........	1,142	17.8		17,615	17.4	
Information....................................	73	1.1		955	1.0	
Financial Activities	598	9.3		5,512	0.9	
Professional and Business Services	1,429	22.3		14,315	14.1	
Education and Health Services.......	749	11.6		14,688	14.5	
Leisure and Hospitality	561	8.7		12,197	12.0	
Other Services................................	543	8.5		3,903	3.8	
Total – Private Sector.....................	6,268	97.6		85,303	84.03	
Local Government	83	1.3		11,344	11.2	
State Government...........................	12	0.2		1,231	1.2	
Federal Government	60	0.9		3,661	3.6	
Total	6,423	100.00	%	101,513	100.00	%

Source: Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information, "Employment and Payrolls, Second Quarter 2017."

Listed below are the 10 largest employers as of June 2017, located in the County:

Ten Largest Employers in Frederick County

Employer	Principal Products or Activities	June 2017 Employment
Fort Detrick	Research/Telecommunications	9,100*
Frederick County Board of Education	Education	5,664
Frederick Memorial Healthcare System……………..	Comprehensive health care	2,379
Frederick County Government………………………	Local government	2,034
Leidos Biomedical (formerly SAIC) Frederick...........	Medical research	1,836
Wells Fargo Home Mortgage	Mortgage servicing	1,708
Frederick Community College	Education	1,086
Frederick City Government	Local Government	842
United Health Care	Insurance	709
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 2012-2016.

Annual Average Unemployment Rate

	2016	2015	2014	2013*	2012*
Calvert County	3.8%	4.6%	5.3%	6.0%	6.3%
Charles County	4.2	5.0	5.7	6.5	6.7
Frederick County	**3.7**	**4.5**	**5.1**	**5.8**	**6.1**
Montgomery County	3.3	3.9	4.4	5.0	5.2
Prince George's County	4.4	5.3	6.1	6.9	7.3
State of Maryland	4.3	5.1	5.8	6.6	7.0
United States[1]	4.9	5.3	6.2	7.4	8.1

*Estimates are revised to the 2013 benchmark from the Current Population Survey. Published June 2016.
[1] U.S. Department of Labor, Bureau of Labor Statistics.
Source: Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information

The number of persons living in the County who were available for work and composed the work force 132,063 in November 2017 and the total employment for this force was 127,435 resulting in an unemployment rate of 3.5% for this period. Certain comparative unemployment rates are given below for November, 2017.

Calvert County	3.6%
Charles County	3.9
Frederick County	**3.5**
Montgomery County	3.3
Prince George's County	4.2
State of Maryland	4.0
United States	4.1

Source: "State of Maryland. Civilian Labor Force, Employment, and Unemployment by Place of Residence, November 2017." Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information.

Commuting Patterns

The Census Bureau 2016 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	45.3%
Frederick County	**30.3**
Charles County	29.9
Prince George's County	20.0
Montgomery County	10.0

Source: U.S. Census Bureau, 2016 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 June 30, 2017, Maryland Agricultural Land Preservation Foundation easements have been purchased on 20,767 acres with an additional 4,693 acres under the temporary district status. The County has purchased easements in the Installment Purchase Program to protect a total of 18,767 acres. In combination with county and State land preservation programs, there are permanent protective easements on 57,152 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 Washington Gas Light Company. 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. Frederick County is the leader in the State of Maryland in craft beverages. Now home to more than 30 wineries, breweries and distilleries, this industry generates jobs in agriculture and manufacturing, strengthens Frederick's tourism industry and attracts young talent to the community

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 2,099 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 and Value

Construction activity includes the number of building permits issued for new dwellings and commercial/industrial permits. The estimated construction value is reflected below. This table reflects building activity in the County including the incorporated municipalities:

Building Permits and Construction Value
Calendar Year

2013		2014		2015		2016		2017	
Issued	Value (000's)	Issued	Value (000's)	Issued	Value (000's)	Issued	Value (000's)	Issued	Value (000's)
1,239	$ 221,227	1,318	$ 129,908	1,158	$180,891	1,868	$416,710	1,873	$ 513,434
3,288	146,826	2,278	135,720	2,649	232,932	4,447	161,591	4,247	212,945
4,527	$ 368,053	3,596	$ 265,628	3,807	$413,823	6,315	$578,301	5,318	$ 726,379

Source: Frederick County Planning & Permitting Division.

Housing Permit Activity

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

Dwelling Type	2013 No. of Units/ % of Total	2014 No. of Units/ % of Total	2015 No. of Units/ % of Total	2016 No. of Units/ % of Total	2017 No. of Units/ % of Total
Single Family Detached	405 / 33%	389 / 30%	371 / 32%	519 / 28%	798 / 42%
Townhouse	312 / 25%	352 / 27%	358 / 31%	389 / 21%	668 / 36%
Multi-Family	522 / 42%	577 / 44%	429 / 37%	958 / 51%	406 / 22%
Total	**1,239**	**1,318**	**1,158**	**1,868**	**1,873**

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, or any 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 accordance with the County Charter Section 509 and further delegated in Budget Adoption Ordinance No. 17-01-001.

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 / uses and expenditures/expenses, together with all related assets, liabilities, deferred inflows /outflows and residual equities or fund 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 non-fiduciary 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 Debt Service 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, Pension Trust, Other Post-Employment Benefits Trust and Length of Service Award Program 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 2016. This was the thirty-fifth year (thirtieth 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 2017 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 2013-2017:

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

	FY17	FY16	FY15	FY14	FY13
Revenues					
Local property taxes	$ 293,513,482	$ 282,347,355	$ 271,399,557	$ 267,846,124	$ 229,421,283
Local income taxes	202,906,047	203,361,507	195,202,656	174,145,880	176,068,392
Other local taxes	1,608,826	1,602,603	1,579,191	1,518,137	2,011,774
Recordation	22,963,906	21,009,823	17,702,621	15,569,098	15,617,540
Grants from federal government	461,269	1,052,588	273,790	281,779	253,848
Grants from state government					
Highway user	1,554,639	1,656,309	1,678,525	1,301,241	1,151,629
Other state grants	1,823,225	1,630,909	1,766,781	1,594,565	1,235,561
Investment earnings	1,048,731	474,786	263,472	247,956	231,262
Charges for services	11,206,423	10,292,152	9,694,734	9,403,534	6,114,460
Licenses and permits	5,531,434	4,781,330	4,094,070	3,360,551	2,974,589
Fines and forfeitures	59,936	80,584	87,555	52,760	308,429
Build America Bond Subsidy	-	791,728	790,025	715,695	730,163
Miscellaneous revenues	5,223,382	5,129,934	3,716,969	3,373,108	3,021,241
Total revenues	547,901,300	534,211,608	508,249,946	479,410,428	439,140,171
Expenditures					
Current					
General government	45,061,086	42,702,566	41,492,034	39,391,964	39,446,639
Public safety	108,586,616	101,561,405	99,945,158	95,321,188	53,951,073
Public works	18,188,598	19,658,739	19,474,469	18,939,640	17,368,519
Health	6,167,401	5,575,628	5,178,134	5,425,532	4,833,886
Social services	4,987,908	5,052,385	10,857,361	5,318,312	4,804,712
Education					
Board of education	257,446,123	249,371,572	241,491,204	241,239,173	237,156,411
Community college	15,806,893	15,127,919	14,544,914	14,205,683	13,966,874
Parks, recreation and culture	17,153,413	16,418,611	16,039,160	15,791,538	15,121,976
Conservation of natural resources	1,726,509	766,295	650,855	628,285	587,367
Community development and public housing	562,375	358,396	367,642	312,509	326,247
Economic development and opportunity	2,763,552	2,240,938	1,937,559	1,774,674	1,920,620
Non-departmental					
Debt service	-	39,172,046	36,993,979	37,036,354	34,133,767
Tax rebate to municipalities	4,232,919	4,172,702	4,078,383	4,011,173	3,732,735
State Department of Assessments and Taxation	809,966	835,161	748,544	752,086	1,295,114
Other employee benefits	303,499	280,166	1,237,438	2,488,293	4,297,967
Property and liability insurance	1,261,433	1,215,275	1,067,584	867,211	809,416
Indirect cost recovery	(2,642,807)	(2,270,899)	(2,236,943)	(2,907,615)	(4,659,736)
Other non-departmental & contingencies	3,038,456	5,123,789	1,396,080	(338,649)	766,076
Total expenditures	485,453,940	507,362,694	495,263,555	480,257,351	429,859,663
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
Premium GO Bonds	-	1,329,309	1,967,228	-	3,167,032
Gain on sale of property	-	-	350,000	-	-
Transfers to					
Capital projects funds	(13,055,192)	(12,539,709)	(13,903,287)	(13,079,231)	(8,836,125)
Special revenue funds	(6,139,510)	(5,440,406)	(5,729,755)	(5,402,015)	(14,240,588)
Internal service funds	(742,131)	(276,478)	(264,279)	-	-
Enterprise funds	(2,999,332)	-	-	(4,526,914)	(4,192,557)
Debt service fund	(41,215,501)	-	-	-	-
Payment to Refunding Agent	-	(34,523,170)	(49,815,235)	-	(35,117,972)
Payment to Refunding Lease Escrow	-	-	(910,517)	-	-
Total other financing sources (uses)	(64,151,666)	(12,556,238)	(9,784,158)	(16,430,127)	(15,535,664)
Total expenditures and other financing uses	549,605,606	519,918,932	505,047,713	496,687,478	445,395,327
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,704,306)	14,292,676	3,202,233	(17,277,050)	(6,255,156)
Change in fund balance	$ (1,704,306)	$ 14,292,676	$ 3,202,233	$ (17,277,050)	$ (6,255,156)

Source: Frederick County Finance Division.

Taxes

Ad valorem property taxes remain the County's most important source of revenues, estimated at 53.5% of total General Fund revenues and 56.3% of total local General Fund tax revenues in fiscal year 2017. By comparison, in fiscal year 2013, these percentages were 52.2% and 54.2%, respectively.

The following table represents the County's actual principal tax revenues by source for each of the five fiscal years 2013-2017:

	Total Local Taxes	General Property Taxes (1)	Income Taxes	Other Local Taxes
2017…..	$520,992,261	$293,513,482	$202,906,047	$24,572,732
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

(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 2018, the County has budgeted $3,250,000 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 2018. Other budgeted tax credits not reimbursed by the State include $15,000 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 2014-2018 and the County and State tax rates applicable in each of those years. As of June 30, 2017, the assessment of tax exempt property owned by federal, State and County governments, churches, schools, fraternal organizations, cemeteries, disabled and the blind aggregated $2,995,923,395. 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	**2018**	**2017**	**2016**	**2015**	**2014**
Real Property	$28,989,980,577	$27,973,297,332	$26,885,066,058	$26,014,847,023	$25,465,757,141
Public Utilities	386,072,190	374,887,120	342,546,890	302,584,420	299,508,700
Total Base	$29,306,052,767	28,348,184,452	$27,227,612,948	$26,317,431,443	$25,765,265,841
County Tax Rate (Per $100 of Assessment)	$1.060	$1.060	$1.060	$1.060	$1.064
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.

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 2018 differential tax rates are as follows:

	2018
County Frederick City Differential (Per $100 of Assessmen	$ 0.9399
County Myersville Differential (Per $100 of Assessment)	$ 0.9391

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 2018:

Name of Taxpayer	Assessment	Percentage of Total County Taxable Assessments
Potomac Edison Co.	$ 187,030,200	0.6382
RIV 402 LLC	98,827,633	0.3372
PR Financing Limited Partnership	80,288,800	0.2740
Costco Wholesale Corporation	59,500,000	0.2030
AstraZeneca Pharmaceuticals	53,704,200	0.1833
River X LLC	52,724,633	0.1799
Washington Gas Light Company	51,538,110	0.1759
Verizon Maryland	48,347,610	0.1650
I&G Direct Real Estate 23 LP	45,543,700	0.1554
Homewood At Frederick Md Inc	45,267,200	0.1545
Centennial Clearbrook LLC	44,016,600	0.1502
Frederick Westview Properties LLC	42,742,600	0.1458
Writ Frederick Crossing Land LLC	42,283,333	0.1443
Dominion Transmission Corp.	41,042,860	0.1400
TRE HSC Prospect LLC	40,880,600	0.1395
LSREF2 Tractor REO (Frederick) LLC	38,182,800	0.1303
Fannie Mae	37,336,067	0.1274
KBS Legacy Partners Crystal LLC	37,279,400	0.1272
Toys R Us Inc	36,396,300	0.1242
Frederick Shopping Center LLC	34,627,467	0.1182
	$ 1,117,560,113	3.8134

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 (Adjusted 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
2017…	$280,549,346	$280,316,897	99.92%		$ 280,316,897	99.92%
2016…	269,520,820	269,144,537	99.86%	(148,611)	268,995,926	99.81%
2015…	260,342,354	260,153,968	99.93%	66,778	260,220,746	99.95%
2014…	256,863,697	256,652,511	99.92%	101,544	256,754,055	99.96%
2013…	225,237,681	224,912,437	99.86%	235,051	225,147,488	99.96%

Source: Frederick County Treasurer's Office.

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 is budgeted at $206,895,978 for fiscal year 2018.

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 2017 were at $36,210,495 (including General Fund revenues of $22,963,906). The budget for fiscal year 2018 is $33,247,007 (including General Fund revenues of $19,393,977). Effective January 1, 2017, the allocation of recordation taxes was restored to levels established prior to January 1, 2012. The allocations shown below show the return of funding to the Agricultural Preservation and the Parks Acquisition & Development Funds:

Recordation Tax Allocations:

	2017	2014	2012
General Fund	58.333%	68.333%	64.166%
School Construction Fund	16.667%	16.667%	16.667%
Agricultural Preservation Fund	12.500%	10.000%	10.000%
Parks Acquisition & Development Fund	12.500%	5.000%	5.000%
CCRC Construction Fund	0.000%	0.000%	4.167%

Source: Frederick County Finance Division.

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 2017	FY 2016	FY 2015	FY 2014	FY 2013
Nonspendable	$ 2,289,616	$ 2,460,677	$ 2,106,066	$ 875,623	$ 1,448,707
Restricted					
Debt Service		1,139,026	1,914,392	1,789,157	3,075,002
Other	1,144,725	672,059	369,974	-	-
Committed					
Enabling Legislation (6% set aside)	29,127,236	25,297,566	24,763,178	24,012,867	21,492,983
Bond Rating Enhancement	500,000	2,700,000	2,700,000	2,700,000	2,200,000
Year 1 Budget	31,257,192	25,007,730	19,883,347	-	-
Year 2 Budget	22,698,108	31,257,192	23,054,531	-	-
Fuel Reserve	-	549,420	41,265	-	-
LOSAP	484,818	484,819	258,996	232,940	186,998
Snow Removal	1,200,000	-	-	-	-
Permanent Public Improvement	180,000	176,000	176,000	-	-
Encumbrances	-	-	-	1,991,810	1,314,251
Assigned					
Revenue Stabilization	1,000,000	-	-	-	-
Snow Removal	-	-	-	-	473,553
Fuel Reserve	-	-	-	200,726	1,502,939
Lobbying Monitoring/Other	-	-	350,000	-	-
Year 1 Budget	-	-	-	24,051,966	34,564,993
Year 2 Budget	-	-	-	17,583,347	23,551,966
Income Taxes (Wynne Case)	580,989	2,883,627	2,883,627	2,883,627	3,414,828
Encumbrances	3,606,677	2,868,603	1,872,123	879,132	629,322
Other	913,633	404,825	-	-	-
Unassigned	300,000	300,000	300,000	300,000	500,000
Other	$ 95,282,994	$ 96,201,544	$ 80,673,499	$ 77,501,195	$ 94,355,542

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, 2017, the required balance is $29,127,236. 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:

	FY2017	FY 2016	FY 2015	FY 2014	FY 2013
Recordation Taxes					
School Construction					
Fund Balance	$ 11,639,452	$ 12,204,208	$ 11,654,409	$ 10,728,938	$ 11,680,050
Subsequent Years Debt Service	5,459,575	4,603,589	4,093,367	4,009,267	3,964,911
Amount of Fund Balance Held for Debt Service	10,919,150	9,207,178	8,186,734	8,018,534	7,929,822
Parks Acquisition & Development					
Fund Balance	2,783,718	2,240,266	1,301,306	1,533,876	635,530
Subsequent Years Debt Service	79,510	123,524	80,524	81,017	81,246
Amount of Fund Balance Held for Debt Service	159,020	247,048	161,048	162,034	162,492
Impact Fees					
Fund Balance	43,823,554	31,516,389	21,914,791	16,745,497	13,913,209
Subsequent Years Debt Service	7,452,084	7,697,999	7,718,644	7,473,109	7,242,553
Fund Balance Held for Debt Service	12,307,986	12,615,844	12,068,841	13,036,563	10,453,746
Totals					
Fund Balance	58,246,724	45,960,863	34,870,506	29,008,311	26,228,789
Subsequent Years Debt Service	12,991,169	12,425,112	11,892,535	11,563,393	11,288,710
Fund Balance Held for Debt Service	23,386,156	$ 22,070,070	$ 20,416,623	$ 21,217,131	$ 18,546,060

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 2017, the Water and Sewer Enterprise Fund reported $15,121,340 of connection fees and $23,633,191 in developer contributions for a total capital contribution of $38,754,531. Overall for fiscal year 2017, net position increased $33,319,748 consisting of ($5,377,441) in net loss, ($57,342) transfer to Fleet Services and $38,754,531 in capital contributions.

The Water and Sewer Enterprise Fund reported total Net Position of $539,583,933 for fiscal year 2017. Of this amount, $430,983,533 was net investment in capital assets, $6,041,708 was restricted for capital projects, $19,878,029 was restricted for debt service and $82,680,663 was unrestricted.

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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

	2017	2016	2015	2014	2013
Operating revenues					
Water and sewer charges	$ 32,849,301	$ 29,939,536	$ 27,838,558	$ 25,682,075	$ 23,418,738
Delinquent Fees	78,371	79,464	67,251	70,753	56,707
Other sources	1,669,465	1,381,630	1,029,924	762,542	977,774
Total operating revenues	34,597,137	31,400,630	28,935,733	26,515,370	24,453,219
Operating expenses					
Personnel services	9,625,764	9,211,580	9,160,376	8,777,096	8,670,045
Operating expenses	7,507,318	8,350,154	8,036,724	8,075,453	6,932,431
Insurance	391,692	334,541	314,504	369,449	
Supplies	2,215,201	2,060,483	1,741,090	1,426,704	1,135,444
Repairs and maintenance	3,598,384	3,023,257	2,344,768	2,344,176	1,830,590
Depreciation expense	13,377,824	11,780,067	9,798,865	9,774,024	9,694,115
Total operating expenses	36,716,183	34,760,082	31,396,327	30,766,902	28,262,625
Operating income (loss)	(2,119,046)	(3,359,452)	(2,460,594)	(4,251,532)	(3,809,406)
Nonoperating revenues (expenses)					
Investment income	730,726	390,185	303,840	330,281	362,395
Miscellaneous Income (expense)	(9,304)	-	-	3	-
Build America Bonds Subsidy	378,251	327,717	328,633	328,517	341,630
Interest expense	(4,360,429)	(4,394,013)	(3,570,328)	(3,742,746)	(4,308,223)
Gain (Loss) on disposition of capital assets	2,361	(228,800)	(419,132)	7,291	5,725
Total nonoperating revenues (expenses)	(3,258,395)	(3,904,911)	(3,356,987)	(3,076,654)	(3,598,473)
Net Income (Loss) Before Capital Contributions and Transfers	(5,377,441)	(7,264,363)	(5,817,581)	(7,328,186)	(7,407,879)
Capital Contributions	38,754,531	21,740,182	24,576,946	25,481,073	36,011,030
Transfers in	-	-	-	-	-
Transfers out	(57,342)	-	-	-	(193,000)
Total contributions and transfers	38,697,189	21,740,182	24,576,946	25,481,073	35,818,030
Change in Net Position	$ 33,319,748	$ 14,475,819	$ 18,759,365	$ 18,152,887	$ 28,410,151

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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

	2017	2016	2015	2014	2013
Operating revenues					
Tipping Fee Charges	$ 11,760,684	$ 12,017,937	$ 11,843,388	$ 10,993,320	$ 12,236,598
System Benefit Charges	10,178,710	10,107,446	10,035,523	9,994,939	9,957,169
Recycling	2,779,849	2,244,093	2,587,209	2,594,405	2,572,782
Delinquent Fees	67,176	58,986	54,770	56,058	56,468
Miscellaneous Operating Revenues	209,008	235,636	187,400	-	-
Landfill Gas Revenues	243,475	288,000	243,475	199,000	243,486
Total operating revenues	25,238,902	24,952,098	24,951,765	23,837,722	25,066,503
Operating expenses					
Personnel services	2,306,096	2,217,844	2,156,309	2,013,278	1,861,333
Operating expenses	951,087	1,602,100	1,206,555	2,230,681	1,396,588
Insurance	47,256	55,868	52,750	54,190	-
Supplies	32,089	31,597	59,055	27,806	42,880
Repairs and maintenance	259,884	270,309	299,445	209,881	161,673
Transfer expense	7,680,942	7,939,907	7,894,102	7,355,912	7,102,275
Recycling	6,751,263	6,327,878	6,087,461	5,848,712	5,839,196
Depreciation expense	1,114,622	1,010,877	956,719	915,260	1,029,995
Total operating expenses	19,143,239	19,456,380	18,712,396	18,655,720	17,433,940
Operating income (loss)	6,095,663	5,495,718	6,239,369	5,182,002	7,632,563
Nonoperating revenues (expenses)					
Investment income	290,941	140,746	61,083	49,813	104,323
Miscellaneous Income (expense)	-	366	(437,216)	1,925	-
Build America Bonds Subsidy	9,902	8,584	8,607	8,604	8,947
Interest expense	(573,242)	(610,451)	(692,892)	(810,146)	(979,803)
Gain (Loss) on disposition of capital assets	(29,145)	-	-	17,434	-
Total nonoperating revenues (expenses)	(301,544)	(460,755)	(1,060,418)	(732,370)	(866,533)
Net Income (Loss) Before Capital Contributions and Transfers	5,794,119	5,034,963	5,178,951	4,449,632	6,766,030
Capital Contributions	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	(4,000,000)	-	-	(60,000)
Total contributions and transfers	-	(4,000,000)	-	-	(60,000)
Change in Net Position	$ 5,794,119	$ 1,034,963	$ 5,178,951	$ 4,449,632	$ 6,706,030

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, 2017, 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, 2018.

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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 6/30/2018
General Government Debt				
MD Industrial Land Act Loan - State Farm	5/12/1994	5/12/2021	$181,059	$38,042
Public Facilities Refunding Bonds of 2006	2/1/2006	11/1/2022	12,608,476	12,608,476
Public Facilities Bonds of 2010A	1/26/2010	2/1/2020	47,213,456	10,075,585
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	18,095,992
Public Facilities Bonds of 2011A	8/4/2011	8/1/2031	55,810,000	5,900,000
Public Facilities Refunding Bonds of 2012	2/9/2012	8/1/2017	59,842,669	46,139,896
Public Facilities Refunding Bonds of 2012 - Taxable	8/23/2012	8/1/2020	51,946,393	27,183,614
Public Facilities Bonds of 2013	5/2/2013	5/1/2033	26,800,000	21,653,037
Public Facilities Bonds of 2014A	7/8/2014	8/1/2034	32,117,727	18,354,965
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 2015A	3/19/2015	6/1/2027	8,061,868	7,929,470
Public Facilities Bonds of 2016A	6/29/2016	8/1/2036	77,186,341	74,741,647
Public Facilities Ref Bonds of 2017A (2020 Crossover)	4/11/2017	2/1/2030	56,901,147	56,901,147
Public Facilities Ref Bonds of 2017, Series B	12/20/2017	8/1/2031	35,860,543	35,860,543
FY2017 Capital Lease	5/19/2017	4/1/2027	3,704,232	3,359,009
Installment Purchase Agreements	VARIOUS	VARIOUS	54,410,848	48,242,396
Total General Government Debt			664,121,421	462,754,198
Less: Installment Purchase Agreements			(54,410,848)	(48,242,396)
Less: Capital Leases			(3,704,232)	(3,359,009)
Less: Notes Payable			(181,059)	(38,042)
Total Serial Bond General Government Debt			605,825,282	411,114,751
Proprietary Fund Debt				
Maryland Department of the Enviroment Loans	VARIOUS	VARIOUS	93,312,683	55,038,685
Public Facilities Refunding Bonds of 2006	2/1/2006	11/1/2022	7,756,524	7,756,524
Public Facilities Bonds of 2010A	1/26/2010	2/1/2020	12,491,544	3,004,415
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	6,834,008
Public Facilities Refunding Bonds of 2012	2/9/2012	8/1/2024	25,232,331	23,730,104
Public Facilities Refunding Bonds of 2012 - Taxable	8/23/2012	8/1/2020	9,423,607	4,931,386
Public Facilities Bonds of 2013	5/2/2013	5/1/2033	4,650,000	3,756,963
Public Facilities Bonds of 2014, Series A	7/8/2014	8/1/2034	2,677,273	1,530,035
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	5,845,530
Public Facilities Bonds of 2016, Series A	6/29/2016	8/1/2036	8,218,659	7,958,353
Public Facilities Refunding Bonds of 2016, Series B-Taxab	6/29/2016	8/1/2036	34,820,000	33,405,000
Public Facilities Ref Bonds of 2017A (2020 Crossover)	4/11/2017	2/1/2030	16,963,853	16,963,853
Public Facilities Ref Bonds of 2017, Series B	12/20/2017	8/1/2031	824,457	824,457
FY2016 Capital Lease	3/4/2016	2/1/2021	287,798	175,353
Total Proprietary Debt			267,320,199	194,894,287
Less: Capital Lease			(287,798)	(175,353)
Less: MDE Loans			(93,312,683)	(55,038,685)
Total Serial Bond Proprietary Debt			173,719,718	139,680,249
Total Serial Bond Long-Term Indebtedness			$779,545,000	$550,795,000

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, 2017, 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, 2017 is $57,353,912. These loans have interest rates of 0.80 – 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, 2017 was $49,302.

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, 2017, the developer has drawn $159,921 of the Series A bonds and $319,868 of the Series B bonds.

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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%	$ 331,781
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%	2,001,287
Lake Linganore - Series 2007B	CDA-Loan	3,232,142	09/20/07	03/01/28	0.000%	1,955,142
Urbana CDA - Series 2010A	CDA-Serial	30,440,000	09/23/10	07/01/25	2.00-5.00%	21,865,000
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%	319,868
						$ 140,129,999

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, 2017, $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, 2018.

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
2019	$ 40,030,497	$ 17,418,315	$ 16,663,260	$ 6,040,341	$ 56,693,757	$ 23,458,656	$ 80,152,413
2020	41,029,613	16,075,174	16,686,469	5,483,616	57,716,082	21,558,790	79,274,872
2021	37,889,537	14,568,845	17,333,823	4,964,202	55,223,360	19,533,047	74,756,407
2022	28,953,637	13,151,235	14,252,146	4,402,893	43,205,783	17,554,128	60,759,911
2023	34,012,724	11,988,268	14,662,705	3,915,053	48,675,429	15,903,321	64,578,750
2024	30,735,393	10,490,925	13,313,750	3,454,946	44,049,143	13,945,871	57,995,014
2025	31,305,013	9,199,212	13,694,333	3,022,328	44,999,346	12,221,540	57,220,886
2026	30,070,022	7,948,222	14,014,324	2,649,873	44,084,346	10,598,095	54,682,441
2027	32,795,513	6,848,251	13,964,132	2,237,653	46,759,645	9,085,904	55,845,549
2028	32,013,866	5,592,485	11,520,684	1,836,376	43,534,550	7,428,861	50,963,411
2029	28,462,933	4,285,395	10,493,091	1,478,717	38,956,024	5,764,112	44,720,136
2030	27,439,005	2,998,059	10,799,554	1,140,263	38,238,559	4,138,322	42,376,881
2031	15,347,547	1,929,419	6,620,925	793,162	21,968,472	2,722,581	24,691,053
2032	11,798,998	1,401,811	6,751,548	675,295	18,550,546	2,077,106	20,627,652
2033	9,391,120	1,164,098	2,987,439	382,564	12,378,559	1,546,662	13,925,221
2034	8,215,370	885,785	2,748,633	292,760	10,964,003	1,178,545	12,142,548
2035	8,066,134	613,429	2,836,034	208,142	10,902,168	821,571	11,723,739
2036	7,898,963	424,414	2,734,151	124,840	10,633,114	549,254	11,182,368
2037	7,298,314	179,355	2,817,285	42,068	10,115,599	221,423	10,337,022
Totals	$ 462,754,199	$ 127,162,697	$ 194,894,286	$ 43,145,092	$ 657,648,485	$ 170,307,789	$ 827,956,274

* 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.

Source: Frederick County Finance Division.

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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)	General Obligation Public Facilities Bonds, Series 2018A		Adjusted Total Debt Service (1)
		Principal	Interest (2)	
2019.........	$ 80,152,413	$3,535,000	$3,582,022	$87,269,435
2020.........	79,274,872	3,300,000	3,818,969	86,393,841
2021.........	74,756,407	3,470,000	3,649,719	81,876,126
2022.........	60,759,911	3,645,000	3,471,844	67,876,755
2023.........	64,578,750	3,775,000	3,342,969	71,696,719
2024.........	57,995,014	3,910,000	3,207,469	65,112,483
2025.........	57,220,886	4,110,000	3,006,969	64,337,855
2026.........	54,682,441	4,320,000	2,796,219	61,798,660
2027.........	55,845,549	4,540,000	2,574,719	62,960,268
2028.........	50,963,411	4,775,000	2,341,844	58,080,255
2029.........	44,720,136	5,020,000	2,096,969	51,837,105
2030.........	42,376,881	5,280,000	1,839,469	49,496,350
2031.........	24,691,053	5,550,000	1,568,719	31,809,772
2032.........	20,627,652	5,775,000	1,343,344	27,745,996
2033.........	13,925,221	5,950,000	1,167,469	21,042,690
2034.........	12,142,548	6,135,000	982,359	19,259,907
2035.........	11,723,739	6,335,000	783,556	18,842,295
2036.........	11,182,368	6,545,000	572,620	18,299,988
2037.........	10,337,022	6,765,000	351,314	17,453,336
2038.........	0	7,000,000	119,000	7,119,000
Totals:	$827,956,274	$99,735,000	$42,617,559	$970,308,833

(1) Totals may not add due to rounding.
(2) Interest rates range from 2.000% to 5.000%.
Source: Frederick County Finance Division and Davenport & Company.

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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:

Fiscal Year	General Government Debt	Property Tax Assessment	Debt to Assessment	Population (1)	Debt Per Capita
2017…	$ 505,330,594	$ 28,348,184,452	1.78%	249,277	$ 2,027
2016…	517,501,267	27,227,612,948	1.90%	24,6972	2,095
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

(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 five most recent fiscal years:

Fiscal Year	General Fund Revenues	Debt Service Expenditures	Percentage
2017(1)..........	$547,901,300	$38,226,549	6.98%
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

(1) County established a debt service fund in FY2017. The debt service expenditures above are recorded in the debt service funds and only include those not paid with our resources.
(2) Source: Frederick County Finance Division.

Rapidity of Debt (Excluding Proposed Issue)

Number of Years	Principal Retired	Percent of Debt Retired
5	$ 261,514,411	39.77%
10	484,941,441	73.74%
15	615,033,601	93.52%
20	657,648,485	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, 2017:

Jurisdiction	Debt Outstanding (1)	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Brunswick	$ 335,680	100%	$ 335,680
Emmitsburg	265,686	100	265,686
Frederick City	58,720,834	100	58,720,834
Middletown	2,819,173	100	2,819,173
Myersville	3,519,740	100	3,519,740
Frederick County Public Schools ..	11,013,825	100	11,013,825
Frederick Community College......	6,220,462	100	6,220,462
Total Overlapping Debt			82,895,400
Frederick County Direct Debt ..			534,451,156
Total Direct and Overlapping Debt			$617,346,556

(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 2018 and the amounts included in the Capital Improvement Program for the next five fiscal years indicated:

Capital Budget - Program Requirements and Sources of Funds

	2018	2019	2020	2021	2022	2023
Program Requirements						
General Government	$ 20,297,503	$ 20,593,597	$ 15,660,950	$ 20,344,158	$ 42,754,736	$ 45,306,442
Water & Sewer	20,002,750	1,228,000	2,640,000	254,000	5,670,000	53,816,000
Solid Waste	-	-	-	-	-	-
Parks and Recreation	1,958,324	19,234,957	2,230,883	8,459,827	2,142,690	10,638,823
Watershed Restoration & Retrofit	8,411,951	8,269,648	6,482,033	5,750,000	5,750,000	5,750,000
Roads	1,191,484	16,657,000	7,482,000	1,164,900	934,500	3,321,800
Bridges	815,900	461,700	1,361,800	2,424,700	1,324,600	110,000
Highways	23,030,786	21,430,032	20,335,600	17,432,600	17,432,600	17,432,600
Community College	4,882,425	6,528,750	2,497,000	10,318,500	750,000	750,000
Board of Education	85,991,383	15,217,443	40,926,108	42,065,115	42,714,155	38,012,320
Municipalities	3,300,000	90,489	489,069	89,069	17,500	-
Total - Projects	$ 169,882,506	$ 109,711,616	$ 100,105,443	$ 108,302,869	$ 119,490,781	$ 175,137,985
Sources of Funds						
General Fund	$ 16,558,069	$ 17,962,179	$ 18,019,142	$ 17,403,252	$ 18,535,025	$ 18,760,385
General Fund Bonds/Leases	65,428,354	65,037,651	52,677,843	56,680,930	55,185,075	67,992,820
Recordation Tax/ Bonds	2,037,833	11,990,183	6,025,535	9,898,195	6,152,306	5,947,813
Impact Fees / Bonds	18,434,069	-	4,000,000	2,943,766	6,319,525	6,412,944
School Mitigation Fee	12,866,000	2,660,000	-	2,700,555	5,000,000	7,000,000
Excise Tax	-	-	-	-	-	-
Enterprise Fees/Bonds	4,771,750	2,180,298	-	261,000	4,769,100	44,670,780
Grants	15,184,431	20,268,055	14,758,957	21,298,312	24,150,520	13,482,667
Miscellaneous	34,602,000	(10,386,750)	4,623,966	(2,883,141)	(620,770)	10,870,576
Total - Source of Funds	$ 169,882,506	$ 109,711,616	$ 100,105,443	$ 108,302,869	$ 119,490,781	$ 175,137,985

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**
2017	$13.1 million
2016	12.5 million
2015	13.9 million
2014	13.2 million
2013	8.8 million

Source: Frederick County Finance Division.

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 to issue bonds in February 2018 to finance projects from the Capital Improvement program.

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 2017 financial statements of the County have been audited by SB & Company, LLC, independent certified public accountants. The fiscal year 2017 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.

SALE AT COMPETITIVE BIDDING

The Bonds were offered by the County at competitive bidding on February 20, 2018 in accordance with the respective Notice of Sale (the form of which is included herewith as Appendix D). The interest rates shown on the cover page of this Official Statement are interest rates to the County resulting from the award of the Bonds at the competitive bidding therefore. Yields or prices shown on the cover page of this Official Statement are based on information supplied to the County by the successful bidders. Any other information concerning the terms of reoffering of the Bonds, if any, including yields or prices should be obtained from the successful bidders therefore, and not from the County.

CERTIFICATE OF COUNTY OFFICIALS

Simultaneously with or before delivery of and payment for the 2018A Bonds, the County will furnish to the Underwriter 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 2018A 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 2018A 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 2018A Bonds, the form of which is attached to this Official Statement as Appendix C. Potential purchasers of the 2018A 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 2018A Bonds, such as the possibility of unscheduled draws on debt service reserves and matters affecting collateral for the 2018A 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.

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 2018A Bonds, all pursuant to the legislation authorizing the issuance of the 2018A 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 2018A Bonds. Reference is made to Appendix B for the form of legal opinion on the validity of the 2018A 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
Lori L. Depies, CPA
Director of Finance

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The County's Fiscal Year 2017 Comprehensive Annual Financial Report can be viewed at
www.frederickcountymd.gov/reports

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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 Bonds, Series 2018A, in an aggregate principal amount of $99,735,000 (the "2018A Bonds") dated March 7, 2018.

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 2018A 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 2018A Bonds.

2. The 2018A Bonds are issued for valid public purposes as provided Chapter 54 of the Laws of Maryland of 2012, as amended, Section 10-203 of the Local Government Chapter of the Annotated Code of Maryland, as amended, Chapter 2-13 of the Code of Public Local Laws of Frederick County (1979), as amended, and Sections 5-601 through 5-604 of the Education Volume of the Annotated Code of Maryland, as amended (collectively, the "Acts") and Resolution No. 17-28 of the County adopted on December 5, 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 2018A 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 2018A 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 2018A 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 2018A Bonds or the income therefrom.

7. Interest on the 2018A Bonds is excluded from gross income for federal income tax purposes, and interest on the 2018A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided however, that for taxable years beginning before January 1, 2018, 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 2018A 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 2018A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2018A Bonds. In addition, interest on the 2018A 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 2018A Bonds.

The rights of the holders of the 2018A Bonds and the enforceability of the 2018A 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"]

Appendix C

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 $99,735,000 Frederick County, Maryland General Obligation Public Facilities Bonds, Series 2018A (the "2018A Bonds"). The 2018A Bonds are being issued pursuant to Resolution No. 17-28 adopted on December 5, 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 2018A Bonds and to assist the Participating Underwriter 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 February 20, 2018 relating to the 2018A Bonds.

"Participating Underwriter" shall mean the original underwriter of the 2018A Bonds required to comply with the Rule in connection with offering of the 2018A 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, 2017.

(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, 2017, 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 2018A 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 2018A Bonds;

(vii) modifications to rights of owners of the 2018A Bonds, if material;

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

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the 2018A 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 2018A 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 2018A 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.

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 2018A 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 2018A 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 2018A Bonds, and shall create no rights in any other person or entity.

Date: ________, 2018

ATTEST:

________________________________	By: ______________________________
Raymond V. Barnes Jr.	Jan H. Gardner
Acting Chief Administrative Officer	County Executive

NOTICE OF SALE

FREDERICK COUNTY, MARYLAND
Relating to
$107,120,000* General Obligation Public Facilities Bonds, Series 2018A

Sealed proposals or electronic bids via *PARITY*
will be received until 11:00 A.M., local Frederick, Maryland time, on
Tuesday, February 20, 2018
Winchester Hall, 12 East Church Street, 1st Floor Hearing Room
Frederick, Maryland 21701

Sealed proposals or electronic bids via **Parity®** will be received at the offices of the County for the purchase of $107,120,000* aggregate principal amount of General Obligation Public Facilities Bonds, Series 2018A (the "Bonds"). The Bonds will be dated the date of delivery (expected to be March 7, 2018) and bear interest payable semi-annually on each February 1 and August 1, beginning on August 1, 2018, until maturity or redemption.

The Bonds are issued pursuant to the authority of Chapter 54 of the Laws of Maryland of 2012, as amended (the "2012 Act"), Section 10-203 of the Local Government Chapter of the Annotated Code of Maryland, as amended (the "Bond Act"), Chapter 2-13 of the Code of Public Local Laws of Frederick County (1979), as amended (the "Water and Sewer Act"), Sections 5-601 through 5-604 of the Education Volume of the Annotated Code of Maryland, as amended (the "Education Act" and, together with the 2012 Act, the Bond Act and the Water and Sewer Act, the "Acts") and in accordance with Resolution No. 17-28 adopted by the County Council of Frederick County on December 5, 2017 (the "Resolution").

The Bonds will mature on the first days of August in the following years and aggregate amounts:

Year of Maturity	Annual Amount Maturing*
2018	$3,735,000
2019	3,475,000
2020	3,655,000
2021	3,840,000
2022	4,035,000
2023	4,245,000
2024	4,460,000
2025	4,690,000
2026	4,930,000
2027	5,185,000
2028	5,450,000
2029	5,700,000
2030	5,935,000
2031	6,175,000
2032	6,400,000
2033	6,600,000
2034	6,810,000
2035	7,030,000
2036	7,265,000
2037	7,505,000

The proceeds of the Bonds will be used to provide funds for the design, planning, renovation and construction of County capital projects and to pay costs of issuance.

*Preliminary, subject to adjustment.

General Provisions for the Bonds

The Bonds shall be issued only in fully registered form without coupons. One Bond representing each maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds and each such Bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates representing each maturity with DTC.

The Bonds will bear interest payable semiannually on February 1 and August 1 in each year, commencing August 1, 2018, until maturity or redemption. Interest will be paid to the persons in whose names the Bonds are registered on the registration books maintained by the Bond Registrar on the Regular Record Date, which is the fifteenth day of the month immediately preceding the month in which each such interest payment date occurs, by check mailed to each such person's address as it appears on such bond registration books.

Optional Redemption

The Bonds stated to mature on or before August 1, 2028 are not subject to redemption prior to their respective maturities. The Bonds stated to mature on or after August 1, 2029 are subject to redemption at the option of the County in whole or in part on any date on or after August 1, 2028, at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the date of redemption.

All or None Bids

The County will not accept and will reject any bid for less than all of the above described Bonds. The right is reserved to reject any and all bids.

Electronic Bids

Electronic bids will be received via **Parity**®**,** in the manner described below, until 11:00 A.M. local Frederick, Maryland time, on February 20, 2018.

Bids may be submitted electronically via **Parity**® pursuant to this Notice until 11:00 A.M., local Frederick, Maryland time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **Parity**® conflict with this notice, the terms of this Notice shall control. For further information about **Parity**®**,** potential bidders may contact **Parity**® at Dalcomp (212) 849-5021.

Disclaimer

Each prospective electronic bidder shall be solely responsible to register to bid via **Parity**® as described above. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to access **Parity**® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the County nor **Parity**®**,** shall have any duty or obligation to provide or assure access to **Parity**® to any prospective bidder, and neither the County nor **Parity**® shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **Parity**®. The County is using **Parity**® as a communication mechanism, and not as the County's agent, to conduct the electronic bidding for the Bonds. The County is not bound by any advice and determination of **Parity**® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via **Parity**® are the sole responsibility of the bidders; and the County is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Bonds, he should telephone **Parity**® at Dalcomp (212) 849-5021 and notify the County's Financial Advisor, Joseph Mason, at Davenport & Company LLC by facsimile at (866) 932-6660.

Electronic Bidding Procedures

Electronic bids must be submitted for the purchase of the Bonds (all or none) via **Parity**®. Bids will be communicated electronically to the County at 11:00 a.m., local Frederick, Maryland time, on February 20, 2018. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via **Parity**®**,** (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds, or (3) withdraw its proposed bid. Once the bids are communicated electronically via **Parity**®**,** to the County, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on **Parity**® shall constitute the official time.

Written Sealed Bids

Written bids will also be accepted in written form on the form of Proposal for Bonds attached to this Notice until 11:00 a.m. local Frederick, Maryland time at the place specified above. Written bids must be submitted on the prescribed form provided for that purpose by the Director of Finance and must be enclosed in a sealed envelope marked "Proposal for Bonds" and addressed to Frederick County, Maryland, 1st Floor Hearing Room, Winchester Hall, 12 East Church Street, Frederick, Maryland 21701.

Adjustments of Principal Amounts

The aggregate principal amount and the principal amount of each maturity of the Bonds are subject to adjustment by the County, both before and after the receipt of bids for their purchase. Changes to be made prior to the sale will be published on TM3 News Service not later than 9:30 a.m. prevailing Eastern time on the date of sale and will be used to compare bids and select a winning bidder. Changes to be made after the sale and the maturity amounts for the Bonds will be communicated to the successful bidder by 3:00 p.m. prevailing Eastern time on the date of the sale, will be made only as necessary to accommodate the amount of premium bid, and will not reduce or increase the aggregate principal amount of the Bonds by more than 10% from the amount bid upon. Such changes may result in the elimination of one or more maturities of the Bonds. In addition, the final maturity schedule for the Bonds will be communicated to the successful bidder by 4:00 p.m. prevailing Eastern time on the date of the sale. The dollar amount bid by the successful bidder shall be adjusted to reflect any adjustments in the principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and the original issue premium or discount, but will not change the per bond underwriter's discount as calculated from the bid and initial offering prices (as herein defined) required to be delivered to the County as stated herein. The coupon rates specified by the successful bidder for all maturities will not change. The successful bidder may not withdraw its bid as a result of any changes made within these limits.

Bid Specifications

Bidders shall state in their proposals the rate or rates of interest to be paid on the Bonds in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%), and each proposal shall be based and submitted on the rate or rates stated therein. Bidders may specify more than one rate of interest to be borne by the Bonds but the difference between the lowest rate and the highest rate may not exceed 3.0%. The highest rate of interest permitted may not exceed 5.00% in any year. Bidders may not specify more than one rate of interest for the Bonds of any single maturity. A zero rate may not be named for any maturity. The Bonds will be awarded to the bidder naming the lowest true interest cost for all of the Bonds in any legally acceptable proposal and offering to pay not less than 100% of par or more than 115%. The lowest true interest cost will be determined by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments from the payment dates to the date of the Bonds and to the amount bid, not including interest accrued to the date of delivery. Where the proposals of two or more bidders result in the same lowest true interest cost for the Bonds, the Bonds may be apportioned between such bidders, but if this shall not be acceptable, the County shall have the right to award all of the Bonds to one bidder. The right is reserved to the County to reject any or all proposals and to waive any irregularity or informality in any proposal. The County's judgment shall be final and binding upon all bidders with respect to the form and adequacy of any proposal received and as to its conformity to the terms of this Notice of Sale. Any award of the Bonds may be made as late as 4:00 P.M. on the sale date. All bids remain firm until an award is made.

After receipt of bids is closed and prior to the award, the apparent successful bidder indicated on PARITY must submit a good faith deposit of $1,071,200 to the County by wire transfer as instructed by the County or its financial advisor. The award to the apparent successful bidder is contingent upon receipt of the good faith deposit, and the Bonds will not be awarded to such bidder until the County has confirmation of receipt of the good faith deposit. No interest will be allowed on any good faith deposit. In the event the successful bidder shall fail to comply with the terms of its bid, the good faith deposit may be retained as and for full liquidated damages.

THE SUCCESSFUL BIDDER OF BONDS SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THE INITIAL OFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED BELOW.

All Bonds herein described will constitute an irrevocable pledge of the full faith and credit and unlimited taxing power of the County.

The Bonds will be issued and sold subject to approval as to legality by Venable LLP, Baltimore, Maryland, Bond Counsel, whose approving opinion substantially in the form included in the Preliminary Official Statement referred to below will be delivered, upon request, to the purchaser or purchasers of the Bonds, without charge.

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the County will execute and deliver a continuing disclosure agreement on or before the date of issuance of the Bonds pursuant to which it will undertake to provide certain information annually and notices of certain events. A form of this agreement is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. When delivered, the Bonds shall be duly executed and authenticated and registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale.

Not later than seven (7) business days after the award of the Bonds to the successful bidder on the day of sale, the County will authorize an Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. If so requested by the purchaser or purchasers at or before the close of business on the date of the sale, the County will include in the Official Statement such pricing and other information with respect to the terms of the reoffering of the Bonds by the successful bidder ("Reoffering Information"), if any, as may be specified and furnished in writing by such bidder. If no Reoffering Information is specified and furnished by the successful bidder, the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. The successful bidder for the Bonds shall be responsible to the County and its officials for the Reoffering Information, and for all decisions made by such bidder with respect to the use or omission of the Reoffering Information in any reoffering of the Bonds, including the presentation or exclusion of any Reoffering Information in any documents, including the Official Statement. The successful bidder will also be furnished, without cost, with up to 300 copies of the Official Statement (and any amendments or supplements thereto).

Delivery of the Bonds, without expense, will be made by the County to the purchaser or purchasers on or about March 7, 2018, or as soon as practicable thereafter, in New York, New York or at such other location as shall be mutually acceptable to the County and the purchasers, and, thereupon, said purchaser or purchasers will be required to accept delivery of the Bonds purchased and pay, in Federal funds, the balance of the purchase price due. The Bonds will be accompanied by the customary closing documents, including a no-litigation certificate, effective as of the date of delivery, stating that there is no litigation pending affecting the validity of any of the Bonds. It shall be a condition to the obligation of said purchaser or purchasers to accept delivery of and pay for the Bonds that, simultaneously with or before delivery and payment for the Bonds, said purchaser or purchasers shall be furnished a certificate or certificates of the County Executive of Frederick County and the Director of Finance to the effect that, to the best of their knowledge and belief, the Official Statement (and any amendment or supplement thereto) (except for the Reoffering Information provided by the purchaser and information regarding DTC and DTC's book-entry system provided by DTC, as to which no view will be expressed) as of the date of sale and as of the date of delivery of the 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 therein, 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 Bonds there has been no material adverse change in the financial position or revenues of the County, except as reflected or contemplated in the Official Statement (and any amendment or supplement thereto).

Undertakings of the Successful Bidder

The successful bidder (hereafter, the "Purchaser") agrees to provide certificates, including, but not limited to, an issue price certificate substantially in the form either of the form of certificate attached hereto as Exhibit A or of the form of certificate attached hereto as Exhibit B, whichever is applicable (and in either case subject to such modifications as the County and the Purchaser may agree are necessary or appropriate). The County intends that the provisions of Treasury Regulation 1.148-1(f)(3)(i) (defining "competitive sale" for the purposes of establishing the issue price of municipal bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements") because (i) the County will disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters, (ii) all bidders will have an equal opportunity to bid, (iii) the County may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds, and (iv) the County anticipates awarding the sale of the Bonds to the bidder that submits a firm offer to purchase the Bonds at the lowest TIC, as set forth herein. Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds.

In the event that the Competitive Sale Requirements are not satisfied, the County shall so advise the winning bidder. In that event, the County may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the "10% Test") is sold to the public as the issue price of that maturity and/or (ii) the Initial Offering Price (as defined below) to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "Hold the Offering Price Rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the County if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The County shall then promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Bonds shall be subject to the 10% Test and which shall be subject to the Hold the Offering Price Rule. Bids will not be subject to cancellation in the event that the County determines to apply the Hold the Offering Price Rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold the Offering Price Rule in order to establish the issue price of the Bonds.

By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "Initial Offering Price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold the Offering Price Rule applies to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following: (A) the close of the fifth (5th) business day after the sale date; or (B) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public. The winning bidder shall promptly advise the County when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The County acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the Hold the Offering Price Rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the Hold the Offering Price Rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the Hold the Offering Price Rule, as set forth in the retail distribution agreement and the related pricing wires. The County further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the Hold the Offering Price Rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the Hold the Offering Price Rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the Hold the Offering Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the Hold the Offering Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale, (i) “public” means any person other than an underwriter or a related party, (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public), (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and (iv) “sale date” means the date that the Bonds are awarded by the County to the winning bidder.

By submitting a bid, each bidder represents that it has an established reputation of underwriting new issuances of municipal bonds such as the Bonds.

NOTE: The County may revise this Notice of Sale by written notice available to prospective bidders at the place of sale at the time for submission of bids or by publishing notice of any revisions on TM3 at or before the time for submission of bids. Any bid submitted shall be in accordance with, and incorporate by reference, this Notice of Sale including any revisions made pursuant to this paragraph.

The County reserves the right to postpone, from time to time, the date and or time established for the receipt of bids. Any such postponement will be announced by TM3 by notice given not later than 1:00 p.m., local Frederick, Maryland time, on the last business day prior to any announced date for receipt of bids. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any Alternative Sale Date will be announced via TM3 at least 48 hours prior to such Alternative Sale Date. In addition, the County reserves the right, on the date established for the receipt of bids, to reject all bids and establish a subsequent Alternative Sale Date. If all bids are rejected and an Alternative Sale Date for receipt of bids established, notice of the Alternative Sale Date will be announced via TM3 not less than 48 hours prior to such Alternative Sale Date. On any such Alternative Sale Date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of this Notice of Sale except for the date of sale and except for the changes announced by TM3 at the time the sale date and time are announced.

The Preliminary Official Statement, together with this Notice of Sale and the required form of proposal, may be obtained from the Director of Finance, Winchester Hall, 12 East Church Street, Frederick, Maryland 21701, or from Davenport & Company LLC, 8600 LaSalle Road, Suite 324, Towson, Maryland 21286 (410) 296-9426. Such Preliminary Official Statement is deemed final by the County as of its date for purposes of SEC Rule 15c2-12 but is subject to revision, amendment and completion in the Official Statement referred to above.

By order of FREDERICK COUNTY, MARYLAND

[Form of Proposal]
BIDDERS MUST SUBMIT PROPOSAL FOR THE BONDS

PROPOSAL FOR
GENERAL OBLIGATION PUBLIC FACILITIES BONDS, SERIES 2018A

February 20, 2017

Frederick County, Maryland
1st Floor, Hearing Room
Winchester Hall
12 East Church Street
Frederick, Maryland 21701

Ladies and Gentlemen:

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale, which is made a part of this Proposal, we offer to purchase the General Obligation Public Facilities Bonds, Series 2018A (the "Bonds") of Frederick County, Maryland, described in such Notice of Sale, such Bonds to mature in the several years shown in the table below and to bear interest at the rate per annum set opposite such years, respectively:

Year of Maturity	Interest Rate
2018	___%
2019	___%
2020	___%
2021	___%
2022	___%
2023	___%
2024	___%
2025	___%
2026	___%
2027	___%
2028	___%
2029	___%
2030	___%
2031	___%
2032	___%
2033	___%
2034	___%
2035	___%
2036	___%
2037	___%
2038	___%
	___%

We will pay an amount equal to the par value of the Bonds	.	$
plus a dollar premium in the amount of	+	$
Total		$

We understand that (a) if we are selected as the winning bidder, we are to provide a good faith deposit in the amount of $______ as a condition to award, as provided in the Notice of Sale, (b) we are to provide a certification regarding the public sale of the bonds as described in the notice of sale on or prior to the closing date and (c) if notified that we are the successful bidder, we will be required to advise the County of the initial reoffering prices (as described in the notice of sale) for each maturity of the bonds at the time of such notification. In this regard, you may contact and rely on the information provided by ____ , whose telephone number is ____.

____

____

____

and Associates (See List Attached)

(Not a part of this proposal. The following information is requested to expedite and facilitate prompt determination of the best bid. The inclusion, omission, accuracy or inaccuracy of these figures will not affect the validity of the proposal. The total amount of interest payable on the bonds referred to above under this proposal is $_________. The rate of interest determined in the manner set forth in the Notice of Sale is _______% per annum.)

____

____

Bidder

By: ______________________________

EXHIBIT A-1 TO
NOTICE OF SALE

99,735,000
FREDERICK COUNTY, MARYLAND
Consolidated Public Facilities Bonds, Series 2018A

ISSUE PRICE CERTIFICATE
(Qualified Competitive Bid)

The undersigned, on behalf of [NAME OF PURCHASER] (the "Purchaser"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price***.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

2. ***Defined Terms***.

(a) *Issuer* means Frederick County, Maryland.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is ________, 2018.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Venable LLP, as bond counsel to the Issuer, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[NAME OF PURCHASER], as Purchaser
By: ________________________________
Title: ______________________________

Dated: ___________, 2018

SCHEDULE A
Expected Offering Prices of the Bonds

SCHEDULE B

Copy of Bid

EXHIBIT A-2 TO
NOTICE OF SALE

$99,735,000
Frederick County, Maryland
Consolidated Public Facilities Bonds, Series 2018A

ISSUE PRICE CERTIFICATE
(Nonqualified Competitive Bid)

The undersigned, on behalf of [NAME OF PURCHASER] (the "Purchaser"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Sale of the 10% Maturities***. As of the date of this Certificate, for each Maturity of the 10% Maturities Bonds, the first price at which a Substantial Amount of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Undersold Maturities.***

(a) The Purchaser offered the Undersold Maturities to the Public for purchase at the respective initial offering prices listed in Schedule B (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule C.

(b) As set forth in the Notice of Sale and bid award, the Purchaser has agreed in writing that, (i) for each Maturity of the Undersold Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity, and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule.. Pursuant to such agreement, no Underwriter has offered or sold any Maturity of the Undersold Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms***.

(a) *10% Maturities* means those Maturities of the Bonds shown in Schedule A hereto as the "10% Maturities."

(b) *Issuer* means Frederick County, Maryland.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Holding Period* means, with respect to an Undersold Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([______, 2018]), or (ii) the date on which the Purchaser has sold a Substantial Amount of such Undersold Maturity to the Public at a price that is no higher than the Initial Offering Price for such Undersold Maturity.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _______, 2018.

(g) *Substantial Amount* means ten percent (10%).

(h) *Undersold Maturities* means those Maturities of the Bonds shown in Schedule B hereto as the "Undersold Maturities."

(i) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Venable LLP, as bond counsel to the Issuer, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

[NAME OF PURCHASER], as
Purchaser
By: ________________________
Title: ______________________

Dated: _______, 2018

SCHEDULE A
Sale Prices of the 10% Maturities

SCHEDULE B

Initial Offering Prices of the Undersold Maturities

SCHEDULE C

Pricing Wire

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FREDERICK COUNTY, MARYLAND

1748

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