

FINANCE COMMITTEE REPORT to the BOARD OF SUPERVISORS
Wednesday, October 17, 2018
8:00 a.m.
107 NORTH KENT STREET, WINCHESTER, VIRGINIA

A Finance Committee meeting was held in the First Floor Conference Room at 107 North Kent Street on Wednesday, October 17, 2018 at 8:00 a.m.

ATTENDEES:

Committee Members Present: Judith McCann-Slaughter, Chairman; Gary Lofton; and Angela Rudolph.

Committee Members Absent: Charles DeHaven; Jeffrey Boppe; Ellen Murphy, Commissioner of the Revenue (non-voting liaison); and William Orndoff, Treasurer (non-voting liaison).

Staff present: Cheryl Shiffler, Finance Director; Sharon Kibler, Assistant Finance Director; Jennifer Place, Budget Analyst; Kris Tierney, County Administrator; Rod Williams, County Attorney; Jon Turkel, Assistant Parks & Recreation Director; Tamara Green, DSS Director; and Delsie Jobe, DSS Administrative Manager.

Others Present: Kathleen Bowe, Senior Managing Consultant, PFM Asset Management; and Allison Corbally, Director, PFM Asset Management.

ITEMS REQUIRING ACTION BY BOARD OF SUPERVISORS:

1. The Parks & Recreation Director requests a General Fund supplemental appropriation in the amount of \$174,185 from proffer funds. This amount represents funds needed for a restroom at Northwest Sherando Park. No local funds required. See attached memo and proffer policy, p. 3 – 4. The committee recommends approval.
2. The Social Services Director provides an update on Medicaid expansion. A General Fund supplemental appropriation in the amount of \$290,450.50. This amount represents expected state/federal revenue for Medicaid expansion. See attached memo, p. 5 – 6. The committee recommends approval.

NO ACTION REQUIRED

1. The Finance Director requests discussion on an OPEB Trust. A representative from PFM will present. See attached information, p. 7 – 41.
2. The Finance Committee Chairman has provided FY 2020 budget overview and the FY 2020 budget calendar is attached, see p. 42 – 44.

ITEMS FOR INFORMATION ONLY

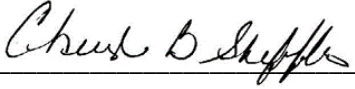
1. The Finance Director provides a Fund 10 Transfer Report for September 2018. See attached, p. 45.
2. The Finance Director provides financial statements ending September 30, 2018. See attached, p. 46 – 56.
3. The Finance Director provides an FY 2019 Fund Balance Report ending October 12, 2018. See attached, p. 57.

4. The Fire & Rescue Chief provides information on training reimbursements as requested at the August 2018 Finance Committee meeting. See attached memo, p. 58 – 59.

Respectfully submitted,

FINANCE COMMITTEE

Judith McCann-Slaughter, Chairman
Gary Lofton
Angela Rudolph

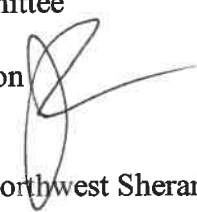
By 

Cheryl B. Shiffler, Finance Director



MEMO

To: Finance Committee

From: Jason Robertson
Director 

Subj: Restroom at Northwest Sherando

Date: October 10, 2018

The Frederick County Parks and Recreation Commission is requesting \$ 174,185 in Parks and Recreation proffer funds for a restroom at Northwest Sherando Park. This project is consistent with the Sherando Park Master Plan, and the restroom building is identified as a priority on the 2018/2019 Capital Improvements Plan. As a regional park the service area of Sherando Park is 15 miles, an area encompassing most of the proffer contributing developments in Frederick County.

The restroom building is part of a larger project currently underway at Sherando Park. Other elements of this project funded by a combination of proffer funds and VDOT grant funds include an entrance road, parking lot, and outdoor gym.

Please feel free to contact me with any questions.

Parks proffer balance @ 9/30/18: 309,122.87

Frederick County
Cash Proffer Policy

As approved by the Board of Supervisors on January 28, 2009.

Proffered funds received by Frederick County will be held for the use specified by the proffer language. In the case of funds proffered to offset impacts to fire and rescue services, in the absence of other proffered specifications, the funds will be earmarked for the first due company in the area of the subject rezoning at the time the proffered funds are received. All proffered funds will be collected, held, and will accumulate until such time as a capital project funding request is received from a qualifying County department, agency, or volunteer fire and rescue company.

Qualifying agency or departmental **requests to access proffered funds shall be submitted to the County=s Finance Department** for processing. In order to qualify as a capital project the following criteria must be met:

- 1) the item or project must have a minimum value of five thousand dollars (\$5,000), and;*
- 2) the item/project must have an anticipated useful life of at least five (5) years.*

The Finance Department will forward requests to the Finance Committee for a recommendation to the Board of Supervisors on the appropriateness of the use of proffered funds for the requested purpose. To assist the Finance Committee and Board in their deliberations requests to utilize proffered funds should include the following: 1) the amount of funds requested, 2) the total project cost, 3) a detailed description of the desired capital project or purchase including a discussion of how recent or anticipated development contributes to the need for the expenditure, and, 4) indicate whether or not the item or project is listed on the County=s Capital Improvements Plan (CIP).

In order to comply with State Code ' 15.2-2-2298 (A) the Planning staff, working in conjunction with the County Attorney, will attempt to insure that cash proffers associated with future rezonings are appropriately addressed through inclusion of relevant capital projects in the County=s CIP prior to acceptance of the proffered funds.

For the purpose of determining whether a project or item is appropriate for individual listing on the CIP only, a threshold value of \$100,000 and useful life of at least five year shall be utilized. (This would not preclude the purchase of capital items valued at less than \$100,000 utilizing proffered funds, where other relevant criteria are met and procedures followed.)

Memo

To: Finance Committee/Cheryl Shiffler
 From: Tamara Green, Director of Social Services
 CC: Delsie D Jobe, Administrative Services Manager
 Date: October 17, 2018
 Re: Medicaid Expansion Update

Update on staffing of 7 new Medicaid positions:

- Benefit Programs Supervisor has been hired, effective October 1, 2018
- Benefit Programs Specialist IV (senior worker), recruitment in progress (Goal: November 1, 2018)
- Benefit Programs Specialist III (3 positions needed), recruitment in progress (Goal: November 1, 2018)
- Benefit Programs Specialist II (1 needed), position was filled on July 1, 2018.
- Office Associate II (1 needed), position has not been recruited; assessing office support needs.

Update on costs related to Medicaid Expansion:

	Project Budget	YTD Exp	Remaining Exp	Proj Yearly Exp	Proj Unspent
Salary & Fringes	\$559,932	\$13,431	\$360,098	\$373,529	\$186,403
Office Furniture & Admin costs	12,000	2,270	1,110	3,380	8,620
Reconstruction of offices	38,000	12,909	23,017	35,926	2,074
	\$609,932	\$28,610	\$384,225	\$412,835	\$197,097

Update on budget versus projected for FY '19:

FY 2019: Original Request	Federal Funding 30% =	\$182,980.00
	Local Funding 70% =	\$426,952.00
	Total =	\$609,932.00
FY 2019: Projected Request	State funds received w/ no local match	= \$238,000.00
	Federal funding of remaining 30% =	\$52,450.50
	Total Federal/State reimbursement =	\$290,450.50
	Local Funding of remaining 70% =	\$122,384.50
	Total projected FY 19 expenses =	\$412,835.00



Frederick County Finance Committee

Other Post-Employment Benefits (“OPEB”) Discussion

October 18, 2018

PFM Asset
Management LLC

4350 N. Fairfax Drive
Suite 580
Arlington, VA 22203

(703) 741-0175
pfm.com



Agenda

- I. Other Post-Employment Benefits (“OPEB”)
- II. Benefits of Funding an OPEB Trust
- III. Establishing an OPEB Trust
- IV. How PFM Can Help
- V. Appendix



Other Post-Employment Benefits ("OPEB")



What is OPEB?

- Other (*than pension*) Post-Employment Benefits
 - Retiree medical, dental, vision, prescription drug, life, and long-term disability and care
- Deemed a form of deferred compensation
- Promise to provide retiree benefits must be accrued during the working years of employees



OPEB Concerns / Considerations

- ◆ Growing liabilities
- ◆ High healthcare inflation rate
- ◆ Compliance with GASB standards
- ◆ New GASB Rules
- ◆ Investment of an OPEB Trust



Frederick County's OPEB Program

◆ Frederick County offers the following benefits to retirees:

◆ If hired prior to July 1, 1995:

- Benefits offered to employees who retire under VRS or after age 50 with at least 20 years of continuous service
- County provides 100% health insurance coverage until eligible for Medicare
- Once eligible for Medicare, County provides 100% supplemental insurance

◆ If hired after July 1, 1995 through June 30, 2012:

- Benefits offered to employees who retire under VRS *with full benefits* and with at least 30 years of continuous service (or at least 25 years for law-enforcement officers)
- County provides 100% health insurance coverage until eligible for Medicare
- Once eligible for Medicare, County provides 100% supplemental insurance

◆ If hired after July 1, 2012

- ***No benefit offered***



History of GASB Accounting Standards for OPEB Providers

- ◆ **Prior to 2004, OPEB liabilities were grossly understated on financial reports of public employers**
- ◆ **GASB standards (GASB 43 and 45) were designed to improve the information reported on OPEB for:**
 - Decision-making and accountability purposes
 - Comparability across governments
 - Transparency
- ◆ **New GASB accounting rules (GASB 74 and 75) have increased the visibility and impact of OPEB liabilities**



Benefits of Funding an OPEB Trust



Common Funding Options

PAYGO or “Pay-as-you-go”



Convenient/
low upfront
costs



Potential
unsustainable
liability



Red flag to
credit raters



Concerns from
constituents



Guaranteed loss
due to inflation

Irrevocable Trust



Sustainable
solution



GFOA best
practice



Lower long-
term
spending



★★★★☆
Appealing
to credit
raters



Addressing
inflation



Access funds
for benefit
payments



GASB
reporting
benefits



Budget
commitment
upfront



Benefits of Funding an OPEB Trust

- ◆ Frederick County has an unfunded OPEB liability of \$39.5 million
- ◆ By prefunding an OPEB Trust, the County is able to:
 - Use a higher interest rate assumption, resulting in a lower actuarial liability
 - Offset its liability with Trust assets
 - Invest for higher potential returns to outpace healthcare inflation
 - Reduce annual costs of paying benefits over time
 - Access funds at any time to pay for retiree OPEB benefits
 - Demonstrate to creditors that you are proactively addressing the growing liabilities

Source: Frederick County Virginia Post-Employment Medical and Life Insurance Benefits Actuarial Valuation as of 11/14/17



A Sustainable OPEB Plan for Frederick County

PayGo vs. Funding an OPEB Trust

	Scenario 1: PayGo	Scenario 2: OPEB Trust*
Discount Rate	3.58%	7.0%
Actuarial Accrued Liability	\$39.5 million	\$24.3 million
Market Value of Assets	\$0	\$10 million
Net OPEB Liability	\$39.5 million	\$14.3 million
Funded Ratio	0.0%	41.2%

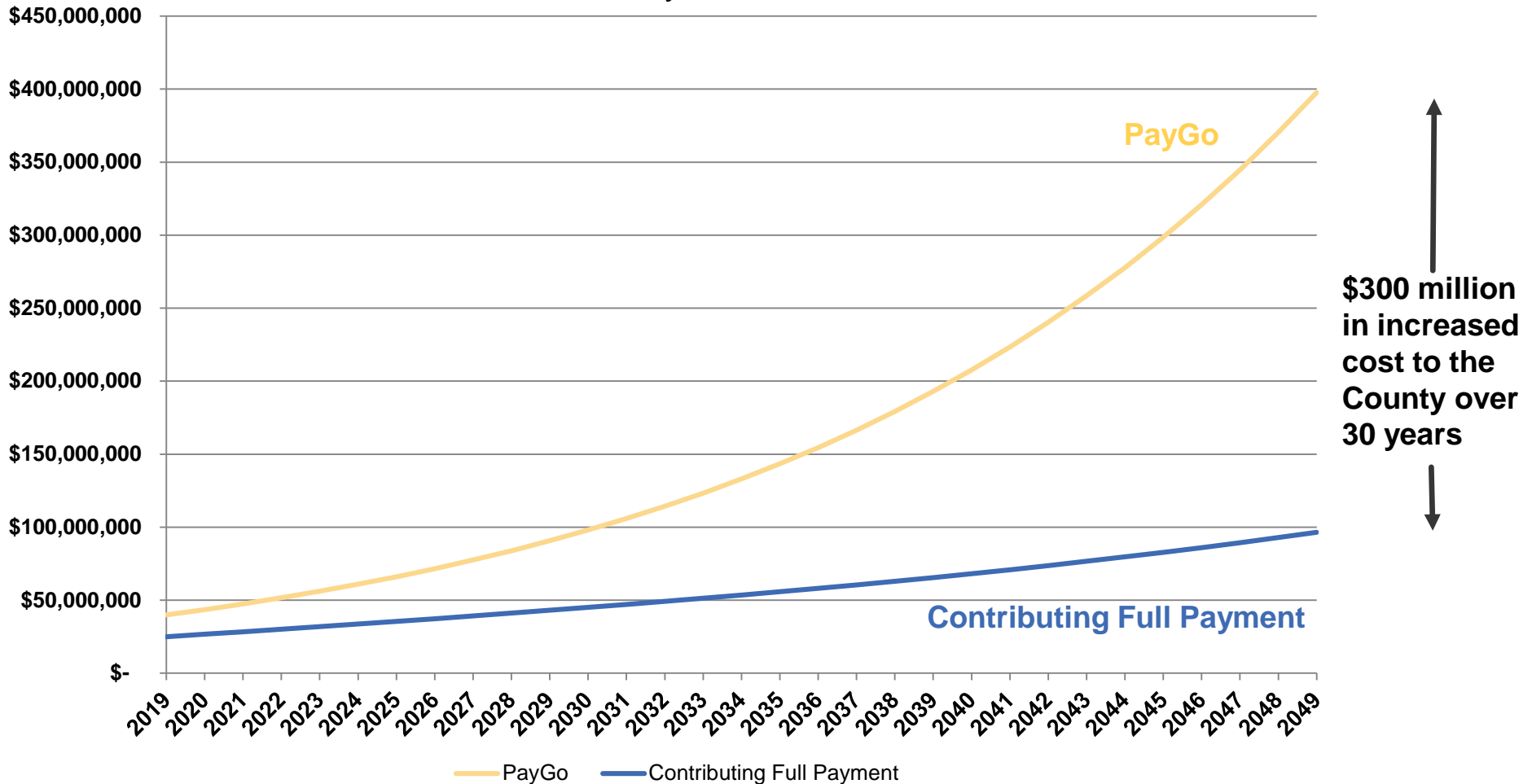
\$25 Million Reduction in Reported Liability

Source: Frederick County Virginia Post-employment Medical and Life Insurance Benefits Actuarial Valuation as of 11/14/17
Assumes \$10 mm contribution is made to OPEB Trust and discount rate of 7.0%. For illustrative purposes only.



PayGo versus Funding an OPEB Trust (Fully Funding)

Total Payments & Net Liabilities

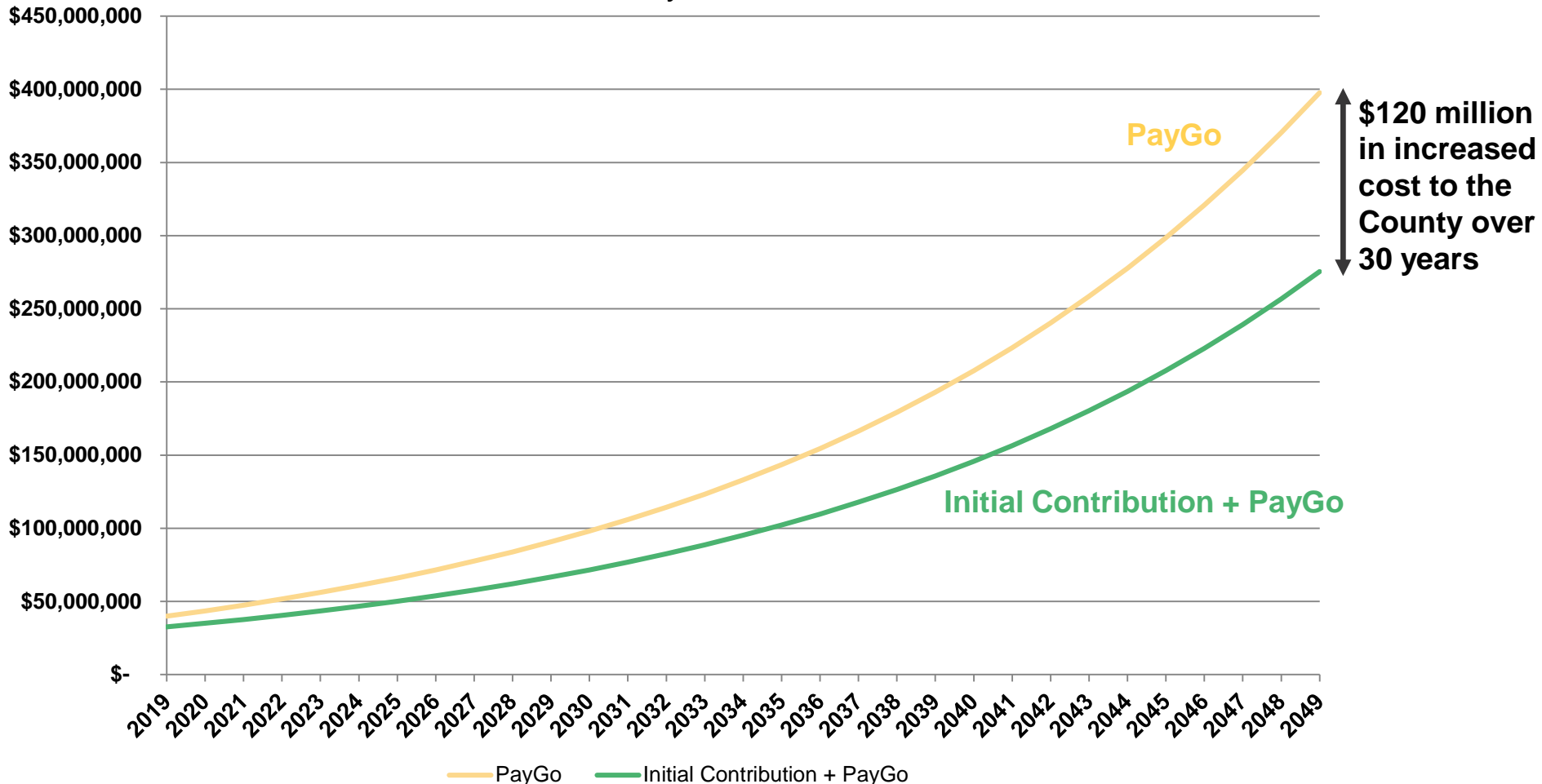


Contributing Full Payment assumes \$10 million contribution in year 1 to fund Trust and ongoing ADC



PayGo versus Funding an OPEB Trust (Initial Contribution)

Total Payments & Net Liabilities



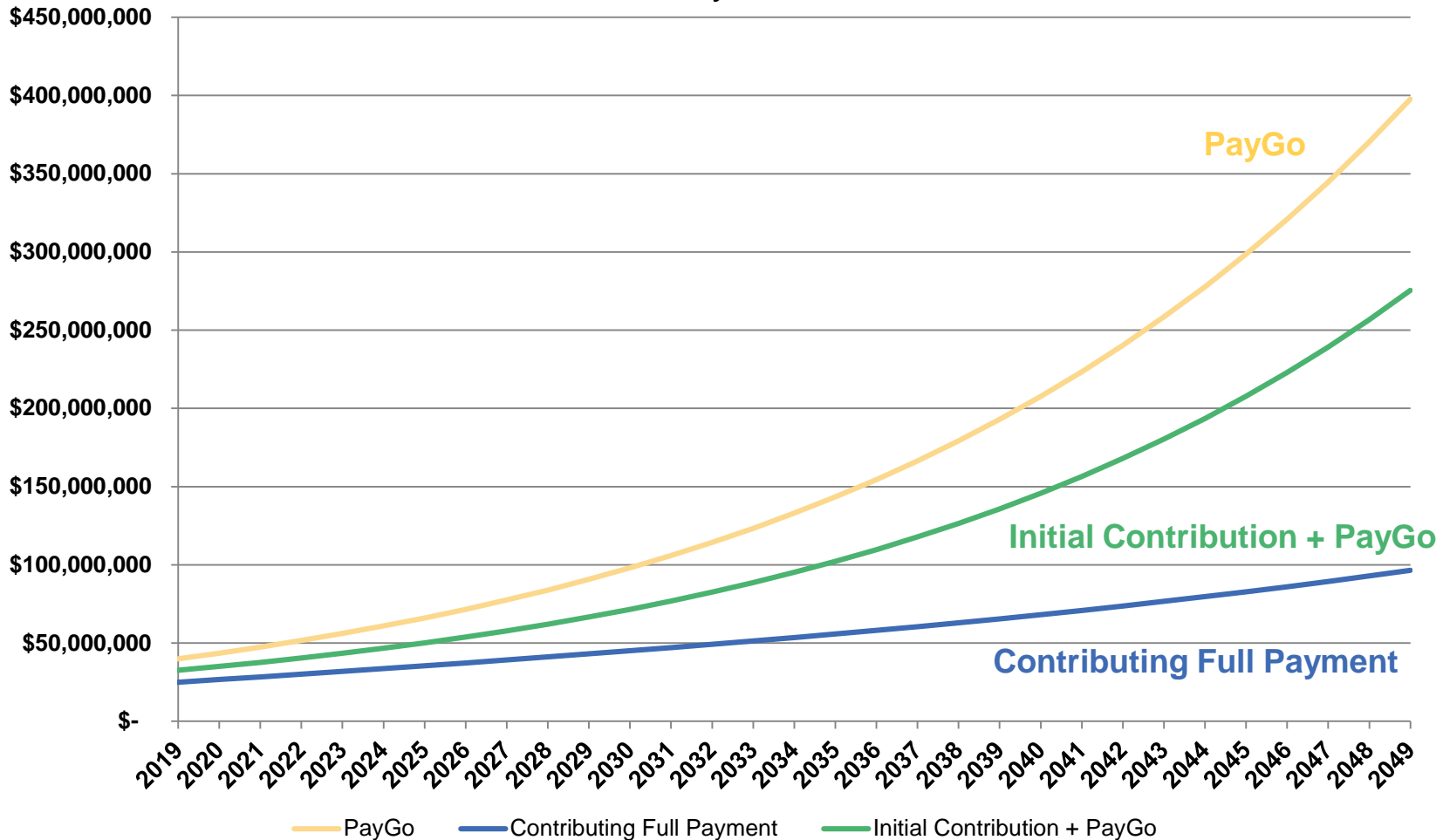
\$120 million in increased cost to the County over 30 years

Initial Contribution Only assumes \$10 million contribution in year 1 to fund Trust but PayGo thereafter



PayGo versus Funding an OPEB Trust

Total Payments & Net Liabilities



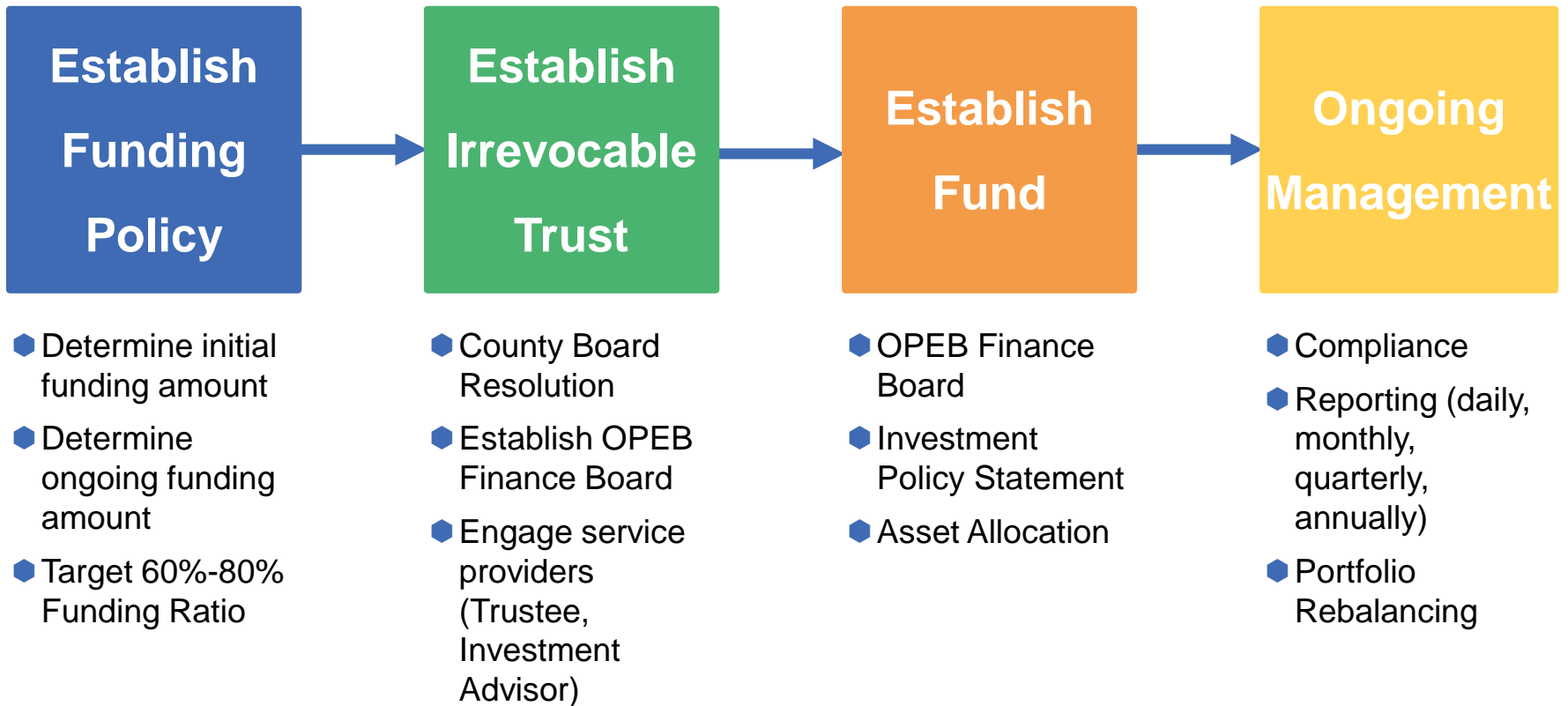
Contributing Full Payment assumes \$20 million contribution in year 1 to fund Trust and ongoing ADC
Initial Payment Only assumes \$10 million contribution in year 1 to fund Trust but PayGo thereafter

The background features a series of overlapping, thick yellow lines that create a stylized, abstract architectural or structural form. The lines are arranged in a way that suggests a series of parallel beams or supports, with some lines extending further than others, creating a sense of depth and perspective. The overall effect is a clean, modern, and geometric design.

Establishing an OPEB Trust



OPEB Funding Roadmap





GASB Rules for an OPEB Trust

Current GASB standards state that to be allowed as a direct balance sheet offset to the OPEB liability, the OPEB assets must have the following characteristics:¹

1. Must be irrevocable;
 2. Remote from creditors; and,
 3. For the exclusive benefit of participants and beneficiaries.
- ◆ Remoteness from creditors has been widely viewed as having two components:
 - The trust is its own legal entity; and,
 - The employer and its agents do not exert specific control over investment of the assets.
 - ◆ Employing a discretionary advisor assists in meeting the remoteness standard.

¹Current GASB Standards 43 & 45



OPEB Trust Requirements in Virginia

- ◆ Chapter 15 (§ 15.2-1544 et seq.) of the Code of Virginia allow Virginia municipalities to develop OPEB Trusts.
- ◆ Virginia Code requires:
 - Assets must be held in an irrevocable trust for the exclusive benefit of providing postemployment benefits to active or former employees
 - Assets may be transferred from one trust or equivalent arrangement to another
 - A finance board must be formed to serve as trustee of the OPEB trust
 - The finance board must consist of the chief financial officer, treasurer, and a citizen of the Commonwealth
 - Alternatively, an established retirement board or deferred compensation board responsible for managing pension benefits may serve as trustee
 - The finance board must meet no less than four times per year
 - Assets must be invested according to the prudent person standard and are not limited by Chapter 45 (§ 2.2-4501 et seq.)



Who Can Help

TRUST CREATION

- ◆ **Actuary** | Regular valuations and scenario evaluation
- ◆ **Auditor** | Confirmation of accounting treatment
- ◆ **Tax counsel/benefits counsel** | Resolution development and legal opinion

ONGOING ADMINISTRATION

- ◆ **Actuary** | Regular valuations
- ◆ **Auditor** | Disclosure and review
- ◆ **Legal Counsel** | Ongoing resolutions
- ◆ **Investment Advisor**
- ◆ **Custody Bank**



Single Employer vs. Multiple Employer Trust

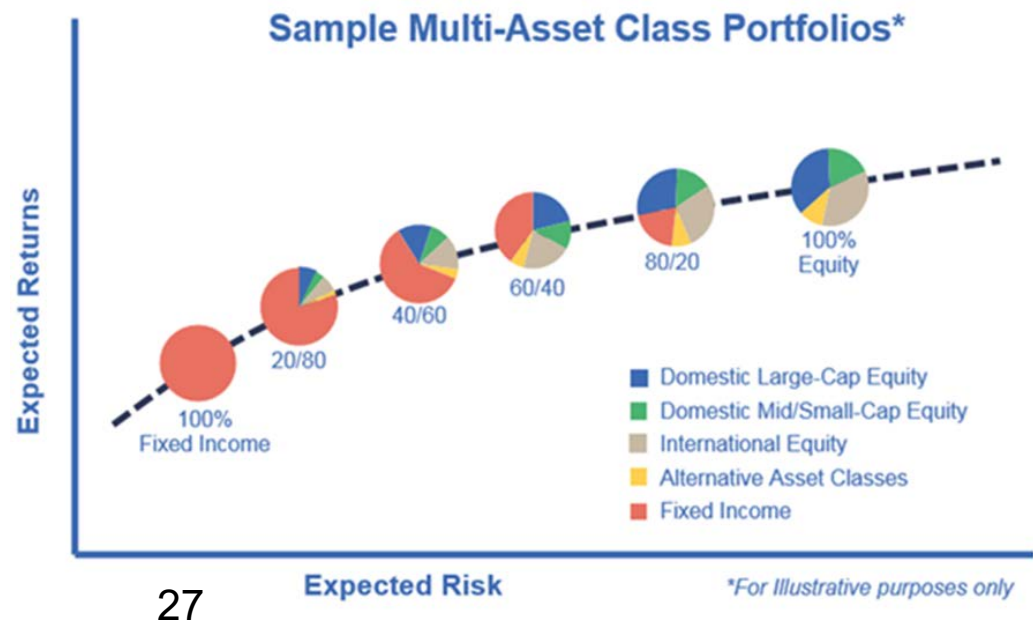
	Single Employer	Multiple Employer
Governing Board	OPEB Finance Board	OPEB Finance Board
Set-up	Start new (or existing trust)	Existing trust
Documents	Created new by attorney, or existing template	Existing master trust (vetted) ¹
IRS Private Ruling	Not required (IRC 115)	Not required
Customization	High	May be limited
Investment Flexibility	High	May be limited
Control	High	May be limited
Fees	Depend on level of assets	Depend on level of assets

¹An adoption agreement and service agreement may contain customization options for employers.



Determining a Customized Asset Allocation

- ◆ Asset allocation is the most important investment decision and has the largest impact on performance.
- ◆ When determining an appropriate asset allocation, the County should consider:
 - Discount rate
 - Funded status
 - Expected risk/return of asset classes
 - Board's risk tolerances
 - Liquidity needs
 - Potential changes to benefit level



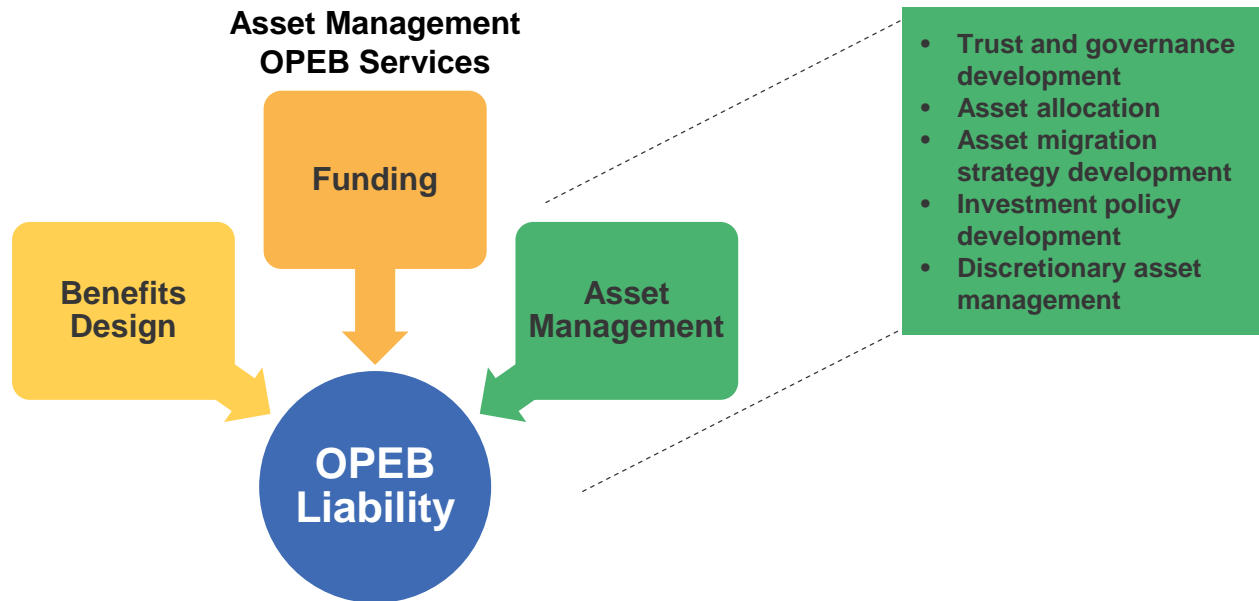


How PFM Can Help



Expertise in Providing OPEB Solutions

- As an investment advisor, PFM's asset management business works with a wide range of clients that have specific OPEB needs.
- We will continue to implement a time-tested investment approach that is customized to reflect the specific needs of the County's OPEB Trust



Amid the ever-changing market and regulatory environment, we believe our clients are best served through a consistent approach to investing.



National OPEB Experience

- Abington Township
- Alameda County Mosquito Abatement District
- Battery Park City Authority
- Blackhawk Technical College
- Brazos County
- City Of Chesapeake
- City Of Culver City
- City Of Lewisville, Texas OPEB
- City Of Roseville OPEB Trust
- City Of Santa Rosa OPEB
- City Of Signal Hill, Ca - OPEB Trust
- City Of Simi Valley, Ca OPEB Trust
- City Of Sunnyvale OPEB Trust
- City Of Tempe
- City Of Titusville
- City Of Victoria, Texas
- City Of West Palm Beach VEBA Trust Fund
- City of Winchester
- City Of Wyoming
- Coachella Valley Water District
- Dallas Area Rapid Transit OPEB
- De River Joint Toll Bridge Commission
- Delaware Transit Corporation
- Eastern Carver County Schools (ISD #112)
- Elk River ISD #728
- Golden Gate Bridge Highway & Trans District
- Grand Rapids Intermediate Sd#318
- Great Lakes Water Authority
- Greater Pennsylvania Carpenters
- Hampton Roads Sanitation District OPEB
- Hanover County
- Howard County OPEB Trust
- IBEW Local #269
- LA County MTA
- Lake Crystal Wellcome Memorial SD
- Lower Gwynedd Township

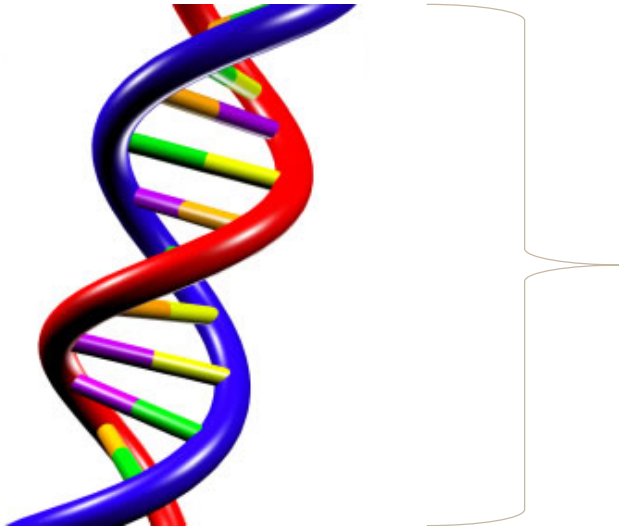


- Mankato Area Schools ISD 77 OPEB Trust
- Massachusetts Port Authority
- Mid-State Technical College-MACM
- Milwaukee Public Schools
- Minneapolis Special School District #1
- Moorhead Area Public Schools ISD 152
- Moraine Park Technical College
- Mt. Lebanon
- New Jersey Economic Development Authority
- New London Spicer OPEB Trust
- New York State Public Schools
- NJ Arm-Atlantic County Utilities Authority
- Northampton County
- Plymouth Township Pension Fund
- Prince William County
- Radnor Township
- Robbinsdale ISD No. 281
- Rochester Public Schools ISD #535
- San Bernardino Municipal Water District
- SEIU Local 32Bj District 36 Building Operators
- Shakopee Public School ISD #720
- Spring Lake Park Schools (ISD#16)
- St Johns County OPEB Trust
- Standard School District
- Strasburg Borough
- The Port Authority Of NY / NJ
- The RWDSU Local 1034
- Town Of Leesburg OPEB Trust
- Upper Gwynedd Township
- Walworth County OPEB
- Warroad ISD No. 690 OPEB Trust
- Waukesha County Technical College
- Wayzata Public Schools
- West Whiteland Township OPEB
- Winona Area Public Schools

As of December 31, 2017. Clients listed include all OPEB clients under discretionary or non-discretionary management. This list does not represent an endorsement of PFM's asset management business or its services.



Importance of Understanding Your Needs



- ◆ Plan Demographics
- ◆ Market Value of Assets
- ◆ Actuarial Value of Assets
- ◆ Actuarial PV of Accumulated Benefits
- ◆ Funded Status
- ◆ Investment Return Assumption
- ◆ Actuarially Determined Contribution
- ◆ Actual Contributions
- ◆ Projected Benefit Payments
- ◆ Benefits Structure
- ◆ Unusual events (litigation, unexpected lump sum payments, etc.)



Enhancing the Finance Board’s Fiduciary Responsibility

Task	Fiduciary Responsibility	
	County	PFM
Determine Goals and Objectives	Co-fiduciary	
Establish Target Asset Allocation	Co-fiduciary	
Create/Modify Investment Policy Statement	Co-fiduciary	
Select, Monitor, and Terminate Investment Managers		PFM
Communicate Allocation and Manager Changes		PFM
Allocate and Rebalance Assets		PFM
Provide Reporting of Investment Performance		PFM
Conduct Investment Education and Training		PFM
Recommend Investment Strategy Changes		PFM

PFM’s asset management business provides unbiased views and recommendations in our role as a fiduciary partner



Our Investment Approach



See Disclosures for additional important information.



Historical Performance – PFM Composites

- We have a 10-year track record of producing strong investment performance relative to established benchmarks.

Strategy/Benchmark	Average Annual Total Returns									No. of Accounts	Assets (in \$ millions)
	2Q18	1 Year	2 Years	3 Years	4 Years	5 Years	7 Years	9 Years	10 Years		
	for periods ended June 30, 2018										
PFM Multi Asset Class 75:25 Composite <i>49% Russell 3000, 26% MSCI ACWI ex US, 25% Barclays Aggregate</i>	1.55% 1.18%	10.38% 8.98%	11.64% 11.51%	8.07% 7.50%	6.76% 6.28%	9.09% 8.69%	8.32% 8.10%			3	8.7
PFM Multi Asset Class 70:30 Composite <i>46% Russell 3000, 24% MSCI ACWI ex US, 30% Barclays Aggregate</i>	1.30% 1.11%	9.56% 8.36%	11.23% 10.69%	8.02% 7.14%	6.89% 6.01%	9.05% 8.29%	8.28% 7.78%	10.62% 9.93%		22	977.9
PFM Multi Asset Class 65:35 Composite <i>42% Russell 3000, 23% MSCI ACWI ex US, 35% Barclays Aggregate</i>	1.01% 0.97%	8.27% 7.67%	9.83% 9.86%	6.90% 6.72%	5.95% 5.66%	7.97% 7.82%	7.44% 7.36%	9.75% 9.43%	6.82% 6.50%	50	2,117.6
PFM Multi Asset Class 60:40 Composite <i>39% Russell 3000, 21% MSCI ACWI ex US, 40% Barclays Aggregate</i>	1.05% 0.90%	8.01% 7.06%	9.32% 9.05%	6.81% 6.36%	5.83% 5.39%	7.83% 7.42%	7.36% 7.03%	9.55% 9.01%		111	2,002.9
PFM Multi Asset Class 55:45 Composite <i>36% Russell 3000, 19% MSCI ACWI ex US, 45% Barclays Aggregate</i>	0.78% 0.83%	6.50% 6.45%	7.80% 8.25%	5.64% 6.00%	4.95% 5.12%	6.98% 7.01%	6.74% 6.69%	9.00% 8.58%		12	469.1
PFM Multi Asset Class 50:50 Composite <i>33% Russell 3000, 17% MSCI ACWI ex US, 50% Barclays Aggregate</i>	0.81% 0.75%	6.66% 5.84%	7.75% 7.46%	6.00% 5.64%	5.20% 4.85%	7.06% 6.61%	6.81% 6.36%	8.87% 8.15%		37	449.8

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate. Data shown is prior to the deduction of investment advisory fees. GIPS compliant composite presentations are available upon request.



Ongoing Reporting and Communication

We will maintain transparency & accountability through:

Portfolio Alerts

- Updates on manager or allocation changes
- Updates on market events

Reporting

- Consolidated monthly statement
- Monthly market updates
- Quarterly performance reporting

Education

- Ongoing education for staff, board, and Trustees
- Educational workshops and seminars

Multi-Asset Class Portfolio Update
February 24, 2017

EVENT
The PFM Asset Management, LLC ("PFMAM") Multi-Asset Class Investment Committee (the "Committee") has made the following changes to client portfolios:
 • Terminated the Vanguard Real Estate Investment Trust ("REIT") Index Fund and transferred those proceeds to international equities.
 • Maintained underweight to fixed income by modestly reducing fixed income allocation, thereby resulting in an increased total equity overweight.
 The Committee still maintains a favorable view of domestic equity markets relative to their international peers in addition to equity markets relative to fixed income. Portfolios will remain overweight domestic equities. However, the tactical underweight to international equity will be diminished.

SUMMARY
Over the last several months, economic data and business sentiment have improved. This has largely

QUARTERLY MARKET SUMMARY
For the Quarter Ended March 31, 2017
Multi-Asset Class Management

THE ECONOMY
The third and final reading of fourth quarter U.S. Gross Domestic Product ("GDP") released at the end of March came in at an unexpected rate of 2.1%, while the first two readings were 1.9% and 1.8% respectively. Consumer spending continued to be a major driver of growth, outpacing expectations by increasing 2.4% for the quarter. Corporate profits rose 0.2% from the third quarter and 2.2% year-over-year ("YOY"). As expected, trade contributed growth by contributing 1.8%, the most since 2004. With the fourth quarter reading finalized, the economy grew at 2.0% clip in 2016. Equity markets continued rallies from 2016 during the first quarter on the back of solid employment data and positive economic data market sentiment. Despite a weak March reading, released in April, employment

U.S. Real GDP Growth (Seasonally Adjusted)
Bar chart showing quarterly U.S. Real GDP growth from 2010 to 2017. Values range from 1.8% to 2.4%.

Multi-Asset Class | May 2017
Monthly Market Review

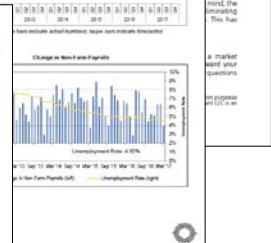
U.S. Equity
Following a recent March domestic equity market, represented by the S&P 500 index (SPX), ended April up 1.1%. Despite the positive news, domestic equity markets trended negative over the first two thirds of the month. However, they rose sharply in the last third of the month. The S&P 500 index closed the month at 2,018.75, up 1.1% from the start of the month. Performance was based on broad-based market gains, as well as a rebound in the technology sector. The S&P 500 index was up 1.1% for the month, with a 1.4% gain in the technology sector. The S&P 500 index was up 1.1% for the month, with a 1.4% gain in the technology sector.

Non-U.S. Equity
Non-U.S. equity markets were positive for the first consecutive month in April. Bond emerging market (EM) and developed markets (represented by the MSCI EAFE index) ended the month with annual returns of 1.8% and 1.4% respectively. Performance has been driven by changes in emerging markets. EM gained 2.1% in April and up 10.7% year to date (YTD). The MSCI EAFE index was up 1.4% during the month, ending at 1,172.00, up 1.4% from the start of the month. The MSCI EAFE index was up 1.4% during the month, ending at 1,172.00, up 1.4% from the start of the month.

Fixed Income
The Bloomberg Barclays U.S. Aggregate index moderately rose 0.8% in a month-end and larger aim pullback on the month. Investment grade (IG) ended the month up 0.8%, as it pulled in line with the Bloomberg Barclays Emerging Markets (EM) index. The Bloomberg Barclays U.S. Corporate index was up 0.7% for the month, ending at 1,172.00, up 0.7% from the start of the month.

Other Asset Classes
The first quarter earnings season should begin to gain more steam during May. While general business has been strong during the first quarter, markets have outpaced expectations of positive performance. Q1 earnings growth for S&P 500 companies was 10.1%, up from 9.1% in 2016. The first quarter earnings season should begin to gain more steam during May. While general business has been strong during the first quarter, markets have outpaced expectations of positive performance. Q1 earnings growth for S&P 500 companies was 10.1%, up from 9.1% in 2016.

Items to Watch
At the end of April, the Trump administration unveiled a plan to cut the top marginal tax rate from 35% to 25% for individuals. The plan also includes a 15% rate for corporations. The plan also includes a 15% rate for corporations. The plan also includes a 15% rate for corporations.





Opportunities for Frederick County

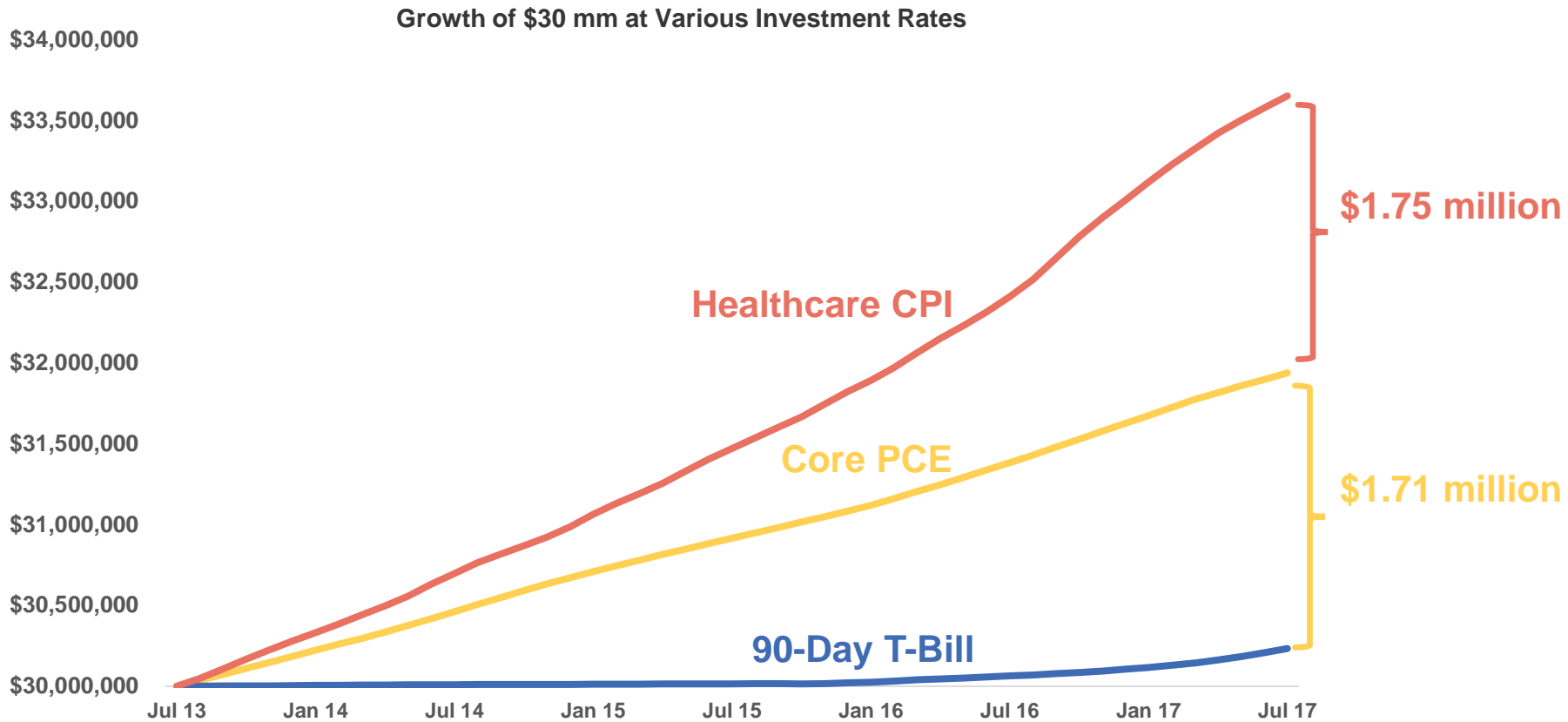
- ◆ By establishing an independent OPEB Trust and engaging PFM as investment advisor and fiduciary partner to the Frederick County Finance Board, the County has the opportunity to:
 - Develop a **customized** investment policy and **customized** asset allocation
 - Improve performance and future ability to achieve discount rate
 - Meet its fiduciary responsibility with complete control over the OPEB Trust's investment strategy
 - Access education and training opportunities



Appendix



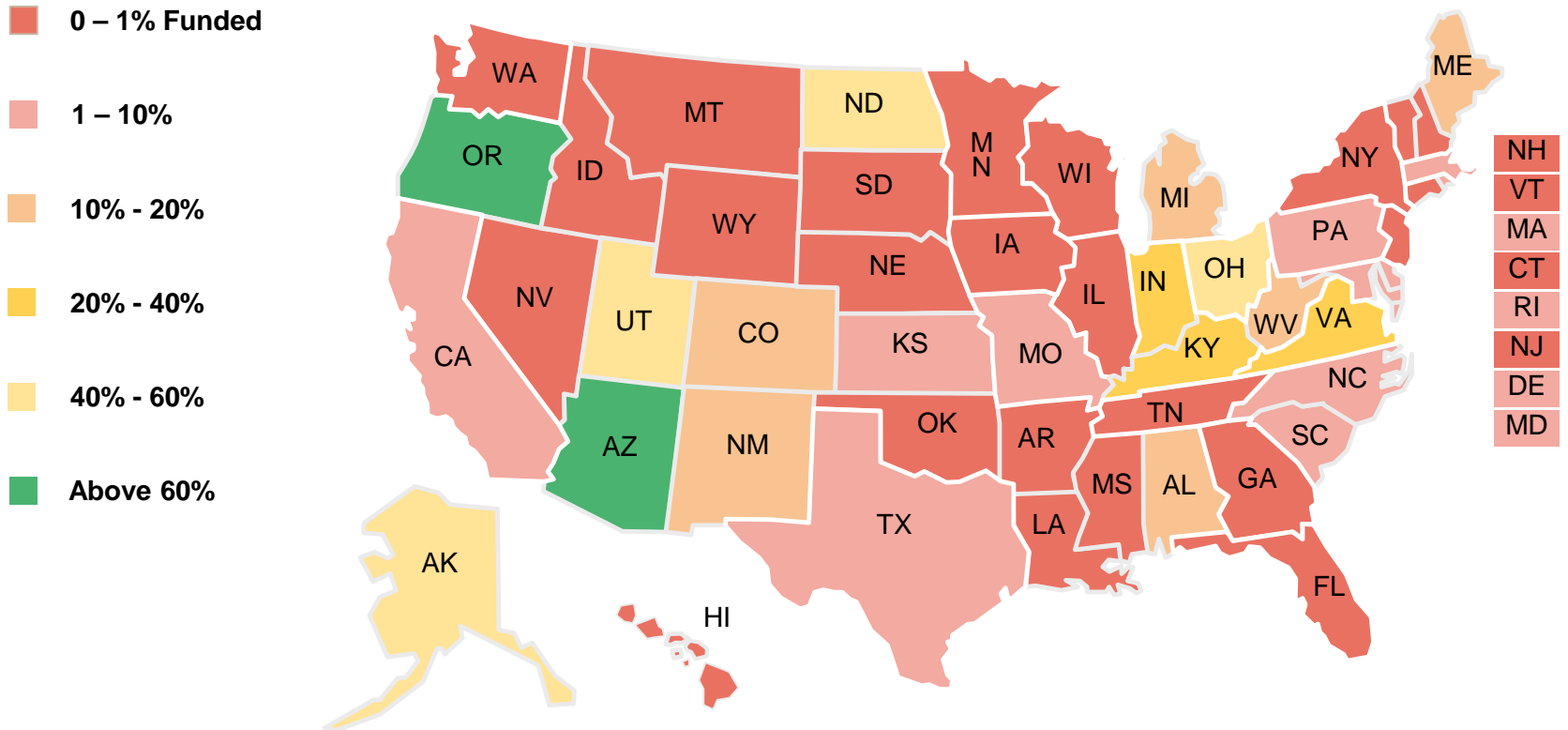
OPEB Liabilities Grow at Faster Rate than General Funds



Source: Bureau of Labor Statistics, Bloomberg. For illustrative purposes only. Calculations are based on an initial investment of \$30,000,000.



Most States Lag in OPEB Funding



Source: Standard & Poor's 2016



GASB 74/75 – Impact on Financials

GASB Change	Expense Volatility	Impact on Liabilities
Unfunded liability moved from notes to balance sheet	—	↑
Accrued unfunded liability recognized immediately, not amortized	—	↑
Lower discount rate mandated for projected unfunded benefits	↑	↑
Shorter, closed amortization periods	↑	—
Pooled cost-sharing plans report allocated liabilities, expenses	—	↑
ARC requirement eliminated, funding & accounting separated	?	?



Disclosures

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PFM is the marketing name for a group of affiliated companies providing a range of services. All services are provided through separate agreements with each company. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation.

Financial advisory services are provided by PFM Financial Advisors LLC and Public Financial Management, Inc. Both are registered municipal advisors with the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB) under the Dodd-Frank Act of 2010. Investment advisory services are provided by PFM Asset Management LLC which is registered with the SEC under the Investment Advisers Act of 1940. Swap advisory services are provided by PFM Swap Advisors LLC which is registered as a municipal advisor with both the MSRB and SEC under the Dodd-Frank Act of 2010, and as a commodity trading advisor with the Commodity Futures Trading Commission. Additional applicable regulatory information is available upon request.

Consulting services are provided through PFM Group Consulting LLC. Institutional purchasing card services are provided through PFM Financial Services LLC. PFM's financial modelling platform for strategic forecasting is provided through PFM Solutions LLC.

For more information regarding PFM's services or entities, please visit www.pfm.com.

TO: County Administration
FROM: Judith McCann-Slaughter, Finance Committee Chairman
SUBJECT: FY 20 Budget Overview
DATE: October 20, 2018

I would like to thank all departments who I have spoken with as well as those who sent me information regarding their upcoming budgets. To those departments that I have not spoken with, I look forward to having discussions during the upcoming budget process.

The purpose of this memo is to highlight preliminary FY 20 budget information that we know at this time and those areas that are considered uncertain. It is my hope that this information will give you guidance while compiling your budget requests and provide you with an understanding of the overall county budget.

Capital funding has been handled numerous ways over the past decade. We have funded capital in the operating budget as a one-time expense and we have also done supplemental appropriations from fund balance after year-end for capital requests not funded in the budget. Transportation funding for the school system and public safety continue to be emphasized. We have developed a vehicle replacement matrix to allow us to identify critical replacement needs and are currently pursuing a capital funding policy that could be funded annually.

Additional funding for staffing is one of the largest budget considerations that occurs during the budget process. This past year, an emphasis was placed on funding firefighter positions. While the demand will continue for firefighters, the demand for school resource officers, teachers, social service workers and other

administrative positions continues. Another issue that we will be facing in the near future is the retirement of many senior staff within the Fire and Rescue Department. This matter will require a strategic succession plan so that operations continue smoothly through this transitional period. We will always balance our resources with our needs for staffing. In the past two fiscal years, we have added 138 employees to our workforce during the budget adoption with 90 going to schools, 27 to fire and rescue and the remaining 21 to judicial, social services, public safety and administration. Discussions on employee retention with competitive salaries will continue to take place so that we can retain our valuable staff's knowledge.

Too often, the budget process is driven with the uncertainties. These uncertainties can often change the entire strategy of budget discussions from the beginning to the end. An example from last fiscal year was Medicaid expansion that was approved by the state after the County's budget was adopted. Other uncertainties include state funding, VRS retirement rates, health insurance, and property reassessments.

As always, we will work together in the upcoming months and develop a budget that recognizes our priorities and ability to fund those priorities. I have attached a tentative FY 2020 budget calendar for your convenience.

Budget Calendar

FY 2019-2020

October 17, 2018	Finance Committee Chairman presents Budget Directive to Finance Committee
October 25, 2018	Budget requests and directive sent to Departments
November 26, 2018	Budget requests from departments and outside agencies due back to the Finance Department
December 19, 2018	Budget Worksession following Finance Committee meeting. Preliminary discussion on notebooks, scenarios and department presentations (Time TBD)
January 16, 2019	Budget Worksession, 4:00 P.M. – Commissioner of the Revenue Reassessment Presentation
February 5, 2019	School Superintendent presents proposed budget to School Board (tentative)
February 13, 2019	Budget Worksession prior to BOS meeting
February 19, 2019	School Board Budget Public Hearing (tentative)
February 20, 2019	Budget Worksession 4 P.M. Joint Board of Supervisors/School Board meeting, School Board budget presentation to Board of Supervisors (tentative)
February 27, 2019	Budget Worksession prior to BOS meeting
March 6, 2019	Budget Worksession, 4 P.M.
March 13, 2019	Final Budget Worksession, prior to BOS meeting
March 19, 2019	Budget Advertisement in newspaper
March 27, 2019	Public Hearing on Budget
April 10, 2019	Budget Adoption

BUDGET TRANSFERS SEPTEMBER 2018

DATE	DEPARTMENT/GENERAL FUND	REASON FOR TRANSFER	FROM	TO	ACCT	CODE	AMOUNT
9/4/2018	HUMAN RESOURCES	INTERIM PAY FOR HR	1203	1001	000	043	7,101.36
	HUMAN RESOURCES		1203	1001	000	001	(7,101.36)
9/17/2018	PARKS AND RECREATION ADMINISTRATION	FREDERICK HEIGHTS PARK SEWER PIPES	7101	3002	000	000	(2,850.62)
	CLEARBROOK PARK		7109	8900	000	000	2,850.62
9/18/2018	FIRE AND RESCUE	B.A.7/25/18 TRAINING OFFICERS	3505	5408	000	000	11,250.00
	FIRE AND RESCUE		3505	9201	000	002	(11,250.00)
9/25/2018	COUNTY OFFICE BUILDINGS/COURTHOUSE	EMERGENCY ROOF REPAIRS FREDERICK COUNTY MIDDLE SCHOOL	4304	5101	000	000	(1,000.00)
	COUNTY OFFICE BUILDINGS/COURTHOUSE		4304	3004	000	010	1,000.00
	COUNTY OFFICE BUILDINGS/COURTHOUSE		4304	5405	000	007	(1,000.00)
	COUNTY OFFICE BUILDINGS/COURTHOUSE		4304	3004	000	010	1,000.00
	COUNTY OFFICE BUILDINGS/COURTHOUSE		4304	5407	000	007	(500.00)
	COUNTY OFFICE BUILDINGS/COURTHOUSE		4304	3004	000	010	500.00
9/25/2018	ANIMAL SHELTER	FUNDS TO COMPLETE THE DESIGN PHASE/TRAINING CENTER	4305	5413	000	000	(1,000.00)
	ANIMAL SHELTER		4305	3002	000	002	1,000.00
9/25/2018	COUNTY OFFICE BUILDINGS/COURTHOUSE	MATERIALS AND SUPPLIES FREDERICK COUNTY MIDDLE SCHOOL	4304	5101	000	006	(150.00)
	COUNTY OFFICE BUILDINGS/COURTHOUSE		4304	5400	000	010	150.00
9/25/2018	MANAGEMENT INFORMATION SYSTEMS	VERIZON, VITA, & COMCAST FOR THE YEAR	1222	5401	000	000	(600.00)
	MANAGEMENT INFORMATION SYSTEMS		1222	5204	000	000	600.00
9/26/2018	COUNTY OFFICE BUILDINGS/COURTHOUSE	PAY WATER AND SEWER FREDERICK COUNTY MIDDLE SCHOOL	4304	5407	000	007	(200.00)
	COUNTY OFFICE BUILDINGS/COURTHOUSE		4304	5103	000	010	200.00
9/28/2018	TREASURER	PROMOTIONS 9/18	1213	1001	000	058	(5,121.73)
	TREASURER		1213	1001	000	036	5,121.73
	COMMONWEALTH'S ATTORNEY		2201	1003	000	000	(1,801.58)
	COMMONWEALTH'S ATTORNEY		2201	1001	000	051	1,801.58
	COMMONWEALTH'S ATTORNEY		2201	1003	000	000	(2,806.54)
	COMMONWEALTH'S ATTORNEY		2201	1001	000	005	2,806.54
	COMMONWEALTH'S ATTORNEY		2201	1001	000	048	(2,495.47)
	COMMONWEALTH'S ATTORNEY		2201	1001	000	045	2,495.47
10/3/2018	FIRE AND RESCUE	Additional Field Position	3505	1001	000	012	(20,000.00)
	FIRE AND RESCUE		3505	1001	000	123	20,000.00
	FIRE AND RESCUE		3505	1001	000	102	(5,000.00)
	FIRE AND RESCUE		3505	1001	000	123	5,000.00
	FIRE AND RESCUE		3505	1001	000	126	(5,000.00)
	FIRE AND RESCUE		3505	1001	000	123	5,000.00
10/4/2018	SHERIFF	THERMAL IMAGER	3102	8001	5409	002	(8,400.00)
	SHERIFF		3102	8001	8001	000	8,400.00

County of Frederick
General Fund
September 30, 2018

ASSETS	FY19 <u>9/30/18</u>	FY18 <u>9/30/17</u>	Increase <u>(Decrease)</u>
Cash and Cash Equivalents	53,074,204.27	52,334,174.14	740,030.13 *A
Petty Cash	1,555.00	1,555.00	0.00
Receivables:			
Taxes, Commonwealth, Reimb. P/P	51,705,759.93	48,846,637.05	2,859,122.88
Streetlights	12,853.01	16,264.11	(3,411.10)
Miscellaneous Charges	66,104.41	45,154.83	20,949.58
Due from Fred. Co. San. Auth.	657,083.23	657,083.23	0.00
Prepaid Postage	3,159.98	1,875.22	1,284.76
GL controls (est.rev / est. exp)	<u>(3,935,036.83)</u>	<u>(11,928,440.85)</u>	<u>7,993,404.02</u> (1) Attached
TOTAL ASSETS	<u>101,585,683.00</u>	<u>89,974,302.73</u>	<u>11,611,380.27</u>
LIABILITIES			
Accrued Liabilities	2,997.72	6,389.97	(3,392.25)
Retainage Payable	47,010.53	0.00	47,010.53
Performance Bonds Payable	717,529.06	1,235,203.19	(517,674.13)
Taxes Collected in Advance	143,984.34	115,003.97	28,980.37
Deferred Revenue	<u>51,757,398.68</u>	<u>48,897,197.46</u>	<u>2,860,201.22</u> *B
TOTAL LIABILITIES	<u>52,668,920.33</u>	<u>50,253,794.59</u>	<u>2,415,125.74</u>
EQUITY			
Fund Balance			
Reserved:			
Encumbrance General Fund	1,199,764.60	1,533,544.81	(333,780.21) (2) Attached
Conservation Easement	4,779.85	4,779.85	0.00
Peg Grant	377,100.38	234,066.38	143,034.00
Prepaid Items	949.63	949.63	0.00
Advances	657,083.23	657,083.23	0.00
Employee Benefits	93,120.82	93,120.82	0.00
Courthouse Fees	408,676.25	362,751.09	45,925.16
Historical Markers	17,661.79	17,455.99	205.80
Animal Shelter	1,226,179.07	1,151,175.27	75,003.80
Sheriff's Reserve	1,000.00	1,000.00	0.00
Proffers	5,332,706.68	4,155,969.57	1,176,737.11 (3) Attached
Parks Reserve	17,631.82	12,413.70	5,218.12
E-Summons Funds	163,429.73	78,269.19	85,160.54
VDOT Revenue Sharing	436,270.00	436,270.00	0.00
Undesignated Adjusted Fund Balance	<u>38,980,408.82</u>	<u>30,981,658.61</u>	<u>7,998,750.21</u> (4) Attached
TOTAL EQUITY	<u>48,916,762.67</u>	<u>39,720,508.14</u>	<u>9,196,254.53</u>
TOTAL LIAB. & EQUITY	<u>101,585,683.00</u>	<u>89,974,302.73</u>	<u>11,611,380.27</u>

NOTES:

*A Cash increase includes an increase in revenue, expenditures, fund balance and a decrease in transfers (refer to the comparative statement of revenues, expenditures, transfers and change in fund balance).

*B Deferred revenue includes taxes receivable, street lights, misc. charges, dog tags, and motor vehicle registration fees.

BALANCE SHEET

(1) GL Controls	FY19	FY18	Inc/(Decrease)
Est.Revenue	179,885,919	171,849,936	8,035,982
Appropriations	(79,309,019)	(81,838,148)	2,529,130
Est.Tr.to Other fds	(105,711,701)	(103,473,774)	(2,237,928)
Encumbrances	1,199,765	1,533,545	(333,780)
	(3,935,037)	(11,928,441)	7,993,404

(2) General Fund Purchase Orders 9/18

DEPARTMENT	Amount
County Office Buildings	32,400.00 Control System CAB 37,940.00 Upgrade Building Automation System(HVAC) CAB 2,500.00 Roof Repair Frederick County Middle School 7,374.00 Control Board Elevator
Fire and Rescue	47,300.00 Uniforms 10,230.18 Emergency Lighting, Siren, Console inclues Installation for Ford F-250 Training Purpose: 8,662.61 Emergency Lighting 16,664.00 Washer Extractor With Installation
IT	21,133.06 (13) Dell Laptops and (10) Desktop
Parks	2,138.62 Frederick Heights Design 40,355.15 Outdoor Gym & Installation Sherando 1,601.60 Lighting Replacement/Display 3,045.40 Battlefield Half Marathon Trophies 37,790.00 Pedestrian Bridge Replacement Clearbrook Park 145,525.00 Frederick Heights Park Trail 28,692.15 2019 Ford F-250 560.40 Agricultural Supplies 527,200.00 Sherando Park Recreation Access Project 30,795.50 Event Shirts
Public Safety	5,650.00 Sand for Volleyball Courts 40,438.46 Carousel Installation Project Management 30,375.00 ITS Equipment& Emergency Notification Software & Service 22,790.37 Antennas
Sheriff	9,517.12 Radio Equipment 3,382.36 Police Dog Training Equipment 6,969.00 Lewis Machine and Tool Short Barrell Rifle 4,540.00 One Solution Software and Installation Service 3,851.53 Body Armor Vest Carriers (48) 5,276.64 Combat Uniforms 10,395.00 Breaching Tool& Power Cartridges 39,929.58 Ammunition 2,900.00 (100) Rifle Slings 5,313.90 Tactical Handheld Thermal Monocular 3,343.00 Ballistic Shield Armor 3,184.97 Durango Investigator Includes Lighting, Mounts, and Inverter
Total	1,199,764.60

(3)Proffer Information	SCHOOLS	PARKS	FIRE & RESCUE	Designated Other Projects	TOTAL
Balance 9/30/18	2,751,622.38	261,836.67	463,712.91	1,855,534.72	5,332,706.68

Designated Other Projects Detail

Administration	327,492.71
Bridges	14,714.00
Historic Preservation	158,000.00 12/11/14 Board Action designated \$50,000 for final debt payment
Library	200,857.01 on the Huntsberry property.
Rt.50 Trans.Imp.	10,000.00
Rt. 50 Rezoning	25,000.00
Rt. 656 & 657 Imp.	25,000.00
RT.277	162,375.00
Sheriff	81,706.00
Solid Waste	12,000.00
Stop Lights	52,445.00
Treasurer	700.00
BPG Properties/Rt.11 Corridor	330,000.00
Blackburn Rezoning	452,745.00
Clearbrook Bus.Ctr.Rezoning	2,500.00
Total	1,855,534.72

Other Proffers 9/30/18

(4) Fund Balance Adjusted	
Ending Balance 9/18	44,462,187.89
Revenue 9/18	16,460,378.48
Expenditures 9/18	(20,578,048.74)
Transfers 9/18	(1,364,108.81)
9/18 Ending Balance	38,980,408.82

County of Frederick
 Comparative Statement of Revenues, Expenditures
 and Changes in Fund Balance
 September 30, 2018

REVENUES:	<u>Appropriated</u>	FY19 9/30/18 <u>Actual</u>	FY18 9/30/17 <u>Actual</u>	YTD Actual <u>Variance</u>
General Property Taxes	123,179,515.00	5,256,779.44	5,091,796.13	164,983.31 (1)
Other local taxes	36,959,731.00	3,608,394.27	3,638,034.23	(29,639.96) (2)
Permits & Privilege fees	1,838,386.00	534,315.22	519,495.81	14,819.41 (3)
Revenue from use of money and property	526,810.00	468,728.28	294,440.19	174,288.09 (4)
Charges for Services	3,061,899.00	718,946.98	630,445.45	88,501.53
Miscellaneous	530,579.31	155,352.54	132,351.89	23,000.65
Recovered Costs	1,618,949.00	235,477.42	154,637.21	80,840.21 (5)
Proffers	0.00	351,276.18	318,612.15	32,664.03 (5)
Intergovernmental:				
Commonwealth	12,170,049.24	5,067,939.54	4,867,068.52	200,871.02 (6)
Federal	0.00	7,168.28	4,943.15	2,225.13 (7)
Insurance Recoveries	0.00	3,104.33	0.00	3,104.33
Transfers	0.00	52,896.00	0.00	52,896.00
TOTAL REVENUES	179,885,918.55	16,460,378.48	15,651,824.73	808,553.75
EXPENDITURES:				
General Administration	12,875,792.26	4,789,871.00	4,471,910.82	317,960.18
Judicial Administration	2,924,157.74	733,662.18	618,974.91	114,687.27
Public Safety	38,702,859.20	9,384,201.44	9,178,011.55	206,189.89
Public Works	6,244,841.46	1,370,548.17	1,095,471.58	275,076.59
Health and Welfare	9,787,663.00	2,111,179.35	2,099,433.85	11,745.50
Education	81,080.00	20,270.00	19,080.00	1,190.00
Parks, Recreation, Culture	8,484,929.78	1,788,376.52	1,697,146.94	91,229.58
Community Development	2,184,007.71	379,940.08	331,876.98	48,063.10
TOTAL EXPENDITURES	81,285,331.15	20,578,048.74	19,511,906.63	1,066,142.11 (8)
OTHER FINANCING SOURCES (USES):				
Operating transfers from / to	103,735,388.83	1,364,108.81	6,672,748.51	(5,308,639.70) (9)
Excess (deficiency)of revenues & other sources over expenditures & other uses	(5,134,801.43)	(5,481,779.07)	(10,532,830.41)	(5,051,051.34)
Fund Balance per General Ledger		44,462,187.89	41,514,489.02	2,947,698.87
Fund Balance Adjusted to reflect Income Statement 9/30/18		38,980,408.82	30,981,658.61	7,998,750.21

(1)General Property Taxes	FY19	FY18	Increase/Decrease
Real Estate Taxes	1,805,726	1,772,395	33,331
Public Services	(348)	(2,250)	1,902
Personal Property	3,210,096	3,091,544	118,551
Penalties and Interest	174,445	165,096	9,349
Credit Card Chgs./Delinq.Advertising	(44,580)	(41,302)	(3,277)
Adm.Fees For Liens&Distress	111,441	106,313	5,127
	5,256,779	5,091,796	164,983

(2) Other Local Taxes

Local Sales Tax	1,205,415.51	1,117,296.19	88,119.32
Communications Sales Tax	99,161.71	101,601.31	(2,439.60)
Utility Taxes	398,755.24	466,622.38	(67,867.14) *1
Business Licenses	404,218.57	516,916.21	(112,697.64)
Auto Rental Tax	23,515.03	22,227.47	1,287.56
Motor Vehicle Licenses Fees	106,001.84	108,758.69	(2,756.85)
Recordation Taxes	502,190.52	432,105.14	70,085.38
Meals Tax	766,655.31	770,032.42	(3,377.11)
Lodging Tax	102,061.74	101,984.42	77.32
Street Lights	238.80	310.00	(71.20)
Star Fort Fees	180.00	180.00	-
Total	3,608,394.27	3,638,034.23	(29,639.96)

(3)Permits&Privileges

Dog Licenses	15,086.00	14,474.00	612.00
Transfer Fees	885.37	904.50	(19.13)
Development Review Fees	91,618.00	107,560.00	(15,942.00)
Building Permits	324,620.62	275,627.53	48,993.09
2% State Fees	7,628.73	7,505.78	122.95
Electrical Permits	30,375.50	37,300.00	(6,924.50)
Plumbing Permits	9,619.00	6,046.00	3,573.00
Mechanical Permits	19,429.00	28,997.00	(9,568.00)
Sign Permits	475.00	2,550.00	(2,075.00)
Blasting Permits	105.00	105.00	-
Land Disturbance Permits	33,623.00	37,726.00	(4,103.00)
Commercial Pump and Haul Fee	500.00	500.00	-
Residential Pump and Haul Fee	50.00	-	50.00
Transfer Development Rights	300.00	200.00	100.00
Total	534,315.22	519,495.81	14,819.41

(4) Revenue from use of

Money	467,225.48	292,028.81	175,196.67
Property	1,502.80	2,411.38	(908.58)
Total	468,728.28	294,440.19	174,288.09

*1 Timing of the receipt of the revenue in FY19.

(5) Recovered Costs	FY19	FY18	Increase/Decrease
	9/30/2018	9/30/2017	
Recovered Costs Social Services	7,883.18	-	7,883.18
Recovered Cost Fire Companies	74,999.00	-	74,999.00
Recovered Costs Sheriff	19,600.00	5,250.00	14,350.00
Reimbursement Circuit Court	2,552.14	2,830.84	(278.70)
Reimb.Public Works/Planning Clean Up	450.00	575.00	(125.00)
Clarke County Container Fees	11,552.08	14,799.20	(3,247.12)
City of Winchester Container Fees	9,326.80	11,700.96	(2,374.16)
Refuse Disposal Fees	21,806.73	30,076.63	(8,269.90)
Recycling Revenue	22,301.45	28,321.72	(6,020.27)
Container Fees Bowman Library	155.46	615.44	(459.98)
Reimb.of Expenses Gen.District Court	8,470.17	7,899.73	570.44
Reimb.Task Force	16,975.92	15,385.44	1,590.48
Comcast PEG Grant	21,888.00	21,589.50	298.50
Fire School Programs	11,930.00	8,635.00	3,295.00
Clerks Reimbursement to County	2,551.72	2,741.86	(190.14)
Reimb. Sheriff	3,034.77	4,215.89	(1,181.12)
Subtotal Recovered Costs	235,477.42	154,637.21	80,840.21
Proffer Sovereign Village	29,269.84	-	29,269.84
Proffer Lynnhaven	-	3,378.31	(3,378.31)
Proffer Redbud Run	25,816.00	6,454.00	19,362.00
Proffer Canter Estates	-	36,791.73	(36,791.73)
Proffer Southern Hills	39,280.00	68,740.00	(29,460.00)
Proffer Snowden Bridge	242,267.34	188,605.11	53,662.23
Proffer Cedar Meadows	14,643.00	14,643.00	-
Subtotal Proffers	351,276.18	318,612.15	32,664.03
Grand Total	586,753.60	473,249.36	113,504.24

*1 Millwood Debt Payment

(6) Commonwealth Revenue	FY19	FY18	
	9/30/2018	9/30/2017	Increase/Decrease
Motor Vehicle Carriers Tax	38,825.41	22,886.25	15,939.16
Mobile Home Titling Tax	25,731.33	23,550.00	2,181.33
Recordation Taxes	124,578.44	89,753.60	34,824.84
P/P State Reimbursement	2,610,611.27	2,610,611.27	-
Shared Expenses Comm.Atty.	86,764.29	87,316.53	(552.24)
Shared Expenses Sheriff	381,560.75	358,956.01	22,604.74
Shared Expenses Comm.of Rev.	36,262.18	35,133.06	1,129.12
Shared Expenses Treasurer	25,511.22	24,863.04	648.18
Shared Expenses Clerk	69,533.05	68,207.93	1,325.12
Public Assistance Grants	1,100,997.39	1,099,421.66	1,575.73
Four-For-Life Funds	88,718.24	85,262.32	3,455.92
Emergency Services Fire Program	260,328.00	251,441.00	8,887.00
DMV Grant Funding	7,885.39	7,114.69	770.70
State Grant Emergency Services	13,238.88	5,800.00	7,438.88
JJC Grant Juvenile Justice	32,090.00	32,090.00	-
Rent/Lease Payments	64,899.72	47,497.49	17,402.23
Wireless 911 Grant	41,331.67	11,601.44	29,730.23
State Forfeited Asset Funds	7,537.47	5,434.73	2,102.74
Victim Witness-Commonwealth Office	51,534.84	-	51,534.84
F&R OEMS Reimbursement	-	127.50	(127.50)
Total	5,067,939.54	4,867,068.52	200,871.02

County of Frederick

General Fund

September 30, 2018

(7) Federal Revenue	FY19	FY18	Increase/Decrease
Federal Forfeited Assets DOJ	-	443.33	(443.33)
Federal Funds Sheriff	7,168.28	4,499.82	2,668.46
Total	7,168.28	4,943.15	2,225.13

(8) Expenditures

Expenditures increased \$1,066,142.11. **General Administration** increased \$317,960.18 and includes \$163,585.88 in IT for firewall support, switch and smartnet contract, and switch replacement core data network. **Public Safety** increased \$206,189.89. Inspections purchased (2) 2018 F-150 Ford 4x4 trucks at a cost of \$55,570.50, Fire and Rescue (2) F-250 Ford pickup truck for \$55,570.50 and Isimulate training that includes IPADS with stethoscopes costing \$33,120. **Public Works** increased \$275,076.59 and includes the \$179,217.00 for the Stephenson Compactor Site and an Engineering purchase for a 2018 Ford F-150 4x4 at a cost of \$28,408.00. The transfers decreased \$5,308,639.70. See chart below:

(9) Transfers Decreased (\$5,308,639.70)	FY19	FY18	Increase/Decrease
Transfer to School Operating	542,862.45	1,032,255.77	(489,393.32) *1
Transfer to Debt Service County	196,886.61	1,225,349.55	(1,028,462.94) *2
Transfer School Operating Capital	503,416.47	-	503,416.47 *3
Operational Transfers	120,943.28	91,523.19	29,420.09 *4
Board Contingency	0.00	4,323,620.00	(4,323,620.00) *5
Total	1,364,108.81	6,672,748.51	(5,308,639.70)

*1 School Operating FY19 was \$542,862.45 C/F Encumbrances. FY18 was \$1,032,255.77 C/F encumbrances.

*2 Payments includes the Bowman Library and the City of Winchester for Courtroom, Roof, and HVAC Projects.

*3 School Operating Capital includes \$316,537.71 that represents a carry forward of unspent, restricted grant funds and \$186,878.76 carry forward of unspent funds for the purchase of a school bus and security equipment.

*4 Timing of Insurance Charge Outs.

*5 Board of Supervisors Capital.

County of Frederick
 FUND 11 NORTHWESTERN REGIONAL ADULT DETENTION CENTER
 September 30, 2018

ASSETS	FY2019 <u>9/30/18</u>	FY2018 <u>9/30/17</u>	Increase <u>(Decrease)</u>
Cash	9,261,178.00	8,218,950.81	1,042,227.19 *1
GL controls(est.rev/est.exp)	<u>(1,499,578.40)</u>	<u>(1,001,682.50)</u>	<u>(497,895.90)</u>
TOTAL ASSETS	<u>7,761,599.60</u>	<u>7,217,268.31</u>	<u>544,331.29</u>
LIABILITIES			
Accrued Operating Reserve Costs	<u>2,551,494.10</u>	<u>2,507,247.00</u>	<u>44,247.10</u>
TOTAL LIABILITIES	<u>2,551,494.10</u>	<u>2,507,247.00</u>	<u>44,247.10</u>
EQUITY			
Fund Balance Reserved			
Encumbrances Undesignated	42,731.52	17,479.60	25,251.92
Fund Balance	<u>5,167,373.98</u>	<u>4,692,541.71</u>	<u>474,832.27 *2</u>
TOTAL EQUITY	<u>5,210,105.50</u>	<u>4,710,021.31</u>	<u>500,084.19</u>
TOTAL LIABILITY & EQUITY	<u>7,761,599.60</u>	<u>7,217,268.31</u>	<u>544,331.29</u>

NOTES:

*1 Cash increased \$1,042,227.19. Refer to the following page for comparative statement of revenues and expenditures and changes in fund balance.

*2 Fund balance increased \$474,832.27. The beginning balance was \$5,566,043.76 and includes adjusting entries, budget controls for FY19(\$1,316,409.00), and the year to date revenue less expenditures of \$917,739.22.

Current Unrecorded Accounts Receivable-	<u>FY19</u>
Prisoner Billing:	33,574.78
Compensation Board Reimbursement 9/18	<u>483,290.44</u>
Total	516,865.22

County of Frederick
Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
September 30, 2018

FUND 11 NORTHWESTERN REGIONAL ADULT DETENTION CENTER

REVENUES:	<u>Appropriated</u>	FY2019 9/30/18 <u>Actual</u>	FY2018 9/30/17 <u>Actual</u>	YTD Actual <u>Variance</u>
Credit Card Probation	-	99.88	24.38	75.50
Interest		-	-	-
Supervision Fees	56,096.00	11,232.00	3,795.00	7,437.00
Drug Testing Fees	1,000.00	85.00	50.00	35.00
Work Release Fees	350,628.00	69,219.89	60,206.62	9,013.27
Prisoner Fees from other localities	0.00	0.00	0.00	0.00
Federal Bureau Of Prisons	0.00	0.00	110.00	(110.00)
Local Contributions	7,824,994.00	3,856,829.50	3,865,373.00	(8,543.50)
Miscellaneous	7,501.00	833.34	705.84	127.50
Phone Commissions	400,000.00	0.00	29,771.16	(29,771.16)
Food & Staff Reimbursement	80,000.00	4,671.40	8,728.10	(4,056.70)
Elec.Monitoring Part.Fees	97,000.00	65,174.31	12,235.26	52,939.05
Share of Jail Cost Commonwealth	1,350,000.00	0.00	0.00	0.00
Medical & Health Reimb.	85,000.00	10,306.74	11,716.83	(1,410.09)
Shared Expenses CFW Jail	5,400,000.00	765,485.48	624,909.53	140,575.95
State Grants	276,233.00	0.00	0.00	0.00
D.J.C.P. Grant	0.00	0.00	0.00	0.00
Local Offender Probation	277,467.00	0.00	0.00	0.00
Bond Proceeds	0.00	0.00	0.00	0.00
Transfer From General Fund	5,266,848.00	1,297,977.50	1,348,614.75	(50,637.25)
TOTAL REVENUES	21,472,767.00	6,081,915.04	5,966,240.47	115,674.57
EXPENDITURES:	23,015,076.92	5,164,175.82	4,877,332.53	286,843.29
Excess(Deficiency)of revenues over expenditures	(1,019,162.10)	917,739.22	1,088,907.94	(171,168.72)
FUND BALANCE PER GENERAL LEDGER		<u>4,249,634.76</u>	<u>3,603,633.77</u>	<u>646,000.99</u>
Fund Balance Adjusted To Reflect Income Statement 9/30/18		5,167,373.98	4,692,541.71	474,832.27

County of Frederick
Fund 12 Landfill
September 30, 2018

ASSETS	FY2019 9/30/18	FY2018 9/30/17	Increase (Decrease)
Cash	39,037,217.33	35,914,726.49	3,122,490.84
Receivables:			
Accounts Receivable			
Fees	888,765.56	822,469.99	66,295.57 *1
Accounts Receivable Other	4,528.35	6,595.68	(2,067.33)
Allow.Uncollectible Fees	(84,000.00)	(84,000.00)	0.00
Fixed Assets	47,529,650.90	47,158,186.20	371,464.70
Accumulated Depreciation	(31,283,925.70)	(29,232,078.83)	(2,051,846.87)
GL controls(est.rev/est.exp)	<u>(3,733,748.00)</u>	<u>(2,805,641.32)</u>	<u>(928,106.68)</u>
TOTAL ASSETS	<u>52,358,488.44</u>	<u>51,780,258.21</u>	<u>578,230.23</u>
LIABILITIES			
Accounts Payable	-	-	
Accrued VAC.Pay and Comp TimePay	173,153.49	158,608.75	14,544.74
Accrued Remediation Costs	13,126,481.90	12,807,957.65	318,524.25 *2
Retainage Payable	0.00	0.00	0.00
Deferred Revenue Misc.Charges	<u>4,528.35</u>	<u>6,595.68</u>	<u>(2,067.33)</u>
TOTAL LIABILITIES	<u>13,304,163.74</u>	<u>12,973,162.08</u>	<u>331,001.66</u>
EQUITY			
Fund Balance			
Reserved:			
Encumbrances	385,830.55	452,516.68	(66,686.13) *3
Land Acquisition	1,048,000.00	1,048,000.00	0.00
New Development Costs	3,812,000.00	3,812,000.00	0.00
Environmental Project Costs	1,948,442.00	1,948,442.00	0.00
Equipment	3,050,000.00	3,050,000.00	0.00
Undesignated			
Fund Balance	<u>28,810,052.15</u>	<u>28,496,137.45</u>	<u>313,914.70</u> *4
TOTAL EQUITY	<u>39,054,324.70</u>	<u>38,807,096.13</u>	<u>247,228.57</u>
TOTAL LIABILITY AND EQUITY	<u>52,358,488.44</u>	<u>51,780,258.21</u>	<u>578,230.23</u>

NOTES:

*1 Landfill receivables increased \$66,295.57. Landfill fees at 9/18 were \$610,998.38 compared to \$586,190.13 at 9/17 for an increase of \$24,808.25. Delinquent fees at 9/18 were \$322,988.67 compared to \$266,128.06 at 9/17 for an increase of \$56,860.61.

*2 Remediation increased \$318,524.25 and includes \$271,591.00 for post closure and \$46,933.25 interest.

*3 The encumbrance balance at 9/30/18 was \$385,830.55 and includes \$31,819.55 for a 2019 Ford F-250, \$345,228.00 for a 2018 CAT 963K track loader, and \$8,783.00 for a Woods rotary cutter.

*4 Fund balance increased \$313,914.70. The beginning balance was \$31,691,389.40 and includes adjusting entries, budget controls for FY19(\$30,199), C/F Landfill projects(\$3,706,000), and \$854,861.75 for year to date revenue less expenses.

County of Frederick
 Comparative Statement of Revenue, Expenditures
 and Changes in Fund Balance
 September 30, 2018

FUND 12 LANDFILL REVENUES	Appropriated	FY2019	FY2018	YTD
		9/30/18 Actual	9/30/17 Actual	Actual Variance
Credit Card Charges	0.00	1,270.96	823.13	447.83
Interest on Bank Deposits	120,000.00	17,997.50	5,351.75	12,645.75
Salvage and Surplus	75,000.00	44,698.65	42,159.11	2,539.54
Sanitary Landfill Fees	6,562,000.00	1,803,718.82	1,527,222.59	276,496.23
Charges to County	0.00	161,832.20	143,170.92	18,661.28
Charges to Winchester	0.00	43,388.55	37,448.64	5,939.91
Tire Recycling	142,500.00	59,683.89	65,959.55	(6,275.66)
Reg. Recycling Electronics	91,200.00	15,015.00	14,905.00	110.00
Greenhouse Gas Credit Sales	0.00	29,680.82	0.00	29,680.82
Miscellaneous	0.00	72.00	0.00	72.00
Wheel Recycling	0.00	0.00	0.00	0.00
Charges for RTOP	0.00	0.00	0.00	0.00
Renewable Energy Credits	168,402.00	41,411.70	47,947.86	(6,536.16)
Landfill Gas To Electricity	312,837.00	77,261.66	80,796.23	(3,534.57)
Insurance Recoveries		4,872.23		
Waste Oil Recycling		0.00	0.00	0.00
TOTAL REVENUES	7,471,939.00	2,300,903.98	1,965,784.78	330,246.97
Operating Expenditures	5,567,138.00	833,241.07	756,636.08	76,604.99
Capital Expenditures	6,024,379.55	612,801.16	31,093.70	581,707.46
TOTAL Expenditures	11,591,517.55	1,446,042.23	787,729.78	658,312.45
Excess(deficiency)of revenue over expenditures	(4,119,578.55)	854,861.75	1,178,055.00	(323,193.25)
Fund Balance Per General Ledger		27,955,190.40	27,318,082.45	637,107.95
FUND BALANCE ADJUSTED		28,810,052.15	28,496,137.45	313,914.70

County of Frederick, VA
Report on Unreserved Fund Balance
October 12, 2018

Unreserved Fund Balance, Beginning of Year, July 1, 2018	46,153,037
 Prior Year Funding & Carryforward Amounts	
C/F forfeited asset funds	(30,998)
C/F Fire Company Capital	(224,818)
C/F Capital impact study	(59,067)
C/F Sheriff auto claim reimbursement	(15,191)
C/F Parks projects	(324,382)
C/F compactor rehab	(19,500)
C/F Middletown convenience site	(45,000)
C/F Stephenson convenience site	(385,342)
C/F spay/neuter program	(6,521)
C/F design/build animal shelter addition	(6,727)
C/F county admin bldg maintenance projects	(31,044)
C/F School Operating	(503,416)
	(1,652,007)
 Other Funding / Adjustments	
COR refund - Ascar Leasing	(2,521)
COR refund - BMW Financial	(2,790)
COR refund - Bowman Properties	(3,283)
COR refund - Capital Meats	(23,136)
Sheriff SWAT vehicle	(175,000)
COR refund - Acar Leasing	(3,026)
COR refund - Toyota Leasing	(4,087)
	(213,843)
 Fund Balance, October 12, 2018	 44,287,188



Dennis D. Linaburg
Fire Chief

MEMORANDUM

TO: The Frederick County Finance Committee

FROM: Dennis D. Linaburg, Chief
Fire and Rescue Department

SUBJECT: Training Reimbursement Information

DATE: October 3, 2018

As requested at the August Finance Committee meeting, the Frederick County Fire and Rescue Department follows the County's policy regarding tuition assistance for employees seeking Advanced Life Support (ALS) certification and/or degrees.

The Department routinely covers the cost of tuition and books for courses taken through an accredited college or university solely for ALS advancement. Employees are required to sign the Tuition Agreement, indicating they understand the conditions applicable to advanced tuition payment. I have attached a copy of the Tuition Agreement for your review.

While uncommon, the Department has withheld pay from employees who did not meet or maintain the conditions of the Tuition Agreement.

If you have any questions or would like to further discuss the information provided, please do not hesitate to contact me.

attachment (1)

cc: file

DDL:mhn



County of Frederick Human Resources Department Tuition Agreement

Employee Name: _____ Emp #: _____ Department: _____

Request approval to take the following course(s) listed below under the conditions as set forth in the County's training policy.

University/College Name: _____

Address: _____

Semester/Quarter: _____

Course Name:	Credits:	Tuition Cost:	Book Fee:
Budget Line Item #	Sub Total:		

Grand Total:

Per the conditions of the Frederick County Human Resources Policy Manual, §IX, I agree to:

- a. Achieve a grade of "B" or better for the graduate program or for the undergraduate class.
- b. Agree to remain employed with the County for a period of not less than 1 year for each 18 hours taken in the graduate program or from the end date of the last satisfactorily completed undergraduate class.
- c. Should I choose not to complete the graduate program, I will reimburse all funds paid by the County toward the program.
- d. Should I successfully complete the program or class but leave the employment of the County prior to completing the period of service as set forth above, the prorated amount of funding for service not rendered shall be repaid to the County.

By signing, I agree to the conditions as set forth above, and have received, read and understand the Training Policy referenced in the Human Resource Policy Manual.

Employee Signature: _____ Date: _____

Approved Denied Department Head Signature: _____

Approved Denied Director of HR Signature: _____

Approved Denied County Administrator Signature: _____

Received: _____

Approved/Denied copy to Dept/Employee: _____

Copy of Grades/Receipts Received: _____