

COUNTY OF FREDERICK FINANCIAL NEWSLETTER December 2011



Performance At A Glance

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General Fund Revenue	Positive	2
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Special points of interest:

- Frederick County Broadband Campaign Underway
- County Energy Improvement Plan
- FY 2011 Financial Reports Issued
- Recycling Goal Met
- News Headlines

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**Old Frederick
County Courthouse**

Overall Fund Performance

Frederick County's overall General Fund revenue comparison through December 31, 2011 shows a decrease of \$489,163. The revenue was significantly impacted from a federal grant in the previous year for the Community Development Block Grant (CDB) in the

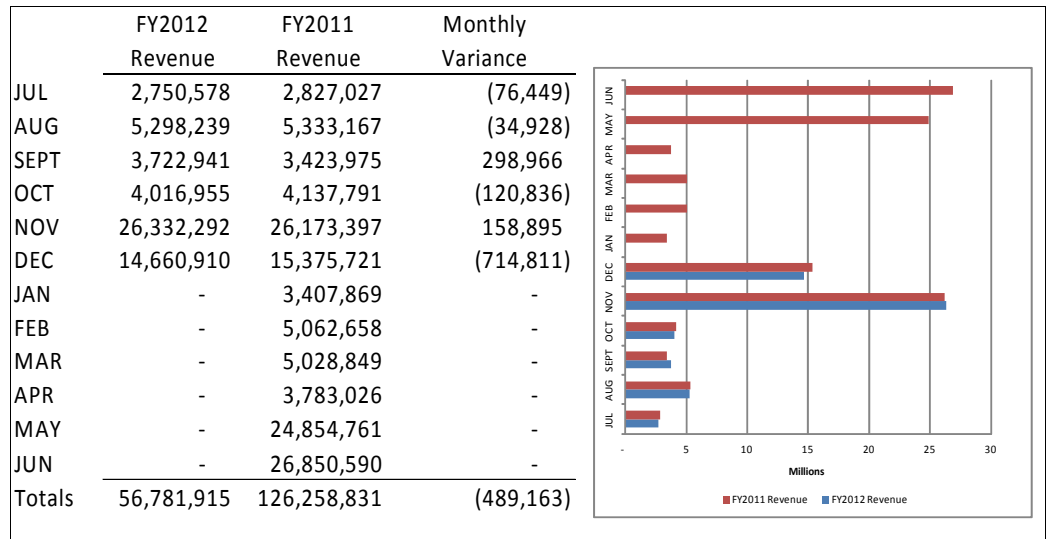
amount of \$683,939. Of the \$56.7 million revenue collected year to date, 61% is from property taxes.

The comparison of the FY12 expenditures have decreased \$3,375,704 year to date from the previous year. This decrease was due to the

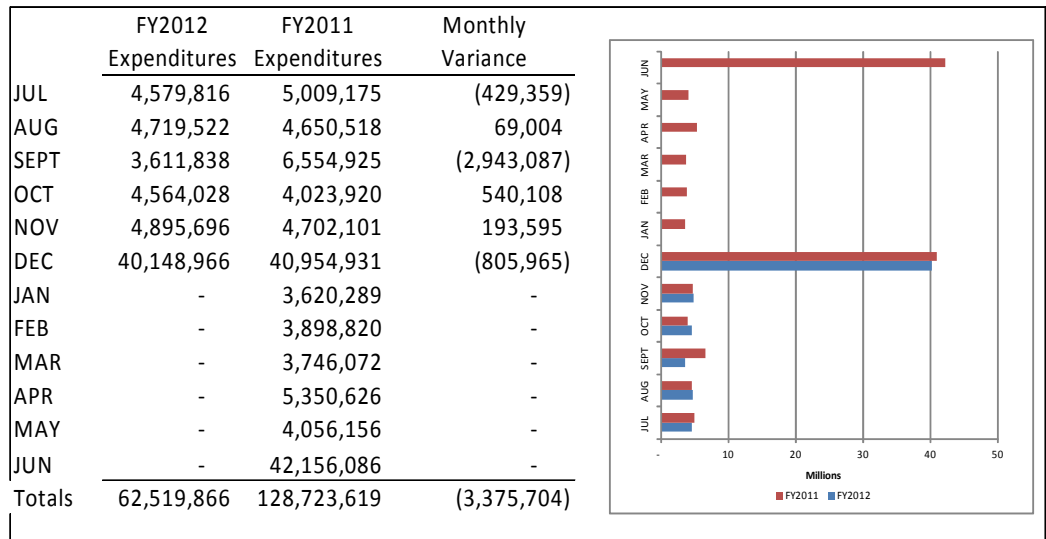
NW Works building renovation completion in FY11. Transfers decreased \$2,391,964 and included a reduction of \$287,963 for the School Fund and \$2,300,000 for School Construction.

The variance year to date is a decrease of \$489,163. The decrease was significantly impacted from a federal grant in the previous year for CDB Planning in the amount of \$683,939.

General Fund Revenue Comparison

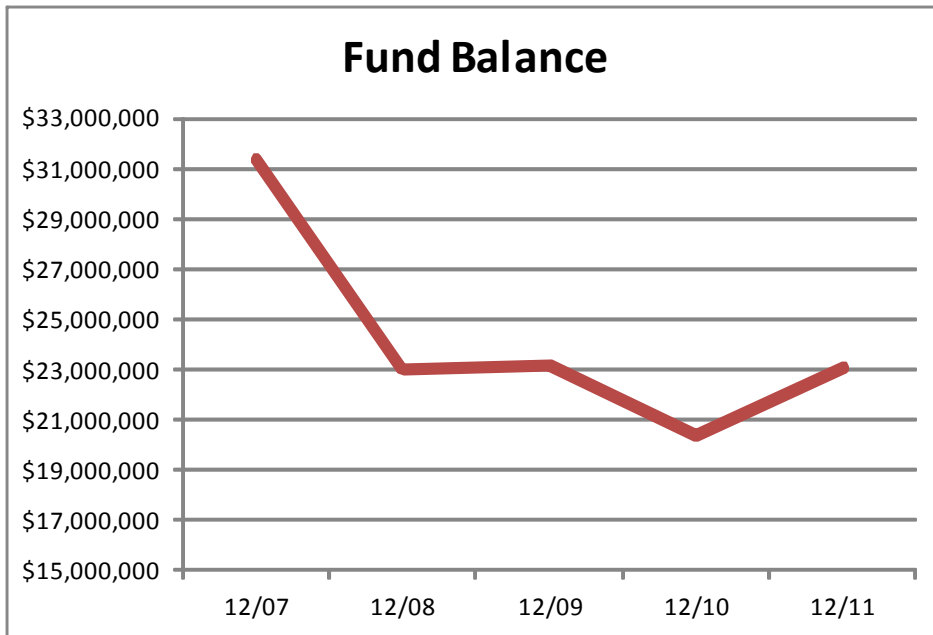


General Fund Expenditure Comparison



Expenditures decreased \$805,965 for the month of December and decreased \$3,375,704 year to date. Contributing to the decrease was the NW Works building renovation and the decrease of carry forward funds to the School in the current year.

Unreserved Fund Balance 5-year Comparison



The County monitors unreserved general fund balance monthly. Over the years, fund balance has been used to balance the General Fund budget. At the 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. The reduction in fund balance for FY2011 was mainly due to budget supplements made after the adoption of the County's annual budget.

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 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 \$20.1 million or 17% of the total general fund budget for FY 2012. Currently, the County's fund balance is just above the recommendation at 18% (\$23.0 million).

The General Fund fund balance was reduced by \$4.3 million to balance the FY 2012 budget without a tax increase. With an economy continuing to experience the longest recession since World War II, the Board of Supervisors felt that reserves should be spent before increasing the burden to taxpayers. The FY 2013 budget preparation has begun and the use of fund balance funding will be part of the strategy in the development and balancing.



Weather Alerts Now Available!

Receive messages about weather warnings within seconds from the time they are issued by the National Weather Service on your cell phone, by text message or to home phones. This service is strictly opt in. Register to receive any or all of the three warnings; Severe Thunderstorm, Flash Flood or Tornado. There is no cost for this service other than individual cost for text messaging from your service provider.

http://www.co.frederick.va.us/public_safety/alert_frederick.aspx



Public Safety Building

Revenue Information

Property taxes include real estate, personal property and machinery and tools tax. 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.

Local sales taxes consist of the portion of the state sales tax that is remitted to the locality. The state sales tax is 4.5% with the state returning 1% of the 4.5% back to the locality. The sales tax increased \$9,262 in December 2011 compared to the

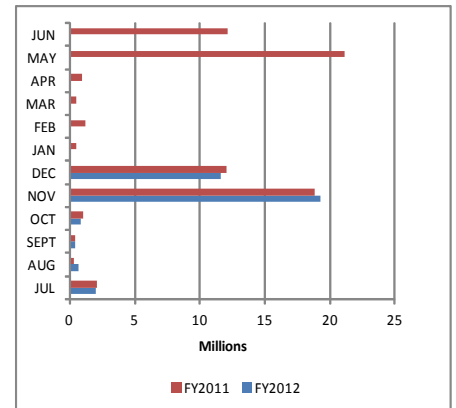
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Total property taxes increased \$211,045 year to date.

*Significant variances were:
Real Estate: (\$149,225)
Personal Property: \$534,196*

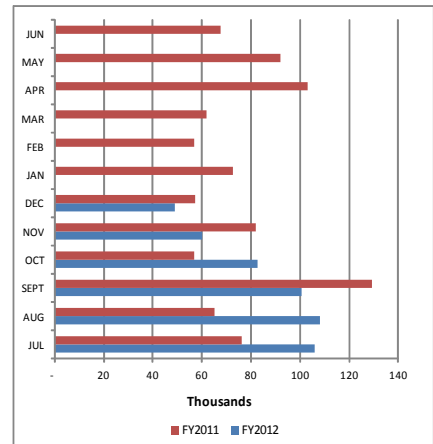
Property Tax Comparison 2011-2012

	Property Taxes		Variance
	FY2012	FY2011	
JUL	1,994,908	2,053,311	(58,403)
AUG	656,969	302,446	354,523
SEPT	445,736	402,851	42,885
OCT	888,301	1,018,028	(129,727)
NOV	19,285,270	18,842,113	443,157
DEC	11,639,143	12,080,534	(441,391)
JAN	-	502,081	-
FEB	-	1,186,668	-
MAR	-	491,443	-
APR	-	923,056	-
MAY	-	21,106,233	-
JUN	-	12,146,216	-
Totals	34,910,328	71,054,980	211,045



Permit Fees Comparison 2011-2012

	Permits&Fees		Variance
	FY2012	FY2011	
JUL	105,784	76,104	29,680
AUG	107,998	65,130	42,868
SEPT	100,525	129,372	(28,847)
OCT	82,515	56,891	25,624
NOV	60,214	81,954	(21,740)
DEC	48,960	57,101	(8,141)
JAN	-	72,560	-
FEB	-	56,999	-
MAR	-	61,719	-
APR	-	102,933	-
MAY	-	91,877	-
JUN	-	67,688	-
Totals	505,995	920,328	39,443



The permits and privilege fees decreased \$8,141 at the end of December. The variance year to date is an increase of \$39,443.

Other Local Taxes 2011-2012 Comparison

	Other Local Taxes	Other Local Taxes	Variance
	FY2012	FY2011	
JUL	146,380	205,127	(58,747)
AUG	855,962	685,669	170,293
SEPT	1,942,884	2,161,950	(219,066)
OCT	1,752,675	1,706,087	46,588
NOV	1,821,809	1,721,536	100,273
DEC	1,936,950	1,905,096	31,854
JAN	-	1,810,529	-
FEB	-	2,964,016	-
MAR	-	3,591,025	-
APR	-	1,718,524	-
MAY	-	2,710,718	-
JUN	-	5,521,130	-
Totals	8,456,660	26,701,407	71,195

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 and motor vehicle license fees. Sales tax detail follows.

Sales Tax 2011-2012 Comparison

	Sales Tax	Sales Tax	Variance
	FY2012	FY2011	
JUL	853,640	764,830	88,810
AUG	925,849	791,674	134,175
SEPT	862,116	802,741	59,375
OCT	905,590	811,899	93,691
NOV	852,630	802,700	49,930
DEC	831,818	822,556	9,262
JAN	-	805,436	-
FEB	-	867,665	-
MAR	-	690,198	-
APR	-	719,401	-
MAY	-	782,473	-
JUN	-	826,552	-
Totals	5,231,643	9,488,125	435,243

Sales Tax continues to be a large economic market indicator that is closely monitored by Frederick County officials. With sales tax on the rise by 9% through the second quarter of FY2012, officials view the increase as positive.

Revenue Information

(Continued from page 4)

prior year and increased \$435,243 year to date.

The variance of \$31,854 in other local taxes for December was impacted by the decrease in communication tax, utility taxes, business licenses

and recordation taxes.

Auto rental tax, motor vehicle licenses fees, meals tax, lodging tax, street lights, and star fort fees increased through the second quarter of 2012.



**Northwestern
Regional Adult
Detention Center**

Northwestern Regional Adult Detention Center

The Northwestern Regional Adult Detention Center is an 842-bed, medium security Jail established in 1991 to incarcerate pretrial defendants and offenders sentenced to confinement for 12 months or less. The Detention Center is governed by a 14 member body composed of representatives appointed from each of the sup-

ported jurisdictions: Clarke County, Fauquier County, Frederick County and the City of Winchester. The Detention Center staff consists of 136 sworn Jail Officers and 53 civilian employees.

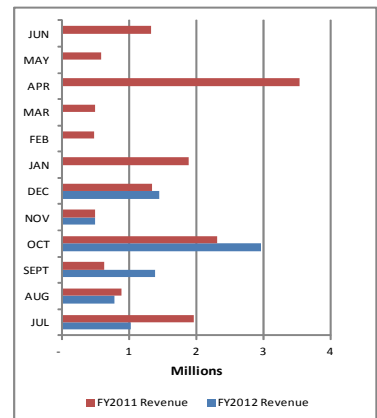
The Jail's average daily population in FY11 was 551 persons. Frederick County offenders accounted for 43.6% of

that population, a 5% increase over the previous year. The significant increase in population resulted in Frederick County bearing a greater share of the expenses associated with operating the Jail. In FY2012, Frederick County's budgeted share of Jail expenses is \$3,733,510, a 10% increase from its share of costs in FY2011.

The NRADC revenue increase in December 2011 was \$95,865 compared to December of the prior year.

NRADC Revenues

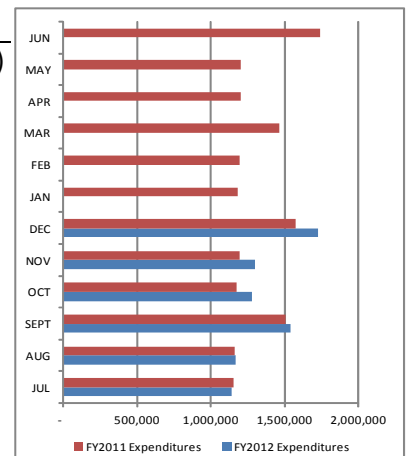
	FY2012 Revenue	FY2011 Revenue	Monthly Variance
JUL	1,032,028	1,972,355	(940,327)
AUG	782,589	891,021	(108,432)
SEPT	1,386,703	631,569	755,134
OCT	2,963,735	2,310,472	653,263
NOV	496,764	492,426	4,338
DEC	1,445,391	1,349,526	95,865
JAN	-	1,887,206	-
FEB	-	483,547	-
MAR	-	492,035	-
APR	-	3,548,136	-
MAY	-	587,191	-
JUN	-	1,330,562	-
Totals	8,107,210	15,976,046	459,841



NRADC expenditures increased \$151,958 in December 2011 compared to December of the prior year and increased \$383,454 year to date.

NRADC Expenditures

	FY2012 Expenditures	FY2011 Expenditures	Monthly Variance
JUL	1,138,976	1,155,902	(16,926)
AUG	1,170,653	1,158,708	11,945
SEPT	1,538,192	1,509,128	29,064
OCT	1,280,744	1,176,513	104,231
NOV	1,301,186	1,198,004	103,182
DEC	1,729,449	1,577,491	151,958
JAN	-	1,181,211	-
FEB	-	1,192,645	-
MAR	-	1,463,274	-
APR	-	1,203,955	-
MAY	-	1,201,127	-
JUN	-	1,739,625	-
Totals	8,159,200	15,757,583	383,454



Frederick-Winchester Landfill

The Frederick County Sanitary Landfill provides non-hazardous solid waste disposal needs for Frederick and Clarke Counties and the City of Winchester.

The development and operation of the municipal solid waste landfill became much more complicated and costly since the implementation of the Subtitle "D" regulations.

Detailed groundwater and surface monitoring programs are conducted for the old closed landfill, and for the new landfill opened in October 1993. In addition, a gas monitoring program is conducted on a monthly basis for the old and new landfill.

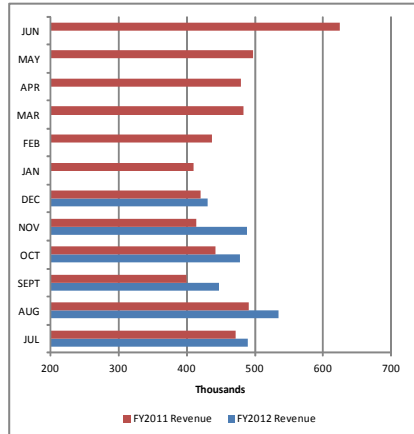
On November 4, 2010, the Frederick County Landfill began commercial operation of the Landfill Gas to Energy Plant. The overall project continues to be successful, along with waste reduction through recycling, composting, brush grinding and tire shredding.



Landfill Convenience Center

Landfill Revenues

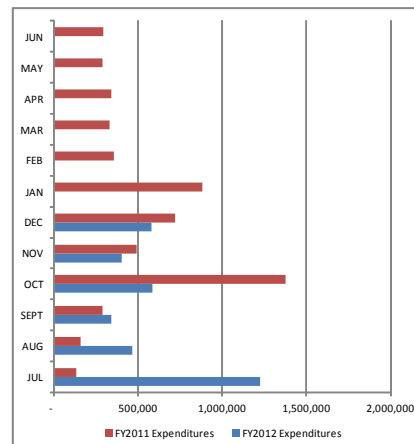
	FY2012 Revenue	FY2011 Revenue	Monthly Variance
JUL	489,700	471,514	18,186
AUG	534,369	490,876	43,493
SEPT	446,675	400,310	46,365
OCT	478,565	442,321	36,244
NOV	488,432	413,665	74,767
DEC	430,284	419,942	10,342
JAN	-	410,623	-
FEB	-	436,456	-
MAR	-	483,729	-
APR	-	479,088	-
MAY	-	497,965	-
JUN	-	624,630	-
Totals	2,868,024	5,571,119	229,396



Landfill revenue increased \$10,342 in December 2011 and \$229,396 year to date. The increase in revenue can be attributed to revenue received from the gas to energy project.

Landfill Expenditures

	FY2012 Expenditures	FY2011 Expenditures	Monthly Variance
JUL	1,226,446	131,248	1,095,198
AUG	466,969	156,246	310,723
SEPT	340,261	285,276	54,985
OCT	584,408	1,375,558	(791,150)
NOV	404,851	492,354	(87,503)
DEC	577,945	719,019	(141,074)
JAN	-	881,246	-
FEB	-	354,140	-
MAR	-	332,085	-
APR	-	341,385	-
MAY	-	287,961	-
JUN	-	292,951	-
Totals	3,600,879	5,649,468	441,178



The December 2011 Landfill expenditures decreased \$141,074 compared to the previous year. Year to date expenditures have increased \$441,178. Several capital projects have impacted the expenditures including the leachate expansion and the partial capping MSW.



Broadband Mapping Campaign

The Frederick County broadband mapping campaign springs from the Accelerate Virginia project. Launched in 2010, Accelerate Virginia is a broadband mapping project that aims to measure broadband availability all over the state. For the first time, consumers (not just providers) are being asked to provide information about Internet capacity and availability in their communities. Along with other sources, this data will support Virginia's broadband mapping initiative and be used to identify areas in need of broadband infrastructure investment. Access to affordable high-speed broadband networks is critical to expanding telework and workforce training oppor-

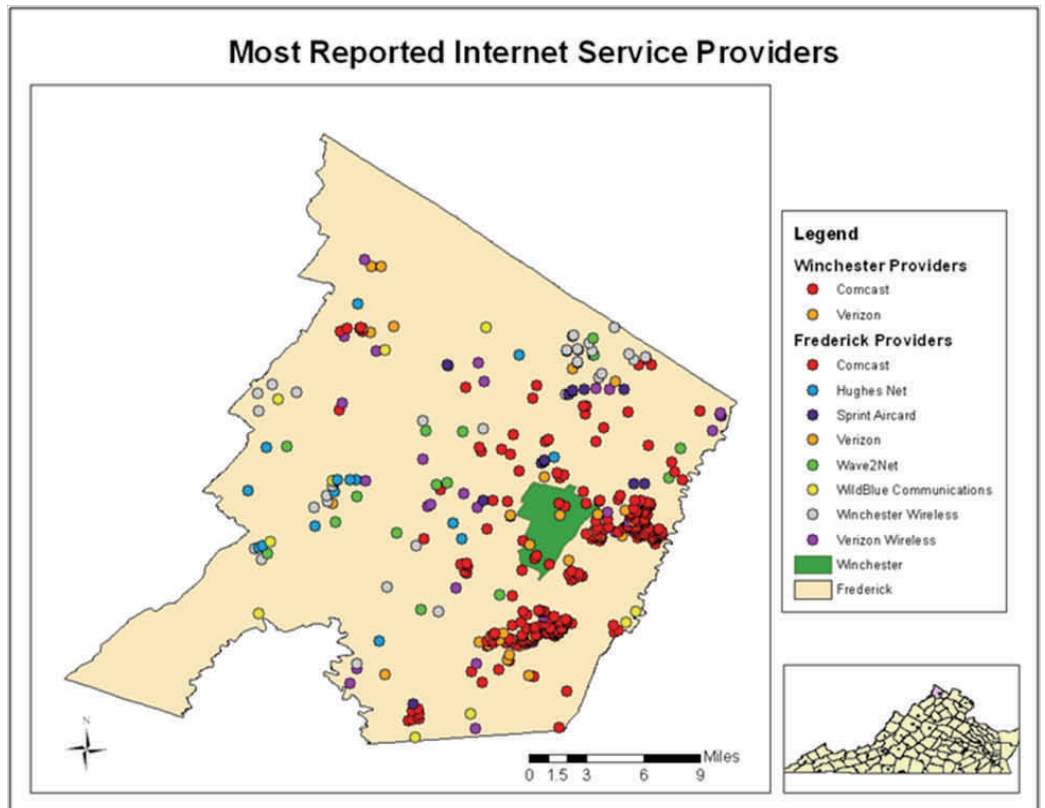
tunities as well as new business development in Frederick County.

How did we begin this process? In September 2011, we began contacting state resources to attempt to find out what other counties were doing to address the growing concerns about the lack of broadband Internet connectivity in Frederick County. We made some great contacts and agreed to partner with Virginia Tech, who had received grant monies to help determine current capacity and "dead zones," to help with the processes the state recommended through Virginia's broadband tool kit - www.wired.virginia.gov/broadband_toolkit.shtml.

In late November, the county began to collect data by examining existing providers and their coverage routes and asking residents to take a short speed test and survey - <http://acceleratevirginia.org/speedtest/> - and has received a preliminary report identifying internet providers, speeds and available services across the county.

What are the next steps? After the new year the county will seek to form a committee to review the data and develop an action plan modeled from the broadband tool kit to address the county-wide broadband needs.

The National Telecommunications and Information Agency (NTIA) has defined broadband internet as the use of transmission technologies that provide minimum download speeds of 768 kilobits per second and minimum upload speeds of 200 kilobits per second.



Broadband Mapping Quick Facts

- Download speeds in Frederick County ranged from .019 Mbps to 31.318 Mbps
- **Average Upload Speed**—The slowest average upload speed in Frederick County was in the 22654 ZIP code. Four speed tests occurred in the ZIP Code and resulted in an average upload speed of .545 Mbps. The fastest average speed in Frederick County was in the 22601 ZIP code. There were three speed tests that resulted in an average upload speed of 13.524 Mbps. The average upload speed in Frederick County was 3.745 Mbps.
- **Average Download Speed**—The slowest average download speed in Frederick County was in the 22654 ZIP code. Four speed tests occurred in the ZIP code and resulted in an average download speed of 1.772 Mbps. The fastest average download speed in Frederick County was in the 22601 ZIP code. There was one speed test that resulted in a download speed of 16.040 Mbps. The average download speed for Frederick County was 6.507 Mbps.
- **Average Upload Speed and Download Speed by Provider**—There are several Internet service providers in Frederick County and Winchester City. The two largest providers in Winchester City as reported by the speed tests are Comcast and Verizon. The largest providers in Frederick County as reported by the speed tests are Comcast, Hughes Net, Sprint Aircard, Wave2Net, WildBlue Communications, Winchester Wireless, and Verizon Wireless.

Provider	Speed Tests	Average Upload Speed (Mbps)	Average Download Speed (Mbps)
Comcast	230	5.878	10.519
Winchester Wireless	40	0.727	2.097
Verizon	38	0.583	2.032
Verizon Wireless	37	0.687	1.203
Sprint Aircard	19	6.007	4.897
Wave2Net	18	0.655	2.019
Hughes Net	16	0.740	1.129
WildBlue Communications	12	0.079	0.768

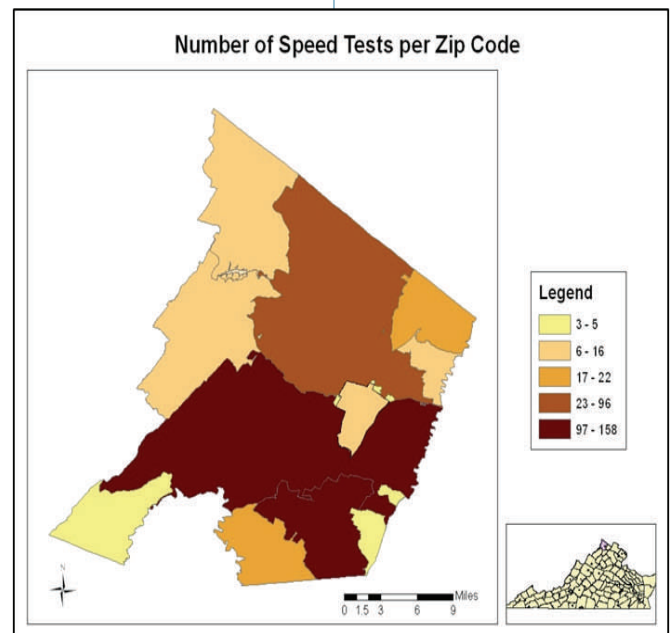
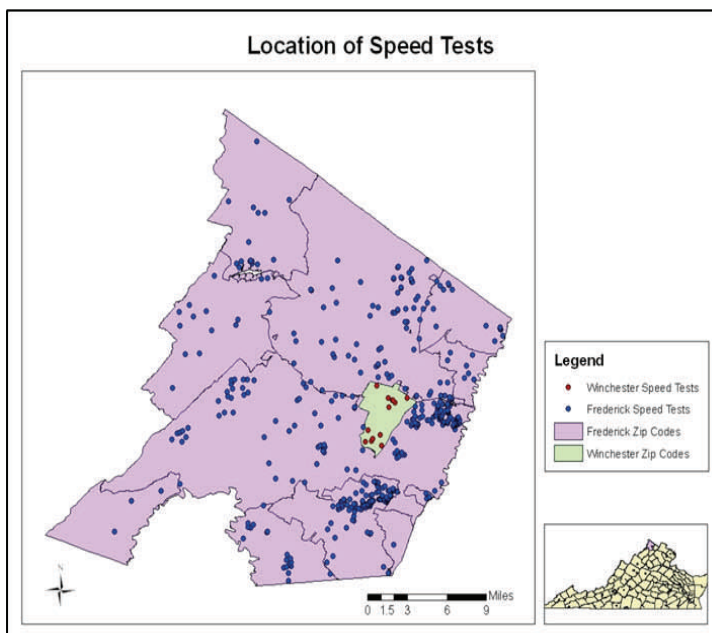
Speed Tests Completed

*Frederick County: 457
Winchester City: 15*

The speed tests are distributed throughout the County, but are concentrated in the eastern half of the county.

The chart to the left shows how many speed tests reported using each provider, the average upload speed of each provider, and the average download speed of each provider in Frederick County.

The maps below show the location of all the speed tests that occurred in the County and Winchester City.





Automatic light sensors were strategically placed throughout County buildings.

Energy Awareness and Improvement Plan

Predicting what will happen with energy costs in the future is like weather forecasting, there are a lot of variables that make certainty difficult. While we can't always predict the future, we do know the past. Central to what Frederick County has learned about energy use in the last few years is consistent with the axiom that 'what gets measured gets managed'. Our first energy inventory involved digging through boxes for a years' worth of invoices. This process evolved when the Finance Department took on the time consuming task of populating a database as invoices were paid. The higher level of tracking turned up account savings which more than paid for a subscription to an energy management service. With this tool we now have data and data analytics that we can manipulate in a number of ways to help understand our energy use. For example we can see that in 2010 we used 6% less electricity in county buildings than just three years earlier. Sounds like reasonable progress given recent energy efficiency efforts. Yet when we see a 49% increase in expenditure despite the reduced consump-

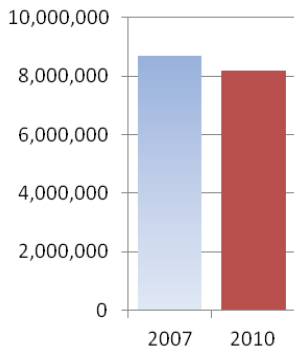
tion it is clear more work needs to be done.

To address future energy use in county operations the Board of Supervisors adopted an energy improvement plan near the end of 2009. The energy improvement plan sets reduction goals for a ten year period. This plan provides the framework for the county's Green Advisory Committee to work towards reducing energy use. One place to find opportunities is in improved technologies; updating items can pay for themselves in accumulated savings. In 2011 the county signed a contract with an energy service company to identify and make energy efficiency improvements to both the County Administration and Public Safety buildings. While many employees will remember the lights being changed and sensor switches being installed, some behind the scene improvements were made as well. Near the end of 2011 the Regional Jail entered a similar energy efficiency contract and is now enjoying an updated facility and decreased energy use. Both of these contracts were structured to ensure that energy efficiency savings would be

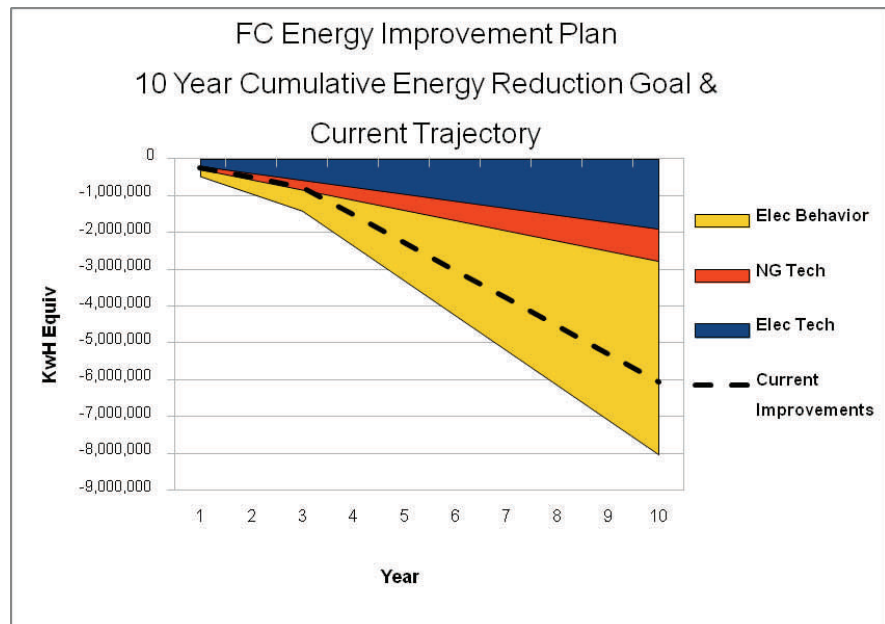
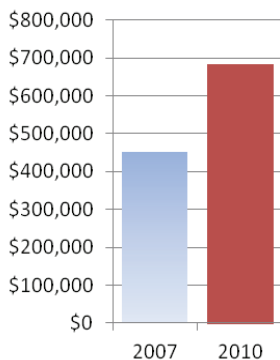
sufficient to pay for the improvement costs, save on current expenditures, and reduce exposure to future cost increases.

The question now becomes; where do we go from here? We've picked the 'low hanging fruit' in efficiency upgrades and now we must look to employee behavior to achieve further reductions. As you can see by the graph tracking our progress against energy improvement plan goals we need to reduce consumption even more. By encouraging conservation in schools, the school system reduced electricity use by 6% through occupant behavior alone, a great example for others to follow. Matching the schools' achievement will require all of us to turn out lights, reduce the temps on office heaters and air conditioners, drive smarter and less often, and generally become more efficiency minded when it comes to energy use. An initial training in energy efficiency is available to all staff. Awareness will likely have to develop even more if we are to achieve the energy improvement plan goals set by the Board of Supervisors.

Electric 2007-2010 kWh Total (6% decrease)



Electric 2007-2010 Cost Total (49% increase)



FY 2011 Financial Reports

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 in print in the Finance Department or online at www.frederickcountyva.gov, keyword: 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 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.

The Popular Annual Financial Report is presented to better inform the public about the financial condition of County's primary governmental activities, without excessive detail or the use of technical terms. The purpose is to summarize and simplify.

The Comprehensive Annual Financial Report 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.

FY 2011 Financial Reports

December 2011 COUNTY OF FREDERICK, VIRGINIA

Popular Annual Financial Report

To the residents of Frederick County:

We face a steady influx of facts, figures and statistics in today's busy world. Sorting through this information, deciding what is important and then putting that information to good use can be a difficult task. In an effort to provide you with easily accessible, reliable information, we are pleased to present the Frederick County, Virginia's Popular Annual Financial Report (PAFR) for the fiscal year July 1, 2010 through June 30, 2011.

The purpose of this report is to summarize and simplify the presentation of information contained in the audited Frederick County 2011 Comprehensive Annual Financial Report (CAFR). 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 CAFR, which is comprised of detailed financial statements, notes, schedules and reports. The CAFR, in its entirety, is available in the Frederick County Finance Department and online at www.frederickcountyva.gov.

This PAFR is intended to be a supplement to the CAFR, not a replacement. It does not conform to accounting principles generally accepted in the United States of America (GAAP) and focuses solely on primary governmental activities. Financial information related to the County Schools, Landfill, Adult Detention Center, Regional Airport, Shawneeelnd 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 CAFR.

The PAFR is presented in a simple and easy to understand format 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.

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County of Frederick

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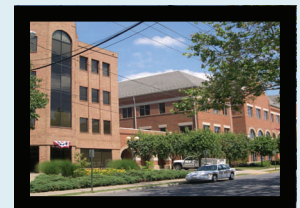
Headlines

- Regional unemployment rate for November 2011 was 5.4%, compared to 6.7% in November 2010.
- Frederick County government, as an employer, had \$6,978 in unemployment claims for the December 2011 quarter. That is a significant reduction from December 2010 quarter when the claims were \$16,832.
- Berkshire Hathaway's energy business will buy an 81-megawatt wind-power project from Invenegy Wind to expand production in Illinois.
- GM sold 9.026 million vehicles globally in 2011, up 7.6% from 2010 and regained its title as the world's top-selling automaker form rival Toyota.
- GE's fourth-quarter earnings dropped 18% to \$3.73 billion.
- The median sales price of existing homes fell 2.5% to \$164,500 in December from the same period of 2010.
- The average global temperature was 57.9 degrees Fahrenheit in 2011, the 11th hottest year on record..
- The National Association of Realtors reported that existing homes sales rose 5% in December to a seasonally adjusted annual rate of 4.61 million.

2011 goal achieved! We need a bigger bin!

With 859,199 lbs. of material recycled in December and a total of 11,733,849 lbs. for the year, Frederick County residents smashed the 2010 recycling record of 10,874,650 lbs. Let's keep that momentum and recycle even more in 2012!

New goal to beat: 11,733,849 lbs.



**County
Administration
Complex**

