

COUNTY OF FREDERICK, VA

Winter 2013 FINANCIAL NEWSLETTER

Making Life Better

Written by Jason Robertson, Director, Frederick County Parks & Recreation

The vision of Frederick County Parks and Recreation (FCPRD) is “Making lives better through people, parks, and recreational opportunities.” This is our guiding mantra; it is what reinforces our purpose every day. And we make lives better every day by providing high quality recreational programs and beautiful, well maintained parks. There are other ways in which we strive to make life better for members of our community, too. Over the years FCPRD has hosted a number of special events bringing the community together, providing residents fun activities, and supporting a few local causes along the way.

Since 1998 FCPRD has been hosting the Thanksgiving Day 5k. Approximately 700 runners gather in Stephens City and race their way around Sherando High School and through Sherando Park working up an appetite on Thanksgiving morning supporting a healthy lifestyle and also an important entity in our community: Big Brother/Big Sisters. Proceeds from the race, after all expenses are met, are donated to Big Brothers/Big Sisters. This organization has been with us on this race since inception and they help promote the race and provide numerous volunteers on



Thanksgiving 5K at Sherando Park

Photo courtesy of Karen Vacchio

race day.

Local families have made Winter Wonderland part of their holiday tradition. Over 29,000 people took in the light show in 2013/2014, which ran 39 days in November, December, and January. Our tradition is that half of the opening night proceeds are donated to the WINC Chain of Checks. This is an important endeavor in our community as 100% of the funds raised are donated to the receiving local organization. Since 2008, Winter Wonderland proceeds through WINC Chain of Checks have gone to NW Works, Blue Ridge Area Food Bank, The Laurel Center, Big Brothers/Big Sisters, Me Too Project, and the ARC of the Northern Shenandoah Valley.

Fall of 2013 marked the beginning of a new 5k race. Runners raced through Clearbrook Park attempting to avoid being caught by zombies in our first Zombie 5k! The race was well attended and the zombies were volunteers from our local Area 13 Special Olympics. Frederick County Parks and Recreation Department serves as the facilitator for Special Olympics in this area and we were proud that proceeds, after all expenses, from this race were able to benefit Special Olympics!

Helping others by partnering with Big Brothers and Big Sisters, WINC Chain of Checks, and Special Olympics makes providing these events extra special for FCPRD. It is another way we make life better!

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Overall Fund Performance

Frederick County's overall General Fund revenue comparison through December 31, 2013 shows a total increase of \$1,555,399. Included in this increase are the property taxes, local taxes, recovered taxes, and state revenue detailed in the following pages.

The total increase, in the amount of \$1,311,616 when comparing FY 2013 expenditures to FY 2014 represents the net of an increase in expenditures and decrease in transfers. The expenditures were impacted by the Cisco VOIP solutions upgrade for the telephone system, the IT

Virtualization Project for the Sheriff's department and the Gainesboro Citizens site. The School re-appropriation for \$1.1 million in FY13 and a General Fund decrease of \$653,997 for one time employer payments and timing of insurance charge outs reduced transfers.

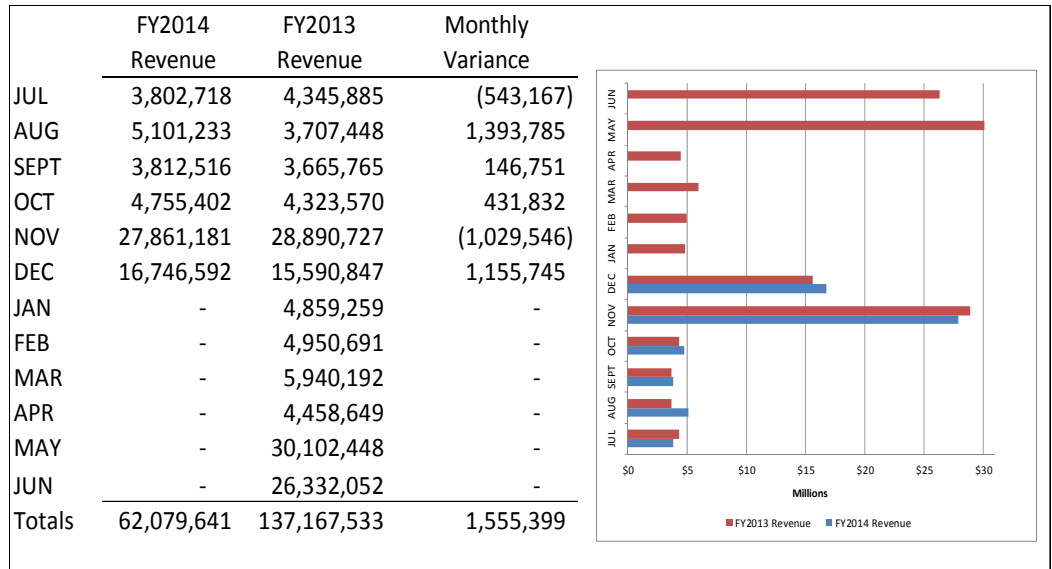


Photo courtesy of LeeAnna Pyles
Moon Ridge Lane in Frederick County

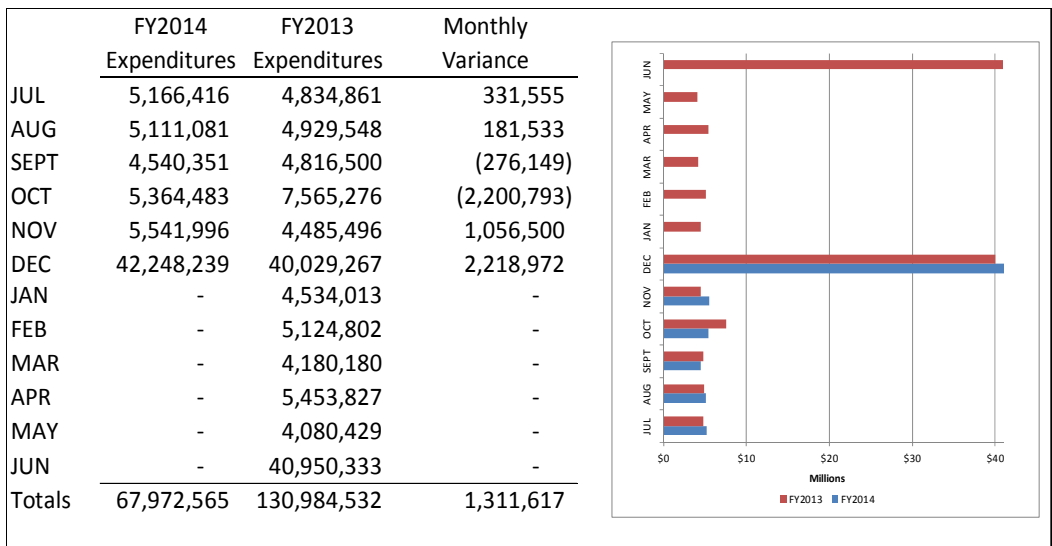
December revenue increased \$1,555,399. Included in this increase are the property taxes (\$728,404), which are the largest single revenue stream in the General Fund.

General Fund expenditures represents the net of expenditures and transfers. The expenditures are impacted in December and June each year for half of the School Operating (FY 2014 \$30 million) and School Debt Service (FY 2014 \$7.3 million) transfers.

General Fund Revenue Comparison



General Fund Expenditure Comparison



Unassigned Fund Balance 5-year Comparison

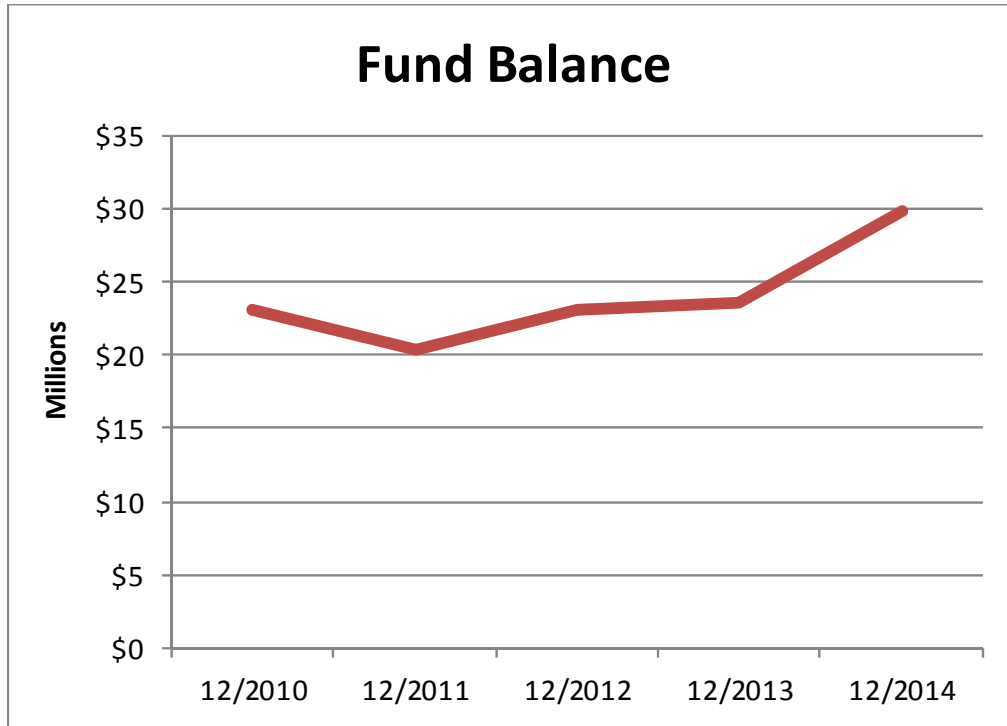


Photo courtesy of Lorraine Mossburg
County Administration Building

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 unassigned fund

balance 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 \$22.2 million or 16.7% of the total general fund budget for FY 2014. Currently, the County's fund balance is above the recommendation at 22.4% (\$29.8 million).

The County monitors unassigned general fund balance monthly. Over the years, fund balance has been used to balance the General Fund budget. The General Fund fund balance was reduced by \$4.3 million to balance the FY 2014 budget and it is anticipated to be used by a like amount to

balance the FY 2015 budget. At year-end those funds have been routinely returned to unassigned 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.

Unassigned General Fund fund balance has increased over \$6 million compared to December 2013. This is a result of having revenues in excess of expenditures at the end of fiscal year 2013. View the financial statements, discussed on page 10 of this newsletter, for more detailed information.

Unassigned General Fund fund balance at December 31, 2013 is \$29,791,930.



Photo courtesy of Karen Vacchio
Winter Wonderland at
Clearbrook Park

Revenue Information

Property taxes include real estate, personal property and machinery and tools tax. Total property taxes increased \$728,405 year to date and the majority can be attributed to personal property (\$663,435). Other significant variances in-

clude real estate (+\$308,209) public services (-\$264,648) and penalties, interest & administration fees for liens & distress (+\$21,409).

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. The total

(Continued on page 5)

Property Tax Comparison 2013–2014

	FY2014	FY2013	Variance
JUL	2,852,053	2,899,488	(47,435)
AUG	390,778	(176,697)	567,475
SEPT	432,218	460,577	(28,359)
OCT	710,726	572,640	138,086
NOV	21,528,019	21,586,474	(58,455)
DEC	12,626,207	12,469,116	157,091
JAN	-	830,361	-
FEB	-	596,706	-
MAR	-	657,682	-
APR	-	1,264,639	-
MAY	-	25,777,745	-
JUN	-	11,593,370	-
Totals	38,540,002	78,532,102	728,404

Permit Fees Comparison 2013–2014

	FY2014	FY2013	Variance
JUL	114,415	89,758	24,657
AUG	140,296	93,481	46,815
SEPT	110,791	88,319	22,472
OCT	97,891	90,682	7,209
NOV	76,578	148,529	(71,951)
DEC	75,499	84,730	(9,231)
JAN	-	107,046	-
FEB	-	88,414	-
MAR	-	68,927	-
APR	-	105,864	-
MAY	-	81,983	-
JUN	-	166,318	-
Totals	615,470	1,214,051	19,971

Other Local Taxes Comparison 2013–2014

	FY2014	FY2013	Variance
JUL	263,117	747,278	(484,161)
AUG	872,088	98,954	773,134
SEPT	2,101,859	2,164,919	(63,060)
OCT	1,975,353	2,148,947	(173,594)
NOV	1,904,547	1,831,475	73,072
DEC	2,288,320	2,145,917	142,403
JAN	-	2,093,221	-
FEB	-	3,450,613	-
MAR	-	4,161,853	-
APR	-	2,036,935	-
MAY	-	2,994,665	-
JUN	-	6,058,649	-
Totals	9,405,284	29,933,427	267,794

Included in other local taxes are: local sales and use tax, communications sales tax, utility taxes, business licenses, auto rental tax, motor vehicle licenses fees, bank stock taxes, recordation taxes, meals and lodging taxes, street lights, and Star Fort fees. The categories that increased substantially were local sales tax, business licenses, motor vehicle license fees, and meals and lodging taxes.

Sales Tax Comparison 2013–2014

	FY 2014	FY2013	Variance
JUL	1,011,266	943,592	67,674
AUG	969,208	982,739	(13,531)
SEPT	993,183	919,355	73,828
OCT	994,407	1,023,120	(28,713)
NOV	944,357	915,179	29,178
DEC	912,601	894,605	17,996
JAN	-	967,816	-
FEB	-	937,243	-
MAR	-	804,964	-
APR	-	780,249	-
MAY	-	889,794	-
JUN	-	926,388	-
Totals	5,825,021	10,985,043	146,431

With sales tax on the rise by 2.6% through the second quarter of FY 2014. This chart is presented on a cash basis to reflect a better first quarter comparison.

Revenue Information

(Continued from page 4)
permits and privilege fees increased \$19,969 year to date. The volume of permit fees was a contributing factor of the increase.

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

state sales tax is 5.3% with the state returning 1% back to the locality. The sales tax increased \$146,431 through the second quarter of FY 2014 compared to the prior year and official view the increase as a positive economic indicator.

The total variance of \$267,794 in

other local taxes through December is a net increase which was significantly impacted by the increase in sales tax, business licenses, motor vehicle licenses fees, meals tax, and lodging tax.



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, in accordance with Article 5, title 53.1-105 Code of Virginia, serves the counties of Clarke, Fauquier, and

Frederick, and the City of Winchester. The Jail is governed by a Regional Jail Authority composed of appointed members from each of the four participating localities.

FY14 GOALS:

- Keep the Jail's Annex Building closed for at least

six months of the fiscal year in an attempt to avoid utility expenses.

- Replace the Jail's failing cooling Towers and Chiller Compressor.
- Replace the Jail's Telephone Communication System.
- Replace three high mileage vehicles used for inmate transports and administrative functions and acquire a new transportation vehicle equipped with handicap features for inmates with physical impairments.
- Cross train pretrial and local offender probation officers to achieve efficiency in the delivery of services.
- Adopt measures to standardize case management procedures.

NRADC Revenues

	FY2014 Revenue	FY2013 Revenue	Monthly Variance
JUL	2,141,636	2,046,504	95,132
AUG	1,001,336	794,843	206,493
SEPT	1,732,025	495,608	1,236,417
OCT	1,934,489	3,169,052	(1,234,563)
NOV	46,318	504,158	(457,840)
DEC	1,879,421	57,291	1,822,130
JAN	-	2,681,807	-
FEB	-	1,534,475	-
MAR	-	626,549	-
APR	-	3,115,074	-
MAY	-	772,378	-
JUN	-	1,089,284	-
Totals	8,735,224	16,887,023	1,667,768

The increase in revenue can be attributed to the timing of local contributions for \$1.1 million and an increase of \$426,000 in shared expenses and \$221,000 for bond proceeds.

NRADC Expenditures

	FY2014 Expenditures	FY2013 Expenditures	Monthly Variance
JUL	1,320,300	1,334,653	(14,353)
AUG	1,233,335	1,207,919	25,416
SEPT	1,640,822	1,643,388	(2,566)
OCT	1,406,298	1,526,073	(119,775)
NOV	1,306,520	1,237,260	69,260
DEC	1,642,485	1,784,033	(141,548)
JAN	-	1,246,852	-
FEB	-	1,342,084	-
MAR	-	1,540,078	-
APR	-	1,268,688	-
MAY	-	1,346,752	-
JUN	-	2,090,651	-
Totals	8,549,759	17,568,431	(183,567)

Frederick County Sanitary Landfill

FY14 GOALS:

- Maintain vegetative cover on exposed soils by overseeding and fertilizing.
- Increase safety awareness of all landfill employees and continuing education of operators.
- Recirculate leachate into MSW landfill in order to enhance leachate treatment and increase gas production.
- Divert storm water from Leachate Collection System.
- Maximize electrical production off of landfill gas collected.
- Strive for waste reduction through recycling, composting, brush grinding, tire shredding, etc.

Departmental Accomplishments:

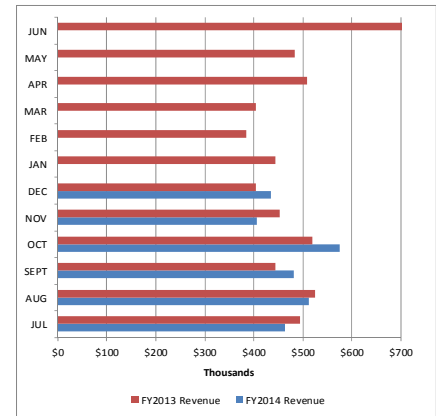
- Weighed and disposed of 144,153 tons of waste.
- Produced approximately 12,000 cubic yards of mulch from collected brush and yard waste.
- Chipped 126,820 passenger tires and 7,710 truck tires.
- Conducted electronic recycling events two times a month, diverting 245 tons of electronic products from the landfill.
- Recycled approximately 688 tons of scrap metal.



Photo courtesy of Steve Frye
Young Bald Eagle who resides at the Frederick County Landfill.

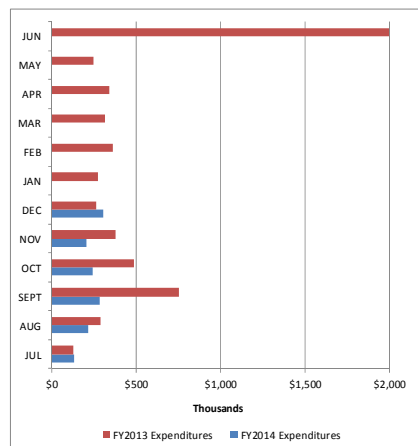
Landfill Revenues

	FY2014 Revenue	FY2013 Revenue	Monthly Variance
JUL	463,851	493,721	(29,870)
AUG	512,398	525,521	(13,123)
SEPT	481,218	443,332	37,886
OCT	574,633	518,991	55,642
NOV	406,825	453,331	(46,506)
DEC	435,036	403,940	31,096
JAN	-	444,150	-
FEB	-	385,046	-
MAR	-	403,497	-
APR	-	507,636	-
MAY	-	482,573	-
JUN	-	781,749	-
Totals	2,873,962	5,843,488	35,126



Landfill Expenditures

	FY2014 Expenditures	FY2013 Expenditures	Monthly Variance
JUL	132,819	129,602	3,217
AUG	218,622	292,154	(73,532)
SEPT	286,108	753,515	(467,407)
OCT	243,580	489,278	(245,698)
NOV	207,239	375,625	(168,386)
DEC	304,054	263,595	40,459
JAN	-	272,218	-
FEB	-	360,799	-
MAR	-	317,565	-
APR	-	343,974	-
MAY	-	246,370	-
JUN	-	1,998,792	-
Totals	1,392,422	5,843,488	(911,347)



The decrease in expenditures were impacted by the completion of capital projects in the previous year.

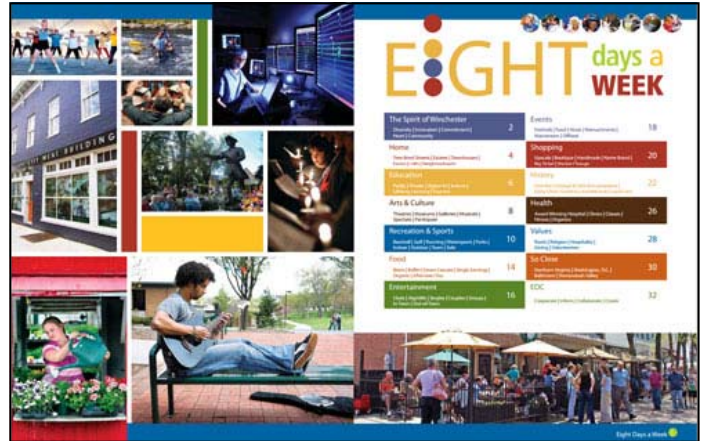
Getting to Know the Economic Development Commission – Resources for Businesses & Citizens

Written by Wendy May, Marketing Manager, Winchester-Frederick County Economic Development Commission

“...the EDC maintains numerous publications, a robust community website, and social media sites to educate and inform audiences about economic development in Winchester-Frederick County.”

In addition to the Winchester-Frederick County Economic Development Commission’s (EDC) comprehensive Existing Business and New Business Development Programs, the EDC maintains numerous publications, a robust community website, and social media sites to educate and inform audiences about economic development in Winchester-Frederick County.

Like many other industries have experienced, the growing importance of a prominent web presence is seen in the economic development arena. Pre-qualification of communities for location and expansion projects is increasingly conducted online. Often times a community can be moved to a short list of possible solutions or excluded from the list based solely on data presented on one’s website and through data collected from external sources. It’s important to have a site where companies and site consultants can find information easily. The EDC’s website, www.winva.com, is an award-winning site (International Economic Development Council – Silver Award | 2012) that hosts a plethora of resources for those seeking more information about Winchester-Frederick County.



A few of the resources visitors can utilize include:

- Available Sites and Buildings Database
- Demographic Information
- Business Financial Resources
- Workforce Data
- Costs of Doing Business
- Small Business Development Resources
- Quality of Life Information
- Business News
- Publications:
 - ⇒ Eight Days a Week – quality of life magazine
 - ⇒ Fandex – 22-panel overview of area executives’ thoughts about doing business in WFC
 - ⇒ Business Directories – manufacturing, distribution services, industrial services, construction services
 - ⇒ Fact Sheets – specific information on more than 50 facets of the community

The EDC also maintains a presence on Facebook (search Winchester-Frederick County EDC) for community outreach and manages a company page on LinkedIn (search Winchester-Frederick County Economic Development Commission).

In addition to liking the EDC’s Facebook page and following the EDC on LinkedIn, Newsbreak, the EDC’s quarterly e-newsletter, is a great way to stay up-to-date on business and community news. To join, visit www.winva.com and type your email address in the box in the top-right corner of the screen that says “Join Our E-Newsletter”.

Each of the resources listed above come together with our Existing Business and New Business Development Programs to put the community in its best possible position to expand the area’s economic footprint. For more information, contact the EDC at 540.665.0973.

Cash Flow & Determining Investment Terms

Written by Angela Whitacre, Deputy Treasurer, Frederick County Treasurer's Office

The Treasurer's Office, not unlike any organization that has to meet payroll or make a loan payment, must consider its cash flow needs when investing County monies. These considerations are really two-fold- the amount of money that can be invested and the length of time that money can be invested.

Let's first consider the amount. Invested funds should be monies that are not needed to meet immediate needs, like payroll. One factor that is helpful in determining this is past needs (historical data). If the County needs \$8 million twice a month to meet

obligations, then it would not be suitable to invest that \$16 million per month in an investment with a five year term. Aside from unforeseen supplemental needs, the budget and historical data provide a nice baseline for the amount that can be invested.

Determining the length of investments can become more complex. While the County maintains a "rainy day fund" in accordance with government accounting standards, sometimes it is necessary to use these funds to balance a budget. These monies would need to be available when those needs arise, while not in-

curred penalties for withdrawing an investment early.

Other factors to consider include revisions to the Virginia State budget that increase/decrease local revenue, loss/gain of local tax revenue due to economy, school construction/ land purchase decisions, loss /gain of a federal grant, and many others. The most important of these are Board of Supervisor or School Board decisions that are managerial in nature. While our office may use some historical data, the government is fluid and changes

(Continued on page 11)

"...our office must analyze all [the available] information and use it to make the best investments decisions possible."

Frederick County (and America) Recycles

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

It's not a red-letter day on any calendar, but definitely a green-letter day: America Recycles Day was celebrated on November 15 across Frederick County and America.

First organized in 1997, America Recycles Day (ARD) is the only day in the U.S. dedicated to raising awareness about recycling and its benefits. Recycling is by far the easiest way for each of us to positively impact our community and our environment through energy savings, the conservation of natural resources and landfill space, and the creation of green jobs.

Frederick County Recycling hosted a number of events focused on ARD 2013. Fall Shred Fest, combined with electronic data destruction for the first

time, attracted 154 residents and businesses and resulted in the recycling of 7,220 pounds of old paper documents and approximately 120 hard drives.

November's eCycle events collected 43,040 pounds of old electronics for recycling and also offered electronic data destruction, courtesy of the county's vendor, C2 Management of Berryville.

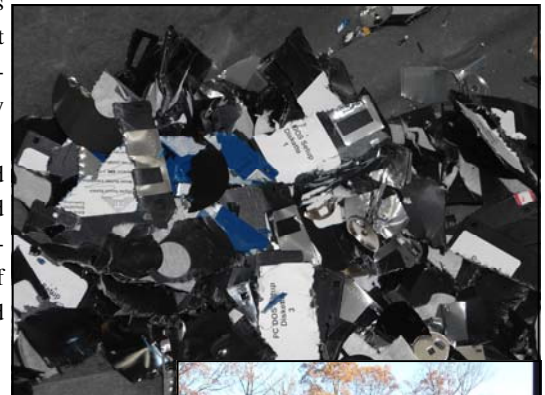
ARD activities also included a Save-a-Sole shoe drive by Daniel Morgan Middle School's Builders' Club. The shoe drive is on-going and will benefit those living in Third World countries in desperate need of affordable footwear.

Local media, along with the county's website, Facebook presence, posters, flyers and

promotional items made available at the Bowman Library and County Administration Building helped spread the word about the environmental benefits of recycling and waste diversion.

During 2012, Frederick County residents recycled a record 12.6 million pounds of materials. By percentage, this figure exceeds the national recycling rate. Achieving this milestone would not have been possible without the dedication and participation of county residents and businesses.

Let us keep a green thing going strong. Recycle!



Photos courtesy of Gloria Puffinburger
Electronic Data Destruction & eCycle

Fiscal Year 2013 Financial Reports

“The purpose of the PAFR is to summarize and simplify the presentation of information contained in the CAFR... in a simple and easy-to-understand format.”

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

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

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

The Code of Virginia requires

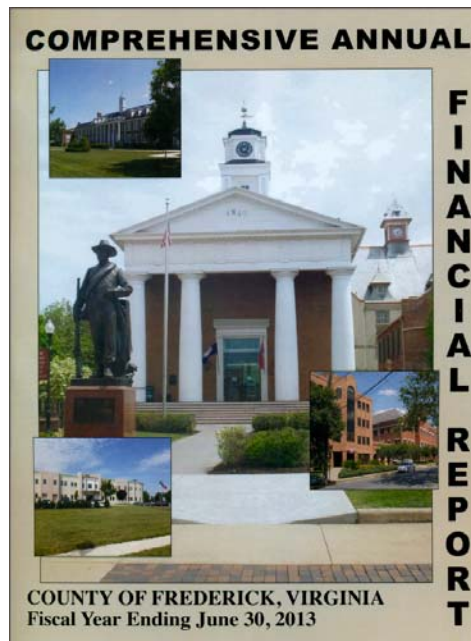
that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements presented in conformity with United States generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board.

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

County's CAFR.

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

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



www.fcva.us/CAFR



www.fcva.us/PAFR

County of Frederick

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*Photo courtesy of LeeAnna Pyles
Graphics courtesy of Jeremy Coulson*

Connect with Frederick County

Find us. Follow us. Stay connected.

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

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



Sign up for e-Notifications!

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

National & Local Headlines

- Regional unemployment rate for November 2013 was 4.2%, compared to 4.7% in November 2012.
- ADP reported that U.S. private employers added 238,000 jobs in December, more than expected and the best read in 13 months.
- The average rate for fixed mortgages was barely changed for the week ending January 10, 2014 with the 30-year at 4.53%.
- JPMorgan Chase reported 4th quarter net income fell 7.3% to \$5.28 billion.
- Wells Fargo reported that 4th quarter net income increased to \$5.37 billion from \$4.86 billion a year earlier.
- Frederick County government, as an employer, had \$2,305 unemployment claims for the December 2013 quarter compared to \$6,832 for the previous year.
- Retail sales increased 0.7% in December after a 0.2% rise in November.



Winter Sunrise on North Hayfield Road

Photo courtesy of LeeAnna Pyles