

COUNTY OF FREDERICK, VA

Spring 2013 FINANCIAL NEWSLETTER

Fiscal Year 2014 Budget

Written by Jennifer Place, Budget Analyst, Finance Department

The total FY 2014 budget totals \$329,342,306. This is an increase of 3.5% over the FY 2013 adopted budget. New revenue of \$5.8 million was realized this year, the first significant new revenue in five years. This new revenue is split with 43% remaining in the General Fund and 57% going to the school system. This equates to \$3,328,859 for the school system and \$2,511,244 remaining in the General Fund.

Fund balance funding remained constant with \$4,300,000 being

used. Property tax rates remain unchanged at \$0.585 cents for real estate and \$4.86 for personal property.

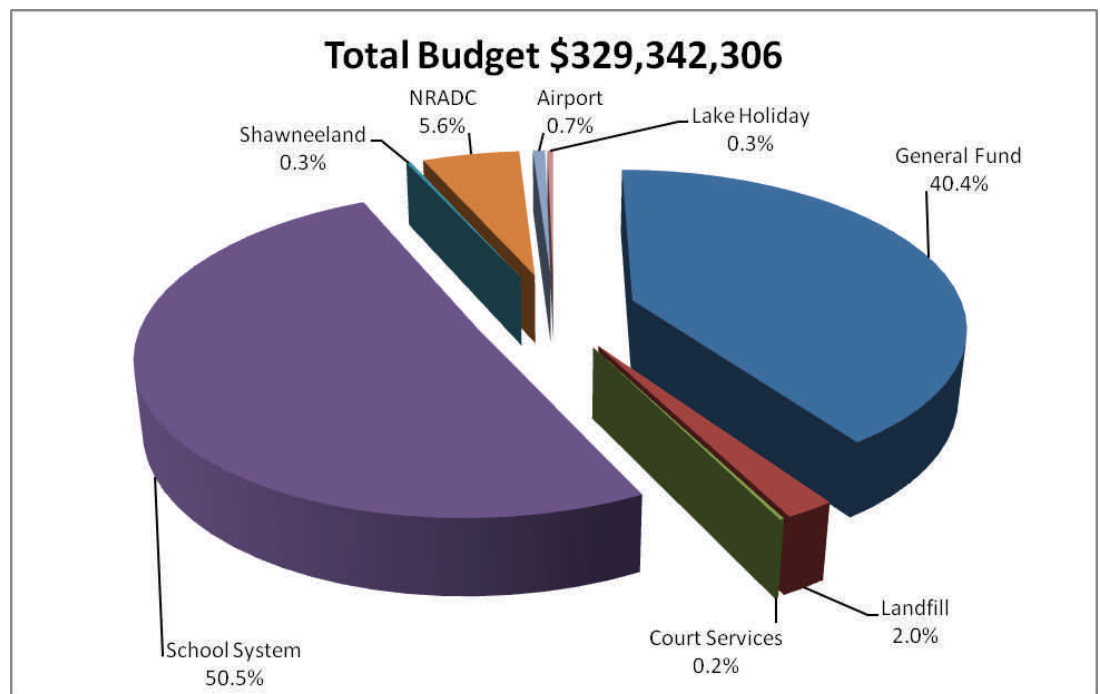
The Board of Supervisors held several budget work sessions and the Budget Public Hearing was conducted on March 27, 2013. The budget was formally adopted on April 9, 2013.

The General Fund budget totals \$133,024,407, a 4.5% increase over FY 2013. Departmental operating expenses within the General Fund essentially remained at pre-

sent level. The majority of the increase went to the school transfer while the remaining funds went towards merit increases, health insurance premium increases, and an increase to the Regional Jail contribution.

The School Operating Fund budget totals \$134,000,043. This is an increase of 1.6% over the FY 2013 approved budget.

The FY 2014 budget begins on July 1, 2013.



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Photo courtesy of Jeff Keister
Old Frederick County Courthouse

March revenue increased \$479,862. Included in this increase are property taxes in the amount of \$657,681, which are the largest single revenue stream in the General Fund.

Expenditures have increased \$5,965,929 year to date. Expenditures were impacted by the salary increase to cover the July 1st, state mandate for the Virginia Retirement System program changes.

Overall Fund Performance

The overall General Fund revenue comparison through March 31, 2013 shows a total increase of \$4.8 million which includes \$2.7 million in property taxes and \$1.3 million for other local taxes.

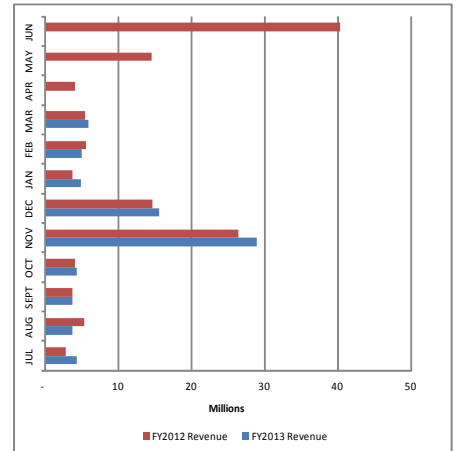
Expenditures and transfers have

increased \$5,965,929 year to date from the previous year. The Virginia Retirement System program changes and overtime pay calculations that were effective July 1, 2012 directly impacted the increase of FY 2013 expenditures. Additionally, the \$1,128,002 transfer to the School

Operating Fund for re-appropriation, and the \$2,223,000 resolution is included in this increase. Transfers each year in December and June for half of the School Operating (FY 2013 \$28.7 million) and School Debt Service (FY 2013 \$7.3 million) are included.

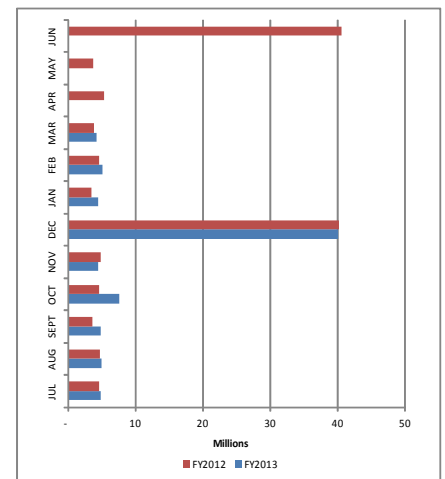
General Fund Revenue Comparison

	FY2013 Revenue	FY2012 Revenue	Monthly Variance
JUL	4,345,885	2,750,578	1,595,307
AUG	3,707,448	5,298,239	(1,590,791)
SEPT	3,665,765	3,722,941	(57,176)
OCT	4,323,570	4,016,955	306,615
NOV	28,890,727	26,332,292	2,558,435
DEC	15,590,847	14,660,910	929,937
JAN	4,859,259	3,672,474	1,186,785
FEB	4,950,691	5,537,595	(586,904)
MAR	5,940,192	5,460,330	479,862
APR	-	4,050,411	-
MAY	-	14,519,579	-
JUN	-	40,301,486	-
Totals	76,274,385	130,323,790	4,822,071



General Fund Expenditure Comparison

	FY2013 Expenditures	FY2012 Expenditures	Monthly Variance
JUL	4,834,861	4,579,816	255,045
AUG	4,929,548	4,719,522	210,026
SEPT	4,816,500	3,611,838	1,204,662
OCT	7,565,276	4,564,028	3,001,248
NOV	4,485,496	4,895,696	(410,200)
DEC	40,029,267	40,148,966	(119,699)
JAN	4,534,013	3,484,303	1,049,710
FEB	5,124,802	4,625,588	499,214
MAR	4,180,180	3,904,259	275,921
APR	-	5,308,915	-
MAY	-	3,721,632	-
JUN	-	40,542,830	-
Totals	80,499,945	124,107,393	5,965,929



Unreserved Fund Balance 5-year Comparison

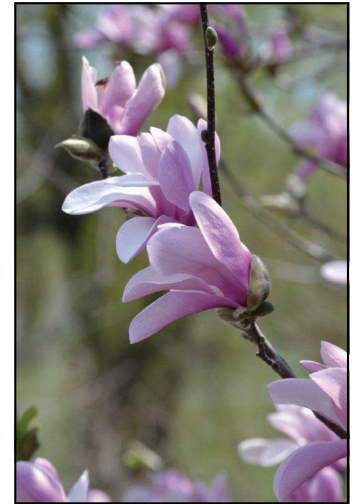
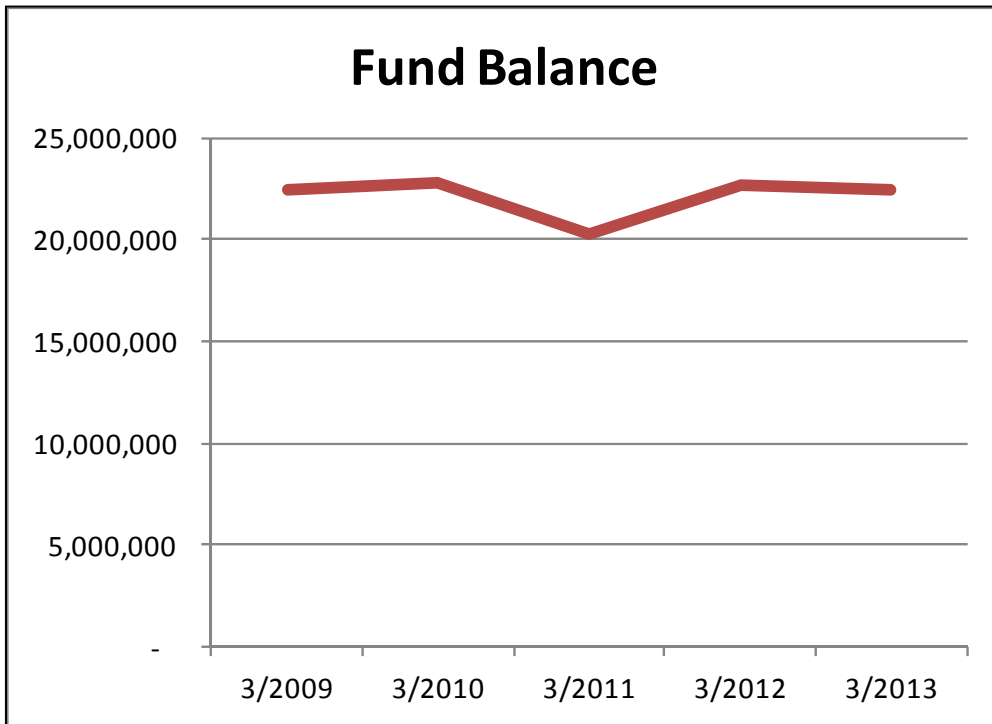


Photo courtesy of Lorraine Mossburg

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 bal-

ance be maintained at no less than two months of regular operating revenues or regular operating expenditures. For Frederick County's general fund, that equates to approximately \$21.2 million or 17% of the total general fund budget for FY 2013. Currently, the County's fund balance is above the recommendation at 17.6% (\$22.4 million).

The County monitors unreserved 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 \$4.3 million to balance the FY 2013 budget and it is anticipated to be used by a like amount to balance the FY 2014 budget. At

year-end those funds have been routinely returned to unreserved fund balance as a result of unbudgeted revenues or unspent expenditures. Returning those funds is a conscience effort on the part of management and the Board of Supervisors remains committed to retaining a healthy fund balance.

Unreserved General Fund fund balance at March 31, 2013 is \$22,381,090.

Revenue Information



Photo courtesy of LeeAnna Pyles
Flags at the Public Safety Building

Property taxes include real estate, personal property and machinery and tools tax. Total property taxes increased \$2,691,949 year to date. The increase in real estate and personal property was impacted by the increased real estate tax rate

and by the assessments of real property and personal property. Comparable months would be December and June due to tax collection due dates.

Included in the permits and privilege fees are land use, transfer fees, development review

fees, building, mechanical, electrical, plumbing, sign, land disturbance, commercial burning, septic haulers, and sewage installation permits. These permits collections fluctuate with the economy and housing industry.

(Continued on page 5)

Total property taxes increased \$2,691,949 year to date.

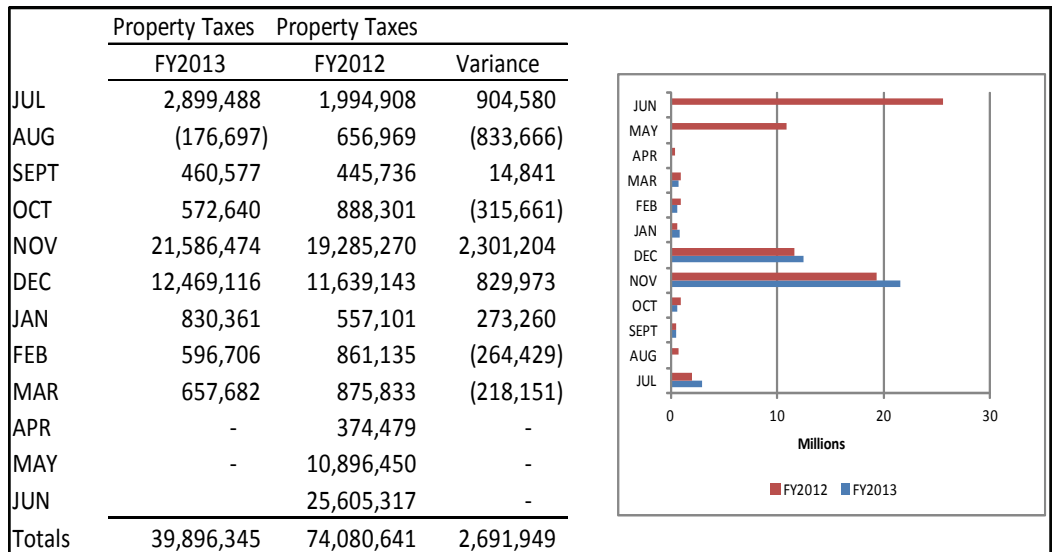
Significant variances were:

*Real Estate:
+\$1,697,823*

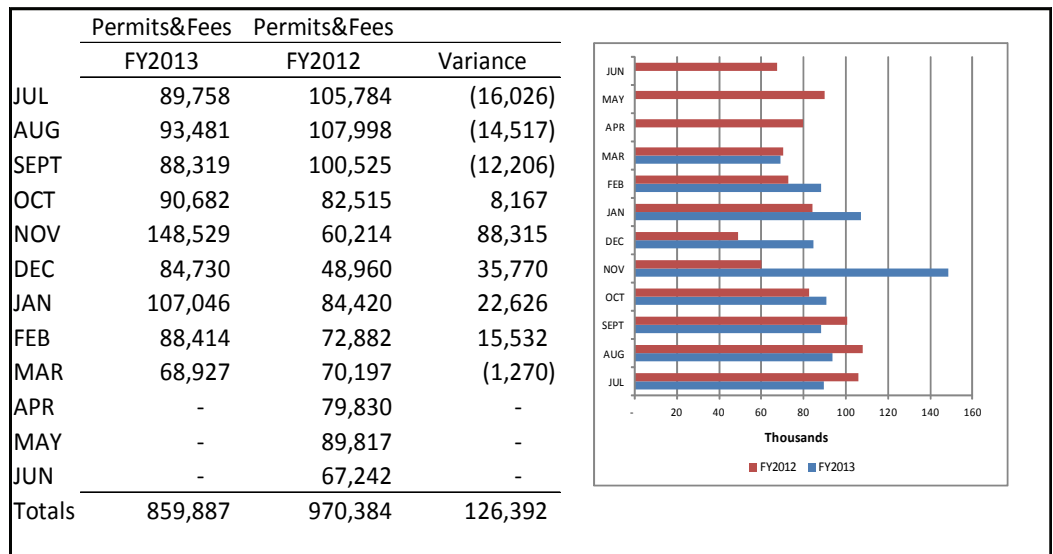
*Public Services
+543,954*

*Personal Property:
+\$440,752*

Property Tax Comparison 2012–2013



Permit Fees Comparison 2012–2013



Other Local Taxes Comparison 2012–2013

	Other Local Taxes	Other Local Taxes	Variance
	FY2013	FY2012	
JUL	747,278	146,380	600,898
AUG	98,954	855,962	(757,008)
SEPT	2,164,919	1,942,884	222,035
OCT	2,148,947	1,752,675	396,272
NOV	1,831,475	1,821,809	9,666
DEC	2,145,917	1,936,950	208,967
JAN	2,093,221	2,013,419	79,802
FEB	3,450,613	3,618,434	(167,821)
MAR	4,161,853	3,488,380	673,473
APR	-	2,128,562	-
MAY	-	2,478,719	-
JUN	-	6,160,283	-
Totals	18,843,176	28,344,457	1,266,283

Included in other local taxes are: local sales and use tax, communications tax, utility taxes, business licenses, auto rental tax, motor vehicle license fees, recordation taxes, meals and lodging taxes, street lights and Star Fort fees. The categories that increased substantially were local sales tax, motor vehicle license fees, and recordation taxes. This information is presented on the accrual method of accounting which will reflect a lesser amount than shown in the chart below since two months of sales tax are accrued at year end.

Sales Tax Comparison 2012–2013

	Sales Tax	Sales Tax	Variance
	FY2013	FY2012	
JUL	943,592	853,640	89,952
AUG	982,739	925,849	56,890
SEPT	919,355	862,116	57,239
OCT	1,023,120	905,590	117,530
NOV	915,179	852,630	62,549
DEC	894,605	831,818	62,787
JAN	967,816	878,446	89,370
FEB	937,243	982,499	(45,256)
MAR	804,964	754,666	50,298
APR	-	781,510	-
MAY	-	891,249	-
JUN	-	850,060	-
Totals	8,388,613	10,370,073	541,359

With sales tax on the rise by 6.5% through the third quarter of FY 2013, officials view the increase as positive. This chart is presented on a cash basis to reflect a better third quarter comparison.

Revenue Information

(Continued from page 4)

The total permits and privilege fees increased \$126,392 year to date. The increase of permit fees were impacted by the increase in the fee charge for development review and other fee categories.

Local sales taxes consist of the portion of the state sales tax that

is remitted to the locality. The state sales tax is 5% with the state returning 1% back to the locality. The sales tax increased \$50,298 in March 2013 compared to the prior year and has increased \$541,359 year to date.

The total variance of \$1,266,283 in other local taxes through

March is a net increase which was significantly impacted by the increase in sales tax, communication sales tax, utility taxes, business licenses, recordation taxes, meals tax and street lights.



NRADC Entrance

Northwestern Regional Adult Detention Center

The Northwestern Regional Adult Detention Center is a 540 bed, medium security, direct supervision Adult Detention Center located in Winchester, Virginia. The Jail, organized in October 1989, 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.

FY 2013 GOALS:

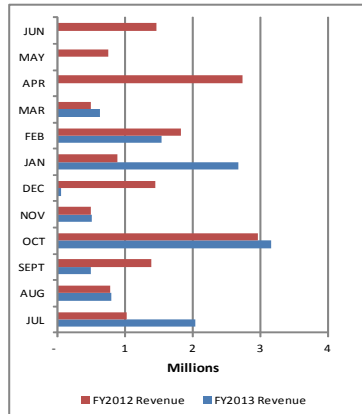
- Keep the Jail's Annex Building closed for a third complete year in an attempt to avoid the additional per-

sonnel and utility expenses needed to operate it.

- Replace the Jail's failing Intercom Communications System.
- Bring the Jail's Radio Communications Network into compliance with the Federal Communications Commission Narrowband mandatory standards.
- Automate the Jail's Key Control and Accountability System.

NRADC Revenues

	FY2013 Revenue	FY2012 Revenue	Monthly Variance
JUL	2,046,504	1,032,028	1,014,477
AUG	794,843	782,589	12,254
SEPT	495,608	1,386,703	(891,095)
OCT	3,169,052	2,963,735	205,317
NOV	504,158	496,764	7,394
DEC	57,291	1,445,391	(1,388,100)
JAN	2,681,807	892,927	1,788,880
FEB	1,534,475	1,831,219	(296,744)
MAR	626,549	494,933	131,616
APR	-	2,735,515	-
MAY	-	753,851	-
JUN	-	1,460,373	-
Totals	11,910,285	16,276,028	583,996

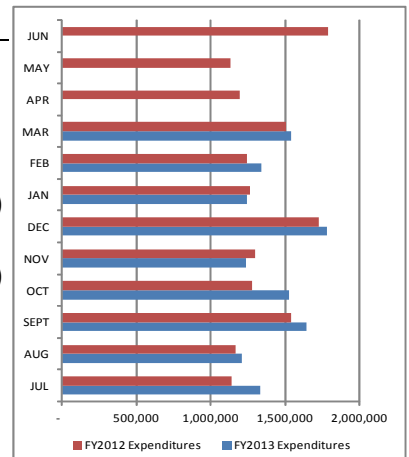


The NRADC revenue has increased \$583,996 year to date and was significantly affected by the increase in the local share contributions.

Expenditures have increased \$687,313 year to date. The Virginia Retirement System increase effective July 1, 2012 directly impacted the expenditure increase.

NRADC Expenditures

	FY2013 Expenditures	FY2012 Expenditures	Monthly Variance
JUL	1,334,653	1,138,976	195,677
AUG	1,207,919	1,170,653	37,266
SEPT	1,643,388	1,538,192	105,196
OCT	1,526,073	1,280,744	245,329
NOV	1,237,260	1,301,186	(63,926)
DEC	1,784,033	1,729,449	54,584
JAN	1,246,852	1,266,866	(20,014)
FEB	1,342,084	1,243,249	98,835
MAR	1,540,078	1,505,712	34,366
APR	-	1,198,055	-
MAY	-	1,132,587	-
JUN	-	1,791,584	-
Totals	12,862,340	16,297,253	687,313



Frederick County Sanitary Landfill

Proposed Landfill projects for the next two years:

- Partial closure of approximately seven (7) acres in the CDD Landfill Area 1, Phase 1.
- Upgrades to the existing Permit 40 leachate lagoon including removal of existing liner, placement of new synthetic bottom liner and installation of permanent pump station.
- Permit 40 existing cap and drainage improvements along eastern portion of landfill to eliminate infiltration of stormwater into leachate collection system.
- Construction of new pole shed to house equipment and supplies.
- Expansion of landfill gas collection system into new cell area.

- Repair, widen and repave roads within the landfill to improve vehicle safety.
 - Provide packing units/containers at the citizen convenience area to improve recycling of cardboard and plastics.
 - Place new electronic sign at the entrance to landfill.
- Landfill revenue decreased \$133,424 year to date and expenditures decreased \$1,348,460 as a result of capital projects requiring several years to complete.



Photo courtesy of Gloria Puffinburger
Clay being rolled into new CDD cell, September 2012.

Landfill Revenues

	FY2013 Revenue	FY2012 Revenue	Monthly Variance
JUL	493,721	489,700	4,021
AUG	525,521	534,369	(8,848)
SEPT	443,332	446,675	(3,343)
OCT	518,991	478,565	40,426
NOV	453,331	488,432	(35,101)
DEC	403,940	430,284	(26,344)
JAN	444,150	447,097	(2,947)
FEB	385,046	431,295	(46,249)
MAR	403,497	458,536	(55,039)
APR	-	426,302	-
MAY	-	481,457	-
JUN	-	482,700	-
Totals	4,071,529	5,595,412	(133,424)

Landfill Expenditures

	FY2013 Expenditures	FY2012 Expenditures	Monthly Variance
JUL	129,602	1,226,446	(1,096,844)
AUG	292,154	466,969	(174,815)
SEPT	753,515	340,261	413,254
OCT	489,278	584,408	(95,130)
NOV	375,625	404,851	(29,226)
DEC	263,595	577,945	(314,350)
JAN	272,218	260,307	11,911
FEB	360,799	281,577	79,222
MAR	317,565	460,047	(142,482)
APR	-	507,617	-
MAY	-	242,665	-
JUN	-	550,498	-
Totals	3,254,351	5,903,590	(1,348,460)

Spring in the COR's Office

Written by Lorraine Mossburg, Administrative Assistant, Commissioner of the Revenue

Spring has arrived! The months of March, April, and May represent the season of regrowth and revival. It's the time of year when we throw open the windows, breathe in the fresh air, and perform the ritual of emptying closets, sorting items, and making our homes sparkle and shine. The Commissioner of the Revenue's office (COR) did its own heavy-duty "spring cleaning" in mid-March with the pulling and secure shredding of pounds of documents and records that were scheduled for destruction.

As colorful flowers are budding and vigorous plants are blossoming, COR staff are busy with their own renewing – that of business licenses (BL), as well as processing business personal property returns and handling consumer tax filings. By the March 1 filing deadline, 3,421 business licensees had filed for renewal. Out of that number, 2,488 or 72.7% did so using COR's online BL renewal program. In addition, the online filing of business personal property returns increased 32.4% from last year. Regarding consumer taxes, there are approximately 133 online monthly filings by meals and lodging businesses as well as 24 online quarterly filings from short-term rental businesses.

Our efforts to encourage business licensees to go green and save our resources has been tremendously successful. A new and improved County-wide website will soon be launched, and



COR documents waiting for shred

Photo courtesy of Lorraine Mossburg

COR staff are continuing to work on additional and enhanced online programs for taxpayers' convenience.

COR staff are collecting data in the field to assess new construction in the County at the same time the songbirds are gathering their nesting material. New real estate values from COR staff's most recent reassessment of more than 45,000 parcels became effective on January 1, 2013, and planning is already underway for the 2015 reassessment. Additionally, in preparation of the fall appeal hearings, the Board of Equalization will be sworn in and trained.

As bears and other wildlife are coming out of hibernation, taxpayers are actively making COR staff aware of their newly-acquired and disposed of vehicles. In advance of closing the 130,000 personal property account records prior to the printing of tax bills, COR staff are also valuing some vehicle classes, working high mileage discounts, and reconciling accounts with DMV-provided

information.

The number of estimated tax filings processed by COR staff has increased approximately 41% from the previous year similar to the temperatures that have risen this spring. Site visits are being performed, sales tax comparisons are being evaluated, and lessor reports are being examined in connection with COR staff's auditing and compliance responsibilities.

Whether it be creating a vegetable garden, exploring local hiking trails, or cheering your baseball team to victory, enjoy your Spring!



Early Bird Got the Worm

Photo courtesy of Lorraine Mossburg

“Our efforts to encourage business licensees to go green and save our resources has been tremendously successful.”

Energy Management Progress

Written by Jon Turkel, Park & Stewardship Planner, Parks & Recreation Department

“Frederick County is benefitting from growing energy management savings that are now at over \$12,000 annually.”

The management school saying may be overused, but that doesn't mean it isn't true; 'You can't manage what you don't measure'. In terms of energy use this is especially true; electricity and natural gas cost Frederick County approximately \$845,000 in fiscal year 2012. In the past few years, Frederick County has gone from having departments following varying degrees of tracking approaches, to a robust system of energy use tracking. The history of a centralized effort to track overall energy use was motivated by the county's Green Advisory Committee developing energy use reduction goals in 2009. Understanding progress toward the energy improvement goals necessitated tracking all meters in one database. Starting in 2009, finance department staff added the task

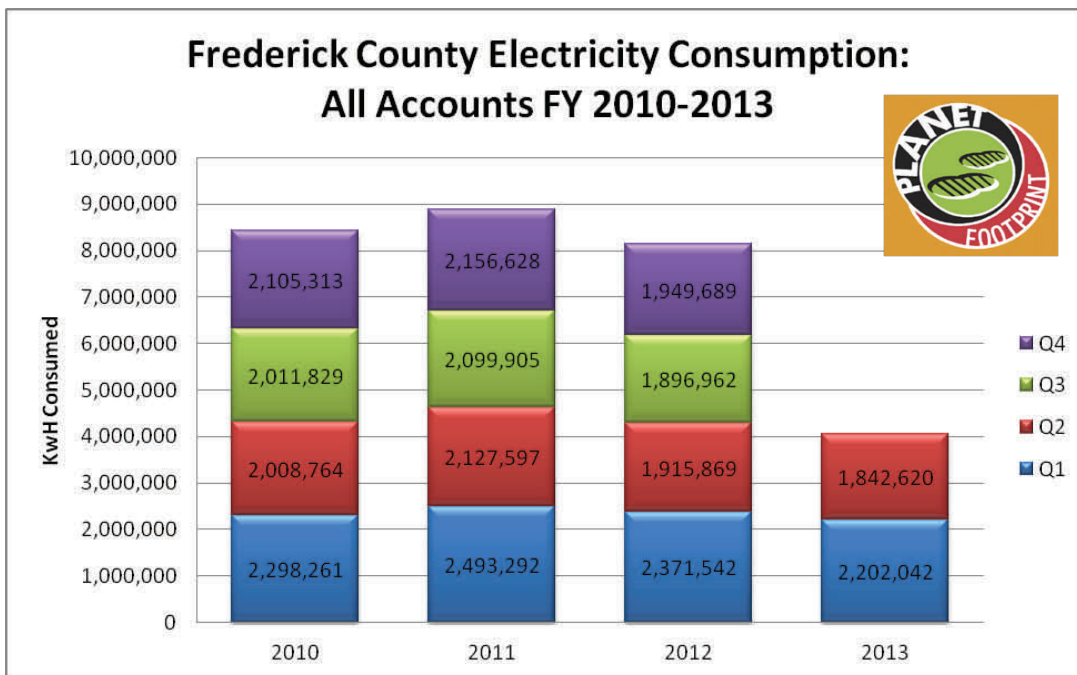
of developing and populating a utility database of energy use to their workload. The final product was huge – an Excel file made up of nearly 130 linked worksheets with a full year of utility use data for the county. The time and effort to create and manage the database was considerable, creating reports from the data was possible, but a slow, time-consuming process.

Today, Frederick County enjoys the benefits of ongoing energy tracking and reporting, accuracy and completeness checks, as well as continual monitoring of individual meters for anomalies in consumption. Self described as an 'energy scorekeeper', energy tracking service provider Planet Footprint now provides an enhanced version of what staff took on in 2009. The Planet

Footprint service imports utility data at the meter level to monitor performance, produce reports, and allow for detailed inquiry into account use and history. The objective is to track progress toward the county's energy improvement goals and ultimately reduce consumption, saving money. This last priority is most evident in the quarterly 'Anomaly Reports' produced by the service. These reports identify individual meters for changes in consumption greater than 20% from the previous year.

So far, identified anomalies have allowed staff to address faulty equipment, understand the cost implications of changes in facility use, and verify the efficacy of energy efficiency improvements. Spending less time on data entry/analysis and more time on energy management is allowing staff to focus on the goal rather than the process. Frederick County is benefitting from growing energy management savings that are now at over \$12,000 annually. Continued tracking into the future will allow for greater trend analysis and identification of savings opportunities.

The graph, derived from the data managed by the Planet Footprint subscription, shows consistent declines in electricity consumption since fiscal year 2011. Energy efficiency improvements combined with milder weather are drivers of the trend.



County of Frederick

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<http://www.co.frederick.va.us/social.aspx>



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WWW.FREDERICKCOUNTYVA.GOV

National & Local Headlines

- Regional unemployment rate for February 2013 was 4.9%, compared to 5.6% in February 2012.
- Frederick County government, as an employer, had \$5,138 unemployment claims for the March 2013 quarter compared to \$8,694 for the previous year.
- The U.S. Postal Service has given up on its plan to end Saturday service after encountering resistance from Congress.
- Health-care spending in the U.S. averaged \$6,815 per person in 2009.
- A survey by Genworth found that over the past five years, the median annual cost of private nursing home care rose 24% from \$67,527 to \$83,950.
- Citigroup reported 1st quarter profit jumped 30% to \$3.8 million.
- Worldwide shipments of PC's fell by 14% in the first quarter versus a year ago.
- Simon & Schuster announced a 1-year pilot program to offer e-books with three New York City library systems that cover the city's five boroughs.



In Bloom on North Hayfield Road

Photo courtesy of LeeAnna Pyles