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FISCAL YEAR

2023

JULY 1, 2022-JUNE 30, 2023

# POPULAR ANNUAL FINANCIAL REPORT

In this data-driven world, we face a steady influx of facts, figures and statistics. Sorting through this information can be daunting and putting the information to good use can be a difficult task.

We are pleased to share with you the Frederick County Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2023.

In an effort to provide you with easily accessible, reliable information, the PAFR provides a brief analysis of where County revenue comes from and where those dollars go in a short and concise format.

The PAFR is presented in an effort 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. It is intended to be a supplement to the 2023 Annual Comprehensive Financial Report (ACFR), not a replacement. It does not conform to accounting principles generally accepted in the United States of America (GAAP) and focuses solely on Governmental Activities. Financial information related to the County Schools, Landfill, Adult Detention Center, Regional Airport, Shawneeland, and Court Services are not included.

Although the PAFR is not audited and excludes many material disclosures, financial statements, schedules and notes to the financial statements, figures are extracted from the County's ACFR. The County's financial statements are prepared using the financial reporting model prescribed by the Governmental Accounting Standards Board (GASB) and are independently audited in accordance with auditing standards generally accepted in the United States of America by the accounting firm of Robinson, Farmer, Cox Associates of Charlottesville, VA. We encourage you to read the ACFR, which is comprised of detailed financial statements, notes, schedules and reports. The ACFR, in its entirety, is available in the Frederick County Finance Department and online at [www.fcva.us/CAFR](http://www.fcva.us/CAFR)



Government Finance Officers Association

## Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**County of Frederick  
Virginia**

For its Annual Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

## CONNECT WITH US

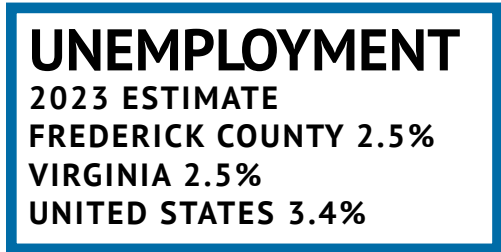
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Keep up-to-date on information from the Finance Department at [www.fcva.us/finance](http://www.fcva.us/finance) and all-things Frederick County Government through our NewsRoom at [www.fcva.us/news](http://www.fcva.us/news)

# OUR COMMUNITY

Frederick County, at the tip of the Northern Shenandoah Valley, is 72 miles northwest of Washington, D.C., and in the Northernmost corner of the state of Virginia. The County, which covers 424 square miles and borders the West Virginia line, was established in 1738. The County sits at the mouth of the Shenandoah Valley which stretched 200 miles between two mountain ranges - The Blue Ridge Mountains to the east and the Allegheny Mountains to the west.

The Valley is bound by two rivers, the Potomac River to the north and the James River to the south. Its county administrator form of government was established in 1971. In the southeastern portion of the county, there are two incorporated towns, Stephens City and Middletown. Frederick County is the 13th largest county in Virginia by population, is home to the 19th largest school division in Virginia, and 27.4% of residents hold bachelors degrees or higher.

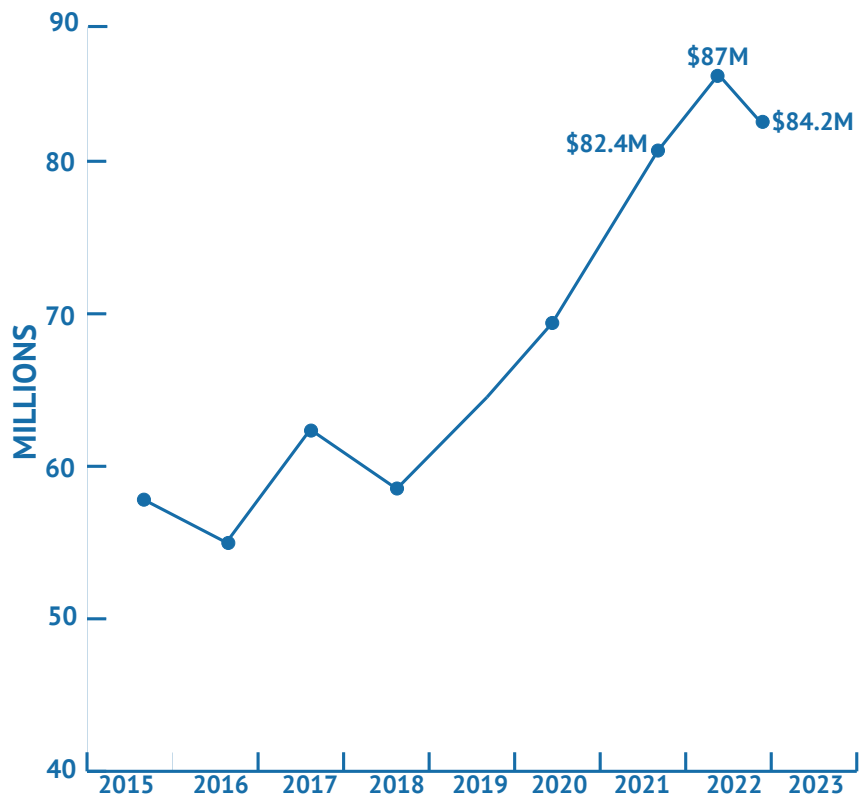


Frederick County is located in the northernmost tip of the Shenandoah Valley at the top of Virginia.

# FY 2023 GENERAL FUND: TOTAL FUND BALANCE

Fund Balance is the excess dollars of what the County owns (assets) over what the County owes (liabilities) in the current year. Fund balance is a critical factor in financial planning and budgeting, provides for unforeseen expenses or emergencies, reduces the need for short-term borrowing for operations by assuring sufficient cash flow, and demonstrates financial stability, which enhances bond rating, thereby lowering debt issuance costs.

The County's fund balance decreased \$3 million from FY22 to FY23 due to expenditures exceeding revenues. The primary factor resulting in the decrease was a personal property tax rebate issued to the citizens in the amount of \$4.6 million.

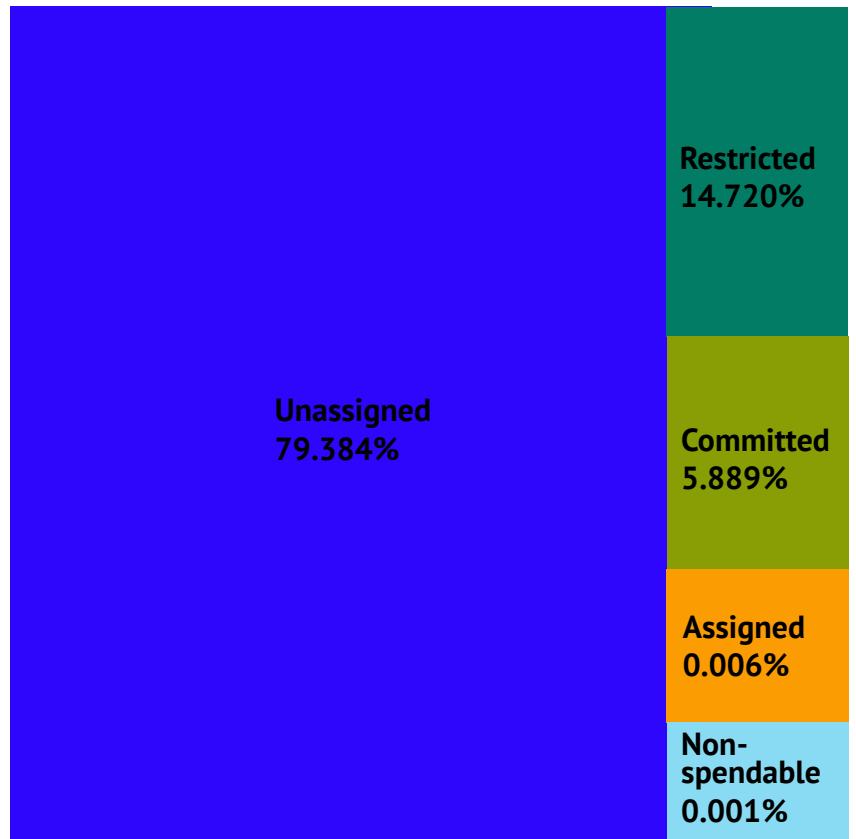


## TOTAL FUND BALANCE \$84.2M

Nonspendable	\$1,148
Restricted	\$12,393,006
Committed	\$4,958,397
Assigned	\$4,780
Unassigned	\$66,836,070

### NOTE

County policy transfers unassigned fund balance in excess of 20% operating reserves to a capital reserve fund following the close of the fiscal year. For 2023, \$15.4 million of the \$66.8 million was reserved for future capital needs.



# FY 2023 GOVERNMENTAL ACTIVITIES: NET POSITION

Changes in net position are represented by comparing total annual revenue with total annual expenses. When revenue exceeds expenses, the County's net position improves. The County's net position has increased over the previous year.

## FY 2023

Beginning Net Position	\$ 71,263,192
Total Revenues	+ 261,831,530
Total Expenses	- 228,966,864
Ending Net Position	\$ 104,127,858

The significant reduction in net position in 2018 is due to the new accounting standard required to recognize postemployment benefits other than pensions (OPEB). Without this reporting change, the County's net position would have remained flat as there was a minimal difference, \$153,309, between revenues and expenditures for 2018.

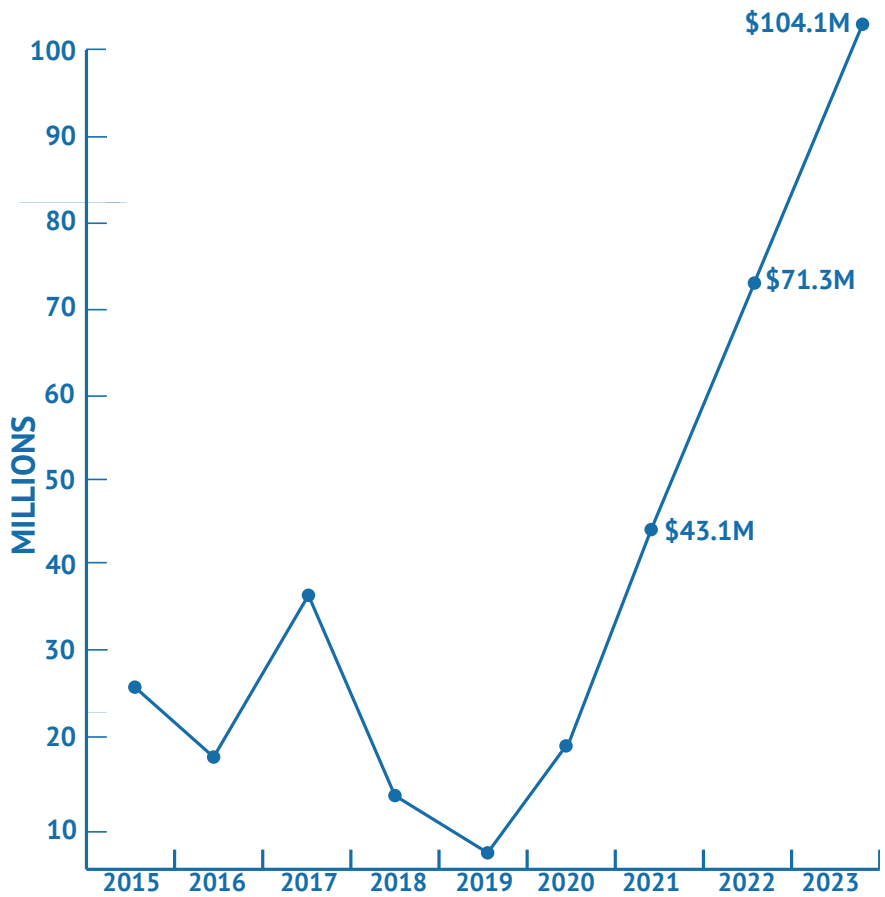
The \$8.2 million decrease in net position for 2019 is due to a \$15.7 million increase in education expenses as a result of a net increase in school general obligation bonds issues, offset by increased general revenue in the amount of \$7.4 million.

The \$14.7 million increase for 2020 is partially due to a real estate reassessment, CARES Act Funding, and reduced expenses as a result of a spending freeze due to COVID-19.

The \$24.3 million increase for 2021 is due to a combination of revenues exceeding budget projections, and an increase in property taxes as a result of the prior year reassessment and increased automobile values. In addition, CARES Act funding was still being used in FY21.

The \$28.1 million increase for 2022 is due to a combination of revenues exceeding budget projections, growth in personal property, and new construction increased real estate tax revenue.

The \$32.8 million increase for 2023 is due to a combination of revenues exceeding budget projections, growth in personal property and real estate of \$5 million, a \$5.2 million increase in interest received due to rising interest rates, and a \$5 million grant for the airport project



## WHAT'S THE DIFFERENCE BETWEEN NET POSITION AND FUND BALANCE?

Net position of governmental activities reflects the difference between all economic assets and liabilities, both short-term and long-term, while fund balance of governmental funds represents the difference between only currently available assets and the liabilities to be repaid from those assets. Additions to fund balance include: capital assets (land, buildings, schools, etc.), internal service funds, other long-term assets, and deferrals. Long-term liabilities are subtractions from fund balance and include items such as OPEB and pension liabilities and debt and interest payments outside of the current year. (See Exhibit 4 of the ACFR)



The Sheriff's Office Camp 2023

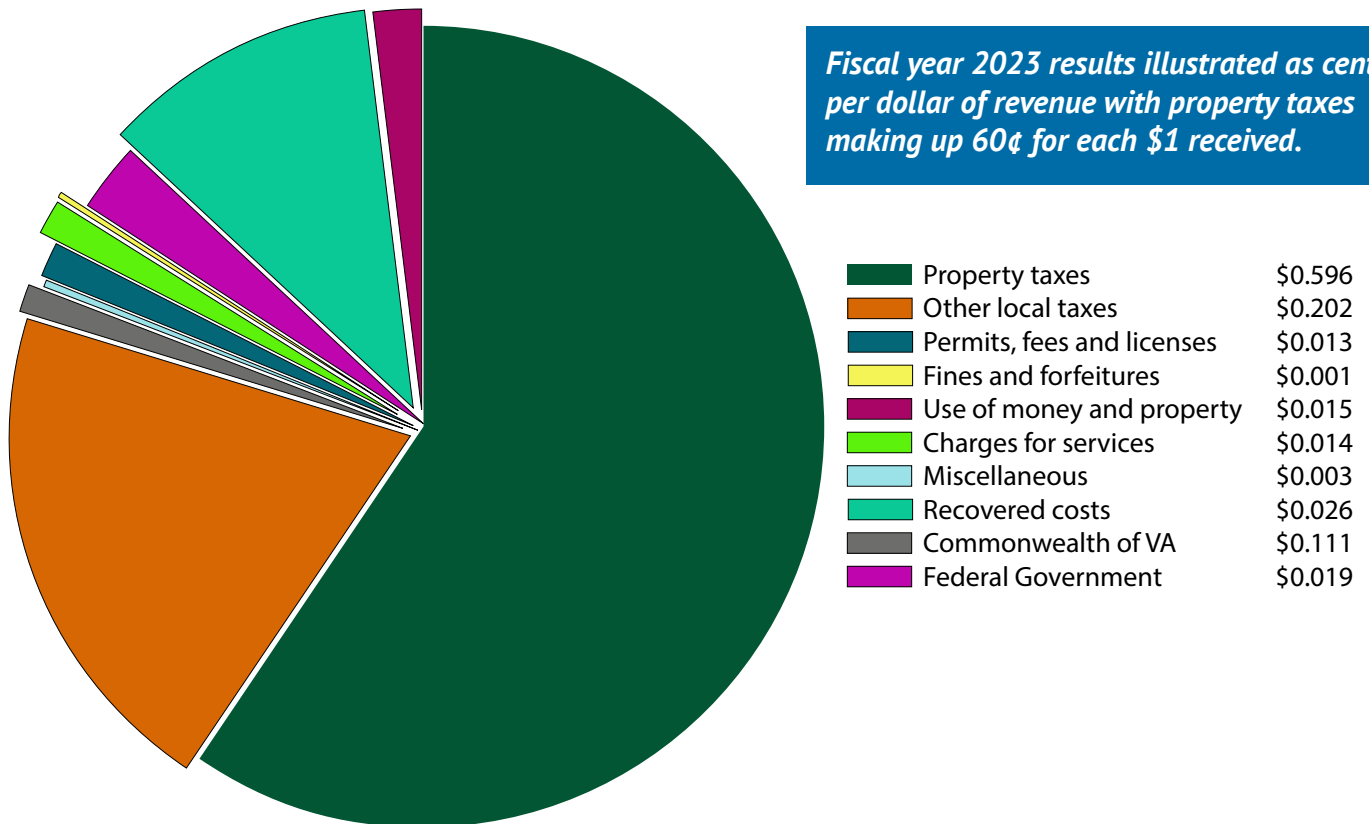
## REVENUES – GENERAL FUND

The General Fund is the County’s primary operating fund. This fund is used to record all resource inflows and outflows that are not associated with special-purpose funds. The major sources of revenues for the General Fund are real estate and personal property taxes, other taxes, non-restricted grants, and operating grants and contributions. These taxes predominately fund basic government services including Public Safety, Parks and Recreation, and education. The activities being paid for through the general fund constitute the principal administrative and operational tasks of Frederick County Government.

Revenues	FY2023	FY2022	FY2021
Property taxes	\$149,311,202	\$143,127,050	\$129,586,450
Other local taxes	50,475,138	48,407,932	43,632,400
Permits, fees and licenses	3,368,665	2,657,136	2,424,417
Fines and forfeitures	204,131	207,792	199,394
Use of money and property	3,834,860	641,222	3,125,173
Charges for services	3,404,515	3,178,308	2,411,670
Miscellaneous	821,881	500,328	438,314
Recovered costs	6,460,109	5,480,630	4,071,208
Commonwealth of VA	27,731,756	21,902,845	21,118,336
Federal Government	4,764,991	4,744,887	4,404,069
County Capital Reserve		3,207,350	2,379,301
CARES Funds		1,815,000	4,845,362
<b>TOTAL REVENUES</b>	<b>\$250,377,248</b>	<b>\$235,870,480</b>	<b>\$218,636,094</b>

## TOTAL REVENUES \$250.4M

Revenue increases over the prior year can primarily be attributed to growth in real estate and personal property taxes; \$5 million grant received from the state for the airport terminal project; and \$5.2 million in interest received due to rising interest rates.



## EXPENDITURES – GENERAL FUND

On an annual basis, the County adopts an annual operating budget which allocated dollars to the highest priorities as determined by the Board of Supervisors. The General Fund primarily is financed by real estate and personal property taxes and supports core services such as public safety.

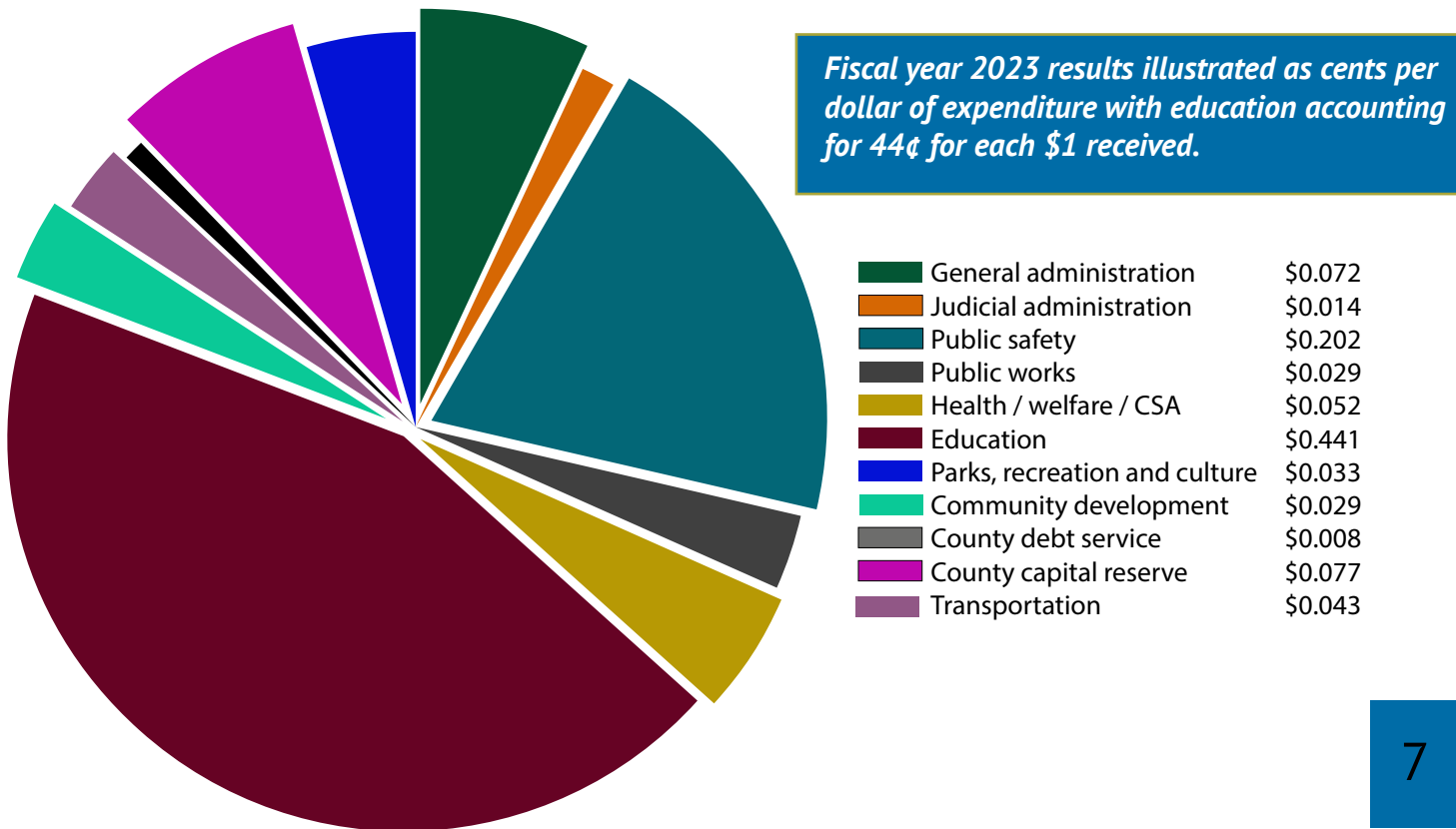
The County provides services to our citizens with the majority of the fund being dedicated to Education and Public Safety, which includes Fire & Rescue and the Sheriff's Office, Parks & Recreation, and Health & Welfare.

Expenditures	FY2023	FY2022	FY2021
General administration	\$ 18,342,368	\$14,914,702	\$12,335,688
Judicial administration	3,425,513	3,336,375	2,942,811
Public safety	51,238,595	48,119,651	42,930,250
Public works	7,276,084	5,817,279	6,031,603
Health / welfare / CSA	13,120,155	12,493,543	11,875,229
Local community college	55,000	81,308	81,308
Public school system	94,339,615	92,283,620	87,933,236
Public school debt service	17,209,035	18,076,916	17,085,531
Parks, recreation and culture	8,358,657	6,907,012	6,244,228
Community development	7,428,023	2,286,017	2,161,568
County debt service	1,925,904	2,217,732	2,272,561
County capital reserve	19,586,622	24,695,712	13,004,306
Transportation	10,886,901		

**TOTAL EXPENDITURES**                      **\$253,192,472**    **\$231,229,867**    **\$204,898,319**

### TOTAL EXPENDITURES \$253.2M

Expenditure increases over the prior year can mostly be attributed to the following: \$3.8 million to carryforward funds for in process projects and purchases; \$1 million to support the school capital asset plan; \$4.6 million personal property tax rebate; \$5 million for the airport terminal project (recouped through VA Department of Commerce grant); and \$2 million in proffer funds for the completion of Renaissance Drive.



2023 vs 2014

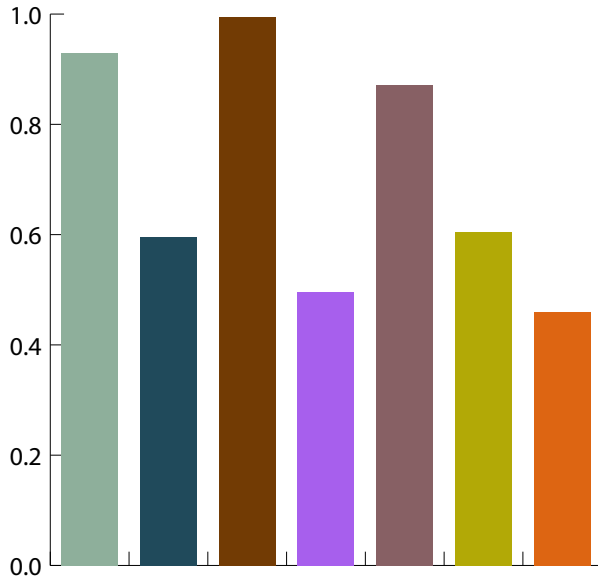
TAXABLE PROPERTY VALUES

**REAL ESTATE** \$14.9B  
2014 \$7.8B

**PERSONAL PROPERTY** \$1.7B  
2014 \$1.0B

**MACHINERY & TOOLS** \$497.7M  
2014 \$282.2M

**MOBILE HOMES** \$39.3M  
2014 \$41.9M



2023 REAL ESTATE TAX RATES  
*per \$100 of assessed value*

- \$0.93 City of Winchester
- \$0.60 Clarke County
- \$0.999 Fauquier County
- \$0.51 Frederick County
- \$0.875 Loudoun County
- \$0.60 Shenandoah County
- \$0.49 Warren County

OTHER TAX RATES:

- \$4.23 Personal Property
- \$2.00 Machinery & Tools
- \$0.01 Airplanes
- \$0.51 Mobiles Homes

FAST FACTS

**Animal Shelter**

Dogs cats adopted/reclaimed: 959

**Building Inspections**

Inspections performed: 23,494

Building/zoning related permits issued: 7,849

**Parks & Recreation**

Youth Sports participants: 5,047

basicREC average daily attendance: 672

Special Events/Excursions: 19

**Public Safety**

Fire and Medical incidents: 13,370

Law enforcement calls for service: 95,440

911 calls for service - Fire/EMS: 14,167

911 calls for service - Sheriff: 102,271

**Top Ten Employers**

Frederick County School Board

Navy Federal Credit Union

Amazon Fulfillment Center

Trex Company, Inc.

U.S. Dept. of Homeland Defense

The Home Depot

Wal-Mart

H.P. Hood, Inc.

County of Frederick

Fisher Scientific Company

