



SB & COMPANY, LLC
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

County Executive, Jan H. Gardner
Members of the County Council
Frederick County, Maryland

We have performed the procedures enumerated below, which were agreed to by the management of Frederick County, Maryland (the County) and the County Council, solely to assist you in evaluating the County's compliance with the Federal Register (40 CFR Part 258, Subpart G) *Criteria For Municipal Solid Waste Landfills - Financial Assurance Criteria* for the year ended June 30, 2014. The County's management is responsible for compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purposes.

The procedures performed and the associated findings are as follows:

1. We recalculated the ratio of cash plus marketable securities to total expenditures as required and defined by the Federal Register (40 CFR Part 258, Subpart G) by tracing the amounts in the calculation to the audited June 30, 2014 financial statements. Paragraph (f)(1)(i)(B)(1) of the Federal Register (40 CFR Part 258, Subpart G, Sec. 258.74) requires the ratio of cash plus marketable securities to total expenditures to be greater than or equal to 0.05. We agreed with the related computation of 0.59.
2. We recalculated the ratio of annual debt service to total expenditures as defined by the Federal Register (40 CFR Part 258, Subpart G) by tracing the amounts in the calculation to the audited June 30, 2014 financial statements. Paragraph (f)(1)(i)(B)(2) of the Federal Register (40 CFR Part 258, Subpart G, Sec. 258.74) requires the ratio of annual debt service to total expenditures to be less than or equal to 0.20. We agreed with the related computation of 0.13.
3. We obtained a copy of the County's June 30, 2014, audited financial statements, and noted it was an unmodified opinion and it was prepared in conformity with accounting principles generally accepted in the United States of America.

FREDERICK COUNTY, MARYLAND

**Report of Independent Public Accountants on Applying
Agreed-Upon Procedures to Federal Register *Criteria For
Municipal Solid Waste Landfills - Financial Assurance Criteria***

For the Year Ended June 30, 2014



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4. We recalculated the ratio of the deficit to total revenue for each of the past two fiscal years by agreeing the amounts in the calculations to the June 30, 2014 and 2013 audited financial statements. Paragraph (f)(1)(iii)(C) of the Federal Register (40 CFR Part 258, Subpart G, Sec. 258.74) requires that the County not operate at a deficit equal to five percent or more of total annual revenue in each of the past two fiscal years. With respect to the computation of excess of revenue over expenditures, the calculation was not an operating deficit in either of the past two fiscal years.
5. We obtained the County's Chief Financial Officer letter dated December 1, 2014, and agreed the financial data included therein with the audited financial statements for the year ended June 30, 2014.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the County's compliance with Federal Register (40 CFR Part 258, Subpart G) *Criteria for Municipal Solid Waste Landfills – Financial Assurance Criteria* for the year ended June 30, 2014. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the County Executive and Council and management of the County, and is not intended to be and should not be used by anyone other than these specified parties.

Hunt Valley, Maryland
January 5, 2015

SB & Company, LLC



FREDERICK COUNTY GOVERNMENT

DIVISION OF FINANCE
Accounting Department

Jan H. Gardner
County Executive

Lori L. Depies, CPA, Division Director
Erin White, CPA, Director

December 1, 2014

To the Operating Record:

I am the chief financial officer of Frederick County, Maryland. This letter is in support of Frederick County's use of the local government financial test to demonstrate financial assurance for closure and post-closure costs, as specified in 40 CFR, part 258.

Frederick County is the owner of the following facility for which financial assurance for closure and post-closure care is demonstrated through the financial test specified in 40 CFR, part 258. The current closure and post-closure cost estimates covered by the test for each facility are:

Reich's Ford Road Sanitary Landfill (Site A)	\$ 2,946,480
Reich's Ford Road Sanitary Landfill (Site B)	<u>21,523,138</u>
Total Closure and Post-Closure Costs	\$ 24,469,618

The detailed estimate for these costs is located at the public repository for this facility, which is located at 9031 Reich's Ford Road. The fiscal year for Frederick County ends on June 30. The closure and post-closure costs used above are effective as of June 30, 2014.

Frederick County also complies with the bond rating indicators of financial strength and relative size thresholds. Below is the detail information regarding these indicators.

Bond Rating Indicator of Financial Strength

Current bond rating of most recent issuance and name of rating service:

Moody's Investor's Service	Aa1
Standard & Poor's Corporation	AAA
Fitch Investor's Service	AAA

Date of issuance of bonds July 24, 2014

Date of maturity of bonds up to August 1, 2034

Relative Size Threshold


Total Revenues	\$588,728,827
	<u>0.43</u>
	\$253,153,396

I further certify the following: (1) that Frederick County prepares its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) for governments, (2) that Frederick County's last audit was for the period ended June 30, 2013, and that the independent auditors SB & Company, LLC. issued an unqualified opinion for that audit, (3) that Frederick County has not operated at a total operating fund deficit equal to five percent or more of total revenues in each of the past two fiscal years, (4) that Frederick County is not in default on any outstanding general obligation bonds, and (5) that Frederick County does not have any outstanding general obligation bonds rated lower than Baa as issued by Moody's or BBB as issued by Standard & Poor's.

Frederick County acknowledges that it has put information required in 40 CFR, part 258.74(f2) in the Comprehensive Annual Financial Report (CAFR), a copy of which can be found in the operating record.

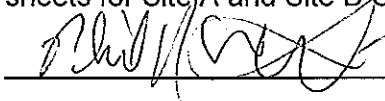
A copy of the independently audited year-end financial statement for FY14, including the accountant's opinion is attached to this letter and the Accountant's Special Report for Frederick County is also attached to this letter.

I solemnly affirm under the penalty of perjury that the contents of this letter are true to the best of my knowledge, information and belief.


Lori L. Depies, CPA
Finance Director
Frederick County

12/11/14
Date

Receipt of original letter and auditor's report, together with 6/30/14 CAFR and cost estimate sheets for Site A and Site B Closure and Post-Closure costs acknowledged by:

 12/4/14
