

County of Frederick

Financial Newsletter

March 31, 2011



Performance At A Glance

Quarter Ending March 31, 2011		
General Fund	Year to Date	Page Reference
General Fund Revenue	Positive	2
General Fund Expenditures	Negative	2
Fund Balance	Negative	3
Property Taxes	Positive	4
Permits & Privilege Fees	Negative	4
Sales Tax	Positive	5
Other Local Taxes	Positive	5
Northwestern Regional Adult Detention Center	Positive	6
Frederick-Winchester Landfill Fund	Positive	7
Gas to Energy Project	Positive	8
Staffing Level	Neutral	9
Unemployment Data	Positive	10
Treasurer's Online Payments	Positive	11
Parks and Recreation	Positive	12

Special points of interest:

- Go green! Sign up for e-bill today— Have your tax bills emailed to you www.fredtax.com
- Gas to Energy Project
- Employment Activity FY2011
- Parks & Recreation Programs
- News Headlines

Inside this issue:

General Fund Data	2
Fund Balance	3
Property Taxes & Permits	4
Sales & Other Local Taxes	5
NRADC	6
Landfill	7
Gas to Energy Project	8
HR Employment Activity	9
Unemployment Data	10
Treasurer Online Payments	11
Parks & Recreation Programs	12
Vision & News Headlines	13



**Old Frederick
County Courthouse**

Overall Fund Performance

Frederick County's overall General Fund revenue comparison for March 31, 2011 shows positive performance. Revenue totals to date are up by \$2.9 million. Of this increase in revenue, 41% is from property taxes.

As can be expected, expenditures also show an increase in year to date amounts by \$831,340. This can be attributed to increased year to date school

transfers and Economic Development incentives paid in the current fiscal year.

December and June of each year show a more accurate balance with revenue than any other time since tax collections are due in those months. The flow of expenditures is more constant through out the year.

Overall, the county has received more revenue than

they expended by \$2.1 million at the end of the third quarter. This is a positive indicator since the county's budget controls for expenditures exceed their budget controls for revenue by over \$10 million dollars.

The variance year to date was a positive increase of \$2,948,325. Included in this increase are the property taxes(\$1,209,840), which are the largest single revenue stream in the General Fund, other local taxes (\$1,198,485) with detailed comparisons presented later in the newsletter, and federal revenue(\$795,316) for Planning & Sheriff grants.

Expenditures decreased \$1,081,162 at the end of March and increased \$811,340 year to date. Contributing to the decrease was the timing of the quarterly jail contribution transferred in the previous year in March. The \$811,340 increase year to date includes School and EDC incentives increased \$550,000.

General Fund Revenue Comparison

	FY 2011 Revenue	FY 2010 Revenue	Monthly Variance
JUL	2,827,027	3,335,591	(508,564)
AUG	5,333,167	4,602,520	730,647
SEPT	3,423,975	3,381,525	42,450
OCT	4,137,791	4,239,654	(101,863)
NOV	26,173,397	16,331,999	9,841,398
DEC	15,375,721	23,098,312	(7,722,591)
JAN	3,407,869	3,427,871	(20,002)
FEB	5,062,658	4,486,636	576,021
MAR	5,028,849	4,918,020	110,829
APR		4,132,416	
MAY		20,108,515	
JUN		31,362,042	
Totals	70,770,454	123,425,102	2,948,325

General Fund Expenditure Comparison

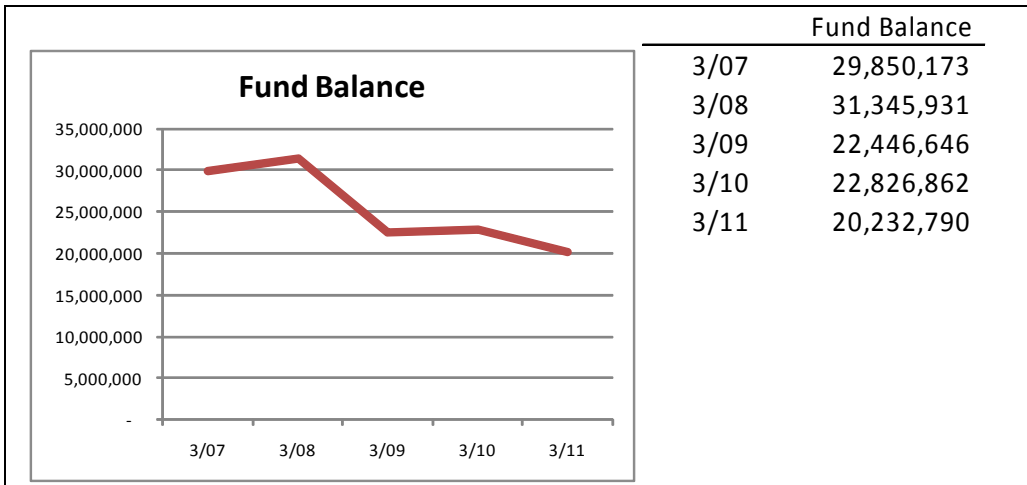
	FY 2011 Expenditures	FY 2010 Expenditures	Monthly Variance
JUL	5,009,175	4,326,585	682,590
AUG	4,650,518	4,777,185	(126,667)
SEPT	6,554,925	6,719,260	(164,335)
OCT	4,023,920	3,627,952	395,968
NOV	4,702,101	4,583,155	118,946
DEC	40,954,931	39,952,843	1,002,088
JAN	3,620,289	3,512,677	107,612
FEB	3,898,820	4,022,519	(123,699)
MAR	3,746,072	4,827,233	(1,081,162)
APR		3,622,853	
MAY		4,036,082	
JUN		39,459,677	
Totals	77,160,750	123,468,022	811,340

Report on Unreserved Fund Balance

Unreserved Fund Balance, Beginning of Year, July 1, 2010	\$	24,111,233
Prior Year Funding & Carryforward Amounts		(461,955)
Other Funding/Adjustments		
Chesapeake Bay Grant		(7,600)
EDC incentive - World Color 2nd half		(150,000)
EDC incentive - Kraft		(500,000)
Audit Adjustment		31,049
AARP Tax Aide		(2,100)
School Capital Fd 60		(2,300,000)
Energy Performance Contract		(345,477)
No Dare funding		(5,000)
VJCCA Refund		(21,339)
Extensions C/F		(16,021)
Professional Services	\$	(3,416,488)
Fund Balance March 31, 2011	\$	20,232,790

Currently, the County's Unreserved Fund Balance equals 17 percent of the General Fund Budget. 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.

Unreserved Fund Balance 5 Year Comparison



The reduction in fund balance is attributed to budget supplements made after the adoption of the County's budget.

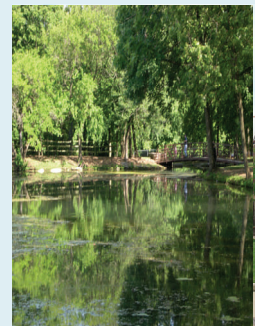
The Importance of Fund Balance

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.

The Government Finance Officers Association (GFOA) recommends that unreserved fund balance

be maintained at 5% to 15% of general fund revenues. The County has established a goal for maintaining the undesignated fund balance in the General Fund at not less than 10% of general fund revenues.



Clearbrook Park



Public Safety Building

Revenue Information

Property taxes include real estate, personal property and machinery and tools tax. Comparable months would be December and June.

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

building, mechanical, electrical, plumbing, sign, land disturbance, and blasting 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

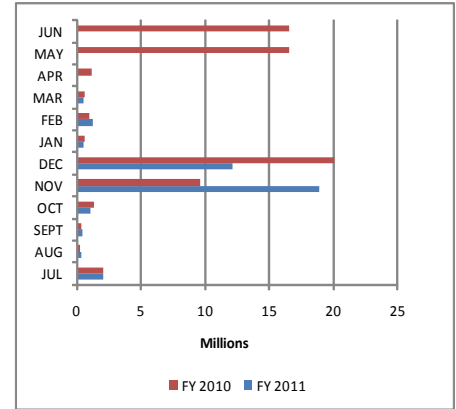
to the locality. The state sales tax is 4.5% with the state returning 1% of the 4.5% back to the locality. The sales tax increased \$86,395 in March 2011 compared to the prior year and increased \$528,840 year to date.

(Continued on page 5)

Property taxes increased \$1,209,840 year to date.

Property Taxes 2010-2011 Comparison

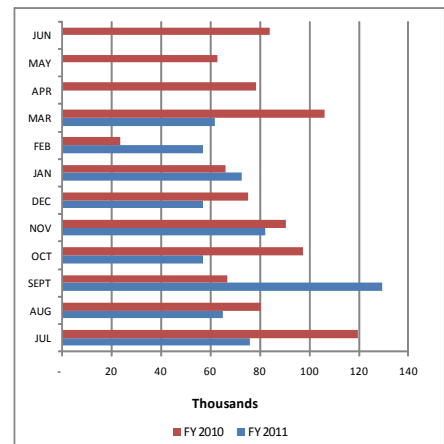
	Property Taxes		Variance
	FY 2011	FY 2010	
JUL	2,053,311	2,005,070	48,241
AUG	302,446	252,458	49,988
SEPT	402,851	340,466	62,385
OCT	1,018,028	1,297,809	(279,780)
NOV	18,842,113	9,569,411	9,272,701
DEC	12,080,534	20,059,520	(7,978,986)
JAN	502,081	633,756	(131,675)
FEB	1,186,668	945,501	241,167
MAR	491,443	565,644	(74,201)
APR		1,169,811	
MAY		16,563,735	
JUN		16,524,052	
Totals	36,879,475	69,927,233	1,209,840



The permits and privilege fees \$67,465 variance is a result of decreased construction.

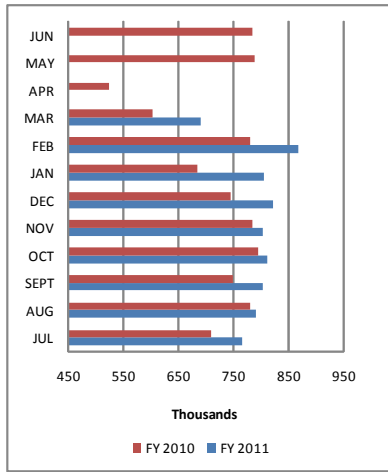
Permits & Privilege Fees 2010-2011 Comparison

	Permits&Fees		Variance
	FY 2011	FY 2010	
JUL	76,104	119,558	(43,454)
AUG	65,130	80,170	(15,040)
SEPT	129,372	66,731	62,641
OCT	56,891	97,313	(40,422)
NOV	81,954	90,408	(8,454)
DEC	57,101	75,268	(18,166)
JAN	72,560	66,211	6,349
FEB	56,999	23,658	33,341
MAR	61,719	105,980	(44,261)
APR		78,324	
MAY		62,729	
JUN		83,792	
Totals	657,832	950,143	(67,465)



Sales Tax 2010-2011 Comparison

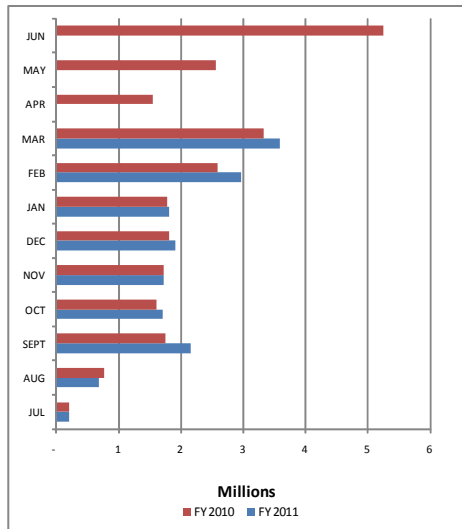
	Sales Tax FY 2011	Sales Tax FY 2010	Variance
JUL	764,830	709,424	55,406
AUG	791,674	781,265	10,409
SEPT	802,741	749,651	53,090
OCT	811,899	794,402	17,497
NOV	802,700	783,633	19,067
DEC	822,556	744,046	78,510
JAN	805,436	684,175	121,261
FEB	867,665	780,459	87,205
MAR	690,198	603,803	86,395
APR		523,430	
MAY		789,344	
JUN		784,765	
Totals	7,159,697	8,728,396	528,840



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 8% officials view the increase as a positive indicator.

Other Local Taxes 2010-2011 Comparison

	Other Local Taxes FY 2011	Other Local Taxes FY 2010	Variance
JUL	205,127	205,488	(361)
AUG	685,669	762,476	(76,808)
SEPT	2,161,950	1,744,150	417,800
OCT	1,706,087	1,605,368	100,719
NOV	1,721,536	1,719,016	2,519
DEC	1,905,096	1,815,614	89,482
JAN	1,810,529	1,780,761	29,769
FEB	2,964,016	2,589,217	374,799
MAR	3,591,025	3,330,458	260,567
APR		1,542,391	
MAY		2,559,328	
JUN		524,687.53	
Totals	16,751,034	24,901,143	1,198,485



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, business licenses, and meals tax.

Revenue Information

(Continued from page 4)

Other local taxes revenue that has remained at a fairly steady rate are business and professional occupation licenses. This is due to greater efforts on enforcement of all businesses obtaining a

business license. The business licenses have increased \$558,871 year to date.

Meals tax has increased \$155,582 over the prior year.

Northwestern Regional Adult Detention Center



**Northwestern
Regional Adult
Detention Center**

The Northwestern Adult Detention Center is a direct supervision jail consisting of a 440-bed medium security Main Jail, a 147-bed medium security Annex and a 204-bed medium security Community Correction Center. The Detention center is governed by a Jail Authority composed of 14 primary members appointed by (4) participating jurisdictions.

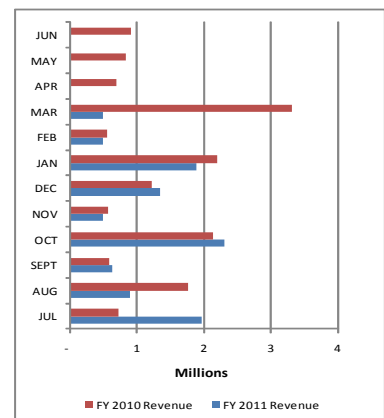
The jail's average daily population for FY 2010 was 550 inmates. During FY 2010, more than 270 inmates were diverted into the Detention Center's Pretrial Services, Home Electronic Monitoring and Work Release Programs. The budget for the Detention Center has been significantly reduced for the past four fiscal years. Although an overall budget reduction has

been experienced, Frederick County's share of the Detention Center's budget continues to increase substantially due to population statistics at the center. Currently, Frederick County's average daily population is 38.58%. This number is expected to increase to 41.97% for FY 2012.

The timing of receipt of local contributions resulted in a decrease of \$2,572,604 through March 2011, for NRADC. These contributions total \$3,043,183 and have been received in April 2011.

NRADC Revenues

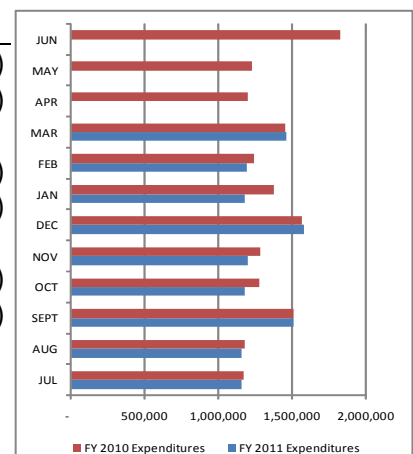
	FY 2011 Revenue	FY 2010 Revenue	Monthly Variance
JUL	1,972,355	729,396	1,242,959
AUG	891,021	1,763,854	(872,833)
SEPT	631,569	578,585	52,984
OCT	2,310,472	2,137,453	173,019
NOV	492,426	571,856	(79,429)
DEC	1,349,526	1,223,648	125,878
JAN	1,887,206	2,204,714	(317,509)
FEB	483,547	550,243	(66,697)
MAR	492,035	3,323,012	(2,830,976)
APR		697,010	
MAY		839,618	
JUN		911,006	
Totals	10,510,157	15,530,395	(2,572,604)



NRADC expenditures increased \$8,906 in March 2011 compared to March in the prior year and decreased \$442,322 year to date. The expenditures were impacted by a \$331,613.96 decrease in salaries and benefits.

NRADC Expenditures

	FY 2011 Expenditures	FY 2010 Expenditures	Monthly Variance
JUL	1,155,902	1,169,259	(13,357)
AUG	1,158,708	1,179,110	(20,402)
SEPT	1,509,128	1,507,515	1,613
OCT	1,176,513	1,274,343	(97,830)
NOV	1,198,004	1,284,352	(86,348)
DEC	1,577,491	1,568,138	9,353
JAN	1,181,211	1,377,223	(196,012)
FEB	1,192,645	1,240,891	(48,246)
MAR	1,463,274	1,454,368	8,906
APR		1,199,087	
MAY		1,227,505	
JUN		1,824,558	
Totals	11,612,877	16,306,349	(442,322)



Frederick-Winchester Landfill

The Frederick County Landfill is a 932 acre facility that has been in operation since July 1, 1975. Acreage has been added to the facility throughout its operation. The most recent land purchase was a parcel of 54 acres located to the western side of the landfill along Sulphur Spring Road and will be used as a buffer. Other improvements include road im-

provements, a twenty foot tall fence to prevent spreading of wind-blown trash, and new scale house, maintenance building and a leachate pre-treatment facility. Long term objectives include expanding the active gas collection system to include revenue generating gas utilization projects and to strive for waste reduction through recycling, composting, brush

grinding and tire shredding.

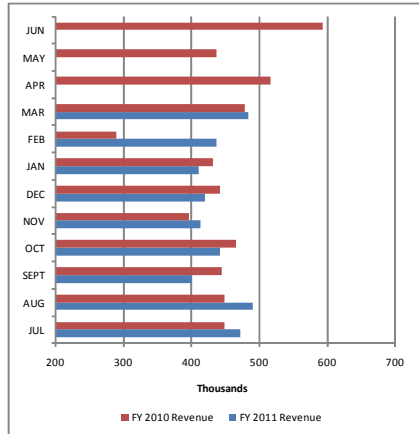
The average monthly tonnage for FY 2011 is 12,246 tons. Five years ago, for FY 2006, the average monthly tonnage for the landfill was 17,785. This decline can be attributed to an 18% decrease in the waste stream.



Landfill Convenience Center

Landfill Revenues

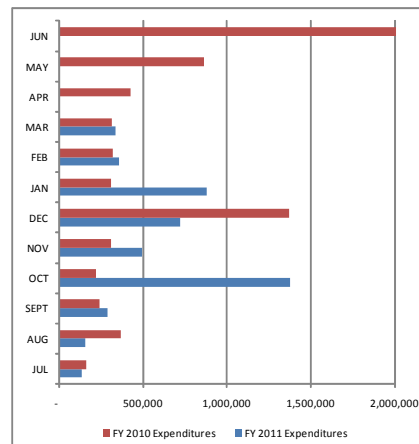
	FY 2011 Revenue	FY 2010 Revenue	Monthly Variance
JUL	471,514	448,321	23,193
AUG	490,876	448,354	42,522
SEPT	400,310	444,197	(43,887)
OCT	442,321	466,135	(23,814)
NOV	413,665	396,402	17,263
DEC	419,942	441,865	(21,922)
JAN	410,623	431,873	(21,250)
FEB	436,456	290,083	146,372
MAR	483,729	478,271	5,458
APR		515,851	
MAY		436,196	
JUN		593,379	
Totals	3,969,436	5,390,928	123,934



Landfill revenue increased \$5,458 in March 2011 and \$123,934 year to date. The increase in revenue can be attributed to revenue received from the gas to energy project and from recycling programs.

Landfill Expenditures

	FY 2011 Expenditures	FY 2010 Expenditures	Monthly Variance
JUL	131,248	158,645	(27,397)
AUG	156,246	365,234	(208,989)
SEPT	285,276	242,013	43,263
OCT	1,375,558	218,320	1,157,238
NOV	492,354	310,491	181,863
DEC	719,019	1,370,931	(651,912)
JAN	881,246	310,615	570,632
FEB	354,140	316,785	37,356
MAR	332,085	315,649	16,436
APR		425,919	
MAY		860,681	
JUN		2,634,009	
Totals	4,727,171	7,529,291	1,118,489



The March 2011 Landfill expenditures increased \$16,436 compared to the previous year. Year to date expenditures have increased \$1,118,489. Several capital projects have impacted the expenditures including the gas to energy project and the partial capping MSW.

Gas to Energy Project

The Frederick County Landfill began commercial operation of the Landfill Gas to Energy Plant (LFGTE) on November 4, 2010. This endeavor has proven to be quite beneficial to the County and the landfill as a public relations item. There has been much positive press regarding the project, with coverage by being provided by The Northern Virginia Daily, The Winchester Star, WHAG TV, TV3, and the Frederick County Observer, (a local internet newsletter). The project has also gained national recognition by being selected as the EPA's Landfill Methane Outreach Program's project of the year.

The operation of this pro-

ject is something new to the landfill staff, but through the creation of a position and the hiring of a Gas Plant Operator, the staff has been able to maintain an operation uptime of 97%. The LFGTE plant has many critical components that are required to work together to ensure that power is being produced around the clock.

Power that is generated at the plant is sold on the wholesale market through PJM, the regional transmission entity. Through the end of February 2011, the plant has generated a total of 5,075 megawatt hours for a gross revenue of \$236,947. This translates to an average of \$46.69 per megawatt hour of

power that has been produced. The potential to generate additional revenue through the creation and sale of renewable energy credits (REC's) is an item that staff continues to work on.

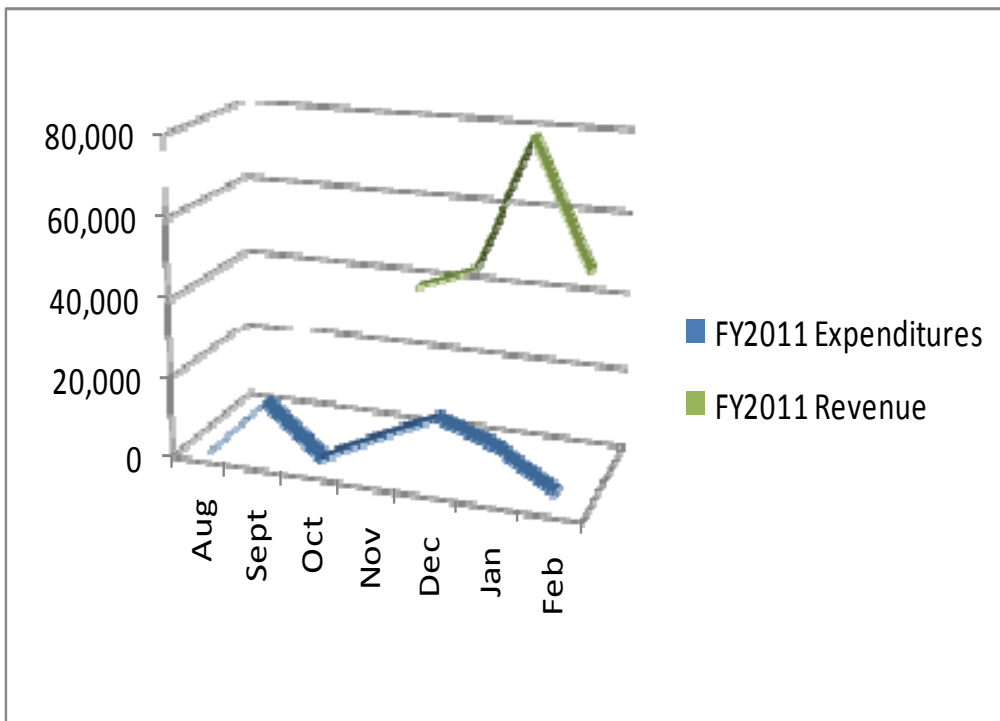
The overall performance of the LFGTE will continue to be monitored closely and updates will be provided on a quarterly basis. As we move forward; it will be essential to plan and prepare for critical maintenance items. This project is a long term endeavor that if managed properly, will continue to provide positive environmental impacts as well as potential revenue for the landfill for years to come.



Power Plant

Monthly revenue is impacted by seasonal fluctuation along with plant output. Historically, July and August provide the highest price per megawatt hour. The operating expenses for the project at 2/11 are \$58,093.07 compared to \$236,947 in gross revenue.

Gas to Energy Revenue and Expenses FY2011



Facility Overview



Kite Festival

Department of Human Resources

The Human Resources department tracks a variety of employee information on a monthly basis. Each month the department sends out charts that indicate, primarily, general activity around hiring, separations, funded position openings, and reasons why people leave employment with the County. Below are exam-

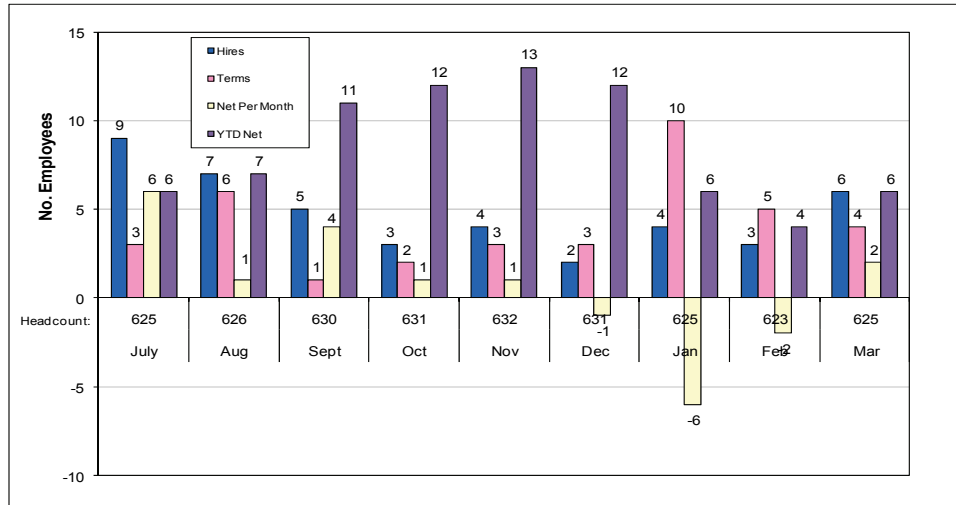
ples of two of our monthly charts that are sent to the BOS members and the HR Committee members.

The first one not only explains County-wide employment activity of hiring and exiting employees, but also the total number of employees gained each month and on a fiscal basis. The second chart reflects the total

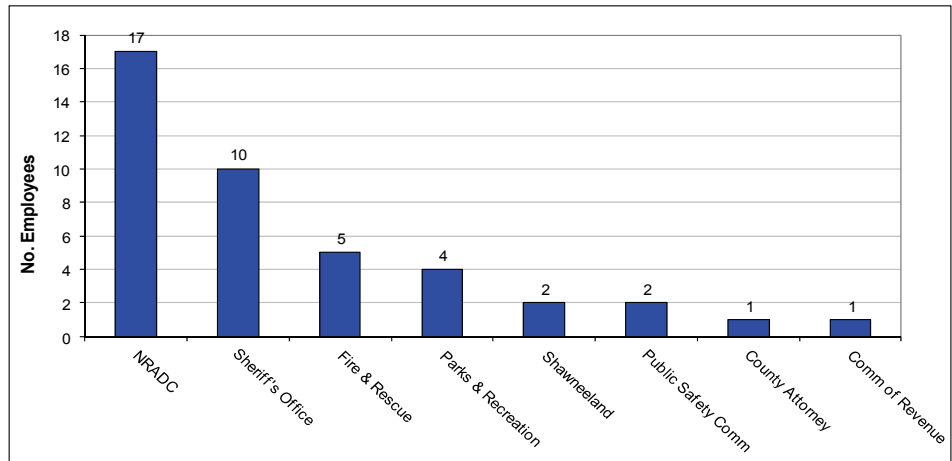
number of hires per department as of the end of March. Please feel free to send a request should you like to see any other kind of information.

The number of fulltime Frederick County employees at the end of the third quarter was the same as the previous year 631. In FY11: hires 43 and terminations 37. Comparison in FY10: hires 30 and terminations 65.

Employment Activity 2010-2011



Essential Positions Filled 2010-2011



Sherando Pool

Frederick County's Reduced Workforce



Bowman Library

For the past two years, all county positions that became vacant were considered frozen. Only positions that were emergency service critical, or were in a department that had already been reduced in size were given consideration by the County Administrator. Seventy-eight positions have been frozen. Of that

number, sixty-three positions have been eliminated from the budget. This equates to a 9 percent workforce reduction.

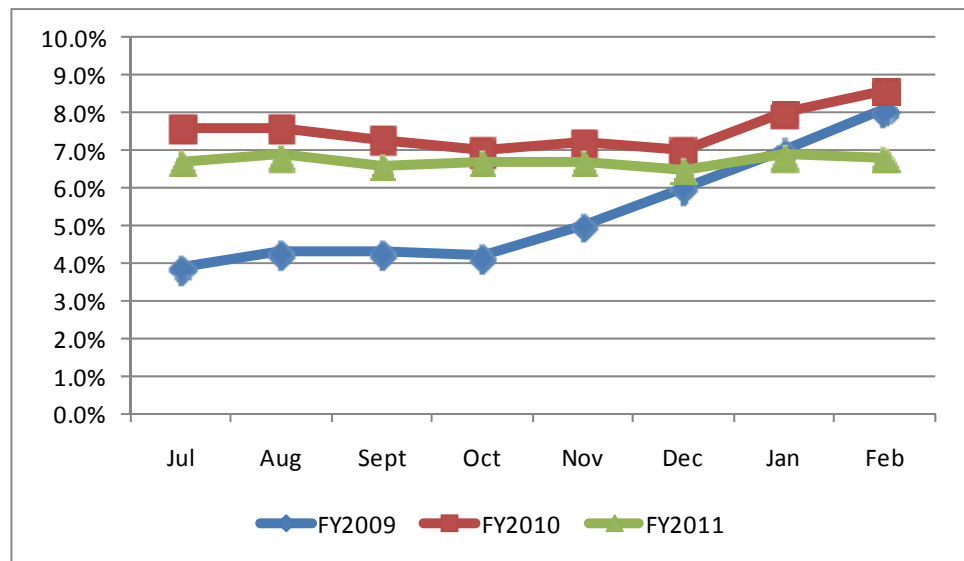
Savings related to eliminated positions have resulted in gross savings of \$3.2 million. This amount includes the fringe benefit costs associated with those positions.

Not all positions that were eliminated were vacant. When the county reduced its workforce through layoffs, those employees were eligible for unemployment benefits that are directly reimbursed by the County to the Virginia Employment Commission.

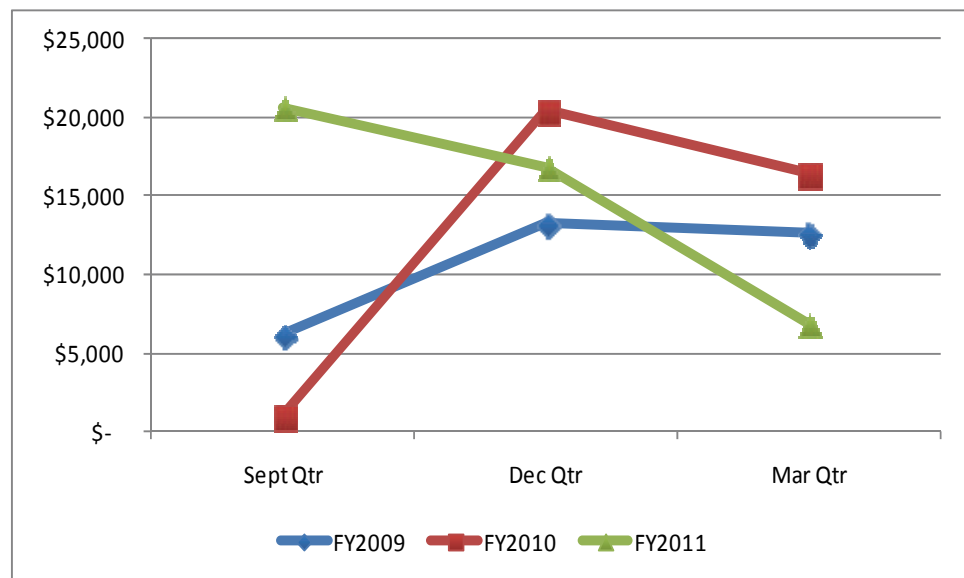


Winchester Regional Airport

Unemployment Rate—Frederick County



Unemployment Claims County Staff (reported quarterly)



Frederick County Unemployment Claims:

March 2009 \$12,606

March 2010 \$16,403

March 2011 \$6,849

Frederick County is billed by the VEC for actual claims paid.

Frederick County Treasurer's Department



**County
Administration
Complex**

Frederick County accepts payments online for business license, meals tax, lodging tax, short-term rental tax, landfill bills, real estate taxes, personal property taxes, and dog tags.

We launched the current format of our online payment system in April 2004. For the first full operational year (2005), \$821,000 was paid online.

In 2010, there were 21,242 online transactions totaling \$5.7 million dollars. That was a sig-

nificant increase from 2009, when there were 16,510 transactions totaling \$4.2 million dollars.

The busiest internet payment day so far has been 12/6/2010, when we collected \$368,129.03.

There are 2 ways to pay online, by ACH or credit card. ACH is a free service, while there is a fee for credit cards. This fee is based on what the service provider charges the County and is then passed on to the customer. County taxpayers

use the free ACH payment option 2.6 times more often than the credit card option.

April and September are the months with the least activity for online payments. Obviously, June and December (when most taxes are due), are the busiest.

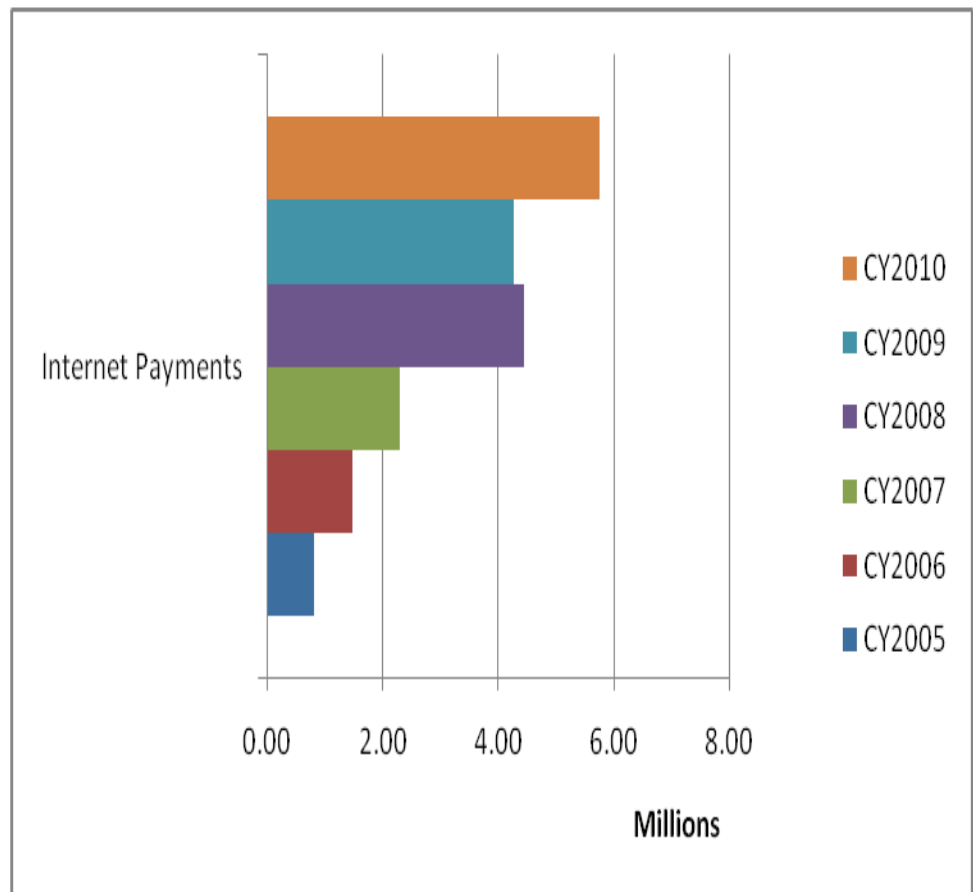
If you haven't used our online payment service, it's a quick and fast option to paying your taxes. Our website is www.fredtax.com.

*Go green! Sign up for e-bill today—
Have your tax bills emailed to you*

www.fredtax.com

*The busiest internet payment
day so far has been
12/6/2010, when we
collected \$368,129.03.*

Spotlight Service: Online Payments





BasicRec Program



Father-Daughter Dance

BasicREC attendance has been declining as compared to the prior year until January 2011. This trend has been reversed two out of the last three months as the area unemployment numbers have improved.

Recreation program attendance has been consistent during the last three fiscal years with fluctuations resulting from weather and special events including July 4, Winter Wonderland, Kite Festival, and Halloween Happenings.

Frederick County Parks and Recreation

The Frederick County Parks and Recreation Department (FCPRD) continues its effort to maintain the highest standard in the provision of affordable parks and recreation services for Frederick County residents. FCPRD maintains two district parks, three neighborhood parks, and five community centers. The community centers are located at four Frederick County Public School elementary schools and Sherando High School. These centers are part of the Cooperative Use Agreement with Frederick County Public Schools.

You will find below two charts outlining attendance from the last three fiscal years in the basicREC and other Recreation

programs. BasicREC is a before and after school program located at each elementary school. Programs for early release days, snow days, spring break, winter break and the summer's camp basicREC are included in this program attendance. The declining basicREC attendance trend reversed January 2011 as two out of the last three months increased as the area unemployment numbers improved.

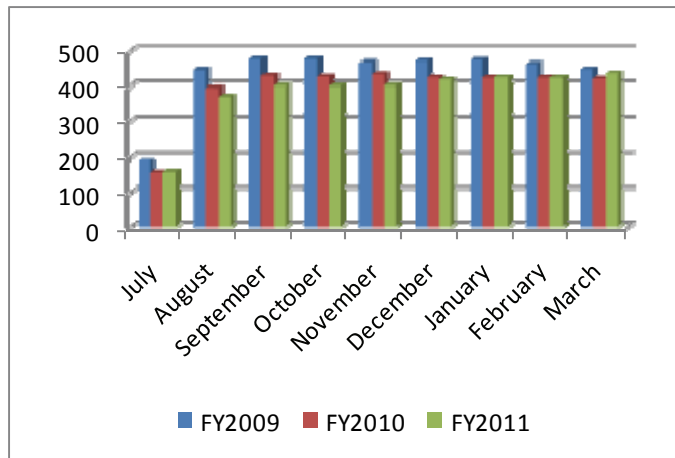
Overall, the FCPRD recreation program attendance has remained steady over the last three years. Frederick County residents have continued to participate in the various fitness, leisure, ad-

venture, athletic, and special event programming. Major monthly attendance fluctuations indicated below reflect weather and special events.

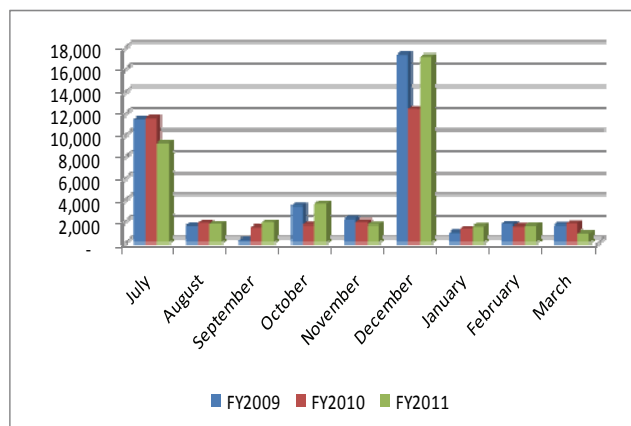
FCPRD is taking advantage of many free marketing opportunities including mass email from the registration database and utilizing Facebook. To date, FCPRD has communicated with 675 fans since creating a Facebook page last June.

As we enter our warm weather seasons, our parks will see a steady increase in park usage from the casual user walking in the park, participants of sporting events, and folks enjoying the Canine Carnival, 4th of July, and Pickin' in the Park.

BasicRec Enrollment



Recreation Programs Usage and Enrollments



County of Frederick

Department of Finance
107 North Kent Street
Winchester, Virginia 22601

Phone: 540-665-5610
Fax: 540-667-0370
E-mail: bwaybrig@co.frederick.va.us

WE'RE ON THE WEB!

FREDERICKCOUNTYVA.GOV

Frederick County's Vision Statement and Core Values were adopted on December 9, 2009. It states:

Insuring the quality of life of all Frederick County citizens by preserving the past and planning for the future through sound fiscal management.

- A government that is accountable and dedicated to providing responsible stewardship for county funds and to insure the citizens receive the best services possible for the funds expended.
- A government concerned with long range planning that protects our rural heritage and directs its future growth through planned infrastructure.
- A government concerned with expanding commercial and industrial tax base in order to insure a viable and thriving economy.
- A government that looks to the future and implements plans to insure that the quality of life for future generations is preserved.
- A government that emphasizes a quality education through a cooperative effort with the school board.
- A government that recognizes the importance of maintaining a highly trained public safety program to provide efficient services and protections to county citizens.
- A government that promotes the spirit of cooperation with its regional local government partners.
- A government unit based on honesty, trust, integrity, and respect that understands the importance of clear communication and a willingness to listen.

News Headlines

- JP Morgan Chase drastically cut the amount of money set aside for bad loans, allowing it to boost 1st quarter profit by 67% to \$5.56 billion.
- The federal government ordered 16 mortgage lenders and servicers to reimburse homeowners who were incorrectly foreclosed upon.
- Airfares are likely to be 10% to 15% higher this summer than last year.
- Employers advertised 3.1 million available jobs in February, the most since September 2008.
- A report by the American Institute of CPA's found that almost 40% of working Americans surveyed said they will never afford retirement.
- The average annual cost to own and operate a sedan in the U.S. based on 15,000 miles of driving, rose 1.9 cents to 58.5 cents per mile, or \$8,776.
- Fords vehicle sales increased 19%, Chrysler's jumped 31% and GM's rose 10% in March.
- The number of foreclosure notices filed during the 1st quarter fell 27% compared with the 1st quarter of 2010.
- The average rate on a 30-year fixed mortgage rose to 4.91% for the week.



**Millwood Station
Fire Company**