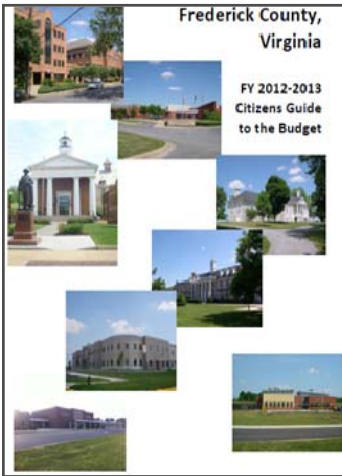


Overall Fund Performance



FY 2013 Citizens' Budget Guide available at <http://goo.gl/6V6Dj>

Frederick County's overall General Fund revenue comparison through September 30, 2012 shows a total decrease of \$52,660.

The comparison of the total FY 2013 expenditures have increased \$1,669,734 year to date

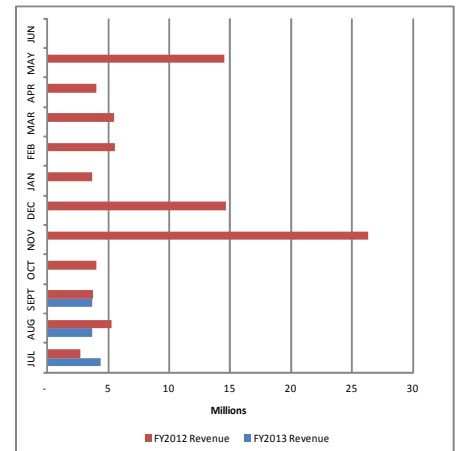
from the previous year. The Virginia Retirement System program changes that were effective July 1, 2012 directly impacted the increase of FY 2013 expenditures. Additionally, the \$1,128,002 transfer to the School Operating Fund for re-appropriation is included in this

increase.

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 though out the year.

General Fund Revenue Comparison

	FY2013 Revenue	FY2012 Revenue	Monthly Variance
JUL	4,345,885	2,750,578	1,595,307
AUG	3,707,448	5,298,239	(1,590,791)
SEPT	3,665,765	3,722,941	(57,176)
OCT	-	4,016,955	-
NOV	-	26,332,292	-
DEC	-	14,660,910	-
JAN	-	3,672,474	-
FEB	-	5,537,595	-
MAR	-	5,460,330	-
APR	-	4,050,411	-
MAY	-	14,519,579	-
JUN	-	-	-
Totals	11,719,098	90,022,304	(52,660)

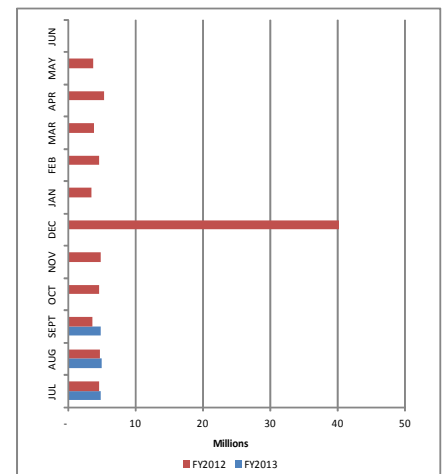


September revenue decreased \$57,176. Emergency services fire program state funds in the amount of \$172,645 in September of the prior year impacted the decrease year to date of \$52,660.

Expenditures increased \$1,669,734 year to date. Expenditures were impacted by the salary increase to cover the July 1st, state mandate for the Virginia Retirement System program changes.

General Fund Expenditure Comparison

	FY2013 Expenditures	FY2012 Expenditures	Monthly Variance
JUL	4,834,861	4,579,816	255,045
AUG	4,929,548	4,719,522	210,026
SEPT	4,816,500	3,611,838	1,204,662
OCT	-	4,564,028	-
NOV	-	4,895,696	-
DEC	-	40,148,966	-
JAN	-	3,484,303	-
FEB	-	4,625,588	-
MAR	-	3,904,259	-
APR	-	5,308,915	-
MAY	-	3,721,632	-
JUN	-	-	-
Totals	14,580,910	83,564,563	1,669,734



Unreserved Fund Balance 5-year Comparison

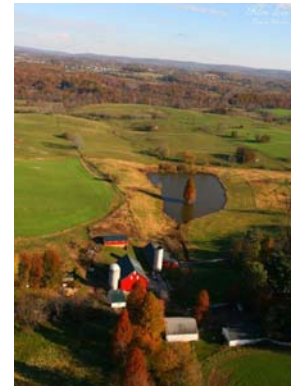
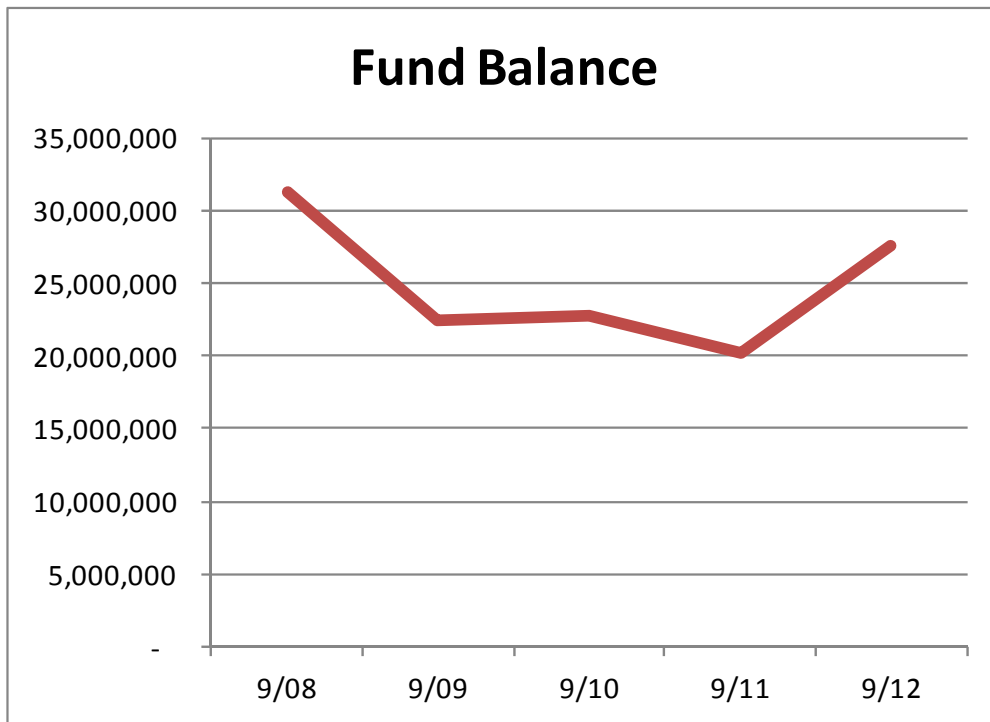


Photo courtesy of Kerri Lane
Aerial view of a Frederick County farm.

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 Offi-

cers 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 \$21.2 million or 17% of the total general fund budget for FY 2013. Currently, the County's fund balance is above the recommendation at 21% (\$27.5 million).

The County monitors unreserved general fund balance monthly. Over the years, fund balance has been used to balance the General Fund budget. The General Fund fund balance was reduced by

\$4.3 million to balance the FY 2013 budget. At year-end those funds have been routinely returned to unreserved fund balance as a result of unbudgeted revenues or unspent expenditures. Returning those funds is a conscience effort on the part of management. The reduction in fund balance for FY 2012 was mainly due to budget supplements made after the adoption of the County's annual budget.

For additional discussion on fund balance, see article on page 10 of this newsletter.

General Fund fund balance at September 30, 2012 is \$27,518,638.



Photo courtesy of Gloria Puffinburger
Cedar Creek

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.

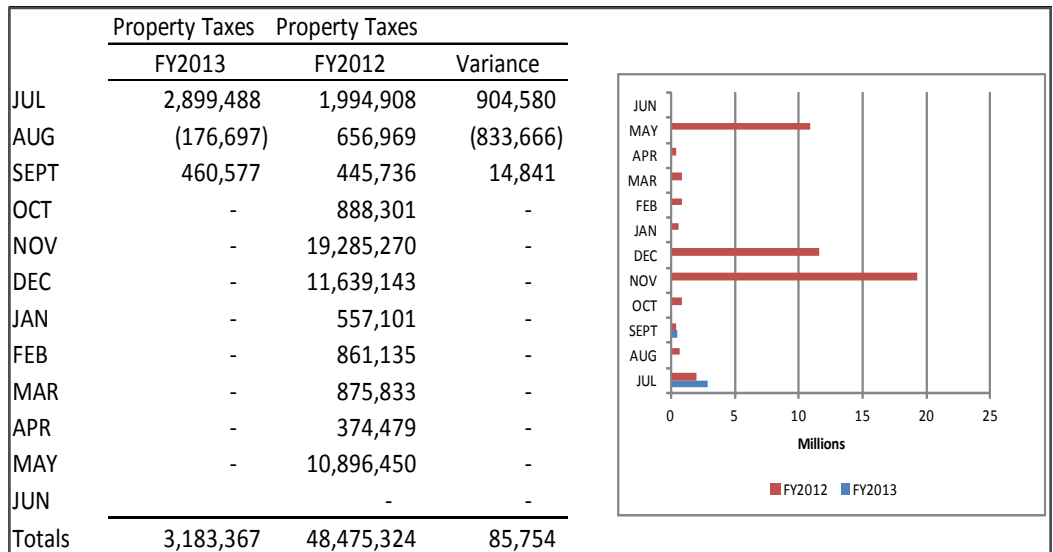
Included in the permits and privilege fees are land use, trans-

fer 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 permits and privilege fees decreased \$12,206 at the end of September. This decrease was impacted by the permits for the Lutheran home in the prior year. The variance year to date is a decrease of \$42,748.

(Continued on page 5)

Property Tax Comparison 2012–2013



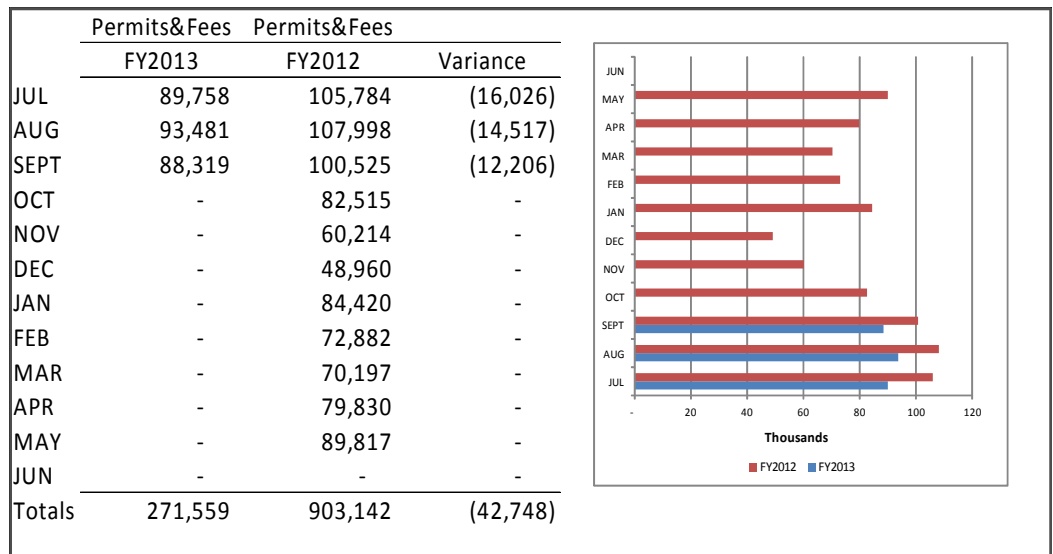
Total property taxes increased \$85,754 year to date.

Significant variances were:

*Real Estate:
+\$209,556*

*Personal Property:
-\$80,751*

Permit Fees Comparison 2012–2013



Other Local Taxes Comparison 2012–2013

	Other Local Taxes	Other Local Taxes	Variance
	FY2013	FY2012	
JUL	747,278	146,380	600,898
AUG	98,954	855,962	(757,008)
SEPT	2,164,919	1,942,884	222,035
OCT	-	1,752,675	-
NOV	-	1,821,809	-
DEC	-	1,936,950	-
JAN	-	2,013,419	-
FEB	-	3,618,434	-
MAR	-	3,488,380	-
APR	-	2,128,562	-
MAY	-	2,478,719	-
JUN	-	-	-
Totals	3,011,151	22,184,174	65,925

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.

This information is presented on the accrual method of accounting which will reflect a lesser amount than shown in the chart below since two months of sales tax are accrued at year end.

Sales Tax Comparison 2012–2013

	Sales Tax	Sales Tax	Variance
	FY2013	FY2012	
JUL	943,592	853,640	89,952
AUG	982,739	925,849	56,890
SEPT	919,355	862,116	57,239
OCT	-	905,590	-
NOV	-	852,630	-
DEC	-	831,818	-
JAN	-	878,446	-
FEB	-	982,499	-
MAR	-	754,666	-
APR	-	781,510	-
MAY	-	891,249	-
JUN	-	850,060	-
Totals	2,845,686	10,370,073	204,081

With sales tax on the rise by 8% through the first quarter of FY2013, officials view the increase as positive. This chart is presented on a cash basis to reflect a better first quarter comparison.

Revenue Information

(Continued from page 4)

Local sales taxes consist of the portion of the state sales tax that is remitted to the locality. The state sales tax is 5% with the state returning 1% back to the locality. The sales tax increased

\$57,239 in September 2012 compared to the prior year and increased \$204,081 year to date.

The total variance of \$65,925 in other local taxes through September is a net increase which was impacted by the decrease in

communication sales tax, utility taxes, motor vehicle license fees, meals tax, lodging tax, street lights, and Star Fort fees and the increase in sales tax, business licenses, and auto rental tax.

Northwestern Regional Adult Detention Center



NRADC Entrance

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 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.

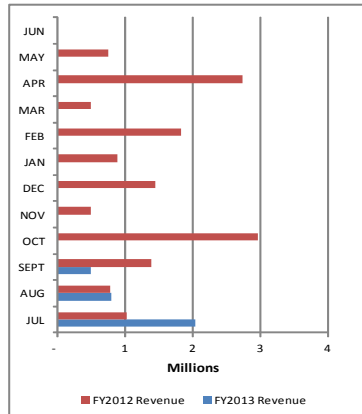
The FY 2013 is the first Detention Center budget that fully integrates Local Offender Probation operations and services.

Both the Local Offender Probation Program as well as the Jail's Pretrial Services function are funded by a grant provided by the Virginia Department of Criminal Justice Services. Although resourced under the same grant until July 1, 2011 the Local Offender Probation function remained a subordinate element of Division of Court Services. With closure of the Region's Inebriate Center, the Court Services Division was dissolved and the Local Offender Probation function was consolidated with Pretrial Services activities under the Jail.

The NRADC revenue increase year to date is \$135,635. The local share contribution increased \$144,400 for the September quarter. The expenditures increased \$338,139 year to date. The Virginia Retirement System increase effective July 1, 2012 directly impacted this increase.

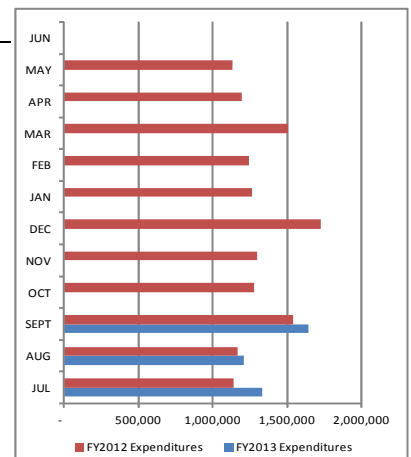
NRADC Revenues

	FY2013 Revenue	FY2012 Revenue	Monthly Variance
JUL	2,046,504	1,032,028	1,014,476
AUG	794,843	782,589	12,254
SEPT	495,608	1,386,703	(891,095)
OCT	-	2,963,735	-
NOV	-	496,764	-
DEC	-	1,445,391	-
JAN	-	892,927	-
FEB	-	1,831,219	-
MAR	-	494,933	-
APR	-	2,735,515	-
MAY	-	753,851	-
JUN	-	-	-
Totals	3,336,955	14,815,655	135,635



NRADC Expenditures

	FY2013 Expenditures	FY2012 Expenditures	Monthly Variance
JUL	1,334,653	1,138,976	195,677
AUG	1,207,919	1,170,653	37,266
SEPT	1,643,388	1,538,192	105,196
OCT	-	1,280,744	-
NOV	-	1,301,186	-
DEC	-	1,729,449	-
JAN	-	1,266,866	-
FEB	-	1,243,249	-
MAR	-	1,505,712	-
APR	-	1,198,055	-
MAY	-	1,132,587	-
JUN	-	-	-
Totals	4,185,960	14,505,669	338,139



Frederick County Sanitary Landfill

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

The operation of the Subtitle "D" landfill which includes a composite liner and leachate collection includes a mandatory waste screening program. The permit requires that at least 2% of the waste that is placed in the fill be inspected. The main purpose of these mandatory inspections is to identify potential hazardous wastes and assure waste is being generated in the permitted service area. Approximately 2,400 random inspections were performed in FY 2012.

Landfill accomplishments during FY 2012: weighed and disposed of 146,210 tons of waste, produced approximately 12,000 cubic yards of mulch from collected brush and yard waste, chipped 160,065 passenger tires

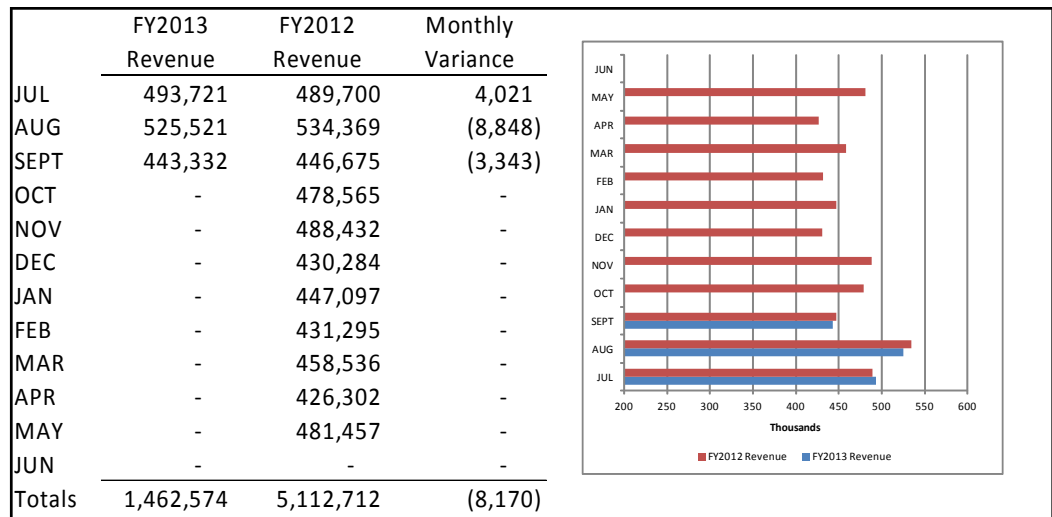
and 12,454 truck tires, recycled approximately 637 tons of scrap metal, and collected and destroyed approximately 300 million cubic feet of landfill gas.

Landfill revenue decreased \$8,170 year to date and was impacted by the slight decrease in landfill charges. Landfill

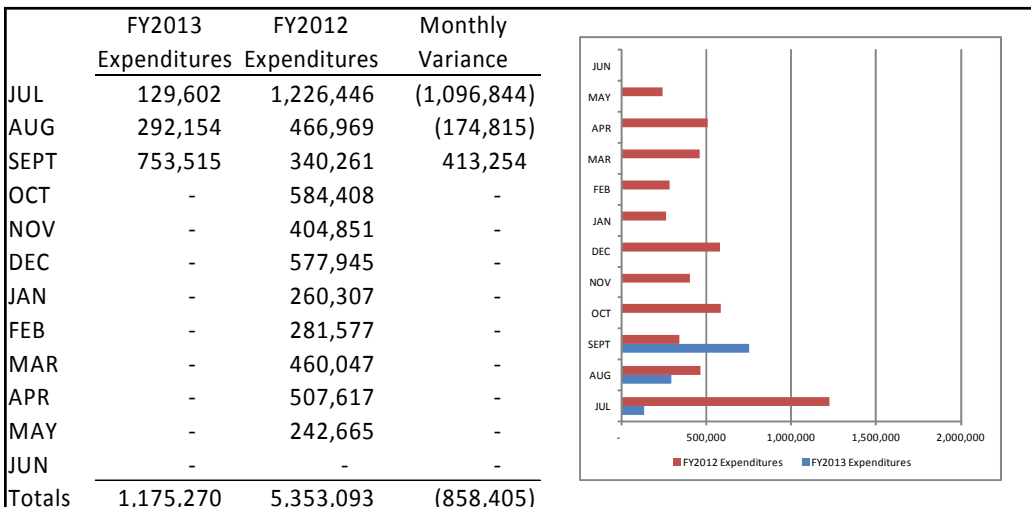
total expenditures decreased \$858,405 year to date which was impacted by a decrease in capital projects in the amount of \$898,530.

"146,210 tons of waste were weighed and disposed of in FY 2012"

Landfill Revenues



Landfill Expenditures



Clay being rolled into new CDD cell, September 2012.



Find news, tips, and events with Frederick County Recycling on **facebook**



“A growth in the county’s recycling rate was also noted, increasing from 39.1% in 2010, to 48.6 % in 2011 and finally to 51% in 2012.”



Environmental Assembly

Recycling Stimulus Grant

Written by Gloria Puffinburger, Solid Waste Manager

What do competing tribes on a deserted island, reclaimed lumber from reconstructed barns converted into furniture and recycling bins all have in common?

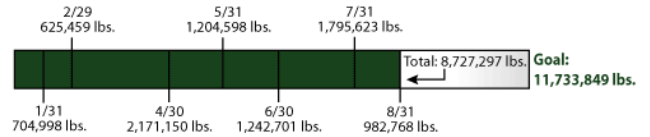
All were part of a two-year federal stimulus grant awarded to Frederick County Recycling which wrapped up in June. The \$22,905 award, administered through the Virginia Department of Mines, Minerals and Energy, was aimed at expanding recycling outreach in the region. An additional \$20,380 match in staff time, volunteer time and in-kind contributions brought the total project value to \$43,285.

Through this grant-funded opportunity, the department:

- Offered elementary and middle school level environmental assemblies based on the television show “Survivor” in which participants answered questions on recycling, litter and water conservation, winning their way off the island. The assemblies touched 2,498 students, teachers and administrators.
- Distributed reading materials to county elementary schools and the Bowman Library on topics such as global warming, marine debris, recycling, pollution prevention and school gardening.
- Erected informational ki-

Year-to-Date Recycling Amounts

In 2011, Frederick County residents recycled a record 11,733,849 pounds of material. With your help, we will break a record in 2012.



For Frederick County recycling information, call (540) 665-5643 or visit www.fcrecycles.net.



osks at each recycling center, providing a uniform method of disseminating information about programs and special events.

compilation of environmental efforts from across the Northern Shenandoah Valley Planning District, all of which make the valley more sustainable. The booklet may be accessed through the planning district’s website or at www.fcrecycles.net. Hard copies are also being distributed as a means to foster similar undertakings throughout the business sector.

This two-year undertaking was a unique opportunity to bolster the department’s outreach efforts, creating a lasting extension of the message of stewardship across the community – students, teachers, parents and the commercial sector alike. A growth in the county’s recycling rate was also noted, increasing from 39.1 percent in 2010, to 48.6 percent in 2011 and finally to 51 percent in 2012, the result of community awareness, buy-in and strong markets for materials.

Frederick County Sanitary Landfill Gas to Energy Update

Written by Ron Kimble, Environmental Manager, Frederick County Landfill

For the first three months of fiscal year 2013 the landfill gas to energy plant has generated revenue of \$138,005 and had total expenditures of \$119,018 compared to \$142,440 in revenue and \$69,808 in expenditures for the first quarter of 2011. The main difference in expenditures between the two was an unexpected failure of a turbocharger on unit 1. This repair cost approximately \$40,000. The plant continues to operate with an uptime of 80% achieved in FY 2012. This is right in line with the industry standard. Items that affect the available uptime include planned maintenance, power outages by the local utility and unplanned breakdowns.

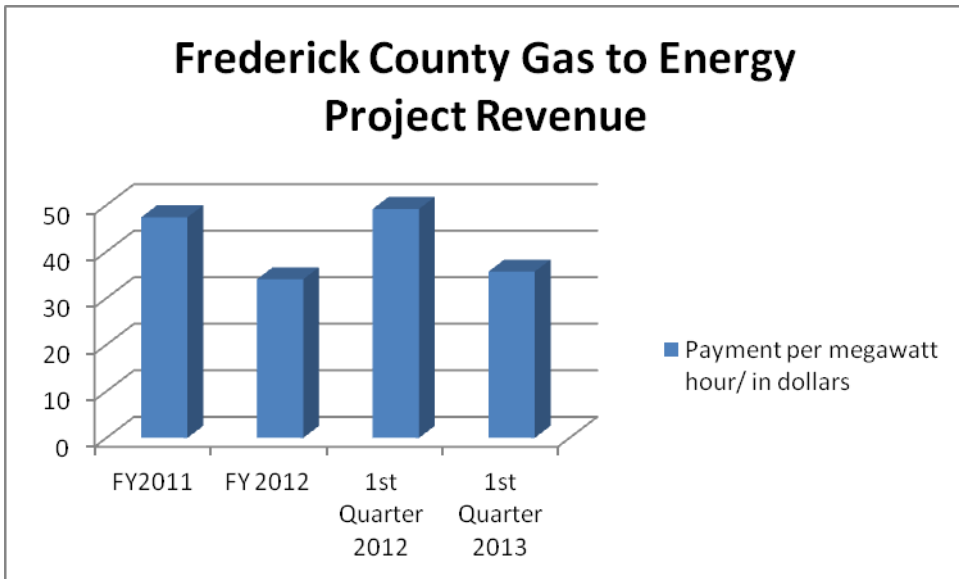
Since startup of the plant in November of 2010 there has been a significant downward trend in the wholesale market. Frederick County has seen a 28% reduction in price between FY 2011 and FY 2012. This trend seems to be associated with natural gas pricing. Frederick County has been selling the power on the wholesale market, and has been what is typically called a “price taker”. This means that we do not set a minimum price before we will sell into the power grid. We can operate in this manner without having to pay penalties for down time or continuously monitor the power markets. At this time it seems that the best

option is to continue to sell wholesale into the market and ride out the price fluctuations. We are however, looking at other options and pricing structures to see what is available.

On another note, the siloxane removal system that was installed and put into operation last December has been performing

quite well. Siloxanes are silica based organic compounds that cause premature wear on engine components. The media used is cleaning the gas better than expected and has lasted longer than expected. By adding this cleaning system we hope to see a reduction in some of our maintenance costs over the long run.

The first three months of FY 2013 has realized a net revenue of \$18,987.



Facility Overview

Final Figures Presented for the Fiscal Year Ended June 30, 2012

“\$13.2 million back to fund balance at the end of FY 2012”

The county’s general fund returned \$13.2 million back to fund balance at the end of FY 2012. The actual revenue exceeded projections by \$8,221,670 and the county had unspent budgeted expenditures in the amount of \$5,047,997. At this time, these numbers are unaudited and staff anticipates any changes to be minimal.

The majority of the budgeted revenue surplus was realized in property taxes (real estate, personal property, machinery and tools, etc.) and other local taxes (sales, communications, utility, wills/recordation and meal taxes, business license, vehicle decals, etc). The largest single variance from budget to actual is in the

personal property tax category in the amount of \$3.2 million. Personal property taxes have been budgeted at the same amount for the past three years, with each year showing increases in collection. The variance last fiscal year was \$1.2 million which means actual growth of about \$2 million. Increases in business equipment and new vehicle purchases contribute to the majority of the increase. Real estate taxes show a variance of \$2.1 million. The unbudgeted windfall from the 2012 calendar year real estate tax increase for FY 2012 was approximately \$1.5 million of this variance. Frederick County saw an increasing trend in sales tax. We end the year 19 % above

budget projections, which represents a two year growth. Business license experienced a budget surplus of \$882,143. Taxes on wills and recordation showed a decrease of \$695,051.

The county ended the current fiscal year with over \$5 million in unspent, budgeted expenditures. A portion of these funds that will be re-appropriated in the current fiscal year. A breakdown of the \$5 million by category include the following:

- Schools—\$1.3 million
- Salaries/Fringes—\$1.4 million
- Operating—\$1.8 million
- Carry Forwards/Grants—\$.5 million

Some of the significant initiatives that contributed to the savings in the operating category include the following:

- Savings from IT contract revisions, restructuring and cost saving management initiatives
- Savings in telephone costs were the large contributors for Public Safety Communications (E911).
- Savings in the County Office Building budget were a result of energy conservation measures and the delay of non-essential maintenance items.
- Savings in social services partially from the state taking over the daycare program starting February 2012.

REVENUE	BUDGETED	ACTUAL	VARIANCE
*Property Taxes	80,085,000	86,822,539	6,737,539
Other Local Taxes	25,632,609	28,421,938	2,789,329
Permits / Fees	1,229,649	970,384	(259,265)
Fines / Forfeitures	482,849	307,839	(175,010)
Rev. from Use of Prop.	888,501	231,319	(657,182)
Charges for Services	2,309,714	2,176,882	(132,832)
Miscellaneous	666,030	551,432	(114,598)
Recovered Costs	1,859,649	1,780,635	(79,014)
State	8,626,182	8,703,726	77,544
Federal	319,083	354,241	35,158
TOTALS	122,099,266	130,320,936	8,221,670

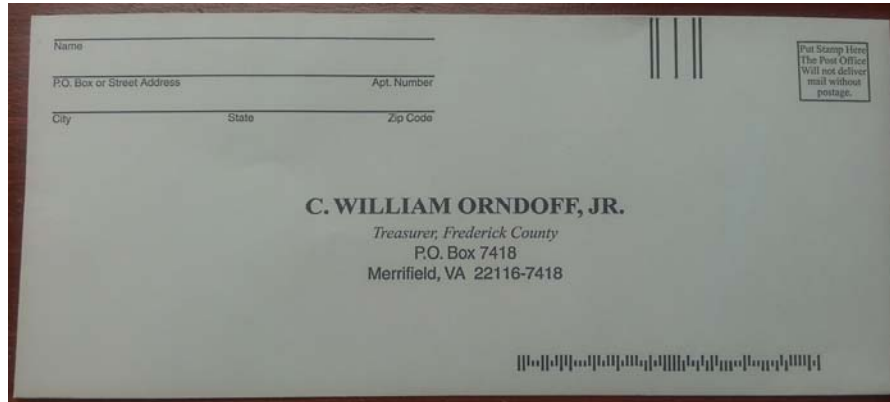
EXPENDITURES	AMENDED BUDGET	ACTUAL	VARIANCE
Administration	8,399,183	7,807,957	591,226
Judicial	2,059,421	1,851,393	208,028
Public Safety	24,915,270	23,653,636	1,261,634
Public Works	4,058,726	3,518,554	540,172
Health / Welfare	7,098,184	6,690,169	408,015
Community College	56,493	56,493	0
Parks, Rec. & Cultural	5,250,154	4,918,974	331,180
Community Development	1,778,633	1,680,290	98,343
Transfers	75,481,053	73,871,654	1,609,399
TOTAL	129,097,117	124,049,120	5,047,997

Treasurer's Office Payment Processing New Address for Tax Payments

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

For the December 2012 tax season, the Treasurer's Office has made a change to our process. In previous years, all payment processing has been handled in-house. This had been very cost effective method for us. However, our equipment has reached the end of its useful life (more like "obsolete" according to the repairman). Like everything else, the new equipment is extremely expensive.

An alternative that we found was outsourcing this to our bank, which has its own lockbox service. The only apparent difference to taxpayers will be the address on the return envelope included with the tax bills. It is



now the Merrifield Post Office, which is the office that processes our local mail. The actual turnaround time should not be affected and could possibly be even faster.

The advantages for considering this process are no new equip-

ment cost and better time management. The new process will allow our staff to concentrate on serving walk-in taxpayers, email inquiries, and mortgage companies. We believe that we owe it to our taxpayers to be efficient and cost-conscious. We are confident this will be a success.

The only difference to the taxpayer is that the address on the return envelope is now the Merrifield Post Office.

Frederick County Taxes Don't Pay More Than You Have To!

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

Do you want to avoid the last minute scramble to come up with a tax payment? Consider our prepayment plans. Prepayment plans allow you to resolve your tax liability in installments (weekly, biweekly, monthly). Prepayment plans can be estimated for personal property tax, real estate tax, or both. In order to enroll on prepayment, all accounts must be current. Please note that the formal due dates (June 5th and December 5th) are still effective with prepayment plans. Any balance after the due date will be subject to penalty

and interest. Using a prepayment plan allows you to pay smaller amounts over a greater period of time to reduce the impact on your budget. Prepayments can be made using our website, in person, or through the mail just like other payments.

Another way to reduce the amount you pay is to avoid late charges. Penalty and interest are charged the day after the taxes are due. If a taxpayer does not have the cash, credit card payments offer a reasonable option. An average tax bill of \$300 would be \$338.25 after it was

three months delinquent. That same tax bill would only be \$319.61 if paid timely with a credit card (18% interest, 3 months), a savings of \$18.64.

Finally, if you know that you are not going to be able to pay your tax bill, you should contact our office to see if you qualify for a delinquent payment plan. These plans can limit the collection fees incurred on your account, saving you money.

For information on all these options, please visit our website at www.fredtax.com

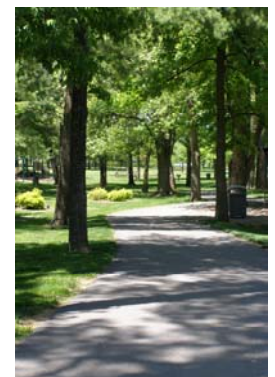


Photo courtesy of Karen Vacchio
Clearbrook Park

County of Frederick

Department of Finance
107 North Kent Street
Winchester, VA 22601

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

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.

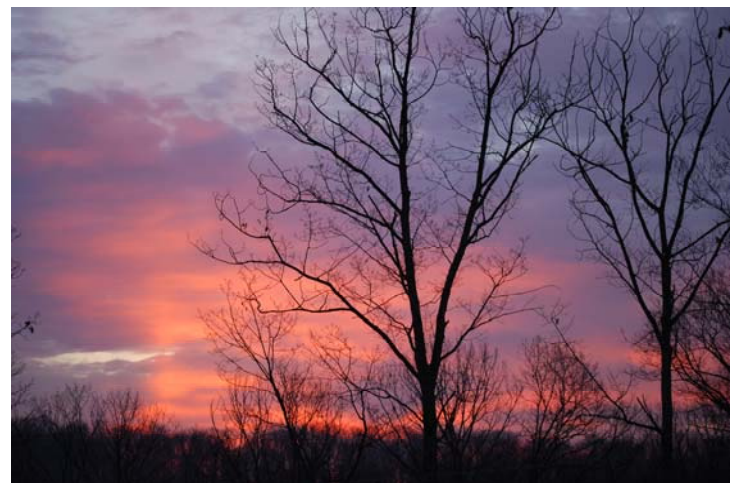
<http://www.co.frederick.va.us/social.aspx>



WE'RE ON THE WEB!
WWW.FREDERICKCOUNTYVA.GOV

National & Local Headlines

- Regional unemployment rate for September 2012 was 5.3%, compared to 6% in September 2011.
- Frederick County government, as an employer, had \$3,122 in unemployment claims for the September 2012 quarter compared to \$9,410 for the previous year.
- The tax on wages paid by workers to fund Social Security will increase from 4.2% to 6.2% in January.
- The Labor Department reported that weekly applications for unemployment fell by 30,000 to the lowest level since February 2008.
- RealtyTrac reported that 180,427 properties received foreclosure filings in September, down 16% from a year ago.
- Apple unveiled a mini-iPad at a premium price of \$329+; it also updated its full sized iPad and unveiled new Mac computers.
- The rate on 30-year fixed mortgage loan edged to 3.41% for the week of October 26, 2012.
- The Department of Agriculture sees food price increases of 3.5 to 4.0% next year.



Dusk in Frederick County

Photo courtesy of Becky McGraw