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AGENDA

- Introductions and Overview: Sam Ketterman
- Opening Remarks: Jan H. Gardner
- Economic Development: Helen Propheter
- Fiscal Management: Lori Depies
- Financial Results: Lori Depies
- Closing Remarks: Jan H. Gardner
VISION

FREDERICK COUNTY

VISION

- Frederick County is the best place to live, work, and raise a family
  - Education
  - Safe Community
  - Vibrant Economy
  - High Quality of Life
STATE OF THE COUNTY ECONOMY

- Strong, Diverse, and Stable Economy
  - Added 3,200 jobs
  - Low Unemployment
    - At or around 4%
  - Economic Output exceeded $11 billion
- Vibrant Downtown City of Frederick
STATE OF THE COUNTY
GOVERNMENT DELIVERS

- High Performing Public Schools
- Safe Community
- Exceptional Services
- Transparent and Efficient Government
STATE OF THE COUNTY BUDGET

- Fiscal Discipline and Conservative Budgeting
- Growing Reserves
- Invests in Future Prosperity
  - Education, Public Safety, and People
- Funds Pensions and OPEB
- Advances Major Capital Projects
  - Schools, Roads, Libraries, Parks
  - Water/Sewer
STRATEGIC INITIATIVES

- Vision achieved through Leadership Teams focused on 4 priorities:
  - Education
  - Jobs
  - Community Needs
  - Seniors
- Trust in Government
EDUCATION

- Well-educated Workforce
- Innovation in Education
  - LYNX High School – “Super School” model
- Center for Research and Education in Science and Technology (CREST)
  - Frederick County’s 1st Higher Education Center
STRATEGIC INITIATIVES

JOBS

- Workforce Services co-located with Community College Advanced Technology Center
- Business Innovation Center
  - Economic development, Tech Transfer
- New IT Business Incubator
- Branding – Regional Focus
- Frederick Hotel and Conference Center
- Tax Incentives
STRATEGIC INITIATIVES
COMMUNITY NEEDS

- Workforce Housing
  - 520 N. Market Project
  - Housing Study
- Community Partnerships
- Livable Frederick
  - Long-term Visioning
    - Comprehensive Plan
STRATEGIC INITIATIVES
SENIORS

- Seniors First Initiative
  - Taking Advantage of Our Opportunities
  - Planning for Demographic Change
Charter Government Delivers

- Legislative Accomplishments
  - Downtown Hotel and Conference Center
  - Center for Research and Education in Science and Technology
- Over $21 million for School Construction
- Major Transportation Investments
  - New Interchange at I-270/MD 85
  - New Interchange at US 340/MD 180
  - US 15 Widening
METROPOLITAN WASHINGTON REGION ECONOMIC STRENGTH AND STABILITY

- 6th largest metro economy in the U.S.
- 5.3 million people and 3.2 million jobs
- 6th strongest Gross Regional Product (GRP) in the U.S.
- Among the highest educational attainment levels in the U.S.
  - Almost half of the population over 25 has a bachelor’s degree or higher (vs. 30% national average)
- Among top markets for millennials

Source: 2016 State of the Region: Economic Competitiveness Report, MWCOG
FREDERICK COUNTY
NATIONAL RECOGNITION

- 2016 Best Cities in the World for Craft Beer (Frederick #17) – Matador Network
- 2015 Top 50 Best Places to Live (Urbana #35) – Money Magazine
- 2015 Top 10 Best Places to Live for Veterans (Frederick #8) – Military Times
- 2015 Top 100 Best Places to Live (Frederick #32) – Livability.com
- 2014 Top 10 Best Downtowns (Frederick #6) – Livability.com
- 2014 Best Counties In America (#9) – Livability.com
Frederick County:

- Population is 245,322 (2015)
  - 7th largest population among counties in the state
  - Projected to increase by 8% by 2020 to 265,650
- Average annual population growth rate from 2010-2015 was 5.1%
  - 6th highest population growth rate among the counties in MD
  - Foreign Born Population has increased 12.9% from 2010-2014

Source: Maryland Dept. of Planning
$84,480 in 2014

- 13.6% greater than Maryland’s Median Household Income of $73,851
- Maryland had the highest Median Household Income in the U.S. according to the 2010 Census

Source: Maryland Department of Planning
EMPLOYMENT CATEGORIES

- Government: 16%
- Natural Resources & Mining: 1%
- Construction: 9%
- Manufacturing: 5%
- Trade, Transportation & Utilities: 17%
- Information: 1%
- Financial: 6%
- Professional & Business Services: 16%
- Education & Health Services: 14%
- Leisure & Hospitality: 12%
- Other: 3%

Source: Maryland Department of Labor, Licensing and Regulation, 2nd Quarter 2015 Data

*Consists of 12% Local, 1% State, 4% Federal
## 2015 Top 10 Employers

<table>
<thead>
<tr>
<th>Employer</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fort Detrick Campus</td>
<td>9,100</td>
</tr>
<tr>
<td>Frederick County Board of Education</td>
<td>5,650</td>
</tr>
<tr>
<td>Frederick Memorial Healthcare System</td>
<td>2,232</td>
</tr>
<tr>
<td>Frederick County Government</td>
<td>1,937</td>
</tr>
<tr>
<td>Leidos Biomedical Research (formerly SAIC-Frederick)</td>
<td>1,836</td>
</tr>
<tr>
<td>Wells Fargo Home Mortgage</td>
<td>1,742</td>
</tr>
<tr>
<td>Frederick Community College</td>
<td>992</td>
</tr>
<tr>
<td>Frederick City Government</td>
<td>842</td>
</tr>
<tr>
<td>State Farm Insurance</td>
<td>832</td>
</tr>
<tr>
<td>United Health Care</td>
<td>635</td>
</tr>
</tbody>
</table>

Source: Frederick County Comprehensive Annual Financial Report FY15
EMPLOYMENT JOB GROWTH

- **2015 Total Jobs:** 99,281
- **2015 Private Sector Jobs:** 83,210
  - 81% of employment base is private sector, up from 79% in 2011
- **From 2011-2015:**
  - The number of jobs increased 8.4% from 2011-2015 and 3.3% from 2014-2015

---

*Source: Maryland Department of Labor, Licensing and Regulation, 2nd Quarter Data*
## Employment Job Growth

<table>
<thead>
<tr>
<th>Industry</th>
<th>2015 Total Jobs</th>
<th>2014-2015 Number of Jobs Added</th>
<th>Companies with large recruitment needs in 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bio-Tech</td>
<td>2,743</td>
<td>237</td>
<td>Leidos, Keaki, MedImmune, Thermo Fisher, Charles River, Lonza, Imagilin</td>
</tr>
<tr>
<td>IT</td>
<td>1,957</td>
<td>84</td>
<td>Chenega, Yakabod, Orases, Swift Systems, Computer Frontiers, Regent, Experient</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>5,281</td>
<td>121</td>
<td>Wright Manufacturing, Trans-Tech, Stulz ATS, Flying Dog Brewery, Aeroflex/Weinschel</td>
</tr>
<tr>
<td>Construction</td>
<td>10,064</td>
<td>92</td>
<td>Morgan Keller, Pleasants/Kline, Dorcus</td>
</tr>
<tr>
<td>Education</td>
<td>3,569</td>
<td>360</td>
<td>FCC, Hood, Mount St. Mary’s</td>
</tr>
<tr>
<td>Healthcare and Social Services</td>
<td>12,563</td>
<td>426</td>
<td>FMH, Country Meadows, Genesis Healthcare, Right Time Medical</td>
</tr>
<tr>
<td>Tourism</td>
<td>11,751</td>
<td>421</td>
<td>Plamondon Companies, Hilton Garden, Chili’s, Bennigan’s</td>
</tr>
<tr>
<td>Financial Activities and Insurance</td>
<td>938</td>
<td>266</td>
<td>McCaskill, Moore Wealth, Morgan Stanley, Farmers Insurance, BMC, Taylor Financial, area banks</td>
</tr>
<tr>
<td>Retail Trades</td>
<td>12,970</td>
<td>284</td>
<td>TJ Maxx, Dick’s Sporting Goods, CarMax</td>
</tr>
</tbody>
</table>

Source: Frederick County Workforce Services
**COMMERCIAL GROWTH**

**NEW BUSINESS GROWTH**

- **Business Growth**: Over the last 5 years, business base has grown by 4.9%

- **Target Industries**: Bioscience, Advanced Technology, Manufacturing, Agriculture, Renewable/Sustainable Industries
  - **Other Growth Industries**:
    - Health
    - Education
    - Hospitality & Tourism

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**Number of Businesses**

Source: Maryland Department of Labor, Licensing and Regulation, 2nd Quarter data; internal data collection
COMMERCIAL GROWTH
NEW BUSINESS GROWTH

- 2015 Expansions and Locations Announced
  - AstraZeneca/MedImmune – 40,000 SF, 300 jobs
  - Flying Dog Brewery – 150,000 SF and 250 new jobs
  - Costco E-Commerce Center – 595,000 SF, 200 jobs
  - Regent Education – 26,000 SF, 130 new jobs
  - U.S. Pharmacopeial Convention – 25,000 SF, 100 new jobs
  - Victory Van Corporation – 42,000 SF, 75 new jobs
  - Miscellaneous Metals – 40,000 SF, 120 jobs retained
  - Blue Pillar – 5,000 SF, 60 jobs (HQ relocation)
  - Canam Steel – 20,000 SF, 10 jobs
  - Ford Motor Company Training Facility – 8,500 SF, 10 jobs

Rendering of Union Mills renovation – Regent Education expansion on Carroll Creek

Canam Steel
2015:

- Commercial & Industrial spending increased by 117% since 2011

Homewood Retirement Center - $50M recent expansion

Source: Frederick County Department of Planning
COMMERCIAL MARKET VACANCY

As of 4th Quarter 2015:
- Overall vacancy was 10.1%, significantly lower than year end in 2011 at 15.9%
  - Overall vacancy for the Washington, DC market was 12.3% in 2015
- The Flex and Industrial Markets had the largest decrease in vacancy rates from 2011-2015

Class A office space along Carroll Creek

Source: CoStar
COMMERCIAL MARKET
OFFICE VACANCY COMPARISONS

2015:

- Average office market vacancy is lower than both the I-270 corridor and the Washington market averages

![Wells Fargo Home Mortgage](image)

Office Market Vacancy

- **13.0%** for Frederick Market
- **16.1%** for I-270 Corridor
- **14.3%** for Washington Market

Source: CoStar
2015:

- Average office rental rates ($21.39) are 5% lower than 2011, but 2% higher than in 2014
- Average flex rental rates ($10.61) are 7% higher than in 2011
- Average retail rates ($18.36 are 4% higher than in 2011

Source: CoStar

Stulz Air Technology Systems
2015:

- The average home price shows an increase of 17.5% from 2011 to 2015
  - Compared to the State of Maryland where the average home price increased by 9.8% for the same time frame.

### Frederick County

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2011</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Sold Price</td>
<td>$ 296,638</td>
<td>$ 252,473</td>
<td>17.5%</td>
</tr>
<tr>
<td>Total Units Sold</td>
<td>3,701</td>
<td>2,516</td>
<td>47%</td>
</tr>
</tbody>
</table>

Source: Maryland Association of Realtors
2015:

- The number of housing permits issued increased 117% from 2011 to 2015.

Source: Frederick County Department of Planning
ECONOMIC OPPORTUNITIES

- Location, Location, Location
  - I-270 Technology Corridor and Research Triangle
- Bioscience, High Tech and Small Business Job Growth
- Fort Detrick & National Cancer Institute – Frederick Expansion
- Historic Downtown Frederick
  - Carroll Creek Linear Park (Phase II)
  - Downtown Hotel & Conference Center
  - Downtown Innovation Center
- RT 85 Growth Area
- Urbana Growth Area
- Tourism
- Frederick Municipal Airport
**FORT DETRICK & NATIONAL CANCER INSTITUTE**

- **Important to our Country**
  - Cancer, AIDS, Biological Research & Vaccine Development
  - Telecommunications
  - Medical Protection for the Armed Forces

- **Important to the Region**
  - Largest employer – 6,400 Ft. Detrick & 2,700 Leidos Biomedical / NCI-F
  - Economy - $2.1B in Maryland ($842 M in employee compensation)*
  - Technology transfer – Commercialization of off-the-shelf technologies

*Source: 2015 Maryland Military Installation Economic Impact Study*
GROWTH PRIVATE SECTOR
MEDIMMUNE/ASTRAZENECA

- 2016 - $4M state funding announced for 180/340 corridor
- 2015 – AZ/MedImmune began construction on $200M expansion with 40,000 SF. Project will result in 300 new jobs
  - Anticipated Phase II to current expansion to include a $300M investment and additional 350 new jobs
- Only biologics manufacturing facility in North America with 300 new biologics
2015:

- The Frederick office of the SBA’s Small Business Development Center (SBDC) was the busiest small business development office in the region.

<table>
<thead>
<tr>
<th>Frederick County SBDC</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Starts</td>
<td>5</td>
<td>7</td>
<td>8</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Jobs Created</td>
<td>13</td>
<td>21</td>
<td>22</td>
<td>47</td>
<td>76</td>
</tr>
<tr>
<td>Loan Dollars</td>
<td>$100K</td>
<td>$428K</td>
<td>$429K</td>
<td>$3.9M</td>
<td>$1.2M</td>
</tr>
</tbody>
</table>

Source: Frederick County Small Business Development Center
FREDERICK INNOVATIVE TECHNOLOGY CENTER INC (FITCI) BUSINESS INCUBATION

- 15,000 SF High-Technology Business Incubator
- 25 offices
- 10 wet labs
- 30 tenants with 70-80 employees at any one time

Downtown Innovation Center

- Framework began in 2015 to establish a technology incubator at 118 N. Market St.
  - The goal is to move IT business incubation downtown and to help serve millennial population needs and bring more IT downtown
DOWNTOWN HOTEL & CONFERENCE CENTER

April 2016
- $1M State funding allocated in FY17 State Budget
- $15M State funding allocated in FY18 & FY19 State Budgets

Proposed
- 207 room full-service Marriott hotel with onsite parking
- 14,000 SF of rentable meeting space – two ballrooms

Economic Impact
- $64 Million Project
- $25.8M annual direct, indirect and induced spending
- 280 Jobs ($9.0M payroll)
- 110 hotel jobs/$2.9 M payroll
- Sales Tax / Hotel Tax
- Catalyst for Reinvestment

Source: City of Frederick Department of Economic Development
CARROLL CREEK PARK GROWTH AREA

- $150M private investment, $60M flood control project and $27M linear urban park
- 550,000 SF office & retail space, 300 new residential units, 1.3 mile pedestrian & bike path, 350 seat Amphitheatre
- 1,500 new jobs and $1.2 million annual local real property taxes

PHASE II – Estimated completion Spring 2016
- Estimated at $15.7 million public/private partnership with $125 million of private investment

Source: City of Frederick Department of Economic Development
GROWTH PRIVATE SECTOR
EAST FREDERICK

- 2,200 AC positioned for mixed-use neighborhoods
- Major planned developments include:
  - Frederick Brickworks – 65 acres located at East Street & I-70
  - Renn Farm – 200 acres MXD (1,500 residential units and 105,000 SF commercial)
  - Riverside Research Park – 177 AC world-class life sciences research park anchored by Frederick National Laboratory for Cancer Research.
  - Riverside Technology Park – 44 acre R&D
The Golden Mile is the largest retail corridor in Frederick County

Planned redevelopment of the former Frederick Towne Mall
- Final site plan approved for 155K Super Walmart and additional out-parcel buildings
- Expected to create 300 new jobs and $4.2 million in local and state taxes
- Project broke ground April 2016

Development underway of former Maryland State Police Barracks
- Golden Mile Gateway to feature Wawa convenience store/fueling station and additional in-line retail opportunities
2.5 million of Matan’s 5.5 SF is located in Frederick County

- **Westview Retail**
  - 21,000 SF of brand new inline retail delivering March 2016
  - At lease for a 4K SF restaurant by Paladar Restaurant Group
  - Popular high-end restaurant and community bank are interested in pad (TBA Spring)
  - 3 additional 1 to 1-1/2 acre pads available

- **Westview Residential**
  - Under construction to Mitchell & Best for 610 residential units.

- **Westview Office Research Industrial (ORI)**
  - 110,000 SF government contractor in negotiation
  - Additional 1 million SF available

Source: Matan
GROWTH PRIVATE SECTOR
RT85 – ST JOHN PROPERTIES

- St. John Properties is the largest private commercial landlord in MD with one million SF of product in Frederick County and over 110 acres of pending development projects

  - **The Frederick Portfolio**
    - 55% Leased in 2011
    - 75% Leased in 2012
    - 81% Leased in 2013
    - 85% Leased in 2014
    - 90% Leased in 2015

  - **Russell Property**
    - 104 acre flex business park with 11 buildings totaling 413,000 SF
    - Groundbreaking anticipated Fall 2016

  - **Westview Business Park**
    - 40 acre flex business park with 9 buildings totaling 460,580 SF
    - Major tenants – Patriot Technologies, Bechtel, Nestle, Ford Motor Co, Fastenal

Source: St. John Properties
GROWTH PRIVATE SECTOR RT 85/RT 355 OFFICE AREAS

From 2005-2010 (large office vacancies)

- **Bechtel Campus**
  187,600 SF vacant

- **5280 Corporate Dr**
  210,000 SF vacant

- **5202 Presidents Ct**
  235,000 SF vacant

- **Frederick Corporate Park**
  275,000 SF vacant

**TODAY** (rebounding with multiple office tenants)

Source: Avison Young
GROWTH PRIVATE SECTOR URBANA

- Corporate Center – 200 acre office and R&D campus includes:
  - Fannie Mae (247,000 SF)
  - Legal General America (115,000 SF)
  - Social Security Administration (300,000 SF and $500M capital investment) with 200 employees (average salary is $60,000)

- Residential
  - 3,000 of 3,500 units in Villages of Urbana and Urbana Highlands are occupied
  - Projected to add 100-150 new units per year

- Town Center Employment District
  - Development underway for up to an additional:
    - 610 residential units
    - 1,950,000 SF office/research space potentially available
Visitor spending reached $1M per day in 2014, an all-time high.

Source: Frederick County Tourism Council
The number of visitors reached an all time high in 2014 at 1,745,000 visitors.

Source: Frederick County Tourism Council
REINSTATED SUPPORT FOR AGRICULTURE INDUSTRY

- Frederick County has the largest number of farmland acres and number of farms in the State
- Farmers produce $150 million in products annually
  - Dairy is the largest agriculture product
- Among the top 10 Counties in the U.S. for land preservation
- Farmers lead the State in the inventory of cattle and pigs
- Established and solid infrastructure exists with food processors, distributors, and farm equipment dealers
EMERGING AGRICULTURE ECONOMIES

Wineries, Breweries, and Distilleries Growth

- 11 Wineries – 4 pending
- 4 Farm Breweries – 1 pending
- 1 Distillery – 4 pending
- First meadery, first cidery and first farm brewery in Maryland
- Largest winery in the State
- Largest craft beer producer in the State
INFRASTRUCTURE
FREDERICK MUNICIPAL AIRPORT (FDK)

- Economic Impact (2013 Maryland Aviation Administration Study)
  - 1,268 jobs (direct/indirect/induced)
  - $110M business revenue
  - $77M personal income
  - $7M taxes
- 300+ businesses use FDK annually
- 2nd busiest airport in Maryland (1st - BWI) (90,000 aircraft operations in 2014)
- Services provided:
  - 2 licensed runways (5,200’ and 3,600’)
  - Federally-funded Air Traffic Control Tower
  - Fixed-base operator services, aircraft maintenance, hangars
  - Fuel sales
  - Flight training programs
INFRASTRUCTURE

TOP TRANSPORTATION PROJECTS

- **MD 85/I-270 Northbound Ramp Intersection**
  - Design and reconstruction to add lanes on MD 85 at the northbound ramp intersection
  - $110M project to begin summer 2017

- **MD 180/351 lane widening and expanded bridge over US 340/15**
  - State announced funding support March 2016

- **I-70 Widening from MD 144 and MD 85/East Street**
  - $45 million project

Source: Frederick County Department of Planning

The State of Maryland has dedicated $160M+ to specific road, bridge projects in Frederick County.
INFRASTRUCTURE UNDER CONSTRUCTION TRANSPORTATION PROJECTS

- **Carroll Creek Park (Urban Park Bike/Pedestrian)**
  - Phase II Construction to be completed Spring 2016
  - $15.7M project

- **US 15/Monocacy Boulevard Interchange**
  - Complete in 2017/2018
  - Construction cost - $63.8 million

- **Monocacy Boulevard Center Section**
  - $16 million share between County & City
  - Opens up land for employment development
  - Improves access for business to municipal airport

Source: Frederick County Department of Planning
NO COUNTY BUSINESS PERSONAL PROPERTY TAX

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FREDERICK COUNTY</td>
<td>$ 0</td>
</tr>
<tr>
<td>City of Frederick (10 year phase-out)</td>
<td>$ 1.55</td>
</tr>
<tr>
<td>Montgomery County</td>
<td>$ 1.83</td>
</tr>
<tr>
<td>City of Rockville</td>
<td>$ 2.64</td>
</tr>
<tr>
<td>City of Gaithersburg</td>
<td>$ 2.36</td>
</tr>
<tr>
<td>Howard County</td>
<td>$ 2.54</td>
</tr>
<tr>
<td>Loudoun County (VA)</td>
<td>$ 4.20</td>
</tr>
<tr>
<td>Town of Leesburg (VA)</td>
<td>$ 5.20</td>
</tr>
<tr>
<td>Fairfax County (VA)</td>
<td>$ 4.57</td>
</tr>
</tbody>
</table>

Business Personal Property Tax

- Tax on property that can be touched and moved, such as equipment, furniture, inventory, supplies and other possessions
- “The elimination of business personal property tax improves the business competitiveness of a jurisdiction and encourages reinvestment in a business.” Source: Tax Foundation
- In 2015, the City of Frederick voted to eliminate business personal property tax over a 10-year period and voted to eliminate the tax retroactive to Jan 2015 for all manufacturers.
NEW BUSINESS INCENTIVES

- **2016 - Small Business Tax Credit**
- **2016 - Small Business Loan Guarantee**
- **2015 - Commercial and Industrial Business Tax Credit**
  - Up to 10 years (offered to AstraZeneca/MedImmune expansion)
- **2015 - Water and Sewer Capacity**
  - Water and Sewer Capacity Leases for certain manufacturing facilities in lieu of purchasing the capacity for a term of no more than 20 years.
  - Water and Sewer Capacity Fee Payment Plan Fund (PPF) – may be used to provide loans to certain commercial water and/or wastewater customers to purchase capacity fees for new construction or expansion. It allows the property owner to spread out the payment of the Capacity Fees over a max term of 10 years.
7 high schools made U.S. News & World Report’s best high schools list for 2016

In January 2015, Maryland Public Schools graduation rates hit record high of 86.4% while FCPS graduation rate was even higher at 93.5%

All high schools rank in the top 10% National Challenge Index

Source: Frederick County Public Schools
PILLARS OF STABILITY
HIGHER EDUCATION

Frederick Community College, Est. 1957
- Total Enrollment: 6,159 (2-Year Institution)
- 1,103 employees
- Number of Degrees: 846

Hood College, Founded 1893
- $32 million each year in local, direct economic impact
- Total Enrollment: 2,365 (4-Year Institution)
- 418 employees
- Named one of the top 25 best regional universities (North) by U.S. News & World Report's Best Colleges (2015)

Mount Saint Mary’s University, Est. 1808
- Oldest independent Catholic University in US
- Total Enrollment: 2,240 (4-Year Institution)
- 511 employees
- Named one of the top 25 best regional universities (North) by U.S. News & World Report’s Best Colleges (2015)
PILLARS OF STABILITY
HEALTHCARE

Frederick Regional Health System

- March 2016- Broke ground on James M. Stockman Cancer Institute ($21M project)
- Operates 20 healthcare sites throughout the County
- Designated by The Joint Commission as a Top Performer on Key Quality Measures® for achieving excellence on its accountability measures for heart attack, heart failure, pneumonia and surgical care.
- One of the busiest Emergency Departments in MD treating over 82,000 patients each year
- Total staff of 2,700 with 583 physicians

Source: Frederick Memorial Healthcare System
Main Street America is a program of the National Trust for Historic Preservation that helps revitalize downtowns and commercial districts.

Four (4) Maryland Main Streets – tied for most main street designations per County in Maryland
- Downtown Frederick
- Brunswick
- Middletown
- Thurmont

Five (5) Maryland Sustainable Communities (Sustainable Communities Act of 2010 – resources for comprehensive revitalization including funding sources such as Neighborhood Business Works and Community Legacy Program and tax credits)
- Brunswick
- Emmitsburg
- Middletown
- Thurmont
- City of Frederick – Patrick St. Corridor
FISCAL MANAGEMENT

MAY 2016
SOUND FISCAL MANAGEMENT

- Sound Fiscal Management
- Operating Budget Management
- Formal Reports to County Executive
- Capital Budget Management
- Fund Balance & Reserve Policies
- Debt & Debt Affordability Policies
- Contingency Planning
- County Executive Driven Strategic Goals
- Pay-Go Capital Policy
TAX FLEXIBILITY
LOCAL AUTHORITY

- **Real Property Tax** – $1.06 per $100 of assessed valuation in FY16 and proposed FY17
  - $0.01 added to the property tax rate equals approximately $2.7 million

- **Income Tax** – 2.96%; the statutory limit is 3.20%
  - FY2015 income tax rate at 3.20% would equal an additional $15.8 million in revenue

- **Fire Tax** – 0.0%
  - Fire tax districts consolidated into the General Fund in FY14

- **Business Personal Property Tax** – 0.00%
  - $2.34 per $100 – for one class of property only (power generating facilities)

- **Admissions and Amusement Taxes** – 0.00%
  - Reduced to 0.00% effective 2/1/2013

- **Hotel/Motel Tax** – 3%; the statutory limit is 5%
  - Revenue Source for Frederick County Tourism

- **Recordation Tax** - $6.00 per $500 of consideration
  - Provides a dedicated revenue source for General Fund and several special revenue funds
## TAX FLEXIBILITY
### COMPARISONS OF TAX RATES

<table>
<thead>
<tr>
<th>County</th>
<th>Real Property Taxes FY16</th>
<th>Fire Tax FY16</th>
<th>Income Taxes CY15/16</th>
<th>Recodniration Taxes FY16</th>
<th>Transfer Taxes FY16</th>
<th>Admissions and Amusement Taxes FY16</th>
<th>Hotel Motel Taxes FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frederick</td>
<td>$ 1.060</td>
<td>$ -</td>
<td>2.96%</td>
<td>$ 6.00</td>
<td>0.0%</td>
<td>0.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Carroll</td>
<td>$ 1.018</td>
<td>$ -</td>
<td>3.03%</td>
<td>$ 5.00</td>
<td>0.0%</td>
<td>10.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Charles</td>
<td>$ 1.141</td>
<td>$ 0.064</td>
<td>3.03%</td>
<td>$ 5.00</td>
<td>0.5%</td>
<td>10.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Harford</td>
<td>$ 1.042</td>
<td>$ -</td>
<td>3.06%</td>
<td>$ 6.60</td>
<td>1.0%</td>
<td>5.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Howard</td>
<td>$ 1.094</td>
<td>$ 0.176</td>
<td>3.20%</td>
<td>$ 2.50</td>
<td>1.0%</td>
<td>7.5%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Washington</td>
<td>$ 0.948</td>
<td>$ -</td>
<td>2.80%</td>
<td>$ 3.80</td>
<td>0.5%</td>
<td>5.0%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

Source: Overview of Maryland Local Government Department of Legislative Services, 2016
Charles County website, Harford County website, and Howard County website
PROPERTY TAX RATES – FY2016

Carroll $1.018
Charles $1.141
Harford $1.042
Howard $1.014
Frederick $1.060
Washington $0.948

Property Tax Rates
Fire Tax Rates
## IMPACT AND MITIGATION FEES

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011</td>
<td>6,848,463</td>
<td>6,861,498</td>
</tr>
<tr>
<td>FY2012</td>
<td>6,906,532</td>
<td>7,168,483</td>
</tr>
<tr>
<td>FY2013</td>
<td>7,189,516</td>
<td>10,116,334</td>
</tr>
<tr>
<td>FY2014</td>
<td>8,153,760</td>
<td>11,588,514</td>
</tr>
<tr>
<td>FY2015</td>
<td>10,922,932</td>
<td>13,864,369</td>
</tr>
<tr>
<td>FY2016</td>
<td>11,192,000</td>
<td>15,340,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$ 51,213,203</td>
<td>$ 64,939,198</td>
</tr>
</tbody>
</table>

*FY16 Actual estimates as of March 31, 2016
PAY-GO FUNDING FROM GENERAL FUND AND ALL SOURCES ($ IN MILLIONS)

*FY16 based on adopted budget
**FY17 based on proposed budget
## Contingency Planning Appropriations

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel Cost Reserve</td>
<td>$1,449,420</td>
<td>$549,420</td>
<td>$549,420</td>
</tr>
<tr>
<td>Severe Weather Reserve</td>
<td>1,000,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td>General Contingency</td>
<td>300,000</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Permanent Public Improvement</td>
<td>0</td>
<td>215,000</td>
<td>180,000</td>
</tr>
<tr>
<td>Wynne Reserve</td>
<td>2,883,629</td>
<td>2,883,627</td>
<td>2,883,627</td>
</tr>
<tr>
<td>Additional 1% Set Aside:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Enhancement Reserve</td>
<td>2,700,000</td>
<td>2,700,000</td>
<td>2,700,000</td>
</tr>
<tr>
<td>Revenue Stabilization</td>
<td>0</td>
<td>0</td>
<td>2,629,108</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,329,108</strong></td>
<td><strong>5,329,108</strong></td>
<td><strong>5,329,108</strong></td>
</tr>
</tbody>
</table>
FY17 BUDGET HIGHLIGHTS
SOURCE OF FUNDS

- The General Fund Budget reflects an increase of 4.5%.
- The FY17 General Fund Budget is proposed based on existing tax rates for both property and income taxes. There are no tax rate increases.
- The property tax rate of $1.06 per $100 of assessed value will generate 54% of total operating revenue.
- Income tax is the next largest revenue stream representing 38% of total operating revenue.
- Other local taxes, fees for services and miscellaneous categories make up the remaining 8%. 
FY17 BUDGET HIGHLIGHTS
USE OF FUNDS

- Funding for education, including capital projects and debt service, makes up the single largest category of expenditures at 53%.

- The FY17 budget provides $10.5 million above the required Maintenance of Effort funding level, for the Frederick County Board of Education as well as an additional $500,000 of one time funding for school technology.

- Frederick Community College is allocated an additional $700,000 for staff salary improvements and improvements to campus security.

- The proposed FY17 budget provides for a merit step salary increase for county employees.
### SOURCES OF FUNDING ($ IN MILLIONS)

#### General Obligation Debt:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>GO General Fund</td>
<td>$269.39</td>
<td>40.6%</td>
</tr>
<tr>
<td>GO Impact Fees</td>
<td>5.00</td>
<td>0.8%</td>
</tr>
<tr>
<td>GO Recordation Tax</td>
<td>11.62</td>
<td>1.8%</td>
</tr>
<tr>
<td>GO Enterprise Funds</td>
<td>67.71</td>
<td>10.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>353.72</strong></td>
<td><strong>53.4%</strong></td>
</tr>
</tbody>
</table>

#### Other Sources:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>108.47</td>
<td>16.4%</td>
</tr>
<tr>
<td>Mitigation Fee - Schools</td>
<td>17.50</td>
<td>2.6%</td>
</tr>
<tr>
<td>Recordation Taxes</td>
<td>18.97</td>
<td>2.9%</td>
</tr>
<tr>
<td>Impact Fees</td>
<td>27.93</td>
<td>4.2%</td>
</tr>
<tr>
<td>Water &amp; Sewer Fees</td>
<td>11.13</td>
<td>1.7%</td>
</tr>
<tr>
<td>City of Frederick</td>
<td>8.40</td>
<td>1.3%</td>
</tr>
<tr>
<td>Developer Contributions - W/S</td>
<td>17.95</td>
<td>2.7%</td>
</tr>
<tr>
<td>Federal &amp; State Grants</td>
<td>98.35</td>
<td>14.8%</td>
</tr>
<tr>
<td>Other</td>
<td>0.54</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Total Other Sources</strong></td>
<td><strong>309.24</strong></td>
<td><strong>46.6%</strong></td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$662.96</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

**Pay Go Funding**

68
### SIX-YEAR CAPITAL IMPROVEMENTS PROGRAM
**FY2017 – FY2022 ($ IN MILLIONS)**

<table>
<thead>
<tr>
<th>Projects</th>
<th>Amounts</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Schools (K-12)</td>
<td>217.39</td>
<td>32.8%</td>
</tr>
<tr>
<td>Transportation and Roads</td>
<td>139.68</td>
<td>21.1%</td>
</tr>
<tr>
<td>General Government</td>
<td>104.57</td>
<td>15.8%</td>
</tr>
<tr>
<td>Water &amp; Sewer</td>
<td>104.15</td>
<td>15.7%</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>40.94</td>
<td>6.2%</td>
</tr>
<tr>
<td>Watershed Restoration</td>
<td>26.14</td>
<td>3.9%</td>
</tr>
<tr>
<td>Community College</td>
<td>23.73</td>
<td>3.6%</td>
</tr>
<tr>
<td>Municipalities</td>
<td>6.36</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>662.96</strong></td>
<td><strong>100.0%</strong></td>
</tr>
<tr>
<td>Year</td>
<td>General Fund Supported</td>
<td>Impact Fees</td>
</tr>
<tr>
<td>--------</td>
<td>------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>FY2017</td>
<td>22.80</td>
<td>5.00</td>
</tr>
<tr>
<td>FY2018</td>
<td>42.86</td>
<td>-</td>
</tr>
<tr>
<td>FY2019</td>
<td>66.13</td>
<td>-</td>
</tr>
<tr>
<td>FY2020</td>
<td>60.70</td>
<td>-</td>
</tr>
<tr>
<td>FY2021</td>
<td>44.97</td>
<td>-</td>
</tr>
<tr>
<td>FY2022</td>
<td>31.93</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>$ 269.39</strong></td>
<td><strong>$ 5.00</strong></td>
</tr>
</tbody>
</table>

Source: Proposed Capital Improvements Program FY2017-2022
## SCHOOL CAPACITY PROJECTS
### FY2017 – FY2022

<table>
<thead>
<tr>
<th>Year</th>
<th>School</th>
<th>Elem.</th>
<th>Middle</th>
<th>High</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2017</td>
<td>Frederick High School - Replacement</td>
<td>-</td>
<td>-</td>
<td>223</td>
<td>223</td>
</tr>
<tr>
<td>FY2018</td>
<td>Sugarloaf Elementary - New</td>
<td>725</td>
<td>-</td>
<td>-</td>
<td>725</td>
</tr>
<tr>
<td>FY2018</td>
<td>Butterfly Ridge Elementary - New</td>
<td>725</td>
<td>-</td>
<td>-</td>
<td>725</td>
</tr>
<tr>
<td>FY2020</td>
<td>Urbana Elementary - Replacement</td>
<td>214</td>
<td>-</td>
<td>-</td>
<td>214</td>
</tr>
<tr>
<td>FY2021</td>
<td>Waverly Elementary - Addition</td>
<td>284</td>
<td>-</td>
<td>-</td>
<td>284</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL NEW SEATS FUNDED THRU FY22</strong></td>
<td>1,948</td>
<td>-</td>
<td>223</td>
<td>2,171</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sept 2022 Enrollment</th>
<th>19,925</th>
<th>9,547</th>
<th>13,723</th>
<th>43,195</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept 2022 Capacity</td>
<td>21,389</td>
<td>11,519</td>
<td>14,719</td>
<td>47,627</td>
</tr>
<tr>
<td>Capacity Goal</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
</tr>
<tr>
<td>Sept 2022 Enrollment/Capacity Ratio</td>
<td>93%</td>
<td>83%</td>
<td>93%</td>
<td>91%</td>
</tr>
</tbody>
</table>
DEBT AFFORDABILITY STUDY

The County’s financial advisor has been asked to perform a study of the County’s current debt policies, and if appropriate, provide recommendations for how these policies might be improved to better suit the County’s current capital needs without endangering its top tier credit ratings.

The objectives of this study are threefold:

- Compare the County’s current General Fund and Total Debt Profile and Key Debt Ratios to a set of peer governments;
- Project the County’s future General Fund and Total Debt Ratios after issuance of its 6-Year CIP; and
- Possible recommendations for how the County might refresh its current policies regarding debt issuance, monitoring, and projections include:
  - Increasing fund balance/reserves beyond current level
  - Consider increasing ratios to align with peer polices
  - Consider use of other ratios and metrics
  - Conform, if necessary, the County's policies to the current rating agency methodologies
FINANCIAL RESULTS

MAY 2016
ASSESSMENT VALUES OF TAXABLE PROPERTY (BUDGETARY BASIS IN MILLIONS)

Source: SDAT
*Base Estimate Date March 31, 2016
PROPERTY TAX REVENUE
(BUDGETARY BASIS IN MILLIONS)

*FY2014 Fire Tax Districts consolidated into General Fund
**FY2016 Actual estimates as of March 31, 2016
INCOME TAX REVENUE (BUDGETARY BASIS IN MILLIONS)

*FY2016 Actual estimates as of March 31, 2016
OTHER LOCAL TAXES REVENUE (BUDGETARY BASIS IN MILLIONS)

*FY2016 Actual estimates as of March 31, 2016
### GENERAL FUND REVENUE (BUDGETARY BASIS IN MILLIONS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011</td>
<td>$417.59</td>
<td>$439.86</td>
</tr>
<tr>
<td>FY2012</td>
<td>$428.32</td>
<td>$444.64</td>
</tr>
<tr>
<td>FY2013</td>
<td>$430.88</td>
<td>$439.14</td>
</tr>
<tr>
<td>FY2014*</td>
<td>$478.50</td>
<td>$479.41</td>
</tr>
<tr>
<td>FY2015</td>
<td>$491.00</td>
<td>$508.25</td>
</tr>
<tr>
<td>FY2016**</td>
<td>$510.52</td>
<td>$524.49</td>
</tr>
</tbody>
</table>

*FY2014 Fire Tax Districts consolidated into General Fund

**FY2016 Actual estimates as of March 31, 2016
**GENERAL FUND REVENUE BY SOURCE**  
*(BUDGETARY BASIS)*

<table>
<thead>
<tr>
<th>By Source</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016 *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>$425,560,583</td>
<td>$431,254,867</td>
<td>$423,118,989</td>
<td>$459,079,239</td>
<td>$485,884,025</td>
<td>$501,380,113</td>
</tr>
<tr>
<td>Licenses &amp; Permits</td>
<td>517,018</td>
<td>532,074</td>
<td>2,974,589</td>
<td>3,360,551</td>
<td>4,094,070</td>
<td>3,847,022</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>6,812,578</td>
<td>6,043,506</td>
<td>3,371,201</td>
<td>3,893,280</td>
<td>4,509,121</td>
<td>4,042,836</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>3,459,426</td>
<td>3,821,932</td>
<td>6,114,460</td>
<td>9,403,534</td>
<td>9,694,734</td>
<td>10,331,479</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>159,132</td>
<td>153,910</td>
<td>308,429</td>
<td>52,760</td>
<td>87,555</td>
<td>67,019</td>
</tr>
<tr>
<td>Investment Income</td>
<td>461,454</td>
<td>348,963</td>
<td>231,262</td>
<td>247,956</td>
<td>263,472</td>
<td>300,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,893,628</td>
<td>2,480,963</td>
<td>3,021,241</td>
<td>3,373,108</td>
<td>3,716,969</td>
<td>4,524,155</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$439,863,819</strong></td>
<td><strong>$444,636,215</strong></td>
<td><strong>$439,140,171</strong></td>
<td><strong>$479,410,428</strong></td>
<td><strong>$508,249,946</strong></td>
<td><strong>$524,492,624</strong></td>
</tr>
</tbody>
</table>

*FY2016 Estimates as of March 31, 2016*
## GENERAL FUND VARIANCES - BUDGET TO ACTUAL

### REVENUES

<table>
<thead>
<tr>
<th></th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016 *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>$2,557,669</td>
<td>$2,378,656</td>
<td>$4,007,321</td>
<td>$3,537,675</td>
<td>$5,448,761</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>13,917,329</td>
<td>4,842,092</td>
<td>(2,217,220)</td>
<td>12,666,856</td>
<td>6,061,073</td>
</tr>
<tr>
<td>Other Local Taxes</td>
<td>(464,223)</td>
<td>221,445</td>
<td>1,525,076</td>
<td>1,757,139</td>
<td>2,085,222</td>
</tr>
<tr>
<td>Intergovernmental Revenue</td>
<td>270,372</td>
<td>118,641</td>
<td>(554,369)</td>
<td>23,151</td>
<td>(118,132)</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>34,145</td>
<td>695,079</td>
<td>(635,173)</td>
<td>(1,398,486)</td>
<td>496,260</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$16,315,292</td>
<td>8,255,913</td>
<td>2,125,635</td>
<td>16,586,335</td>
<td>13,973,184</td>
</tr>
</tbody>
</table>

### EXPENDITURES & OTHER USES

<table>
<thead>
<tr>
<th></th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016 *</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government Operating</td>
<td>14,488,252</td>
<td>14,063,153</td>
<td>16,337,584</td>
<td>9,651,881</td>
<td>6,045,166</td>
</tr>
<tr>
<td>Other Transfers &amp; Misc. Non-operating</td>
<td>3,541,249</td>
<td>12,226,429</td>
<td>801,926</td>
<td>460,100</td>
<td>2,807,735</td>
</tr>
<tr>
<td>Debt Service</td>
<td>2,351,950</td>
<td>574,904</td>
<td>11,289</td>
<td>811,609</td>
<td>811,609</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES &amp; OTHER USES</strong></td>
<td>20,381,451</td>
<td>26,864,486</td>
<td>17,150,799</td>
<td>10,923,590</td>
<td>8,852,901</td>
</tr>
</tbody>
</table>

### TOTAL VARIANCE

<table>
<thead>
<tr>
<th></th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016 *</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL VARIANCE</strong></td>
<td>$36,696,743</td>
<td>$35,120,399</td>
<td>$19,276,434</td>
<td>$27,509,925</td>
<td>$22,826,085</td>
</tr>
</tbody>
</table>

*FY2016 Estimates as of March 31, 2016
### General Fund Fund Balance

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Revenues</th>
<th>Non-spendable</th>
<th>Restricted</th>
<th>Committed</th>
<th>Assigned</th>
<th>Unassigned</th>
<th>Total Fund Balances</th>
<th>Unrestricted Fund Balance as a % of Revenues**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$439,863,821</td>
<td>$1,647,689</td>
<td>$1,748,141</td>
<td>$21,460,449</td>
<td>$59,868,123</td>
<td>$500,000</td>
<td>$85,224,402</td>
<td>18.60%</td>
</tr>
<tr>
<td>2012</td>
<td>444,636,215</td>
<td>1,245,845</td>
<td>1,481,720</td>
<td>22,808,337</td>
<td>74,564,270</td>
<td>500,000</td>
<td>100,600,172</td>
<td>22.01%</td>
</tr>
<tr>
<td>2013</td>
<td>439,140,171</td>
<td>1,448,707</td>
<td>3,075,002</td>
<td>25,194,232</td>
<td>64,137,601</td>
<td>500,000</td>
<td>94,355,542</td>
<td>20.46%</td>
</tr>
<tr>
<td>2014</td>
<td>479,410,428</td>
<td>875,623</td>
<td>1,789,157</td>
<td>28,937,617</td>
<td>45,598,798</td>
<td>300,000</td>
<td>77,501,195</td>
<td>15.61%</td>
</tr>
<tr>
<td>2015</td>
<td>508,249,946</td>
<td>2,106,066</td>
<td>2,284,366</td>
<td>70,701,317</td>
<td>5,105,750</td>
<td>300,000</td>
<td>80,497,499</td>
<td>14.97%</td>
</tr>
<tr>
<td>2016*</td>
<td>524,492,624</td>
<td>2,106,066</td>
<td>-</td>
<td>74,846,579</td>
<td>4,755,750</td>
<td>300,000</td>
<td>82,008,395</td>
<td>15.23%</td>
</tr>
</tbody>
</table>

*FY2016 Estimates as of March 31, 2016

**Unrestricted Fund Balances include Committed, Assigned, and Unassigned.
UNRESTRICTED GENERAL FUND BALANCE AS A PERCENTAGE OF REVENUE

*FY2016 Estimates as of March 31, 2016
**Unrestricted Fund Balances include Committed, Assigned, and Unassigned

Note: Set aside to increase to 6% by FY17
# GENERAL FUND

## FUND BALANCE TRENDS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nonspendable</strong></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td>$1,748,141</td>
<td>$1,481,720</td>
<td>$3,075,002</td>
<td>$1,789,157</td>
<td>$1,914,392</td>
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</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Restricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Committed</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enabling Legislation (5% set aside)</td>
<td>$20,213,585</td>
<td>$20,452,457</td>
<td>$21,492,983</td>
<td>$24,012,867</td>
<td>$24,763,178</td>
<td>$25,360,811</td>
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<tr>
<td>Bond Rating Enhancement</td>
<td>$100,000</td>
<td>$1,200,000</td>
<td>$2,200,000</td>
<td>$2,700,000</td>
<td>$2,700,000</td>
<td>$2,700,000</td>
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<tr>
<td>Year 1 Budget</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19,883,347</td>
</tr>
<tr>
<td>Year 2 Budget</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23,054,531</td>
</tr>
<tr>
<td>Fuel Reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>41,265</td>
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<tr>
<td>LOSAP</td>
<td>$129,611</td>
<td>$172,590</td>
<td>$186,998</td>
<td>$232,940</td>
<td>$258,996</td>
<td>$336,164</td>
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<tr>
<td>Encumbrances</td>
<td>$1,017,253</td>
<td>$983,290</td>
<td>$1,314,251</td>
<td>$1,991,810</td>
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<tr>
<td><strong>Assigned</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Snow Removal</td>
<td>$675,601</td>
<td>$1,000,000</td>
<td>$473,553</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Fuel Reserve</td>
<td>-</td>
<td>-</td>
<td>$1,502,939</td>
<td>$200,726</td>
<td>-</td>
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<tr>
<td>Lobbying Monitoring/Other</td>
<td>$2,657</td>
<td>$7,636</td>
<td>-</td>
<td>-</td>
<td>350,000</td>
<td>-</td>
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<tr>
<td>Year 1 Budget</td>
<td>$20,129,637</td>
<td>$38,355,177</td>
<td>$34,564,993</td>
<td>$24,051,966</td>
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<td>-</td>
</tr>
<tr>
<td>Year 2 Budget</td>
<td>$38,355,177</td>
<td>$34,564,993</td>
<td>$23,551,966</td>
<td>$17,583,347</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Income Taxes (Wynne Case)</td>
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<td>-</td>
<td>$3,414,828</td>
<td>$2,883,627</td>
<td>$2,883,627</td>
<td>$2,883,627</td>
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<tr>
<td>Encumbrances</td>
<td>$705,051</td>
<td>$636,464</td>
<td>$629,322</td>
<td>$879,132</td>
<td>$1,872,123</td>
<td>$1,872,123</td>
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<tr>
<td><strong>Unassigned</strong></td>
<td>$500,000</td>
<td>$500,000</td>
<td>$500,000</td>
<td>$300,000</td>
<td>$300,000</td>
<td>$300,000</td>
</tr>
</tbody>
</table>

Total: $85,224,402 $100,600,172 $94,355,542 $77,501,195 $80,497,499 $82,008,395

*FY2016 Estimates as of March 31, 2016*
# SPECIAL REVENUE FUND

## AVAILABLE FUND BALANCES FOR DEBT SERVICE AS OF JUNE 30

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recordation Taxes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>School Construction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Balance</td>
<td>$13,246,141</td>
<td>$11,293,397</td>
<td>$11,680,050</td>
<td>$10,728,938</td>
<td>$11,654,409</td>
<td>$11,787,642</td>
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<tr>
<td>Available Fund Balance for Debt Service</td>
<td>$7,714,666</td>
<td>$7,806,436</td>
<td>$7,929,822</td>
<td>$8,018,534</td>
<td>$8,186,734</td>
<td>9,207,178</td>
</tr>
<tr>
<td><strong>Parks Acquisition &amp; Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Balance</td>
<td>$1,596,007</td>
<td>$2,567,923</td>
<td>635,530</td>
<td>1,533,876</td>
<td>1,301,306</td>
<td>2,104,134</td>
</tr>
<tr>
<td>Available Fund Balance for Debt Service</td>
<td>$55,132</td>
<td>$91,058</td>
<td>$162,492</td>
<td>$162,034</td>
<td>$161,048</td>
<td>$247,048</td>
</tr>
<tr>
<td><strong>Impact &amp; Mitigation Fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Balance</td>
<td>$11,405,581</td>
<td>$11,071,737</td>
<td>$13,913,209</td>
<td>$16,745,497</td>
<td>$21,914,791</td>
<td>$29,486,370</td>
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<tr>
<td>Available Fund Balance for Debt Service</td>
<td>$10,289,786</td>
<td>$9,237,044</td>
<td>$10,453,746</td>
<td>$13,036,563</td>
<td>$12,068,841</td>
<td>$10,760,588</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Balance</td>
<td>$26,247,729</td>
<td>$24,933,057</td>
<td>$26,228,789</td>
<td>$29,008,311</td>
<td>$34,870,506</td>
<td>$43,378,146</td>
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<tr>
<td>Available Fund Balance for Debt Service</td>
<td>$18,059,584</td>
<td>$17,134,538</td>
<td>$18,546,060</td>
<td>$21,217,131</td>
<td>$20,416,623</td>
<td>$20,214,814</td>
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<tr>
<td><strong>Debt Service</strong></td>
<td>$12,590,334</td>
<td>$13,147,832</td>
<td>$12,990,159</td>
<td>$13,079,965</td>
<td>$11,563,622</td>
<td>$11,818,275</td>
</tr>
<tr>
<td><strong>Debt Service Coverage</strong></td>
<td>1.43</td>
<td>1.30</td>
<td>1.43</td>
<td>1.62</td>
<td>1.77</td>
<td>1.71</td>
</tr>
</tbody>
</table>

*FY2016 Estimates as of March 31, 2016
SPECIAL REVENUE FUND
AVAILABLE FUND BALANCES FOR DEBT SERVICE AS OF JUNE 30

*FY2016 Estimates as of March 31, 2016
# WATER/SEWER FUND – FY2015

## STATEMENT OF NET POSITION

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents $ 68,336,271</td>
<td>Accounts payable $ 3,325,624</td>
</tr>
<tr>
<td>Receivables, net of allow. 11,322,971</td>
<td>Payroll and benefits 458,658</td>
</tr>
<tr>
<td>Inventories 139,055</td>
<td>Unearned revenues 1,260,039</td>
</tr>
<tr>
<td>Investments 7,003,060</td>
<td>Other liabilities 2,442,962</td>
</tr>
<tr>
<td>Capital assets 545,450,062</td>
<td>GO bonds and notes 162,408,651</td>
</tr>
<tr>
<td>Accumulated depreciation (127,076,974)</td>
<td>Total Liabilities 169,895,934</td>
</tr>
<tr>
<td>Construction in progress 150,932,461</td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong> 656,106,906</td>
<td><strong>Net Position</strong></td>
</tr>
<tr>
<td></td>
<td>Net investment in capital assets 414,007,584</td>
</tr>
<tr>
<td><strong>Deferred Outflows of Resources</strong></td>
<td>Restricted for capital projects 1,533,292</td>
</tr>
<tr>
<td>Deferred charge on refunding 5,577,394</td>
<td>Unrestricted 76,247,490</td>
</tr>
<tr>
<td></td>
<td><strong>Total net position</strong> $ 491,788,366</td>
</tr>
</tbody>
</table>
## Water/Sewer Fund – FY2015
### Statement of Revenue Expense & Changes in Net Position

<table>
<thead>
<tr>
<th>Operating Revenues</th>
<th>Nonoperating revenues (expenses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service charges</td>
<td>$27,838,558</td>
</tr>
<tr>
<td>Delinquent fees</td>
<td>67,251</td>
</tr>
<tr>
<td>Other revenues</td>
<td>1,029,924</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>28,935,733</strong></td>
</tr>
<tr>
<td>Investment earnings</td>
<td>303,840</td>
</tr>
<tr>
<td>Build America Bonds subsidy</td>
<td>328,633</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(3,570,328)</td>
</tr>
<tr>
<td>Miscellaneous expense</td>
<td>-</td>
</tr>
<tr>
<td>Gain/(loss) on capital assets</td>
<td>(419,132)</td>
</tr>
<tr>
<td><strong>Total nonoperating revenues (expenses)</strong></td>
<td><strong>(3,356,987)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Expenses</th>
<th>Net income/(loss) before contributions and transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel services</td>
<td>9,160,376</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>8,351,228</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,741,090</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>2,344,768</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>9,798,865</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>31,396,327</strong></td>
</tr>
<tr>
<td>Capital contributions</td>
<td>24,576,946</td>
</tr>
<tr>
<td>Transfers out</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total contributions and transfers in</strong></td>
<td><strong>24,576,946</strong></td>
</tr>
</tbody>
</table>

| Change in net position | 18,759,365 |
| Net position - beginning of year | 473,029,001 |
| Net position - end of year | $491,788,366 |
WATER & SEWER FUND RESERVES
UNRESTRICTED NET POSITION ($ IN MILLIONS)
Projected Cumulative Surplus (Shortfall) as a Result of Approved Five Year Gradual Increase in Water & Sewer Rates

Source: Municipal & Financial Services Group – Frederick County Financial Model (11/20/2012)
FREDERICK COUNTY ACTUALS
USE OF WATER & SEWER OPERATING RESERVES

*FY14 and FY15 are actuals
**FY16 Estimates as of March 31, 2016
## Unrestricted Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Reserves</td>
<td>$5,399,364</td>
</tr>
<tr>
<td>3R Reserves</td>
<td>2,221,489</td>
</tr>
<tr>
<td>Tap Credits</td>
<td>2,496,219</td>
</tr>
<tr>
<td>Cash Funding of Capital Projects</td>
<td>5,744,781</td>
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<tr>
<td>System Development Reserves</td>
<td>57,645,287</td>
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<tr>
<td><strong>Total W/S Reserves</strong></td>
<td>73,507,140</td>
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<tr>
<td>Excess Reserves</td>
<td>2,740,350</td>
</tr>
<tr>
<td><strong>Total Unrestricted Net Position</strong></td>
<td><strong>$76,247,490</strong></td>
</tr>
</tbody>
</table>
### Operating Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service charges</td>
<td>$30,951,060</td>
</tr>
<tr>
<td>Delinquent fees</td>
<td>91,049</td>
</tr>
<tr>
<td>Other revenues</td>
<td>1,520,372</td>
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<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>32,562,481</strong></td>
</tr>
</tbody>
</table>

### Nonoperating revenues (expenses)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment earnings</td>
<td>331,441</td>
</tr>
<tr>
<td>Build America Bonds subsidy</td>
<td>328,633</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(4,681,546)</td>
</tr>
<tr>
<td>Miscellaneous expense</td>
<td>-</td>
</tr>
<tr>
<td>Gain/(loss) on capital assets</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total nonoperating revenues (expenses)</strong></td>
<td><strong>(4,021,472)</strong></td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel services</td>
<td>8,852,189</td>
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<tr>
<td>Operating expenses</td>
<td>8,651,814</td>
</tr>
<tr>
<td>Supplies</td>
<td>2,132,635</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>3,224,875</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>9,858,209</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>32,719,722</strong></td>
</tr>
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</table>

### Net income/(loss) before contributions and transfers

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income/(loss) before contributions and transfers</td>
<td>(4,178,713)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital contributions</td>
<td>20,000,000</td>
</tr>
<tr>
<td>Transfers out</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total contributions and transfers</strong></td>
<td><strong>20,000,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net position</td>
<td>15,821,287</td>
</tr>
<tr>
<td>Net position - beginning of year</td>
<td>491,788,366</td>
</tr>
<tr>
<td>Net position - end of year</td>
<td>$507,609,653</td>
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</tbody>
</table>

*FY16 Estimates as of March 31, 2016*
# CASH FLOW BASIS
# WATER & SEWER COVERAGE

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>$ (7,407,879)</td>
<td>$ (7,328,186)</td>
<td>$ (5,817,581)</td>
<td>$ (4,178,713)</td>
</tr>
<tr>
<td><strong>Add Back:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>$ 9,694,115</td>
<td>$ 9,774,024</td>
<td>$ 9,798,865</td>
<td>$ 9,858,209</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$ 4,308,223</td>
<td>$ 3,742,746</td>
<td>$ 3,570,328</td>
<td>$ 4,681,546</td>
</tr>
<tr>
<td><strong>Cash Flow Available from Operations</strong></td>
<td>$ 6,594,459</td>
<td>$ 6,188,584</td>
<td>$ 7,551,612</td>
<td>$ 10,361,042</td>
</tr>
<tr>
<td><strong>Add:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Contributions</td>
<td>$ 36,011,030</td>
<td>$ 25,481,073</td>
<td>$ 24,576,946</td>
<td>$ 20,000,000</td>
</tr>
<tr>
<td><strong>Total Available Cash Flow</strong></td>
<td>$ 42,605,489</td>
<td>$ 31,669,657</td>
<td>$ 32,128,558</td>
<td>$ 30,361,042</td>
</tr>
</tbody>
</table>

| Total Available Cash Flow | $ 42,605,489 | $ 31,669,657 | $ 32,128,558 | $ 30,361,042 |
| Water and Sewer Debt Service | $ 20,578,135 | $ 18,178,684 | $ 23,731,612 | $ 17,421,337 |
| **Debt Service Coverage** | 2.07 | 1.74 | 1.35 | 1.74 |

*FY2016 Estimates as of March 31, 2016
## SOLID WASTE FUND – FY2015
### STATEMENT OF NET POSITION

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents  $ 35,461,515</td>
<td>Accounts payable $ 1,355,164</td>
</tr>
<tr>
<td>Receivables, net of allow.  1,934,079</td>
<td>Payroll and benefits 300,468</td>
</tr>
<tr>
<td>Investments  10,001,140</td>
<td>Unearned revenue 290,565</td>
</tr>
<tr>
<td>Capital assets  65,877,260</td>
<td>Landfill closure liability 14,332,165</td>
</tr>
<tr>
<td>Accumulated depreciation (37,907,901)</td>
<td>GO bonds and notes 21,056,205</td>
</tr>
<tr>
<td><strong>Total Assets</strong>  75,366,093</td>
<td><strong>Total Liabilities</strong>  37,334,567</td>
</tr>
</tbody>
</table>

### Deferred Outflows of Resources
- Deferred charge on refunding  1,066,989

### Net Position
- Net investment in capital assets 10,816,122
- Unrestricted 28,282,393
- **Total net position**  $ 39,098,515

In addition to the $14.33 million set aside for landfill closure and post-closure liabilities, the unrestricted net assets at June 30, 2015 was $28.28 million, an increase of $3.00 million from FY2014.
### SOLID WASTE FUND – FY2015

#### STATEMENT OF REVENUE EXPENSE & CHANGES IN NET POSITION

<table>
<thead>
<tr>
<th>Operating Revenues</th>
<th>Nonoperating revenues (expenses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service charges</td>
<td>Investment earnings</td>
</tr>
<tr>
<td>Delinquent fees</td>
<td>Build America Bonds subsidy</td>
</tr>
<tr>
<td>Other revenues</td>
<td>Interest expense</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>Miscellaneous expense</td>
</tr>
<tr>
<td></td>
<td>Gain/(loss) on capital assets</td>
</tr>
<tr>
<td><strong>24,951,765</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel services</td>
<td>Change in net position</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>Net position - beginning of year</td>
</tr>
<tr>
<td>Supplies</td>
<td>Net position - end of year</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td><strong>$ 39,098,515</strong></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td></td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td></td>
</tr>
<tr>
<td><strong>18,712,396</strong></td>
<td></td>
</tr>
</tbody>
</table>

| Operating income (loss)                 |                                |
|                                        | **6,239,369**                  |
### SOLID WASTE FUND – FY2016*

**STATEMENT OF REVENUE EXPENSE & CHANGES IN NET POSITION**

<table>
<thead>
<tr>
<th>Operating Revenues</th>
<th>Nonoperating revenues (expenses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service charges</td>
<td>Investment earnings</td>
</tr>
<tr>
<td>$25,344,624</td>
<td>109,805</td>
</tr>
<tr>
<td>Delinquent fees</td>
<td>Build America Bonds subsidy</td>
</tr>
<tr>
<td>39,128</td>
<td>8,607</td>
</tr>
<tr>
<td>Other revenues</td>
<td>Interest expense</td>
</tr>
<tr>
<td>-</td>
<td>(598,757)</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>Miscellaneous expense</td>
</tr>
<tr>
<td><strong>25,383,752</strong></td>
<td>126</td>
</tr>
<tr>
<td><strong>Gain/(loss) on capital assets</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Total nonoperating revenues</strong></td>
<td><strong>(480,219)</strong></td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td><strong>Net Income/(loss) before contributions</strong></td>
</tr>
<tr>
<td>Personnel services</td>
<td><strong>and transfers</strong></td>
</tr>
<tr>
<td>2,211,524</td>
<td>5,481,280</td>
</tr>
<tr>
<td>Operating expenses</td>
<td><strong>Transfers out</strong></td>
</tr>
<tr>
<td>15,881,824</td>
<td><strong>(4,000,000)</strong></td>
</tr>
<tr>
<td>Supplies</td>
<td><strong>Total transfers out</strong></td>
</tr>
<tr>
<td>38,662</td>
<td><strong>(4,000,000)</strong></td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td><strong>Change in net position</strong></td>
</tr>
<tr>
<td>225,656</td>
<td>1,481,280</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td><strong>Net position - beginning of year</strong></td>
</tr>
<tr>
<td>1,064,587</td>
<td>39,098,515</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>Net position - end of year</strong></td>
</tr>
<tr>
<td><strong>19,422,253</strong></td>
<td><strong>$ 40,579,795</strong></td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>5,961,499</strong></td>
<td></td>
</tr>
</tbody>
</table>

*FY16 Estimates as of March 31, 2016
### CASH FLOW BASIS

#### SOLID WASTE COVERAGE

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income (Loss)</td>
<td>$6,766,030</td>
<td>$4,449,632</td>
<td>$5,178,951</td>
<td>$5,481,280</td>
</tr>
<tr>
<td><strong>Add Back:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>$1,029,995</td>
<td>$915,260</td>
<td>$956,719</td>
<td>$1,064,587</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$979,803</td>
<td>$810,146</td>
<td>$692,892</td>
<td>$598,757</td>
</tr>
<tr>
<td><strong>Total Available Cash Flow</strong></td>
<td><strong>$8,775,828</strong></td>
<td><strong>$6,175,038</strong></td>
<td><strong>$6,828,562</strong></td>
<td><strong>$7,144,624</strong></td>
</tr>
<tr>
<td><strong>Water and Sewer Debt Service</strong></td>
<td><strong>$4,300,445</strong></td>
<td><strong>$4,212,039</strong></td>
<td><strong>$4,732,468</strong></td>
<td><strong>$3,482,756</strong></td>
</tr>
<tr>
<td><strong>Debt Service Coverage</strong></td>
<td>2.04</td>
<td>1.47</td>
<td>1.44</td>
<td>2.05</td>
</tr>
</tbody>
</table>

*FY2016 Estimates as of March 31, 2016*
## RETIREMENT PLAN FUNDING

### PENSION CONTRIBUTIONS

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actuarially Determined Contribution</th>
<th>Contribution in Relation</th>
<th>Percent Recognized</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$18,687,000</td>
<td>$21,260,450</td>
<td>113.8%</td>
</tr>
<tr>
<td>2015</td>
<td>$18,721,000</td>
<td>$20,322,636</td>
<td>108.6%</td>
</tr>
<tr>
<td>2016*</td>
<td>$18,995,436</td>
<td>$19,072,836</td>
<td>100.4%</td>
</tr>
<tr>
<td>2017**</td>
<td>$16,589,733</td>
<td>$19,349,200</td>
<td>116.6%</td>
</tr>
</tbody>
</table>

### PENSION LIABILITY***

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Plan Fiduciary Net Position (PFNP)</th>
<th>Total Pension Liability (TPL)</th>
<th>PFNP as a % of TPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$455,073,971</td>
<td>$474,630,000</td>
<td>95.88%</td>
</tr>
<tr>
<td>2015</td>
<td>$487,314,620</td>
<td>$508,116,000</td>
<td>95.91%</td>
</tr>
<tr>
<td>2016</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

*Source: Actuarial Valuation as of 7-1-14

**Source: Actuarial Valuation as of 7-1-15

***Source: GASB 68 Actuarial Information for the period ending 6-30-15
### OTHER POST EMPLOYMENT BENEFITS

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Annual Required Contribution</th>
<th>Contribution Recognized in Plan Financial Statements</th>
<th>Percent Contributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$20,626,000</td>
<td>$11,729,902</td>
<td>57%</td>
</tr>
<tr>
<td>2012</td>
<td>19,252,000</td>
<td>19,252,000</td>
<td>100%</td>
</tr>
<tr>
<td>2013</td>
<td>13,924,000</td>
<td>18,389,186</td>
<td>132%</td>
</tr>
<tr>
<td>2014</td>
<td>14,423,000</td>
<td>14,655,250</td>
<td>102%</td>
</tr>
<tr>
<td>2015</td>
<td>10,309,000</td>
<td>11,468,959</td>
<td>111%</td>
</tr>
</tbody>
</table>
### OTHER POST EMPLOYMENT BENEFITS

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Value of Plan Assets (AVPL)</th>
<th>Actuarial Accrued Liability (AAL)</th>
<th>AVPL as a % of AAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/1/2011</td>
<td>$37,696,695</td>
<td>$195,525,000</td>
<td>19.3%</td>
</tr>
<tr>
<td>7/1/2012</td>
<td>$55,592,953</td>
<td>$175,466,000</td>
<td>31.7%</td>
</tr>
<tr>
<td>7/1/2013</td>
<td>$76,811,388</td>
<td>$188,928,000</td>
<td>40.7%</td>
</tr>
<tr>
<td>7/1/2014</td>
<td>$99,093,741</td>
<td>$176,930,000</td>
<td>56.0%</td>
</tr>
<tr>
<td>7/1/2015</td>
<td>$109,771,823</td>
<td>$176,930,000</td>
<td>62.0%</td>
</tr>
</tbody>
</table>
## Functional Use of Bond Proceeds

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Schools (K-12)</td>
<td>$47,302,660</td>
</tr>
<tr>
<td>Transportation &amp; Roads</td>
<td>$22,736,000</td>
</tr>
<tr>
<td>General Government</td>
<td>$12,697,000</td>
</tr>
<tr>
<td>Water &amp; Sewer</td>
<td>$9,299,340</td>
</tr>
<tr>
<td>Community College</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Municipalities</td>
<td>$600,000</td>
</tr>
</tbody>
</table>

**Total Project Funding**: $96,635,000

- Refunding 2014B Bonds (Taxable): $34,815,000
- Cost of Issuance: $1,107,250 *

**Total Use of Bond Proceeds**: $132,557,250

*Preliminary - subject to change*
**CONTACT INFORMATION**

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Fax: 301-600-
hpropheter@frederickcountymd.gov

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Davenport & Company LLC
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Fax: 410-296-8517
jmason@investdavenport.com

*Primary contact
EXHIBITS

- Multi-Year Projections
- Residential Assessment Areas
- Bond Rating Enhancement Reserve
- Debt Affordability Model
- County Fund Balance Policy
- Debt Policy
- Water/Sewer Rates Ordinance/Reserves
- Strategic Plan 2014 – 2018
Local Property Taxes: Tax rates remain steady, property assessments are assumed to grow at a slightly moderate rate.
Local Income Taxes: Tax rates remain steady, income growth is projected to continue at the 5-year average of 5.2%.
Other Local Taxes: Recodation tax is forecasted to continue at a growth rate of 3.7%.

### Specific Assumptions FY2018 thru 2022

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board of Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2018 thru 2022</td>
<td>$270,082,184</td>
<td>$281,345,659</td>
<td>$290,122,312</td>
<td>$300,306,420</td>
<td>$310,683,347</td>
</tr>
<tr>
<td>Percent Increase from Prior Year</td>
<td>4.6%</td>
<td>4.2%</td>
<td>3.1%</td>
<td>3.5%</td>
<td>3.5%</td>
</tr>
<tr>
<td><strong>Frederick Community College</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2018 thru 2022</td>
<td>$16,575,163</td>
<td>$17,266,412</td>
<td>$17,805,042</td>
<td>$18,430,049</td>
<td>$19,066,889</td>
</tr>
<tr>
<td>Percent Increase from Prior Year</td>
<td>4.6%</td>
<td>4.2%</td>
<td>3.1%</td>
<td>3.5%</td>
<td>3.5%</td>
</tr>
<tr>
<td><strong>Transfer to Capital Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2018 thru 2022</td>
<td>$14,479,639</td>
<td>$15,729,257</td>
<td>$17,236,253</td>
<td>$17,545,606</td>
<td>$18,294,208</td>
</tr>
<tr>
<td>Percent Increase (decrease) from Prior Year</td>
<td>10.9%</td>
<td>8.6%</td>
<td>9.6%</td>
<td>1.8%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

### General Assumptions

**SALARIES**
- No Merit
- +3.5% Merit
- 1.0% COLA

**Fringe Benefits**
- Retirement: Years 2018 thru 2022 - annual increases track with salaries, coupled with contribution rates based on actuarial analysis to achieve full funding.
- Health Insurance: Years 2018-2022 annual increases of 7%
- All Others: All years 2018 thru 2022 - annual increases track with salaries

**Operating Expenses**
- Years 2018 thru 2022 - annual increases range from 1% to 2%
## Exhibit A
(Continued)

### Multi-Year Projections
**Revenues and Condensed Appropriations**
**Fiscal Years 2016 Thru 2022**

#### FY 2016
- **Adopted Budget**
  - Local Property Taxes: $276,694,557
  - Local Income Taxes: $192,924,600
  - Other Local Taxes: $18,165,900
  - Licenses and Permits: $3,436,600
  - Federal Grants: $1,082,599
  - State Grants: $3,078,369
  - Charges for Services: $8,788,693
  - Fines and Forfeitures: $52,400
  - Investment Earnings: $300,000
  - Miscellaneous: $3,795,722
  - Total Revenues: $508,319,440

- **Estimated**
  - Other Financing Sources: $6,200,000
  - Budgeted Used of Fund Balance: $21,315,188
  - Total Operating Revenues: $524,492,624

- **Projected**
  - General Fund Revenues: $528,492,624

#### FY 2016
- **Proposed Budget**
  - County Departments: $194,213,968
  - Board of Education: $250,110,403
  - Frederick Community College: $25,011,089
  - Frederick County Library: $15,160,897
  - Other Independent Agencies: $4,356,189
  - Municipal Tax Rebate: $4,12,701
  - Debt Service: $40,397,223
  - Reserve for Litigation: $2,000,000
  - Total Appropriations: $535,834,628

- **Projected**
  - Transfer to Capital Projects Fund: $11,739,708
  - Transfer to Third Party: $3,069,520
  - Transfer to Other Funds: $201,738
  - Permanent Public Improvements: $215,000

- **Surplus/(Deficit) - Annual**
  - $1,510,897

### Revenues

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Adopted Budget</th>
<th>Estimated</th>
<th>Proposed Budget</th>
<th>Projection</th>
<th>Projection</th>
<th>Projection</th>
<th>Projection</th>
<th>Projection</th>
<th>Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2016</td>
<td>$276,694,557</td>
<td>$282,143,318</td>
<td>$290,568,127</td>
<td>$314,298,086</td>
<td>$326,644,270</td>
<td>$339,312,111</td>
<td>$352,301,578</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2017</td>
<td></td>
<td></td>
<td>$252,273,127</td>
<td>$314,298,086</td>
<td>$326,644,270</td>
<td>$339,312,111</td>
<td>$352,301,578</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2018</td>
<td></td>
<td></td>
<td>$252,273,127</td>
<td>$314,298,086</td>
<td>$326,644,270</td>
<td>$339,312,111</td>
<td>$352,301,578</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2019</td>
<td></td>
<td></td>
<td>$252,273,127</td>
<td>$314,298,086</td>
<td>$326,644,270</td>
<td>$339,312,111</td>
<td>$352,301,578</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2020</td>
<td></td>
<td></td>
<td>$252,273,127</td>
<td>$314,298,086</td>
<td>$326,644,270</td>
<td>$339,312,111</td>
<td>$352,301,578</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2021</td>
<td></td>
<td></td>
<td>$252,273,127</td>
<td>$314,298,086</td>
<td>$326,644,270</td>
<td>$339,312,111</td>
<td>$352,301,578</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2022</td>
<td></td>
<td></td>
<td>$252,273,127</td>
<td>$314,298,086</td>
<td>$326,644,270</td>
<td>$339,312,111</td>
<td>$352,301,578</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Appropriations

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>County Departments</td>
<td>$194,213,968</td>
<td>$186,805,193</td>
<td>$206,873,329</td>
<td>$210,251,899</td>
<td>$217,457,816</td>
<td>$221,114,778</td>
<td>$230,303,314</td>
</tr>
<tr>
<td>Board of Education</td>
<td>$250,110,403</td>
<td>$250,110,403</td>
<td>$258,282,797</td>
<td>$270,082,184</td>
<td>$281,345,659</td>
<td>$290,122,312</td>
<td>$300,306,420</td>
</tr>
<tr>
<td>Frederick Community College</td>
<td>$15,160,897</td>
<td>$15,160,897</td>
<td>$15,851,025</td>
<td>$16,575,163</td>
<td>$17,266,412</td>
<td>$18,054,042</td>
<td>$19,066,887</td>
</tr>
<tr>
<td>Frederick County Library</td>
<td>$10,197,281</td>
<td>$10,197,281</td>
<td>$10,541,428</td>
<td>$11,023,002</td>
<td>$11,482,704</td>
<td>$11,840,910</td>
<td>$12,256,560</td>
</tr>
<tr>
<td>Other Independent Agencies</td>
<td>$4,356,189</td>
<td>$4,268,310</td>
<td>$4,657,641</td>
<td>$4,999,560</td>
<td>$4,714,856</td>
<td>$4,784,533</td>
<td>$4,827,593</td>
</tr>
<tr>
<td>Municipal Tax Rebate</td>
<td>$4,172,701</td>
<td>$4,172,701</td>
<td>$4,257,124</td>
<td>$4,525,028</td>
<td>$4,769,756</td>
<td>$4,963,467</td>
<td>$5,056,871</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$40,397,223</td>
<td>$40,397,548</td>
<td>$42,573,124</td>
<td>$45,255,028</td>
<td>$48,769,756</td>
<td>$50,636,467</td>
<td>$51,56,871</td>
</tr>
<tr>
<td>Reserve for Litigation</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Transfer to Capital Projects Fund</td>
<td>$11,739,708</td>
<td>$12,539,708</td>
<td>$13,055,192</td>
<td>$14,479,639</td>
<td>$15,729,257</td>
<td>$17,236,253</td>
<td>$17,545,606</td>
</tr>
<tr>
<td>Transfer to Third Party</td>
<td>$3,069,520</td>
<td>$819,520</td>
<td>$4,198,900</td>
<td>$4,100,000</td>
<td>$4,000,000</td>
<td>$4,000,000</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Transfer to Other Funds</td>
<td>$201,738</td>
<td>$510,166</td>
<td>$4,198,900</td>
<td>$4,100,000</td>
<td>$4,000,000</td>
<td>$4,000,000</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Permanent Public Improvements</td>
<td>$215,000</td>
<td>$215,000</td>
<td>$215,000</td>
<td>$215,000</td>
<td>$215,000</td>
<td>$215,000</td>
<td>$215,000</td>
</tr>
</tbody>
</table>

**Total Appropriations**: $535,834,628

**Surplus/(Deficit) - Annual**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Surplus/(Deficit) - Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2016</td>
<td>-$1,510,897</td>
</tr>
<tr>
<td>FY 2017</td>
<td>$2,577,878</td>
</tr>
<tr>
<td>FY 2018</td>
<td>$91,252</td>
</tr>
<tr>
<td>FY 2019</td>
<td>$5,758,628</td>
</tr>
<tr>
<td>FY 2020</td>
<td>$9,161,758</td>
</tr>
<tr>
<td>FY 2021</td>
<td>$13,243,769</td>
</tr>
<tr>
<td>FY 2022</td>
<td>$17,874,391</td>
</tr>
</tbody>
</table>
Area 1 Assessment Area 1 will be reassessed for January 1, 2016
Area 2 Assessment Area 2 will be reassessed for January 1, 2017
Area 3 Assessment Area 3 will be reassessed for January 1, 2018
I-8-401 Establishment and purposes

(A) There is a bond rating enhancement reserve.

(B) The purposes of the bond rating enhancement reserve are:

1. To enhance, preserve and safeguard the bond rating of Frederick County.
2. To protect the financial integrity of Frederick County.
3. To designate fund balance for this bond rating enhancement reserve that is not to be expended absent extreme circumstances.  (Ord. 03-14-337, 9-25-2003; Ord. 09-13-517, 5-19-2009)

I-8-403 Designation of fund balance

The Board of County Commissioners may designate fund balance to be placed into the bond rating enhancement reserve.

(Ord. 03-14-337, 9-25-2003)

I-8-404 Build up of reserve

(A) It is the intent of the Board of County Commissioners that the bond rating enhancement reserve shall be at an amount no less than 3% of the general fund expenditures and transfers to the Board of Education, the Frederick Community College, and the Frederick County public libraries for the prior fiscal year.
**EXHIBIT D**

**DEBT AFFORDABILITY MODEL**

(USED FOR PREPARING THE FY 2017 - 2022 CAPITAL IMPROVEMENT PROGRAM)

<table>
<thead>
<tr>
<th>ASSUMPTIONS</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population Growth</td>
<td>Variable 1.00 to 1.20%</td>
</tr>
<tr>
<td>General Fund Revenue Growth Rate</td>
<td>Variable 3.20 to 4.00%</td>
</tr>
<tr>
<td>Assessed Value Growth Rate</td>
<td>Variable 2.25 to 4.00%</td>
</tr>
<tr>
<td>Amortization of Debt</td>
<td>20 Years</td>
</tr>
<tr>
<td>Interest Rate on New Debt</td>
<td>5.0%</td>
</tr>
<tr>
<td>General Fund Real Property Tax Rate</td>
<td>$1.060</td>
</tr>
</tbody>
</table>
**Standards (no change from the prior year):**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Debt Service/General Fund Revenue</td>
<td>8.60%</td>
</tr>
<tr>
<td>General Fund Supported Debt/Assessed Value</td>
<td>1.56%</td>
</tr>
<tr>
<td>General Fund Supported Debt/General Fund Revenue</td>
<td>82.60%</td>
</tr>
<tr>
<td>Total Debt Service/General Fund Revenue</td>
<td>17.20%</td>
</tr>
</tbody>
</table>
## EXHIBIT D (CONTINUED)

**DEBT AFFORDABILITY MODEL FY2017 (FY2015 DATA)**

<table>
<thead>
<tr>
<th></th>
<th>Standard</th>
<th>Frederick Actuals</th>
<th>Peer Group Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Debt Service/ General Fund Revenue</td>
<td>8.6%</td>
<td>7.28%</td>
<td>8.56%</td>
</tr>
<tr>
<td>General Fund Debt/ Assessed Value</td>
<td>1.56%</td>
<td>1.14%</td>
<td>1.52%</td>
</tr>
<tr>
<td>General Fund Debt/ General Fund Revenue</td>
<td>82.6%</td>
<td>58.82%</td>
<td>73.51%</td>
</tr>
<tr>
<td>Total Debt Service/ General Fund Revenue</td>
<td>17.20%</td>
<td>14.76%</td>
<td>N/A</td>
</tr>
<tr>
<td>Debt per Capita</td>
<td>N/A</td>
<td>$1,227</td>
<td>$1,802</td>
</tr>
</tbody>
</table>

Note: The peer group financials have been reviewed and adjusted to reflect similar/comparable data to Frederick County.
EXHIBIT E
COUNTY FUND BALANCE POLICY

2-7-1 Tax levy
2-7-2 Reserved
2-7-3 Taxes may be paid in installments
2-7-3.1 Reserved
2-7-4 Contingency fund
2-7-5 Revenues to be used for certain appropriations
2-7-6 Expending certain revenues received subsequent to adoption of budget
2-7-7 Capital budget
2-7-8 Borrowing by county prohibited; exceptions
2-7-9 Penalties for willful breach of duties and the like by county commissioners or board of estimates
2-7-10 Bond rating enhancement reserve established
2-7-11 Appropriation increases

2-7-1 (a) (2) …the county commissioners shall maintain a committed general fund balance. The amount shall be 5 percent of the general fund expenditures and transfers to the Board of Education and the Frederick Community College for the prior fiscal year. Any amount that exceeds 5 percent of the general fund expenditures and transfers to the Board of Education and the Frederick Community College for the prior fiscal year shall be included as funds available for appropriation in the current fiscal year.
EXHIBIT F

DEBT POLICY FOR FREDERICK COUNTY MARYLAND

I. Introduction

A. Debt policy is the combined practices of Frederick County (also referred to as the “County”) with respect to long-term debt management. Debt policies are written guidelines and restrictions that affect the amount and type of debt issued by Frederick County.

B. This debt policy is to be used in conjunction with the operating and capital budgets, the Capital Improvement Program (CIP) and other fiscal policies.

C. Adherence to debt policies signals to the rating agencies and the capital markets that Frederick County is well managed and will meet its obligations in a timely manner. Following this debt policy will enhance the quality of debt related decisions by imposing order and discipline and by promoting consistency and continuity in decision making. Adherence to this debt policy will help to ensure that Frederick County maintains a sound financial position and credit quality is protected. This debt policy demonstrates the County’s commitment to long-term financial planning and will be positively regarded by the municipal market when reviewing Frederick County’s credit quality.

D. Frederick County’s debt policy is intended to apply to most forms of long-term obligations including General Obligation Debt, capital leases, State revolving loan funds, conduit debt, and interfund borrowings. Vested leave and health care benefits, while they fit the definition of long term debt, are not intended to be covered by this policy.

II. Qualifying Uses of Debt/Prohibitions on the Use of Debt

Much of the CIP is expected to be funded with debt. Capital assets usually have a long useful life and will serve future, as well as current, taxpayers. It would be inequitable and an unreasonable fiscal burden to make current taxpayers pay for many projects out of current tax revenues. Accordingly, debt issues are advisable, necessary and equitable.

A. Debt issued for projects should have a term equal to or less than the useful life of the asset financed.

B. Prior to considering debt as a source of funding capital projects, the County shall determine if other potential revenue sources, such as pay-as-you-go (Paygo), intergovernmental aid or private contributions are available.

C. The County may share funding with municipalities in their projects if it is clear that the County will receive the benefit of these projects.

D. The County will consider issuing debt to improve leased property only if the County has a non-cancellable lease on the property that exceeds the economic life of the asset.

E. The County will only issue debt to construct or acquire public facilities for which it expects to sustain future annual operational and maintenance costs.

F. The County has no intent to issue long-term debt to reduce the unfunded liability of the Pension Trust.
G. The County has no intent to issue long-term debt to reduce the unfunded liability of the Other Post Employment Benefits Trust.
H. Long-term debt may not be used to finance ongoing and recurring operational expenditures and expenses.

III. Types of Debt Instruments

A. General Obligation Debt
   1. General Obligation Bonds – General Obligation ("G.O.") Bonds are the most common form of debt instrument for Frederick County. These are generally tax-exempt and are backed by the full faith and credit of Frederick County. General Obligation Bonds are issued to finance the purchase and construction of infrastructure and facilities for a wide variety of functions such as transportation, public schools, community college, public safety, roads and highways, bridges and other programs. Frederick County issues General Obligation Bonds pursuant to chapter laws adopted from time to time by the Maryland General Assembly at the request of the County ("Chapter Law Authorization"). Pursuant to Chapter 2-13-13 et seq. of the Frederick County Code of Ordinances (the "Code"), the County is authorized to issue General Obligation Bonds for the purpose of providing funds for the design, construction, establishment, purchase or condemnation of water, sewage, drainage and solid waste systems in Frederick County ("Water and Sewer Act").
   2. Bond Anticipation Notes (BANs) - These are generally short term in nature and are issued as interim financing for a variety of financial reasons. On occasion BANs may be issued in one or more smaller amounts before a single larger size G.O. issue is executed. Proceeds of future G.O. Bond issues would be used to pay off the BANs. State law permits the issuance of BANs by Frederick County.
   3. Agricultural Land Preservation Installment Purchase Agreements (IPAs) – These are general obligation debt instruments to fund purchases of property development rights and are backed by the full faith and credit of Frederick County. This is the same authority the County requests for its G.O. Bond issues.
   4. State of Maryland Revolving Loan Programs – The loan programs the County regularly participates in are those offered by the Maryland Department of the Environment. Interest rates are generally lower than those for which the County qualifies on its own merit in the open market. On occasion, loans may be for no interest. On some loans, the State assesses fees to supplement the low interest rates.
   5. The recently enacted American Recovery and Reinvestment Act ("ARRA") provides a number of taxable and tax-exempt financing options, some with a limited duration. Frederick County will review appropriate ARRA options and utilize them where such an issuance would benefit the County.

B. Other Forms of Debt
   1. The County may issue Tax Increment Financing (TIF) Bonds to fund capital assets located in certain development districts established in connection with the TIF. The taxes levied on the increase in the assessable base of the properties affected are pledged to finance the debt issued to complete the capital assets. The County is not responsible for the debt service in the event that TIF revenues are not
sufficient to pay debt service. TIF debt does not count against the legal debt limits and Debt Affordability guidelines. The County has a TIF policy to govern the establishment of the development districts, the application for the TIF debt proceeds and the issuance of the TIF debt.

2. The County may authorize Community Development Authorities (CDA) to fund public infrastructure in specified geographical areas. Special taxes levied on the benefitted properties fund this special obligation debt. Beyond the levy and collection of specific taxes, the County is not responsible for the debt service in the event of default. This debt does not count against the legal debt limits and Debt Affordability guidelines.

3. Revenue Bonds
   a. Revenue Bonds are secured by the pledge of particular revenues to their repayment. The revenues pledged may be those of a Special Revenue or Enterprise fund, or they may be derived from revenues received from or in connection with a particular project, all or part of which is financed from the proceeds of revenue bonds.
   b. Revenue Bonds are generally tax-exempt and structured to be self-supporting. Because they are self-supporting they are excluded from Debt Affordability calculations.
   c. Revenue-based debt generally carries a higher interest rate but allows a direct relationship between the cost of a project and the users who benefit from it.
   d. Under the Water and Sewer Act, the County may issue Revenue Bonds. The County needs separate bond authority to issue other Revenue Bonds.
   e. The County may issue economic development Revenue Bonds in its name for the benefit of certain private organizations that qualify for such participation. The conduit organizations assume all responsibility for repayment of the debt, for monitoring the use of the debt in accordance with Internal Revenue Service guidelines and for all post-issuance disclosures. This debt does not count against the legal debt limits and Debt Affordability guidelines and the County is not responsible for the debt service in the event of default.

4. Interfund Loans – Loans may be extended between funds of the County. In such an event, interest will accrue to the borrowing fund at least equal to the short-term interest rate the County receives on its idle proceeds. This rate shall be calculated monthly for any funds outstanding during that month. No interfund loans will be executed without a plan of repayment to the affected fund.

C. Other Financing Mechanisms
   1. Capital Leases – this form of financing is used regularly for the purchase of substantial equipment that may not qualify to be financed with General Obligation Bonds. The term of this form of financing is typically five to ten years. The equipment being purchased is sometimes the collateral for the leases. Capital Lease agreements are subject to annual appropriation.

IV. Debt Limits

   A. In accordance with Chapter 2-7-8 of the Code, the Board of County Commissioners (BOCC) cannot create any obligation or liability on the part of or on the credit of the County which shall be a floating debt, nor issue any certificate of indebtedness, nor shall
the BOCC borrow any money whatsoever for any purpose without special legislative
authority to make the loan. However, special exceptions have been created in the Code
for certain limited short term loans. The County periodically requests Chapter Law
Authorization from the General Assembly, which specifies a not to exceed principal
amount of bonds that can be issued pursuant to that Chapter Law. Additionally, local laws
are enacted from time to time by the General Assembly providing debt authority to
Frederick County.

B. Debt issued pursuant to the Water and Sewer Act is limited to six percent of the assessed
valuation of taxable real property.

C. The County has a Debt Affordability model that it uses to determine the amount of new
debt the County can afford to support. The model is driven by revenue and growth
assumptions with established standards controlling the amount of new debt to be issued
over the life of the CIP. The County uses the following guidelines in deciding how much
additional General Obligation Debt may be issued in the six-year CIP period:

- There are limiting standards relative to:
  1. The ratio of General Fund Debt Service to General Fund Revenue;
  2. The ratio of General Fund Debt to Assessed Value of Taxable Real Property.
  3. The ratio of General Fund Debt to General Fund Revenue;
  4. The ratio of Total Debt Service to General Fund Revenue;
  5. Other standards as may be appropriate.

V. Debt Structure: Term

A. Bonds are typically issued for 20-25 years. Chapter Law Authorizations typically require
that bonds mature not later than thirty (30) years from the date of issuance while the
Water and Sewer Act permits a maturity not to exceed forty (40) years from the date of
issuance. The IPA program typically limits terms to between ten (10) and twenty (20)
years. When bond market conditions warrant, or when a specific project would have a
shorter useful life, then different repayment terms may be used.

B. Capital Leases generally have a term of five to ten years.

C. County debt issues may be structured for repayment with near level debt service
payments or level principal payments. Current County practice has been to utilize the
near-level debt service payment method to facilitate the budget process.

D. The size of the debt issue should be such that economies of scale are reached with regard
to issuance costs, including but not limited to Bond Counsel, Financial Advisor, and rating
fees.

VI. Method of Sale

A. Competitive sales should generally be used for General Obligation Debt issues.
Negotiated sales may be used if the BOCC, in conjunction with the Director of Finance
and the County’s Financial Advisor, determines that such a sale method is in the best
interests of the County.

B. Electronic bidding systems should be encouraged in order to enhance participation.
VII. Debt Management Policies

A. The County will at all times manage its debt and sustain its strong financial position, including healthy reserves, to seek and maintain the highest credit rating possible.

B. Federal income tax law applicable to the issuance of tax-exempt debt generally limits the portion of the proceeds of such debt that may be loaned to or otherwise used by a private trade or business (a “private business use”) to 10% of such proceeds (the “bad money allowance”). On occasion the County may have reason and justification to take advantage of the bad money allowance and include funding for a private business use within a tax-exempt debt issue. The tax certificate executed by the County in connection with each issuance of tax-exempt debt should discuss any expected uses of proceeds for private business uses.

C. The County may seek credit enhancements such as letters of credit or insurance when necessary for marketing purposes or cost effectiveness.

D. The County will consider utilizing debt service reserve funds for certain debt issuances if advantageous to the County for marketing or cost mitigation purposes.

E. The County will monitor compliance with bond covenants as applicable. Bond covenants are generally related to Revenue Bonds or special obligation debt.

F. Promptly after the passage of each Capital Budget, the Director of Finance will file a “Declaration of Official Intent to Reimburse.” This provides the County with the right to reimburse itself from future General Obligation Debt issues for capital costs advanced prior to the issuance of the debt. These reimbursement rights are subject to rules promulgated by the Internal Revenue Service.

VIII. Financing Mechanisms

A. The County pledges its full faith and credit to repayment of all General Obligation Debt. Accordingly, paying principal and interest on General Obligation Debt is the absolute first claim on County resources.

B. In addition to its general income and property tax resources the County may allocate portions of certain revenue sources to the repayment of its General Obligation Debt, to include:
   1. Recordation taxes
   2. Impact fees
   3. Bond Premium
   4. Hotel Rental taxes
   5. Enterprise Fund fees

C. The County will consider various financing techniques, including fixed or variable interest rate debt, to minimize the interest costs over the life of the issue. These techniques will be evaluated based on market conditions and risk.

D. Use of Derivatives/ Swaps
   1. A derivative is an instrument that receives its value from or gets its value from another instrument, asset, index or event. While not specifically excluded, derivatives must be carefully used because the volatility of interest rates can greatly affect the value of derivatives. County policy is to refrain from using derivatives. Any expanded use of derivatives would require a revision to the County’s current policy. This policy is not intended to preclude the investment by the County in
U.S. Treasury STRIPS (Separate Trading in Registered Interest and Principal Securities) and, in particular, the County may invest in STRIPS in connection with its agricultural land preservation program.

2. A swap is an interest rate exchange transaction. While not specifically excluded, County policy is to refrain from entering into swap agreements.

IX. Refunding

A. The County, in conjunction with its Financial Advisor, will monitor its outstanding debt in light of current debt market conditions and will refund any qualifying debt when sufficient savings can be realized.

B. Article 31, Section 24 of the Annotated Code of Maryland, as amended (the “Refunding Act”), authorizes the County to issue bonds for the purpose of refunding any of its outstanding bonds. Refunding bonds may be issued for the public purpose of (a) realizing savings to the County in the aggregate cost of debt service on either a direct comparison or present value basis, or (b) a debt restructuring that (i) in the aggregate effects such a reduction in the cost of debt service or (ii) is determined by the County to be in the best interest of the County, to be consistent with the County’s long-term financial plan and to realize a financial objective of the County including improving the relationship of debt service to a source of payment such as taxes, assessments or other charges. At least one of these public purposes shall be realized when a refunding occurs. Advance refundings and current refundings should typically show net cost savings of at least three percent, inclusive of all costs of issuance.

C. In the event of advance refundings, policy dictates that State and Local Government Series (SLGS) securities must be used for advance refundings escrow accounts.

X. Post-Issuance Administration/Arbitrage

A. In connection with each issuance of debt the interest on which will qualify for exemption from federal income tax, the County will execute such certificate(s) and file such information returns as Bond Counsel advises are necessary and appropriate to establish qualification for such exemption.

B. Subsequent to the issuance of any issue of tax-exempt debt the County will comply with such requirements for the maintenance of the tax-exempt status of the interest payable on the debt (including without limitation restrictions related to arbitrage yield restrictions, rebate of arbitrage profits, and private business use) as are contained in the certificate(s) referenced in paragraph X.A or as may otherwise become applicable to the debt subsequent to its issuance.

C. The County intends that its tax-exempt debt be issued in such amounts and at such times relative to the expected expenditure of proceeds as to reasonably expect, as of the time of issuance, that the expenditure of proceeds will qualify for an exception to the arbitrage rebate and yield restriction rules of federal income tax law.

D. The investment of unspent bond proceeds shall be in accordance with the County’s Investment Policy, the tax certificate executed by the County in connection with the issuance of such debt, and the trust indenture or other documents, if any, entered into by the County in connection with the issuance of the debt and imposing restrictions on such investment.
E. All trust accounts will be closed timely when no longer needed.

F. The County has adopted its Statement of Procedures and Responsibilities with Respect to Post-Issuance Tax Compliance for Tax-Exempt Financing to assure compliance with the requirements of federal income as are applicable to its tax-exempt debt following issuance.

XI. Continuing Disclosure

A. The County will comply with all disclosure requirements established by the Securities and Exchange Commission.

B. The Continuing Disclosure Agreements can be found as an appendix to every Official Statement.

XII. Service Providers

A. The BOCC is responsible for establishing a selection and contracting process for professional services relative to the issuance of debt. The criteria used in selecting service providers include quality of services, cost of services, experience in their respective expertise, and ability and willingness to comply with the County’s terms and conditions. The main service providers include:

   1. Financial Advisor
      a. Relative to non-debt issuance, the Financial Advisor may be asked for advice related to investment activity and policy, rate setting processes and other financial issues.
      b. The Financial Advisor has a role in every form of County debt issuance except conduit debt, interfund loans and State Revolving Loans.
      c. The Director of Finance shall advise the BOCC relative to the solicitation for and selection of and duration of employment for the Financial Advisor.
      d. The Financial Advisor firm will not bid on nor underwrite any County debt issues.
      e. The County shall not limit itself to having a single Financial Advisor or firm under contract at any one time.

   2. Bond Counsel
      a. As part of its responsibility to manage outside attorney contracts, the County Attorney will work closely with the Director of Finance and advise the BOCC relative to the duties and responsibilities and the solicitation and selection of and duration of employment for Bond Counsel.
      b. Bond Counsel will have a role in all debt issues except interfund loans.
      c. In addition to debt related issues, Bond Counsel may be employed to handle issues related to tax matters and Internal Revenue Service procedural issues.
      d. The County shall not limit itself to having a single Bond Counsel firm under contract at any one time.

XIII. Credit Ratings

A. The County’s ability to borrow at the lowest cost of funds depends upon its credit standing as assessed by major credit rating agencies.
B. In order to enhance the County’s position in the debt market, the Director of Finance will be responsible for determining whether ratings will be requested.

C. The Director of Finance is responsible for maintaining relationships with these agencies and keeping them informed relative to material economic events that occur in the County between debt issuances (between official rating events). The BOCC, Bond Counsel and the County’s Financial Advisor may be consulted when determining whether an economic event is of significant proportion to qualify for such a notification.

D. The County shall maintain adequate systems of internal control, comply with applicable laws and regulations, and conduct its financial affairs in such a way as to sustain a strong financial position in order to maintain the highest credit rating level possible.

XIV. Administration/Responsibilities

A. The BOCC is responsible for implementing and revising these policies as appropriate.

B. The debt policies are to be reviewed formally by the BOCC at least every five (5) years.

C. The Director of Finance is responsible for the administration of these policies.

D. The Director of Finance, based upon advice and counsel from the Financial Advisor and Bond Counsel, may deviate from the guidelines established in this Debt Policy on a case by case basis, as may be warranted in particular circumstances, with the advance approval of the BOCC.
Recent Action Regarding Water and Sewer User Rates and Fees

In May 2008, the County was anticipating an increase in revenue from the sale of water to the City of Frederick under Potomac River Water Supply Agreement (PRWSA), which was executed in 2006. Therefore BOCC in adopting Resolution 08-14, only established an annual escalation factor for the water and sewer capacity fees and changed the equivalent meter size basis for calculating Ready-to-Serve (RTS) charges for non-residential customers. No changes were made to the RTS charge or water and sewer user commodity rates.

In May 2010, the BOCC adopted Resolution 10-12, which amended the water and sewer regulations, which among other things, increased or established miscellaneous fees for certain special services the water and sewer enterprise provided such as special meter readings, tank truck filling, septic waste disposal, and fire flow testing. No changes were made to the RTS charge or water and sewer user commodity rates at this time as the County was anticipating increased revenues from a new water supply agreement with the Army Garrison at Fort Detrick and increased revenue from the City of Frederick when the 8 MGD water capacity would be made available to the City later that year.

In September 2010, the County, City of Frederick and the Army Garrison at Fort Detrick entered into a water supply agreement, which, unlike the PRWSA between the County and City, included the requirement to purchase a minimum of 1 MGD of water. This resulted in annual revenue from the Fort Detrick water supply agreement of $207,900. In December 2010, the County completed the Potomac River water system improvements, which made 8 MGD of capacity available to the City of Frederick. This increased the City’s water availability charges from $365,000 to $1,500,000 per year. Although the enterprise’s revenues increased by adding these two large water customers, the lack of actual usage by the City resulted in lower than anticipated revenue from Commodity fees. As a result the Water and Sewer enterprise continued to rely upon its operating reserves to supplement annual expenditures.

Recognizing that the use of reserves could not continue indefinitely, in 2011, the current BOCC directed the DUSWM to complete a comprehensive update of the existing water and sewer rate model and recommend rate increases to address the problem. After considering the recommended rate increase options, the BOCC adopted Ordinance 12-29-624, which established specific rate increases over a five year period of time (FY 2014 - FY 2018). The new rates, which took effect July 1, 2013, are designed to eliminate the use of the enterprise reserves and to restore reserves used between 2014 and 2018, during the rate increase implementation period.

Under the adopted ordinance, water commodity rates increase approximately 14.5% each year from FY 2014 to FY 2018. Sewer usage rates increased approximately 1% in 2014 and remain level thereafter. The adopted rates also included a 69% increase in the water and sewer RTS (Availability) charges, which was also spread out over the five year rate increase implementation period.

Based on MFSG financial model the projected cumulative effect of the rate increase over the five year period of implementation will completely eliminate the use of reserves for sewer system expenditures by FY 2016, and water system expenditures by FY 2017. By FY 2018 reserves used during the five year rate increase implementation period are projected to be restored.
ORDINANCE NO. 12-29-624

THE EFFECTIVE DATE OF THIS ORDINANCE IS DECEMBER 4, 2012

Re: Revisions to the Water and Sewer System User Rates Charged by

the Division of Utilities and Solid Waste Management

BACKGROUND

In late 1999, the Frederick County Board of County Commissioners (BOCC) approved a comprehensive analysis of the County’s costs to provide water and sewer services and to develop appropriate water and sewer rates to adequately recover the costs associated with the provision of these services. After several workshops and public hearings the BOCC adopted Ordinance No. 01-05-279, which became effective in May 2001. The rates were set for a five (5) year period, with small incremental increases each year through FY 2006.

In 2008, the rate model was reviewed for rate adequacy. At that time, the BOCC determined that a water rate increase could be deferred, based on the notification to the City of Frederick that the 1.5 MGD (max day capacity) referenced in the Potomac River Water Supply Agreement (PRWSA), was now available. It was anticipated that the City would begin purchasing water under the PRWSA and that increased revenue may offset the need to increase user rates to the existing customers. Again in 2010, the Division of Utilities and Solid Waste Management (DUSWM) indicated that a rate increase may be necessary unless the City of Frederick started purchasing water from the County.

As of 2012, the sale of water to the City has not occurred and the availability fees charged to the City for their water supply fall short of covering the County’s proportionate costs to operate and maintain the much expanded water system infrastructure. Operating losses over the last four years totaled $15.6 million, which was covered by the Water and Sewer reserves. Growth in the customer base, good management of the utility and the use of reserves allowed the DUSWM to delay additional rate increases. However, utilizing the water and sewer enterprise reserves to fund these essential services is not sustainable.

The County’s current water and sewer rate structure, which relies on an availability fee, or Ready to Serve (RTS) charge, and water and sewer volume charges, has been in place for more than decade and have not been increased since 2006. Water and sewer volume charges provide most of the Water and Sewer Enterprise Fund’s revenues.

In 2012, Municipal and Financial Services Group (MFSG) was hired to review and update the County’s water and sewer rate model. MFSG completed the review and determined that the sewer rates currently in place require an overall 13.6% increase to ensure adequate revenues are generated to cover the sewerage system costs. MFSG also determined that, without committed sale of water to the City, the County will need an overall increase in water volume rates of approximately 59.2% in FY 2014 to discontinue the use of operating reserves that subsidize the annual operation of the Water and Sewer Enterprise Fund.

On October 25, 2012, the DUSWM presented the above-referenced information and options to the BOCC for water and sewer rate changes. The BOCC voted to move forward to public hearing with a rate change option that revises water and sewer rates gradually over a 5-year period.

Therefore, pursuant to the authority contained in Chapter 2-13 of the Code of Public Local Laws of Frederick County, the Board of County Commissioners ("Board") is adopting revised water and sewer system user rates (service charges) to bring them in line with the costs of providing water and sewer services to the users.
A public hearing was held on the proposed service charge and fee changes on Tuesday, December 4, 2012, at which time public comments were received.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND, that the service charges (user rates) set forth on Exhibit A for FY 2014 shall take effect on July 1, 2013, and shall remain in effect until June 30, 2014.

AND BE IT FURTHER ENACTED AND ORDAINED, that the rates shown on Exhibit A for FY 2015 through and including FY 2018, shall take effect on July 1, 2014, July 1, 2015, July 1, 2016 and July 1, 2017, respectively, after the BOCC’s annual reconsideration of these rates, unless otherwise modified by resolution of the BOCC.

AND BE IT FURTHER ENACTED AND ORDAINED, that this Ordinance shall take effect on December 4, 2012.

The undersigned hereby certifies that this Ordinance was approved and adopted on the 4th day of December, 2012.

BOARD OF COUNTY COMMISSIONERS
OF FREDERICK COUNTY, MARYLAND

Lori L. Depies, CPA
County Manager

Blaine R. Young, President
EXHIBIT H

FREDERICK COUNTY GOVERNMENT
STRATEGIC PLAN 2014 - 2018

Jan H. Gardner, County Executive
FREDERICK COUNTY GOVERNMENT  12 EAST CHURCH STREET, FREDERICK MD  21701
Summary of Strategic Plan

Vision:
- Frederick County is one of the best places to live, work and raise a family in the United States as a result of exceptional schools, safe communities, a vibrant economy, and a high quality of life.
- Frederick County government ensures a high quality of life to our residents through our parks, libraries, senior centers, transit, and community services.
- Frederick County can grow while preserving our historic and agricultural heritage, our cultural amenities, and our strong sense of belonging and community.

Five Priority Areas:

Open, Transparent, and Fiscally Responsible Government through:
- Ethics Reform
- Responsive and Quality Constituent Services
- Fiscally Responsible Decisions
- Improved Technology

Education – Exceptional Schools Where All Students Achieve by:
- Funding Above State Mandated Maintenance of Effort
- Timely Building of Schools
- Improving Technology
- Accessible Community Libraries
- Continuum of Higher Education with local colleges and CREST

Jobs – Economic Development Initiatives such as:
- Business and Industry Cabinet
- Downtown Innovation Center and Incubator
- Rebranding Our Story
- Regional Collaboration
- Workforce Services

Community Needs – Ensuring Quality of Life, Safety and Well Being through:
- Public Safety Infrastructure – fire, rescue, law enforcement and emergency planning
- Livable Frederick - Land Use Planning and Permitting
- Workforce and Affordable Housing
- Health and Wellness Initiatives
- Family and Children Quality Services
- Parks and Recreational Services and Facilities
- Solid Waste Initiatives
- Adequate Roads, Bridges, and other Infrastructure
- Transportation Service Enhancements

Seniors – Preparing for Growing Population by:
- Redefining Aging and Senior Services
- Expanding Nutritional Programs
- Planning for Senior Housing Needs
- Increasing Aging in Place Services
Vision

• Frederick County is one of the best places to live, work and raise a family in the United States as a result of exceptional schools, safe communities, a vibrant economy, and a high quality of life.

• Frederick County government ensures a high quality of life to our residents through our parks, libraries, senior centers, transit, and community services.

• Frederick County can grow while preserving our historic and agricultural heritage, our cultural amenities, and our strong sense of belonging and community.
Priority # 1

Open, Transparent, and Fiscally Responsible Government

Goals:
1. Implementation of Ethics Reform utilizing citizen based Ethics Task Force Recommendations. 
   Incorporation of task force recommendations into new Ethics Ordinance. 
   Due Date: 
   2015 – Ethics Task Force Review (complete) 
   2016 – Ethics Ordinance Enacted (complete) 
   Independent Ethics Commission - in process

2. Responsive and Quality Constituent Services will be obtained through the use of online 
   constituent services, customer service training, timely staff responses, and thorough follow 
   through on issues. 
   Due Date: 
   2015 – Implemented Website Application Tracking Constituent services (complete) 
   Ongoing

3. Fiscally Responsible Decisions during annual budget development. Strategic Investment in 
   priority areas. No tax rate increases planned. Implement Six Year Operating Budget. 
   Due Date: 
   2016 - Six year operating budget implemented (complete)

4. Improved Technology through the new Enterprise Resource Program for management of county 
   resources and financial data. Enhanced business practices with new technology. 
   Due Date: 

Priority # 2

Education – Exceptional Schools Where All Students Achieve

Goals:
1. Commit to Fund above state mandated Maintenance of Effort to support Frederick County 
   Public Schools strategic goals. Fifty percent of new revenue in the county budget will be used to 
   support education efforts including Frederick Public Schools, Frederick Community College, 
   CREST, Libraries, and early education services.
Due Date:
2016 – Funded $4M above MOE to support FCPS Strategic Goal #2 to retain and attract high quality school staff (complete)
2017 – Funded $10.5 above MOE to support FCPS Strategic Goals #1 to provide high quality instruction to every student and Goal #2 to retain and recruit high quality staff (complete)
2017 - Achieved 51% goal. Supported Community College to keep tuition affordable and enhance campus security; Supported early childhood intervention (complete)

2. Prioritize new school construction where the highest needs exist. Target 90% System wide capacity. Time growth with ability to provide school seats.
   Due Date:
   2017 – Adopt Capital Budget and CIP plan to build schools to match school system priorities. (complete)
   2017 – Secure alternative funding solution for two elementary schools (complete)
   2017 – System wide school capacity at 91% approaching targeted goal

3. Invest in implementation of school system’s Technology Now Plan to provide Chromebooks in Middle Schools (Phase I), High Schools (Phase II), and Elementary Schools (Phase III).
   Due Date:
   2016 – Phase I completed. All Middle Schools have Chromebooks (complete)
   2017 - Allocated one-time funding for school technology Phase II (in progress)
   2018 – Complete Phase II and Begin Phase III

   Due Date:
   2016 – State Legislature passes LYNX legislation to allow flexibility to meet educational goals (complete)
   2017 – Incorporate LYNX design in new Frederick High School (complete)

5. Ensure communities throughout the county have accessible libraries. Schedule and fund construction of new branch libraries per Frederick County Public Libraries Construction Plan
   Due Date:
   2017 – Restore regional library hours (complete)
   2017 – Funding and Construction of new Walkersville branch library (complete)
   2018 – 2019- Allocate funding for new Myersville branch library

6. Support the Continuum of Higher Education with local colleges in Frederick County and invest in start-up and continuation of CREST – Center for Research and Education in Science and Technology.
   Due Date:
   2015 – Pass state legislation to create Frederick County’s first higher education center (complete)
   2016 – Obtain state funding to start-up CREST (complete)
   2016-2017 – Start-up CREST with initial course offerings (in progress)
Priority # 3

Jobs – Economic Development Initiatives

Goals:

1. Establish a Business and Industry Cabinet to provide timely advice and direction to the CE and Economic Development Office. Advise on trends, environmental factors and other business issues to guide the development of business and economic success in Frederick County.
   Due Date:
   2015 – Elevate Office of Economic Development to County Executive Office (complete)
   2015 – Business and Industry Cabinet appointed (complete)
   2016/2017 – Cabinet to provide input on three goals – Regional Branding; Workforce Needs Analysis; Business Innovation Center/Incubator (ongoing)

2. Establish a Downtown Business Innovation Center and Incubator. Utilize vacant downtown county owned building. Innovation Center will include economic development partners including the Chamber of Commerce, Ft. Detrick Tech Transfer, a new IT incubator under the FITCI umbrella, and others.
   Due Date:
   2015 – Identify plan, partners, and location for new business innovation center (complete)
   2015 - Relocate Office of Economic Development to 118 location (complete)
   2016 – Partner with Downtown Partnership to secure funding for design consultant (complete)
   2016 – Develop agreements with local partners (in progress)
   Ft. Detrick Tech Transfer Office PIA (complete)
   2016 – Hire new incubator director/FITCI (complete)
   2016/2017 – Renovate and Remodel 118 location for the innovation center (in progress)

3. Initiative Rebranding Effort to message/promote Frederick County as a unique, vibrant jobs center
   Due Date:
   2016 – Develop RFP for rebranding; Hire consultant; Engage in rebranding process
   2017 – Implement branding

4. Engage in Regional Collaboration with other counties, businesses, and economic entities to broaden the economic appeal of Frederick County.
   Due Date:
   2016 – Participate in I-270 Regional Branding (in progress)
   2016 – Participate in MedImmune/AstraZeneca regional branding (in progress)

5. Incorporate the Workforce Services department into the Office of Economic Development (OED) to ensure strong collaboration of business services and to meet workforce needs. Provide quality labor force support and development for current and new businesses.
   Due Date:
   2015 – Workforce Services Department incorporated into the Office of Economic Development (Complete)
   2016/2017 – Co-locate Workforce Services at Frederick Community College Advanced Technology Center to take advantage of synergies. Funding (complete); Construction (In progress)
Priority # 4

Community Needs – Ensuring Quality of Life, Safety, and Well Being

Goals:

1. Develop four year plan for Public Safety Infrastructure. Increase capacity of fire and rescue, law enforcement and emergency planning divisions. Ensure that first response personnel have adequate and quality resources to fulfill public safety community needs.
   Due Date:
   2015 – Develop Fire and Rescue staffing plan; Stand-up ALS training program; Design/Plan for Back-up 9-1-1 Center (complete)
   2016 – Integrate Firefighters/Medics; Additional staffing in both Fire and Rescue and Sheriff’s Office; Accept grant award for new radios for communication; 9-1-1 back-up center under construction; Plans for replacement burn building; Lease/Purchase new fire equipment (Complete/In Progress)
   2017 – Fund additional positions in Fire and Rescue and Law Enforcement; Adopt and fund new pay scale for law enforcement and corrections; 9-1-1 back-up center to open (Complete)
   2018 – Continue to implement staffing plan

2. Engage in innovative community development and land use planning. Implement Livable Frederick including a broad public participation process to establish a sustainable and resilient future.
   Due Date:
   2015 – Livable Frederick Steering Committee appointed Plan Kicked- Off (Complete)
   2016 – Initiate Livable Frederick Community Survey and Outreach Plan (Complete)
   Trends and Issues Report (In Progress)
   2017 – Planning Commission and County Council to review Livable Frederick Plan

3. Initiate Community Partnership Grants program to restore human service non-profit partnership to leverage improved outcomes for people.
   Due Date:
   2015 – Developed program and awarded first round of grants (Complete)
   2016/2017 – Enhance program to meet targeted goals (In Progress)

4. Create Workforce and Affordable Housing. Utilize county-owned building to provide workforce housing in partnership with local affordable housing developer. Expand and retain affordable housing in and around municipalities. Revise MPDU Ordinance.
   Due Date:
   2015 – Identify county-owned building (520 N. Market St.) for workforce housing (Complete)
   2015 – Secure sales agreement with Interfaith Housing Alliance for Workforce Housing project (Complete)
   2015 – Moderately Priced Dwelling Unit Ordinance revised through legislation to make program more flexible (Complete)
   2016 – Tax Credits secured for 520 Project/ Construction and renovation to begin (In Progress)
   2016 – Housing Study in progress to assess needs, gaps, and best way to leverage dollars (In Progress)
5. Support Health and Wellness Initiatives that address quality of life and critical health needs. Stand up local Heroin Consortium to enhance collaboration of first responders, treatment providers, businesses, non-profit providers, and community based grass roots initiatives. Develop innovative prevention and intervention endeavors such as the Recovery Coach Academy and partner with local providers such as the hospital and law enforcement.
   Due Date:
   2015 – Established Local Heroin Consortium (Complete)
   2015 - Expanded Recovery Coach Academy and placed staff in Emergency Room at Frederick Memorial Hospital. Exceeded goal to connect 40% of clients with services within six months (Complete)
   2016/2017 – Transition Health Department to oversight agency for all substance abuse programs (In Progress)

6. Enhance and support Family and Children Quality Services provided by departments through restoration of critical capacity for addressing non-education needs.
   Due Date:
   2016 – Expand Support for Infant and Toddlers Program (Complete)

7. Ensure adequate and quality Parks and Recreational Services and Facilities. Implement Park and Recreation Capital Program
   Due Date:
   2016 - Construct Phase II Utica Park (In Progress)
   2017 – Construct Phase I of Othello Park; Construction Point of Rocks Community Park (Funded; Construction to begin in FY 2017)

   Due Date:
   2015 – Establish Solid Waste What’s Next? Initiative - Steering committee and Hired Consultant (Complete)
   2015/2016 – Conduct consultant-facilitated public outreach process (Complete)
   2016 – Phase I Report summarizing recommendations from Public Process (Complete)
   2016/2017 – Phase II Report to provide in depth analysis of feasibility, cost, and environmental impacts of recommendation from Phase I (In Progress)

9. Provide and enhance county transportation network of roads, highways and bridges. Restore capacity and capital resources including a timelier life cycle schedule for all equipment resources.
   Due Date:
   2015 – Develop long-term Fleet Replacement Plan (Complete/Implementation in Progress)
   2016/Ongoing – Implement Capital Improvement Plan utilizing Pavement Management System to upgrade roads and other infrastructure to avoid costly replacement. Phased in funding.

10. Engage in Transportation Service Enhancements for public TransIt System. Replace aged vehicles and invest in new service enhancements such as taxi vouchers, vehicle locator software and sustainable resources such as electric buses.
    Due Date:
    2015 – 2016 – Implement Taxi Voucher Program (Complete)
    2016 – Implement Vehicle Locator software application (Complete)
    2016 – Acquire and Put in Service 5 New Electric Buses (Complete)
    2017 – Replace aging vehicles (In Progress)
Priority # 5

Seniors – Preparing for Growing Population

Goals:
1. Redefine the county funded aging and senior services provided by the local department of aging. Use public and private resources to reach out to seniors and their communities to determine needs. Reorganize personnel and facility resources to be better prepared for the growing senior population.
   2015 – Establish Seniors First Steering Committee (Complete)
   2015/2016 – Develop plan for reorganizing senior services (In Progress)
   2016/2017 – Implementation of plan

2. Expand Nutritional Programs to seniors through enhanced support for Meals on Wheels so no senior goes hungry. Increase capacity of staff to recruit and retain volunteers to support programs.
   Due Date:
   2015/2016 - Allocate additional funding to meet all demand for Meals on Wheels (Complete)

3. Include planning for Senior Housing Needs in Livable Frederick initiative.
   Due Date:
   2016 – Housing Needs Study (In Progress)

4. Increase Aging in Place Services through increased support of local services such as Senior Care, Maryland Access Point, Adult Evaluation and Review Services (AERS).
   Due Date:
   2016 – Add volunteer coordinator and information and assistance positions (Complete)
   2016 – Add case manager to support AERS (Complete)
   2017 – Allocate funding to supplement grants for direct service (Complete)