

COUNTY OF FREDERICK, VA

Winter 2016 FINANCIAL NEWSLETTER

Fiscal Year 2016 Financial Reports

Frederick County issues two annual financial reports: the Comprehensive Annual Financial Report (CAFR) and the Popular Annual Financial Report (PAFR). Both reports can be found online at www.fcva.us/financials.

The purpose of the CAFR is to provide citizens, investors, grantor agencies, and other interested parties with reliable financial information about the County.

The CAFR provides reliable, audited financial information about the County and all organizations which have significant operational or financial relationships with the County. It contains material disclosures, schedules and notes.

The Code of Virginia requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements presented in conformity with United States generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board.

The purpose of the PAFR is to summarize and simplify the presentation of information contained in the CAFR. The PAFR is intended to be a supplement to the CAFR, not a replacement. Since the PAFR is presented in a simple and easy-to-understand format, it does not conform to GAAP. The PAFR is not audited and excludes many material disclosures, financial statements, schedules, and notes to the financial statements found in the County's CAFR.

The PAFR is presented to better inform the public about the County's

financial condition, without excessive detail or the use of technical accounting terms. This report represents the ongoing commitment of County officials to keep Frederick County citizens informed about County finances, and to be accountable for the receipt and expenditure of public funds.

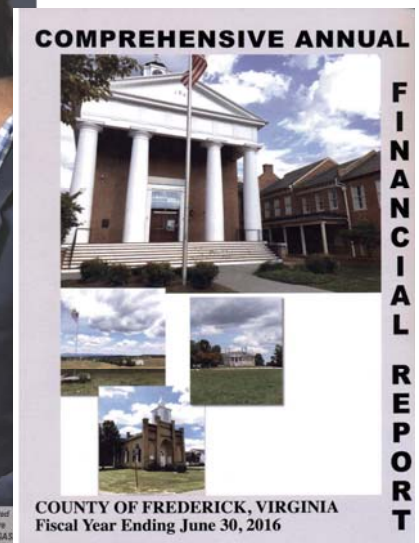
We hope that you find these reports interesting and informative. As you review the documents, please feel free to share any questions, concerns or recommendations that you may have. We value your input and look forward to the opportunity to address any comments that you may have.

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www.fcva.us/PAFR



www.fcva.us/CAFR

Overall Fund Performance

Frederick County's overall General Fund revenue comparison through December 31, 2016 shows a total increase of \$5,397,565. Included in this increase are the property taxes, \$3,636,507, which are the largest single revenue stream in the General Fund. Other significant

increases include other local taxes of \$1,003,020, and miscellaneous \$640,193 (includes a \$500,000 donation for the Animal Shelter).

The total FY 2017 expenditures including transfers have increased \$2.6 million year-to-date compared to FY 2016 for the

same period. Increases include the timing of the Comprehensive Services Fund transfer for \$1.3 million transferred in January of the previous year and the addition of seven deputy and sixteen firefighter positions increased salaries and benefits \$337,379.

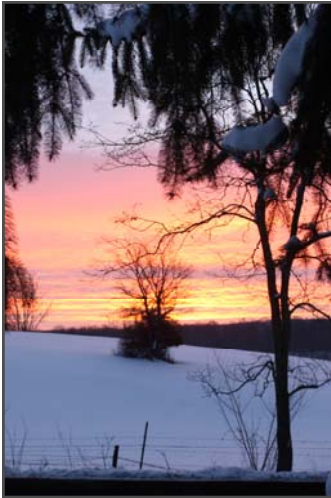
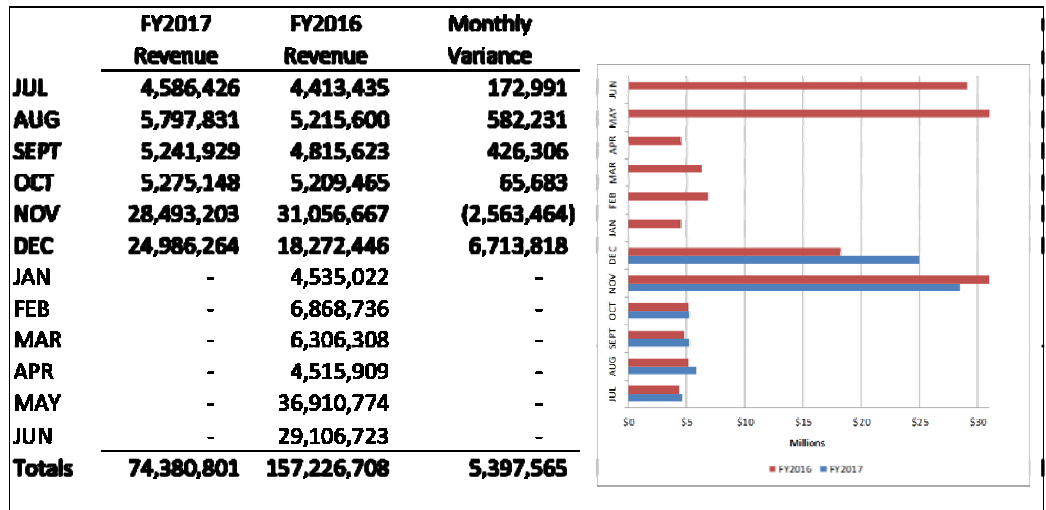
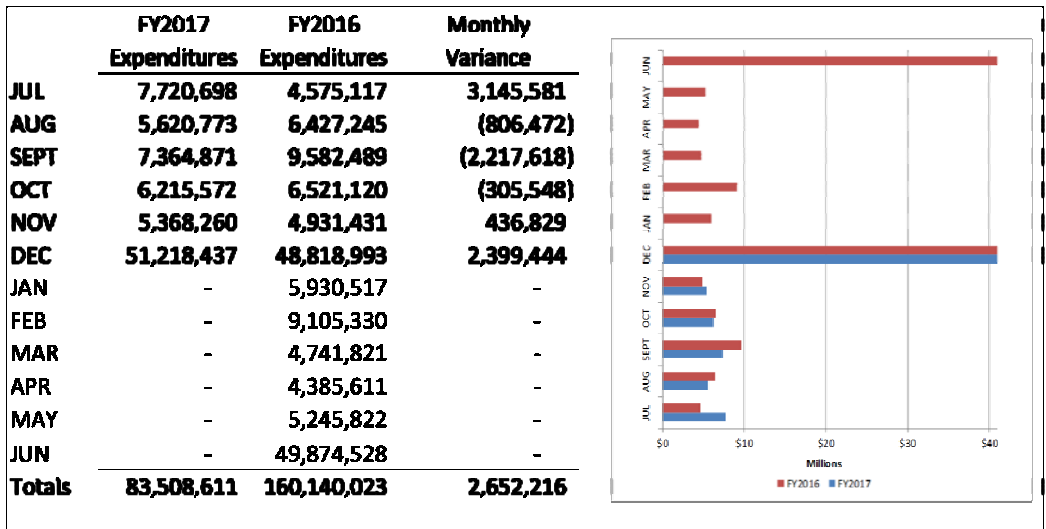


Photo courtesy of LeeAnna Pyles
North Hayfield Road

General Fund Revenue Comparison



General Fund Expenditure Comparison



Unassigned Fund Balance 5-year Comparison

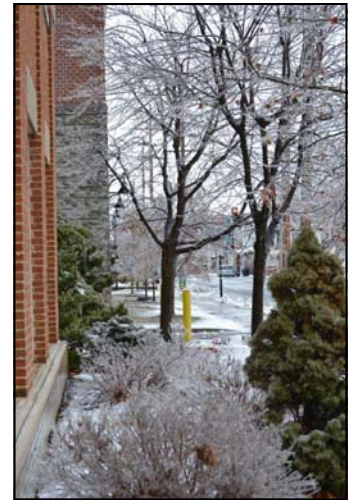
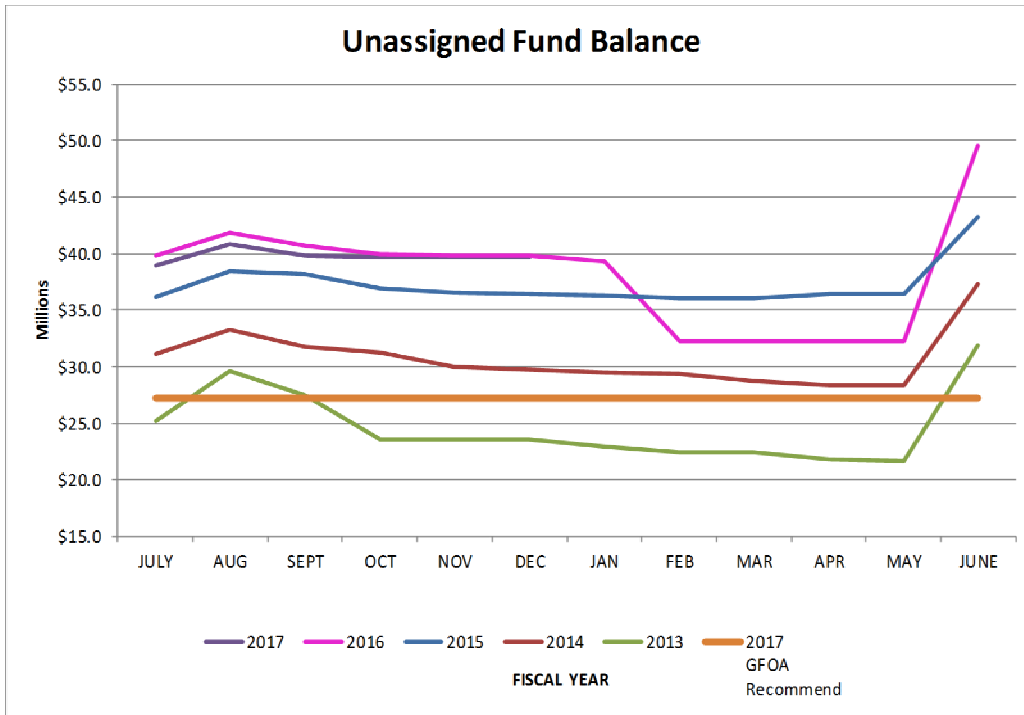


Photo courtesy of Lorraine Mossburg
County Administration Building Front

The Importance of Fund Balance

Fund Balance is the excess dollars of what the County owns (assets) and what the County owes (liabilities). There are several reasons that fund balance is important. It is a critical factor in financial planning and budgeting. It provides funds for unforeseen expenses or emergencies. Fund balance reduces the need for short-term borrowing for operations and cash flows. Cash flow becomes a critical component since half of the largest revenue source is collected at the end of the budget year with the June 5th tax collection.

The Government Finance Officers Association (GFOA) recommends that unreserved fund balance be maintained at no less than two months of regular oper-

ating revenues or regular operating expenditures and states that it “is essential that governments maintain adequate levels of fund balance to mitigate current and future risks and to ensure stable tax rates.” For Frederick County’s general fund, that equates to approximately \$27.2 million or 16.7% of the total general fund budget for FY 2017. Currently, the County’s fund balance is above the recommendation at 24.3% (\$39.7 million).

The County monitors unassigned general fund balance monthly. Over the years, fund balance has been used to balance the General Fund budget. The General Fund fund balance was reduced by \$3.6 million to balance the FY 2017 budget (57% schools, 43% county general fund). This rep-

resents a decrease of \$3.7 million compared to the fund balance funding used to balance the FY 2016 budget. Fund balance has been regularly used to balance the budgets in the past. At year-end those funds have been routinely returned to unreserved fund balance as a result of unbudgeted revenues or unspent expenditures. Management and the Board of Supervisors remains committed to retaining a healthy fund balance.

Unassigned General Fund fund balance at December 31, 2016 is \$39,661,185.

Revenue Information

Property taxes include real estate, personal property, and machinery and tools tax. Total property taxes increased \$3,636,509 for the second quarter of FY 2017 compared to FY 2016 and includes real estate (+2,039,020) impacted by a 4 cent increase generating \$3.2 million annually, personal property (+1,711,359), and public

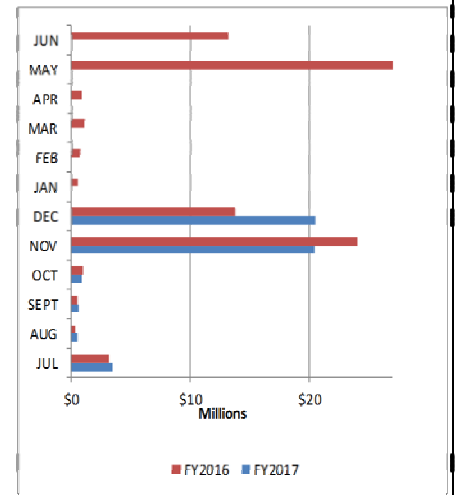
services(-149,920). The most comparable quarters would be the second and fourth due to tax collection due dates. The remaining category that has an impact on the property tax variance is penalties, interest & administration fees for liens & distress, credit card charges/delinquent advertising (+\$36,050).

Included in the permits and privilege fees are land use, transfer fees, development review fees, building, mechanical, electrical, plumbing, sign, land disturbance, commercial burning, blasting, septic haulers, and sewage installation permits. The total permits and privilege fees decreased

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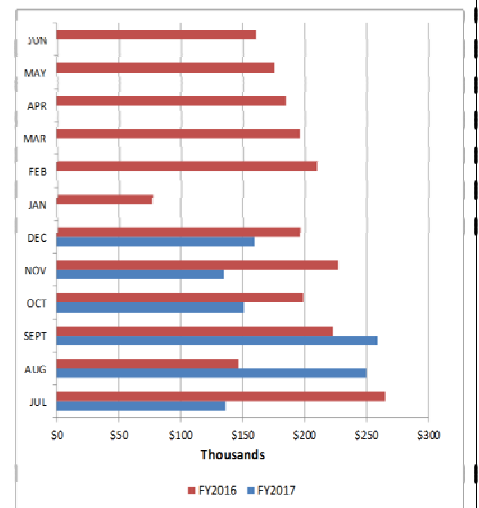
Property Tax Comparison 2016–2017

	FY2017	FY2016	Variance
JUL	3,502,459	3,202,929	299,530
AUG	522,486	391,938	130,548
SEPT	622,761	512,494	110,267
OCT	952,767	1,008,865	(56,098)
NOV	20,471,428	24,084,088	(3,612,660)
DEC	20,534,261	13,769,339	6,764,922
JAN	-	557,545	-
FEB	-	742,417	-
MAR	-	1,101,373	-
APR	-	955,118	-
MAY	-	31,743,966	-
JUN	-	13,217,406	-
Totals	46,606,162	91,287,479	3,636,509



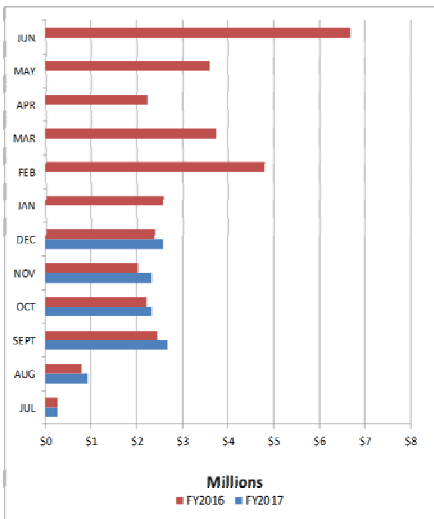
Permit Fees Comparison 2016–2017

	FY2017	FY2016	Variance
JUL	136,573	265,580	(129,007)
AUG	250,088	147,249	102,839
SEPT	259,223	223,126	36,097
OCT	151,181	198,968	(47,787)
NOV	135,067	227,398	(92,331)
DEC	159,719	195,958	(36,239)
JAN	-	77,103	-
FEB	-	210,527	-
MAR	-	196,552	-
APR	-	185,147	-
MAY	-	175,549	-
JUN	-	160,944	-
Totals	1,091,851	2,264,101	(166,428)



Other Local Taxes Comparison 2016–2017

	FY2017	FY2016	Variance
JUL	256,931	251,182	5,749
AUG	921,716	787,799	133,917
SEPT	2,679,697	2,446,560	233,137
OCT	2,326,366	2,207,227	119,139
NOV	2,333,674	2,025,762	307,912
DEC	2,587,225	2,384,059	203,166
JAN	-	2,577,618	-
FEB	-	4,803,435	-
MAR	-	3,729,123	-
APR	-	2,231,007	-
MAY	-	3,597,987	-
JUN	-	6,691,285	-
Totals	11,105,610	33,733,045	1,003,021

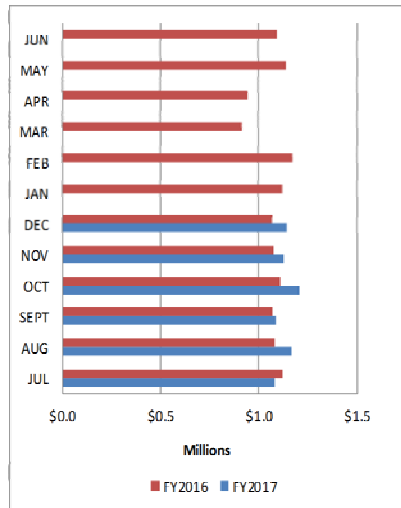


Included in other local taxes are: local sales and use tax, communications sales tax, utility taxes, business licenses, auto rental tax, motor vehicle licenses fees, recordation taxes, meals and lodging taxes, street lights, and Star Fort fees.

Lodging tax (transient occupancy tax) was increased from 2% to 2.5% to increase funding for tourism.

Sales Tax Comparison 2016–2017

	FY2017	FY2016	Variance
JUL	1,082,210	1,122,773	(40,563)
AUG	1,167,837	1,080,475	87,362
SEPT	1,087,960	1,069,363	18,597
OCT	1,207,457	1,106,524	100,933
NOV	1,127,290	1,072,560	54,730
DEC	1,144,869	1,070,229	74,640
JAN	-	1,118,937	-
FEB	-	1,169,279	-
MAR	-	913,666	-
APR	-	944,929	-
MAY	-	1,136,253	-
JUN	-	1,090,057	-
Totals	6,817,623	12,895,045	295,699



Revenue Information

(Continued from page 4)

\$166,428.06 year-to-date.

The total variance of \$1,003,021 in other local taxes through December is a net increase which was significantly impacted by the increase in utility taxes, business licenses, motor vehicle licenses fees, recordation taxes,

meals tax, and lodgings tax.

Recordation taxes increased \$84,049 over the prior year.

This is another indicator that the housing market is rebounding in the area.

Local sales taxes consist of the portion of the state sales tax that is remitted to the locality. The

state sales tax is 5.3% with the state returning 1% back to the locality. The sales tax increased \$295,699 or 4.5%, through the second quarter of FY 2017 compared to the prior year.

Northwestern Regional Adult Detention Center



NRADC Entrance

The Northwestern Regional Adult Detention Center is a 840 bed, medium security, direct supervision corrections facility located in Frederick County. The Jail, organized in October 1989, in accordance with Article 5, Title 53.1-105 Code of Virginia, serves the counties of Clarke, Fauquier, and Frederick, and the City of Winchester. The Jail is

governed by a Regional Jail Authority composed of appointed members from each of the four participating localities.

Goals FY2017:

- Upgrade the facilities failing Security Systems infrastructure to maintain a safe environment for all staff and inmates.

- Upgrade the facilities aging vehicle fleet so that there are reliable methods of transporting the inmate population without risk to staff, inmates and/or the community.
- Obtain Electronic Video Visitation at a minimal to no cost to the facility in order to provide a more effective means of visitation privileges to the inmate population while maintaining a more secure environment for staff and inmates.

NRADC Revenues

	FY2017 Revenue	FY2016 Revenue	Monthly Variance
JUL	2,612,481	1,170,600	1,441,881
AUG	892,368	2,165,278	(1,272,910)
SEPT	2,265,165	2,132,709	132,456
OCT	1,910,939	2,378,816	(467,877)
NOV	901,910	64,910	837,000
DEC	3,759,105	3,908,688	(149,583)
JAN	-	930,274	-
FEB	-	779,300	-
MAR	-	2,220,012	-
APR	-	766,253	-
MAY	-	559,668	-
JUN	-	3,197,037	-
Totals	12,341,967	20,273,545	520,966

NRADC Expenditures

The year-to-date increase in revenue of \$520,966 is a result of the increase in local contributions in the current year.

	FY2017 Expenditures	FY2016 Expenditures	Monthly Variance
JUL	1,568,300	1,555,454	12,846
AUG	1,375,815	1,361,070	14,745
SEPT	1,810,330	1,803,094	7,236
OCT	1,582,021	1,425,529	156,492
NOV	1,524,065	1,619,682	(95,617)
DEC	1,946,826	1,786,451	160,375
JAN	-	1,491,708	-
FEB	-	1,420,082	-
MAR	-	1,871,611	-
APR	-	1,384,973	-
MAY	-	1,574,185	-
JUN	-	2,351,775	-
Totals	9,807,358	19,645,614	256,078

Frederick County Sanitary Landfill

The Frederick County Sanitary Landfill provides non-hazardous solid waste disposal needs for Frederick County and Clarke Counties and the City of Winchester. The landfill property includes 932 acres of which 90 acres have been permitted under Subtitle "D" Regulations as a municipal solid waste facility, and 50 acres permitted as a Construction Demolition Debris waste facility. The additional acreage is maintained as borrow area and a buffer.

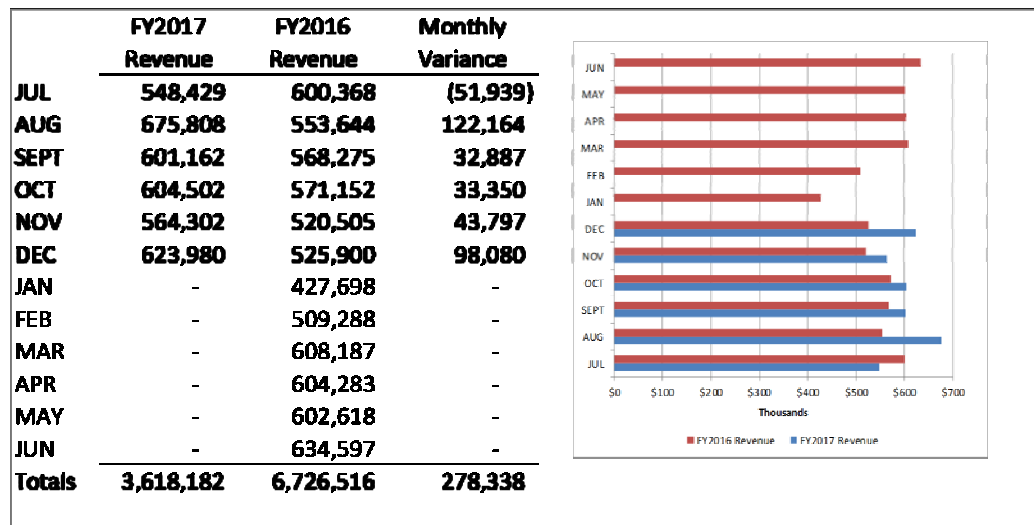
GOALS FY2017:

- Maintain vegetative cover on exposed soils by overseeding and fertilizing, increase frequency of mowing established vegetation.
- Improve management of storm water control features.
- Install security monitoring system.
- Increase safety awareness

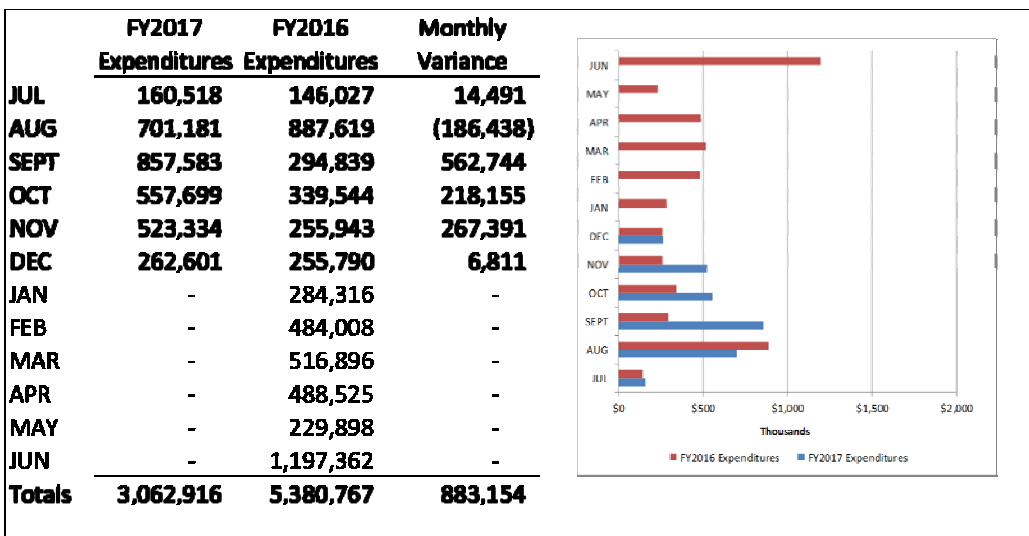
of all landfill employees and continuing education of operators.

- Coordinate a self inspection program with the assistance of the DEQ.
- Divert storm water from Leachate collection System.
- Maximize electrical production off of landfill gas collected.
- Strive for waster reduction through recycling, composting, brush grinding, etc.

Landfill Revenues



Landfill Expenditures



The \$278,338 increase in Landfill revenue includes fees, tire recycling, recycling electronics, and renewable energy credits. Expenditures increased \$883,154 and were impacted significantly by capital costs for the CDD landfill partial closure of Area 1, Phase 1 and the purchase of a Cat 826 compactor.

Economic Development—Director’s Letter

Written by Patrick Barker, Executive Director, Frederick County EDA

“... confirmed again Frederick County’s position as a top-flight business location in the Commonwealth...”

Consistency and commitment are two words that encapsulate the success that Frederick County’s economy achieved in 2016. Investment announcements from new and existing companies and the expansion of workforce development initiatives, confirmed again Frederick County’s position as a top-flight business location in the Commonwealth and along the Interstate 81 corridor.

American Woodmark Corporation’s new corporate offices, Shawnee Canning’s installation of state-of-the-art manufacturing lines, the FBI’s land purchase for its future records facility, and Mopar/Fiat Chrysler’s new logistics facility are just a few of the 2016 business announcements the County was honored and humbled to secure. These projects, and others, total more than \$183 million in new capital

investment and over 900 new jobs, placing Frederick County in special company. Over the last decade, the County has been consistently among the top tier of all localities in Virginia for new capital investment and new jobs announced.

Frederick County remains committed to increasing the availability of skilled labor for its growing business sector, a top issue in the site selection process. The following actions by the County and its partners are but a few executed this past year to address this critical business need. An innovative Workforce Credential Grant aims to satisfy immediate workforce needs, offsetting the cost of tuition for select, high-demand credential programs while another regional workforce grant is ensuring employers receive funding support

for apprenticeships. The seven-year EDA Career Pathways program continued its consistent, successful approach with sound metrics and new initiatives. Career Pathways is a comprehensive effort to engage students, educators, workforce development allies, and community partners in fulfilling long-term workforce needs.

2016 also marked the operational start-up of the area’s waste-to-energy Green Energy Facility and the introduction of additional affordable water supply options for County businesses. These actions express Frederick County’s commitment to being a viable option for the location and expansion of corporate and boutique food manufacturing companies.

A new 270 acre shovel-ready business site now ready for users, additional strategic actions to ensure availability of skilled labor, and the County’s approach to proactively addressing the evolving needs of business, create promise for continued economic prosperity in 2017 and beyond.

Be certain to visit the County’s economic development website, YesFrederickVA.com, where you can stay up-to-date on resources, support services, and community developments. And, most importantly, make sure to reach out to us so we can learn more about your needs as you consider growing your business in Frederick County, VA.



Green Energy Facility located at the Opequon Water Reclamation Facility on Route 7 in Frederick County.

Wrap up the Holiday Season with TreeCycle

Written by Gloria Puffinburger, Solid Waste Manager, Frederick County Public Works

Holiday gifts are neatly packed away and mounds of gift wrap, bags and boxes stuffed into the recycling bin. There's just one final task remaining to wrap up the 2016 holiday season – the tree.

Although its season decked out in lights and tinsel is past, cut trees find a second life through Frederick County's TreeCycle program. TreeCycle makes recycling cut trees easy by asking residents to drop off their evergreens, free of decorations, at any convenience site, except Greenwood Road, from December 26 through the end of January. Residents in the Greenwood Road area are asked to recycle their trees at the landfill's citizens' center where yard and vegetative waste is collected all

year.

As of mid-January, staff and the regional jail's Community Inmate Workforce had rounded up and chipped 465 trees. TreeCycle 2016 will likely match last year's take of 524 trees once the remaining trees are chipped in early February. The resulting five cubic yards of chips are delivered to the regional landfill's yard waste facility where they are mixed with existing vegetative waste. During 2016, the landfill accepted 5,778 tons of residential and commercial brush, including cut trees, which was ground into 14,445 cubic yards of mulch. The resulting mulch is reused at the landfill, conserving landfill space and providing a valuable product for use as alternative daily cover and

land reclamation.

As for TreeCycle's role during the holidays, the program offers residents a fast and convenient way to recycle cut trees, although the number of trees collected has dropped from a high of 712 in 2010. This is primarily attributed to the fact that the towns of Stephens City and Middletown now offer their own tree recycling programs, explained Gloria Puffinburger, Solid Waste Manager.

"Christmas tree recycling remains one of the single most popular holiday diversion efforts in the U.S." she said. "Of the approximately 30 million cut trees sold each year, about 93 percent are recycled through community programs such as



TreeCycle. No one wants to see their beloved tree go to waste. This gives the tree a second chance to do some good for the environment."

Other than TreeCycle, residents may consider anchoring their cut tree in their backyard as a habitat for small animals and birds; creating a bird feeding station; providing fish habitat by sinking the tree in a pond; using some greenery as a door swag; or insulating raised flower and vegetable beds with evergreen boughs.

Winter Wonderland

Written by Tony Baker, Marketing Coordinator, Frederick County Parks & Recreation

In 2000, the Parks and Recreation staff created a special event initially held at Sherando Park called "Candyland Christmas". This special event was a driving tour that showcased light displays throughout various picnic shelters in the park. The first year saw 442 cars go through the event and led us to believe we had created a special event. Little did we know, a transformation to a walking tour and sixteen years later, we would have over 32,000 visitors take in the thirty five night event held at Clearbrook Park known as "Walking in a Winter Wonderland".

What makes "Walking in a Winter Wonderland" so special? Simply put "the staff at Frederick County Parks and Recrea-

tion". Prepping for this thirty five day event begins as soon as the prior year ends with staff carefully taking down dozens of light displays and storing them in the park for safe keeping. After the displays come down, staff discusses what was successful, (or not), and how to improve on the customer experience for next year. The summer is filled with acquiring and constructing new displays, contacting event sponsors, making contact with the jolly elf from the North Pole, and putting together the marketing plan for the event. Finally fall arrives and in mid-October, the staff at Clearbrook Park begins to meticulously unpack the displays, present new displays, and hang over 200,000 lights totaling over five miles of light

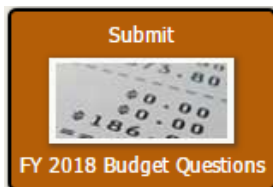


strands in order to be ready for the Friday after Thanksgiving. After on-site part time event staff are hired, full time staff adjusts their schedule and everyone trained, "Walking in a Winter Wonderland" is open to create many new family memories and traditions for another year.

As you read this, Parks and Recreation staff is already preparing for the 2017 edition of "Walking in a Winter Wonderland", an event that has become a local holiday tradition.

Distinguished Budget Award—30th Year

“This is the highest form of recognition in governmental budgeting and represents a significant achievement...”



Frederick County has received the Distinguished Budget Presentation Award for the fiscal year 2017 budget from the Government Finance Officers Association of the United States and Canada (GFOA) for the thirtieth consecutive year. This is the highest form of recognition in governmental budgeting and represents a significant achievement and reflects the commitment of the governing body and staff to meeting the highest principles. In order to receive the budget award, an entity has to satisfy nationally recognized guidelines for effective budget presentation. The guidelines are designed to assess how well a budget serves as a policy document, a financial plan, an opera-

tions guide and a communications device. Budget documents must be rated “proficient” in all four categories and the fourteen mandatory criteria within those categories to receive the award. Award recipients have pioneered efforts to improve the quality of budgeting and provide an excellent example for other governments.

The FY 2017 budget document is available at: www.fcva.us/budget2017.

The formation of the FY 2018 budget is currently underway. The Board of Supervisors and the Finance Committee are currently holding work sessions as the County Administrator and staff prepare a proposed budget

for July 1, 2017—June 30, 2018. The budget calendar, including all tentative work session dates, can be found on the Proposed 2018 Budget webpage at: www.fcva.us/budget2018. Additionally, there is place to submit any budget related questions and the answer will be posted directly to the page.



FY 18 Budget

WORK SESSION

January 18, 2017 - FY 2018 preliminary budget scenarios were discussed at this meeting. The scenarios included only General Fund revenues and expenditures due to school system numbers not being available at this time. Several departmental budget questions were answered. FY 2018 capital requests were discussed in more detail as well as discussions of a future capital needs plan for departments. The Board of Supervisors requested that the County Administrator work on a preliminary list of budget cuts to be provided at the next budget work session on February 1, 2017. Click [here](#) to view handouts.



Board of Supervisors’ Chairman, Charles DeHaven, recognizes Jennifer Place, Budget Analyst, and Cheryl Shiffler, Finance Director, for the award achievement.

Frederick County Finance Committee

Summary of Action Items—FY 2017 QTR 2

The Finance Committee generally meets at 8:00 a.m. on the third Wednesday of each month in the First Floor Conference Room in the County Administration Complex. The committee is comprised of three board members and three citizen members. The Treasurer and the Commissioner of the Revenue serve as non-voting liaisons.

The primary function of the committee is to review matters of a financial nature including proposed changes to fiscal/procurement policies and the review and recommendation for matters of a financial nature coming forward to the Board including, but not limited to, supplemental appropriations, transfers and contracts.

The following were the meeting dates for the second quarter of fiscal year 2017:

October 19, 2016

November 2, 2016

December 21, 2016

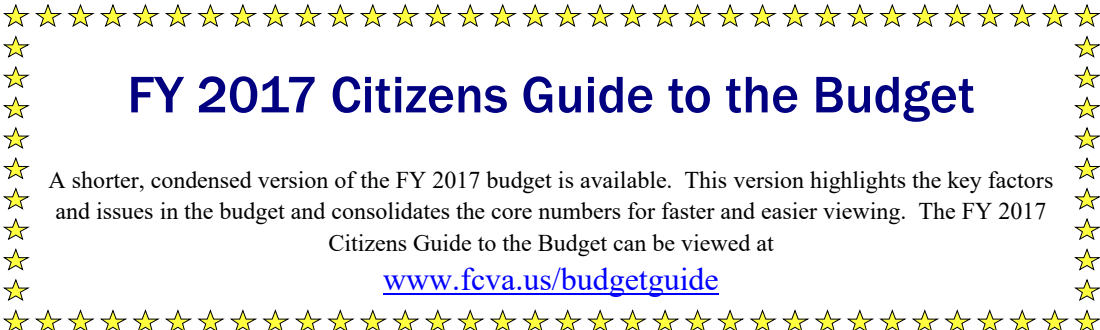
All Finance Committee Agendas and Reports can be found online, www.fcva.us/fincomm.

The following are **General Fund** supplemental appropriation requests which required no local funds:

- \$11,400 for Social Services from additional State funds received;
- \$125 for the Sheriff for donations;
- \$8,536 for the Sheriff from Treasury Department reimbursements;
- \$5,000 for the Sheriff for the Byrne Assistance Program: Naloxone Law Enforcement grant;
- \$17,999 for the Sheriff for the 21 Century Policing Grant;
- \$3,617 for the Sheriff for proceeds from the Sheriff's Sale;
- \$5,096 for Fire & Rescue for an auto claim insurance reimbursement;
- \$16,297 for Fire & Rescue for the unbudgeted portion of the LEMP grant; and
- \$29,263 for VJCCCA to return unspent FY16 funds to the State.

The committee also held discussions on the following topics:

- County committee/commission compensation;
- SCBA grant application for Fire & Rescue;
- FY 2018 budget priorities;
- FY 2018 budget work session; and
- Proposed County debt policies.



FY 2017 Citizens Guide to the Budget

 A shorter, condensed version of the FY 2017 budget is available. This version highlights the key factors and issues in the budget and consolidates the core numbers for faster and easier viewing. The FY 2017 Citizens Guide to the Budget can be viewed at

www.fcva.us/budgetguide

County of Frederick

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Photo courtesy of LeeAnna Pyles
Graphics courtesy of Jeremy Coulson

Connect with Frederick County

Find us. Follow us. Stay connected.

Government-to-citizen communication is evolving rapidly with web technologies and Frederick County is embracing these new ways to reach those we serve.

<http://www.fcva.us/about-us/social-media>



Sign up for e-Notifications!

<http://www.fcva.us/enotification>

Headlines

- *Navy Federal Credit Union will invest \$100 million to expand its Winchester operations center in Frederick County. The project will nearly double Navy Federal's workforce employee-count and physical square footage in Frederick County. Virginia successfully competed for this project, which will create 1,400 new jobs.*
- *Red Robin Gourmet Burgers Inc., Valley Health Urgent Care and a national grocery store anchor will soon be coming to the Rutherford Crossing shopping center located near the intersection of Interstate 81 and Martinsburg Pike (U.S.11).*



Santa paid a visit to our Community Connections meeting at the Public Safety Building on Coverstone Dr. for the Christmas Luncheon. There were 31 in attendance and were informed of Fire Safety. The event was catered with the help of Jordan Springs Market. Special recognition went to Nancy Nesselrodt for her help and assistance to Community Connections.