

COUNTY OF FREDERICK, VA

# Winter 2014 FINANCIAL NEWSLETTER

## In it for the long haul!

*Written by Andrew Keefauver, Program Supervisor, Frederick County Parks & Recreation*

Over the past few years running has become more popular nationwide and within our community. Frederick County Parks and Recreation's (FCPRD) running programs included a Thanksgiving 5k, Zombie 5K, a Kids' Triathlon, and a Kids' Running Club to keep up with this demand. As an avid runner who has completed three marathons within the last several years and participated in smaller local races like the Apple Blossom 10K and FCPRD's annual Thanksgiving 5k at Sherando Park, I knew Frederick County was ready for a half marathon. The inaugural Battlefield Half Marathon was held on November 8, 2014.

Much preparation went into hosting a half marathon. Planning for the inaugural event began over 12 months prior to race day. Support from local officials, Virginia Department of Transportation, City of Winchester, Frederick County Sheriff's Department, Virginia State Police, Creekside, Kernstown Battlefield Association, and many other local businesses made this event possible for over 1,000 runners.

In addition to organizing half marathon FCPRD provided a weekly training program for first time



**Kids Two Mile Cross Country Run**

runners or runners striving to build up their mileage in preparation for race day. Twelve runners met on Monday and Saturday mornings to train for the grueling miles ahead. When all was said and done, FCPRD was able to help twelve runners finish their first half marathon.

This event was more than just a half marathon; participants, including business owners, were encouraged to enter a team into the Half Marathon Relay. The Half Marathon Relay and Kids Two Mile Cross Country Run encouraged runners of all skill levels to compete in this exciting event. More than 100 kids ran the two mile race and over 60 teams competed to be crowned the fastest team in the area.



**Battlefield Half Marathon After Party**

Runners and community members were also encouraged to enjoy the Wellness Festival and Expo held at Body Renew Fitness the Friday

*(Continued on page 11)*

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## Overall Fund Performance

Frederick County's overall General Fund revenue comparison through December 31, 2014 shows a total increase of \$3,978,453. 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 \$4,352,085 when comparing FY 2014 expenditures to FY 2015 represents the net of an increase in expenditures and transfers. The expenditures were impacted by the purchase of (24) vehicles in the amount of \$587,223 for the Sheriff's de-

partment, \$302,127 increased contributions to Fire departments and rescue squads, and an increase of \$227,592 for the local share for the Jail for the second quarter. Transfers increased \$2.4 million and included a \$2.2 million increase to the School Operating fund.

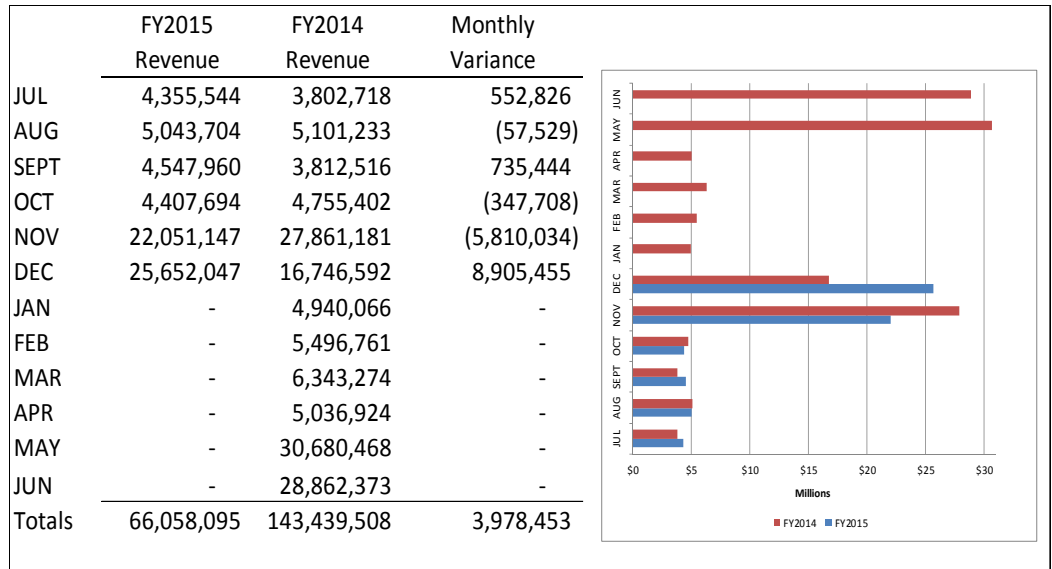


Photo courtesy of LeeAnna Pyles  
Moon Ridge Lane in Frederick County

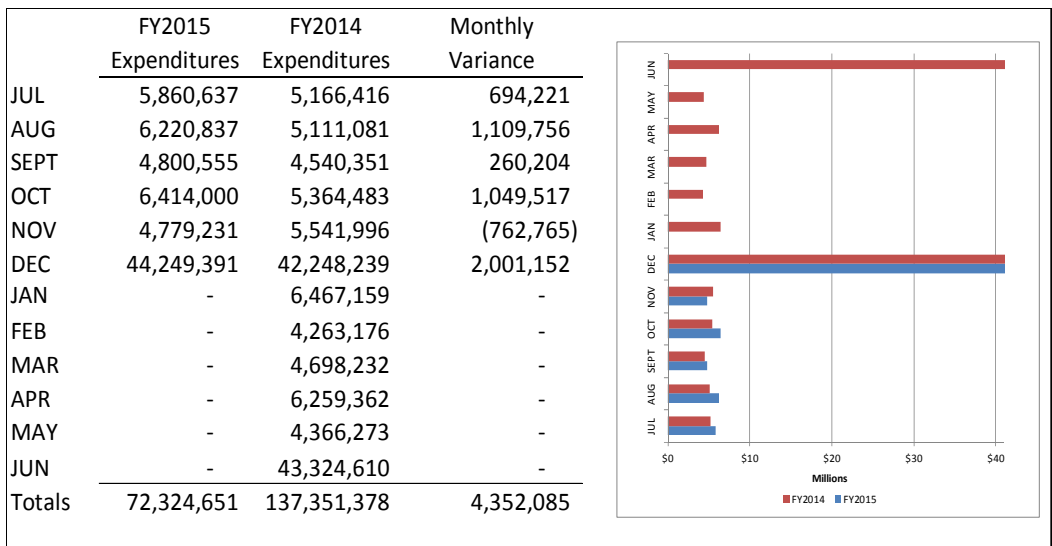
*Revenue through December increased \$3,978,453. Included in this increase are the property taxes in the amount of \$2,327,984, which are the largest single revenue stream in the General Fund.*

*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 2015 \$32 million) and School Debt Service (FY 2015 \$7.3 million) transfers.*

## General Fund Revenue Comparison



## General Fund Expenditure Comparison



## Unassigned Fund Balance 5-year Comparison

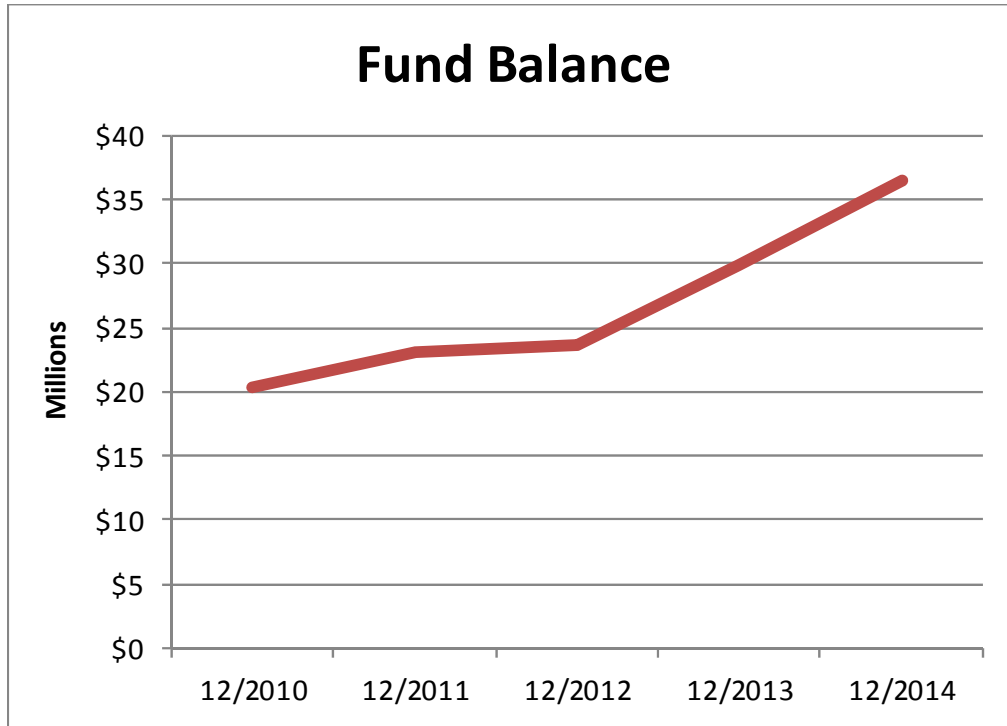


Photo courtesy of Lorraine Mossburg  
County Administration Building

## 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 \$23.7 million or 16.7% of the total general fund budget for FY 2015. Currently, the County's fund balance is above the recommendation at 25.6% (\$36.4 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 2015 budget. Fund balance has been regularly used to balance

budgets in the past. 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 2014. This is a result of having revenues in excess of expenditures at the end of fiscal year 2014. View the financial statements, discussed on page 10 of this newsletter, for more detailed information.

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*Unassigned General Fund fund balance at December 31, 2014 is \$36,420,856.*

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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 \$2,327,984 year to date and the majority can be attributed to personal property (+\$1,574,007). Other significant variances in-

clude real estate (+\$482,531) public services (+\$193,040) and penalties, interest & administration fees for liens & distress (+\$78,406).

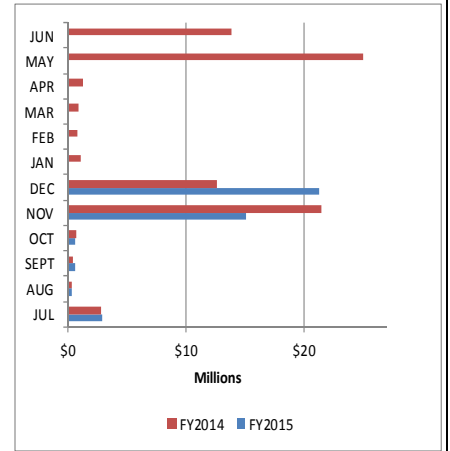
Included in the permits and privilege fees are land use, transfer fees, development review fees,

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)*

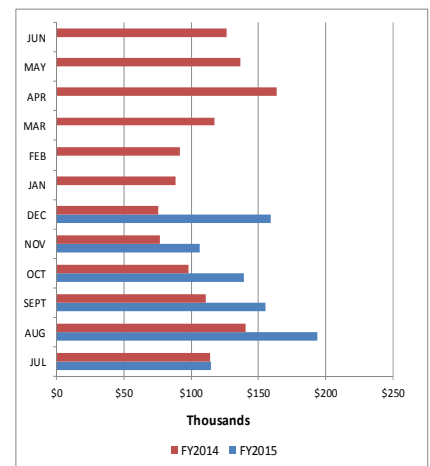
## Property Tax Comparison 2014–2015

	FY2015	FY2014	Variance
JUL	2,962,111	2,852,053	110,058
AUG	301,627	390,778	(89,151)
SEPT	587,003	432,218	154,785
OCT	627,409	710,726	(83,317)
NOV	15,097,682	21,528,019	(6,430,337)
DEC	21,292,153	12,626,207	8,665,946
JAN	-	1,120,305	-
FEB	-	783,177	-
MAR	-	886,565	-
APR	-	1,325,334	-
MAY	-	25,013,690	-
JUN	-	13,882,605	-
Totals	40,867,985	81,551,677	2,327,984



## Permit Fees Comparison 2014–2015

	FY2015	FY2014	Variance
JUL	114,588	114,415	173
AUG	193,830	140,296	53,534
SEPT	155,166	110,791	44,375
OCT	139,123	97,891	41,232
NOV	106,545	76,578	29,967
DEC	159,057	75,499	83,558
JAN	-	88,352	-
FEB	-	91,581	-
MAR	-	117,056	-
APR	-	163,621	-
MAY	-	136,478	-
JUN	-	126,225	-
Totals	868,308	1,338,782	252,838



## Other Local Taxes Comparison 2014–2015

	FY2015	FY2014	Variance
JUL	220,665	263,117	(42,452)
AUG	644,602	872,088	(227,486)
SEPT	2,444,536	2,101,859	342,677
OCT	2,016,705	1,975,353	41,352
NOV	2,097,167	1,904,547	192,620
DEC	2,279,425	2,288,320	(8,895)
JAN	-	2,285,696	-
FEB	-	3,552,978	-
MAR	-	3,914,970	-
APR	-	2,330,551	-
MAY	-	3,376,352	-
JUN	-	6,503,577	-
<b>Totals</b>	<b>9,703,101</b>	<b>31,369,408</b>	<b>297,817</b>

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 2014–2015

	FY2015	FY2014	Variance
JUL	1,058,161	1,011,266	46,895
AUG	1,085,666	969,208	116,458
SEPT	1,046,724	993,183	53,541
OCT	1,065,768	994,407	71,361
NOV	1,004,656	944,357	60,299
DEC	1,030,054	912,601	117,453
JAN	-	989,362	-
FEB	-	1,011,997	-
MAR	-	798,926	-
APR	-	1,092,840	-
MAY	-	1,216,411	-
JUN	-	983,579	-
<b>Totals</b>	<b>6,291,029</b>	<b>11,918,137</b>	<b>466,007</b>

*With sales tax on the rise by 8% through the second quarter of FY 2015, officials view the increase as positive. This chart is presented on a cash basis to reflect a better second quarter comparison.*

## Revenue Information

(Continued from page 4)  
permits and privilege fees increased \$252,838 year to date. The volume of permit fees was a contributing factor of the increase.

state sales tax is 5.3% with the state returning 1% back to the locality. The sales tax increased \$466,007 through the second quarter of FY 2015 compared to the prior year.

significantly impacted by the increase in sales tax, motor vehicle licenses fees, and meals tax.

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

The total variance of \$297,817 in other local taxes through December is a net increase which was





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.

### FY15 GOALS:

- Finalize contract with G-Tel for inmate phones to

include comprehensive kiosk software and will increase phone commission revenue.

- Upgrade inmate law library capability by using a portable system that can be moved between the housing units in the Main Jail and Community Corrections building.
- Execute Capital Improvement Plan utilizing monies from the Bond refinancing.
- Execute voice automation for internal phone service. Improve customer service and information accuracy.
- Develop plans and construct Greenhouse and hydroponic system for the garden.

## NRADC Revenues

	FY2015 Revenue	FY2014 Revenue	Monthly Variance
JUL	1,065,524	2,141,636	(1,076,112)
AUG	2,136,419	1,001,336	1,135,083
SEPT	1,047,175	1,732,025	(684,850)
OCT	3,025,093	1,934,489	1,090,604
NOV	667,044	46,318	620,726
DEC	2,034,270	1,879,421	154,849
JAN	-	2,369,498	-
FEB	-	946,394	-
MAR	-	1,929,500	-
APR	-	1,897,698	-
MAY	-	435,469	-
JUN	-	1,772,531	-
Totals	9,975,524	18,086,315	1,240,299

*The increase in revenue can be attributed to the timing of the receipt of local contributions (\$851,355) and share of jail cost commonwealth (\$295,394.65).*

## NRADC Expenditures

	FY2015 Expenditures	FY2014 Expenditures	Monthly Variance
JUL	1,276,476	1,320,300	(43,824)
AUG	1,233,221	1,233,335	(114)
SEPT	1,859,507	1,640,822	218,685
OCT	1,376,596	1,406,298	(29,702)
NOV	1,418,045	1,306,520	111,525
DEC	1,706,069	1,642,485	63,584
JAN	-	1,349,565	-
FEB	-	1,368,375	-
MAR	-	1,618,509	-
APR	-	1,345,245	-
MAY	-	1,304,252	-
JUN	-	1,996,544	-
Totals	8,869,914	17,532,250	320,154

# Frederick County Sanitary Landfill

## FY15 GOALS:

- Maintain vegetative cover on exposed soils by over-seeding and fertilizing.
  - Increase safety awareness of all landfill employees and continuing education of operators.
  - Coordinate a self inspection program with the assistance of the DEQ.
  - Divert storm water from Leachate Collection System.
  - Maximize electrical production off of landfill gas collected.
  - Strive for waste reduction through recycling, composting, brush grinding, tire shredding, etc.
- Department Accomplishments:
- Weighed and disposed of

144,984 tons of waste.

- Generated 13,555 MW/hr of power from Landfill Gas to Energy plant.
- Collected and discharged 19,535,000 gallons of pre-treated leachate to the Ope-

quon Water Reclamation Facility.

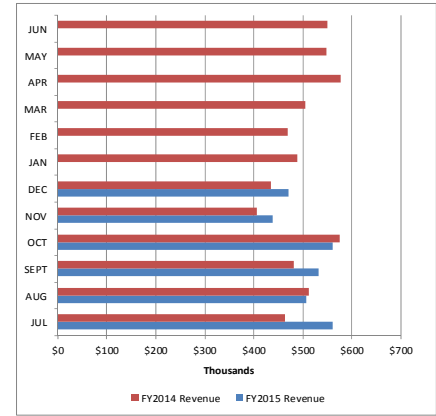
- Performed improvements to the site storm water collection system including adding silt sacs to areas of concern to obtain compliance with regulations.



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

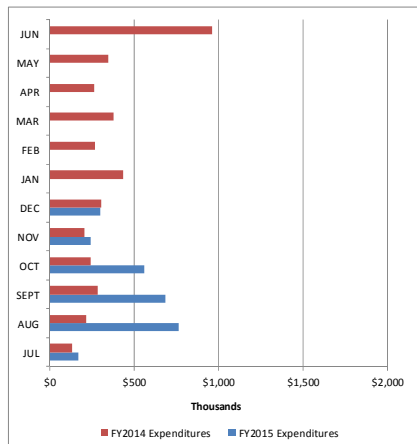
## Landfill Revenues

	FY2015 Revenue	FY2014 Revenue	Monthly Variance
JUL	560,097	463,851	96,246
AUG	506,408	512,398	(5,990)
SEPT	531,929	481,218	50,711
OCT	561,291	574,633	(13,342)
NOV	439,209	406,825	32,384
DEC	470,295	435,036	35,259
JAN	-	489,162	-
FEB	-	468,402	-
MAR	-	504,559	-
APR	-	576,128	-
MAY	-	547,335	-
JUN	-	550,120	-
Totals	3,069,228	6,009,667	195,267



## Landfill Expenditures

	FY2015 Expenditures	FY2014 Expenditures	Monthly Variance
JUL	170,880	132,819	38,061
AUG	765,547	218,622	546,925
SEPT	685,905	286,108	399,797
OCT	559,938	243,580	316,358
NOV	245,160	207,239	37,921
DEC	301,059	304,054	(2,995)
JAN	-	435,794	-
FEB	-	270,122	-
MAR	-	375,846	-
APR	-	263,258	-
MAY	-	348,210	-
JUN	-	959,093	-
Totals	2,728,489	4,044,745	1,336,067



*The increase in expenditures were impacted by capital projects (\$1.2 million) that includes the landfill improvement project for roadway, leachate lagoon, drainage improvements project, and additional permanent seeding.*

## A Year in Review—Frederick County, VA

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

*“Frederick County is proud to lay claim to being in the top 10% of all Virginia localities in regards to new jobs and capital investment announced over the past decade.”*

The Frederick County Economic Development Authority (EDA) is pleased to share that 2014 extended the positive economic momentum for Frederick County, VA. The EDA, and its economic development partners, worked with eight companies in 2014 to secure additional investments for the community. These announcements will result in the creation of more than \$38 million in capital investment, 336 new jobs, and the retraining of 84 existing positions. Frederick County is proud to lay claim to being in the top 10% of all Virginia localities in regards to new jobs and capital investment announced over the past decade.

Frederick County’s economic prosperity can be attributed, in part, to the continued success of existing businesses like Barrett Machine, Creative Urethanes, HP Hood, M&H Plastics, Mercury Paper, and Southeastern Container. These companies, among others, made significant investments in Frederick County in 2014. In addition, Navy Federal Credit Union became the largest private-sector employer in Frederick County, surpassing 1,200 employees.

One should capture an optimistic outlook on continuing this positive economic trend in 2015. Forecasts for the Winchester-Frederick County MSA, as reported in the most recent Virginia Economic Trends publication, are impressive:

- ◆ Highest annual average growth in employment



since 2013;

- ◆ Highest annual average growth in total wages and salaries since 2013;
- ◆ Highest annual average growth in building permits for 2014 and 2015;
- ◆ Highest annual average growth in employment, total wages and salaries, and building permits in 2015.

In addition to this upbeat forecast, Frederick County recently re-established its economic development vision by changing its Industrial Development Authority to an Economic Development Authority. This change will provide the flexibility to pursue a variety of business attraction and retention options and strategies for implementing a diversified economic development strategy.

Businesses are drawn to Frederick County because of its advantageous East Coast location, skilled workforce, consistent economic performance, existing portfolio of quality businesses, and most importantly, the community’s commitment to busi-

ness.

Companies locating to, or expanding in Frederick County, can expect proactive and innovative solutions. This year, the EDA and the Frederick-Winchester Service Authority announced that Valley Proteins signed an intent agreement to be an early adopter of the community’s new Green Energy Facility. The Facility will be operational in 2016 and will provide cost-effective, sustainable solutions for waste management which will further set Frederick County apart when it comes to economic development.

The Frederick County Economic Development Authority works as a catalyst to enhance the economy of Frederick County by promoting quality, balanced business development. The EDA provides a wide array of information and free services designed to help businesses locate or expand operations in Frederick County, Virginia. For additional information about the Frederick County EDA, visit [www.YesFrederickVA.com](http://www.YesFrederickVA.com).



## Distinguished Budget Presentation Award

Frederick County has received the Distinguished Budget Presentation Award for the fiscal year 2015 budget from the Government Finance Officers Association of the United States and Canada (GFOA) for the twenty-ninth consecutive year. This is the highest form of recognition in governmental budgeting and represents a significant achievement and reflects the commitment of the governing body and staff to meeting the highest principles. In order to receive the budget award, an entity has to satisfy nationally recognized guidelines for effective budget

presentation. The guidelines are designed to assess how well a budget serves as a policy document, a financial plan, an operations guide and a communications device. Budget documents must be rated “proficient” in all four categories and the fourteen mandatory criteria within those categories to receive the award. Award recipients have pioneered efforts to improve the quality of budgeting and provide an excellent example for other governments.

The FY 2015 budget document is available at: [www.fcva.us/budget2015](http://www.fcva.us/budget2015).



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*“Award recipients have pioneered efforts to improve the quality of budgeting and provide an excellent example for other governments.”*

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## Shred Fest and America Recycles Day 2014

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

Frederick County’s community shred events highlight the importance of fraud protection and recycling, making November 15, America Recycles Day (ARD), the perfect date for Fall Shred Fest 2014.

A near-record 328 residents and businesses brought old paper documents for destruction during November’s event, collecting 14,380 pounds of paper for recycling. Once collected, all paper is made into tissue paper. Diverting this material from a landfill conserved 36 trees, 988 gallons of oil and 15,400 gallons of water.

In its 17th year, America Recycles Day is a community-driven awareness event showcasing the benefits of recycling while encouraging citizens to recycle

more. Centered on the theme, “I Want to be Recycled,” this year’s campaign pointed out that when materials are recycled, garbage is given a second life.

For example, a plastic bottle can be recycled into new containers, and items such as t-shirts, fleece jackets, composite lumber, toys, auto parts and carpeting. Metal and aluminum containers can be made into auto parts, building materials, and household items such as aluminum foil and pans. Recycled paper has many uses including new paper and paper products such as tissues, napkins, coffee filters and boxes, masking tape, egg cartons and home insulation.

Reinforcing the recycling message, promotional materials were distributed during Shred Fest, a

video was posted on the county’s website, and the Bowman Library hosted a display touting the benefits of recycling.

Frederick County’s community partners in making Community Shred an on-going success since 2007 are Southern Scrap/Williams’ Recycling, Records Management Solutions Inc., Shockey Companies, E&M Enterprises, and Stephens Restaurant and Jazz Café.

Let us keep a green thing going strong. Recycle!



*Photos courtesy of Gloria Puffinburger*  
**Shred Fest**

# Fiscal Year 2014 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/financials](http://www.fcva.us/financials).

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

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

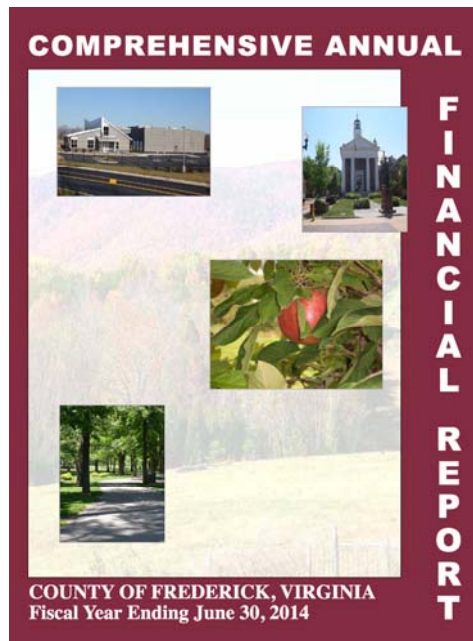
The Code of Virginia requires that all general-purpose local

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

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

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

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



[www.fcva.us/CAFR](http://www.fcva.us/CAFR)



[www.fcva.us/PAFR](http://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 2014 was 4%, compared to 4.2% in November 2013.
- The national average price of regular gasoline is \$2.033 a gallon.
- Frederick County government, as an employer, had \$6,348 unemployment claims for the December 2014 quarter compared to \$2,305 for the previous year.
- Angie's List plans to grow its Indianapolis headquarters and expand from approximately 500 employees in 2011 to about 2,800 by the end of 2019.
- Citigroup will exit consumer banking in 11 more markets, as the most international of the big U.S. banks looks to shrink its way to better profits.
- The national unemployment rate for November 2014 was 5.8% compared to 7.0% in November 2013.
- Verizon abandoned plans to slow down 4G connection speeds for certain customers with unlimited data plans following criticism by the FCC.



**Cut trees left for Treecycle at the Round Hill convenience site.**

*Photo courtesy of Gloria Puffinburger*