

County of Frederick

Financial Newsletter

June 30, 2011



FY11 revenue and expenditures have not been finalized at this time. Final year end information will be provided at a later date.

Performance At A Glance

	Year to Date	Page Reference
Gas to Energy Project	Positive	2
Regional Electronics Recycling Program	Positive	3
Staffing Level	Neutral	4
Unemployment Data	Positive	5
Proffer Collections	Neutral	6
Treasurer	Positive	7
Parks and Recreation	Positive	8
NW Works	Positive	9
Commissioner of the Revenue	Positive	10

Special points of interest:

- Gas to Energy Project Update
- Regional Electronics Recycling
- Treasurer's Office
- NW WORKS
- Commissioner's Office

Inside this issue:

Gas to Energy Project Update	2
Regional Electronics Recycling	3
HR Employment Activity	4
Unemployment Data	5
Proffer Collections	6
Treasurer	7
Parks & Rec Usage	8
NW Works	9
Commissioner of the Revenue	10
Vision & Headlines	11

Gas to Energy Project Update

The second quarter of 2011 has proven to be a time of learning for landfill staff operating the gas to energy plant. During this time period, we have experienced several periods of down time for the generators. These down times were caused by several factors including interferences due to construction of new gas piping associated with the cap installation of Phase 1 cells B and C. Another issue discovered during this time period was the affect that siloxanes have on the engines. Siloxanes are organic based silica compounds that are found in landfill gas which can have a detrimental effect on internal combustion engines. They contaminate the engine oil and cause a build up on pistons and cylinder walls increasing maintenance schedules.

We have issued a change

order in the amount of \$300,000 to the original contractor to install a treatment process in front of the engines that will help remove the siloxanes and allow for a more routine maintenance schedule. The additional infrastructure for this process is scheduled to be completed by the end of September 2011. Removal efficiencies will be closely monitored and updates will be provided in future newsletters.

Financially, the power plant is averaging \$47.39 per megawatt hour of brown power since start up. This is higher than the original estimates of \$42.50 per megawatt hour. Staff continue to work on generating renewable energy credits and anticipate being accepted into several programs by the fourth quarter of

2011. These credits could add an additional \$1.50 per megawatt hour of power produced. In addition, we have started the process to become members of PJM (the regional transmission authority) in order to represent ourselves in the market. This will allow us to realize a \$7,500.00 monthly increase in revenue.

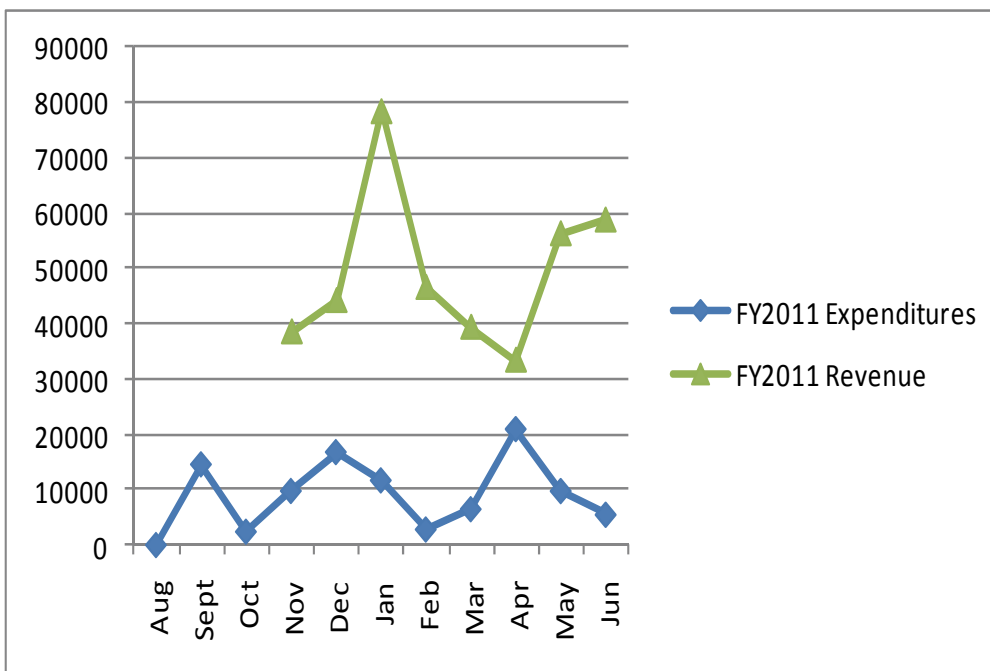
Overall, the project continues to be successful. The issues that we have faced during this past quarter will help us to better understand, prepare and operate the plant in the future. We have an excellent operator who is learning quickly and continues to monitor the engines for potential issues. This position has proven to be critical to our success. Knowledge that he is gaining will surely benefit the County as we continue forward in this endeavor.



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 6/30/11 are \$120,215 compared to \$395,441 in gross revenue.

Gas to Energy Revenue and Expenses FY2011



Facility Overview

Regional Electronics Recycling Program

Frederick County's Regional Electronics Recycling Program, initiated in 2001, is one of the state's oldest permanent electronics diversion efforts. Serving as a model for numerous programs across Virginia, it remains one of the most successful. Each month, eCycle sends approximately 18 tons of broken and obsolete televisions, computers, printers, copiers, cell phones, stereos and the like off for recycling, diverting this material from the local landfill.

Discarded electronics are the fastest growing portion of the U.S. waste stream. Based on this fact, and the presence of potentially harmful substances such as lead, mercury, cadmium, chromium and barium, the U.S. Environmental Protection Agency and Virginia Department of Environmental Quality recommended that television and computer screens be diverted from landfills. With the support of the Public

Works Committee, Landfill Oversight Committee and the Board of Supervisors, a well-received pilot was conducted in September of 2001. Building on this success, an on-going collection program was established and a ban prohibiting the landfilling of these items was instituted.

Although subsequent legislation has forced manufacturers to institute take-back programs generally operated through retailers, eCycle's twice-monthly collection events at the landfill's citizens' center are frequented by about 150 participants eager to recycle "nearly anything with a cord". During FY10, 218 tons of e-waste was collected.

Events are manned by a combination of landfill staff and members of the Community Inmate Workforce. Events are open to residents and businesses in the landfill service area.

Outside of logistical support from the landfill, eCycle operates as a fee-sustaining program, collecting end user fees for televisions, computer screens and battery backups. All other items are accepted free of charge.

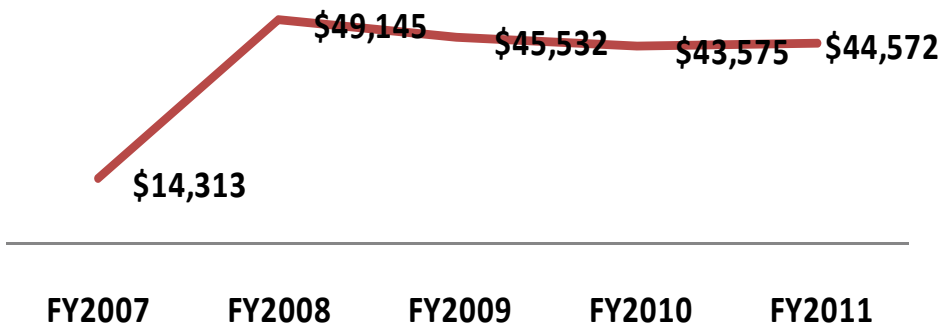
Once transported by the county's vendor, information is wiped from hard drives, and some items are packaged for refurbishment. Most, however, are dismantled into their various components—metals, glass, plastic—and remanufactured. Computers are about 95% recyclable and the county's vendor either reuses or recycles 100% of the e-waste it receives. Plastics and metals are sold as scrap and used in the manufacture of new products. Glass is marketed and used to make new television and computer screens.

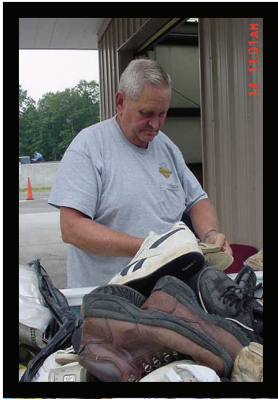


Jason Breen of the landfill loads electronics for shipment

E-Cycle operates as a fee-sustaining program, collecting end user fees for televisions, computer screens and battery backups. All other items are accepted free of charge.

Regional Electronics Recycling Program Revenue





Raymond Clarke sorts and bags used shoes collected through the County's Save-a-Sole program.

Department of Human Resources

The main focus of the Human Resources Department ("HR") is people. The County government survives and thrives because of the capabilities and performance of its people. HR uses the very best practices to effectively recruit, develop, and retain the outstanding people who serve Frederick County's citizens.

HR is responsible for matching skilled, qualified individuals and the capabilities of the current workforce with the County's ongoing and future business plans and requirements. Bringing out the best in its employees vastly contrib-

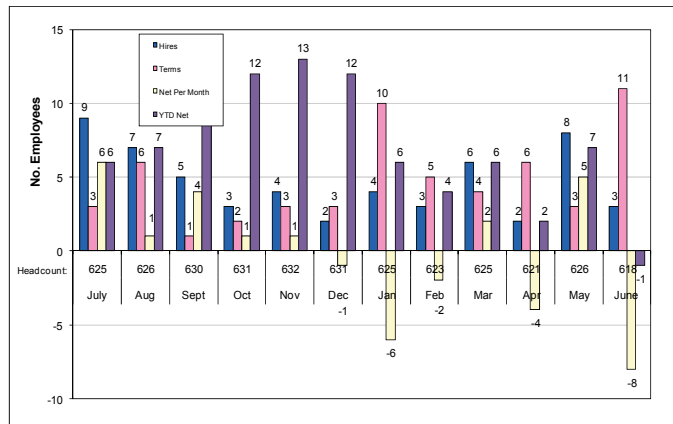
utes to the success of the County government. Thus, HR works diligently to create an atmosphere where people are given the resources to perform meaningful work to the best of their ability in order to achieve career goals.

HR develops and implements policies, standards, systems, and processes that carry out the strategies set by the County. We are tasked with ensuring that personnel and management practices confirm to federal, state and local labor laws and regulations as well as ethical business practices.

We recognize the importance of a quality work life by offering excellent benefits, health insurance, flexible spending accounts, an Employee Assistance Program, ample paid leave time, many holidays, and other programs that enhance employee well-being as well as maximize employee motivation, commitment, and productivity.

HR is committed to ensure the continued improvement and growth of both the individual employees and the County, thus securing its future success.

Employment Activity 2010-2011



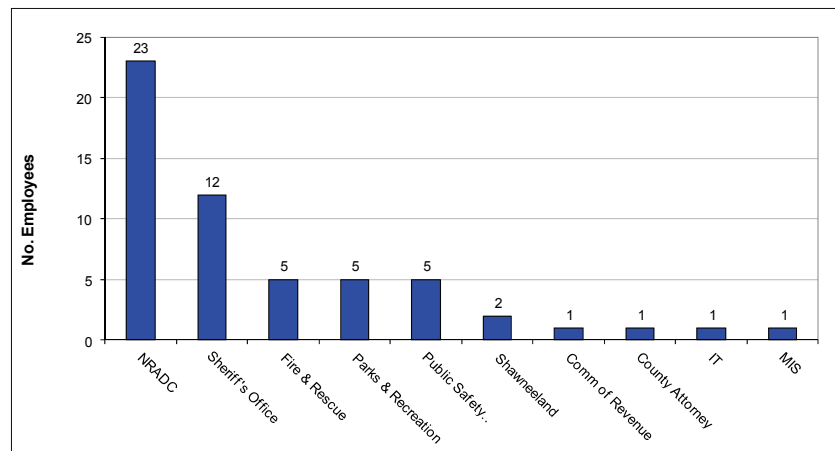
Go online for the Human Resources website for employment opportunities.

http://www.co.frederick.va.us/human_resources/vacancies.aspx



Tom Cooper mulches cut trees during the County's annual Tree-Cycle program.

Essential Positions Filled 2010-2011



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.

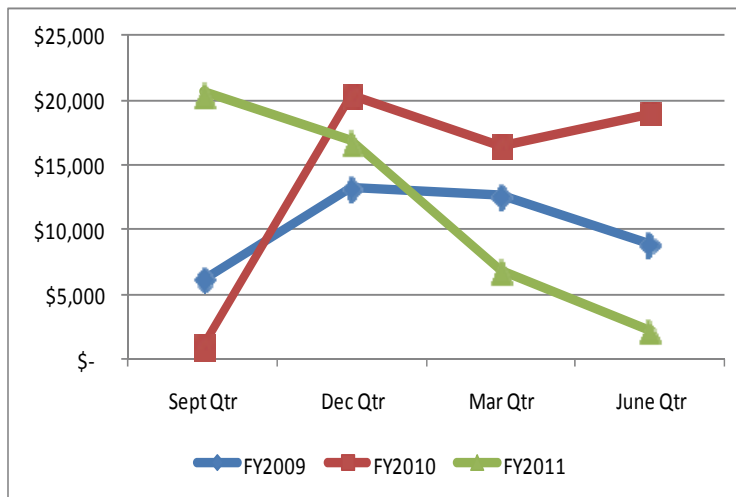
Not all positions that were eliminated were vacant. When the county reduced its workforce through lay-offs, those employees were eligible for unemployment benefits that are directly reimbursed by the County to the Virginia Employment Commission.

Frederick County Government Unemployment Claims:

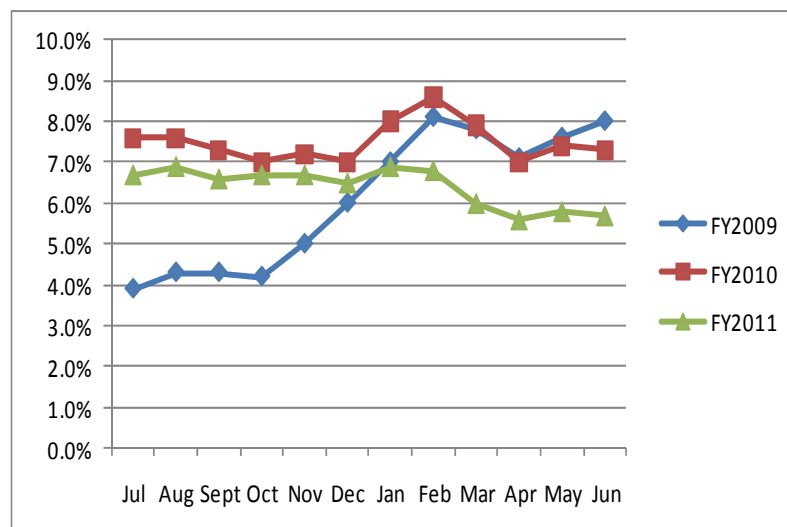
June 2009 \$8,827
June 2010 \$19,000
June 2011 \$2,249

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

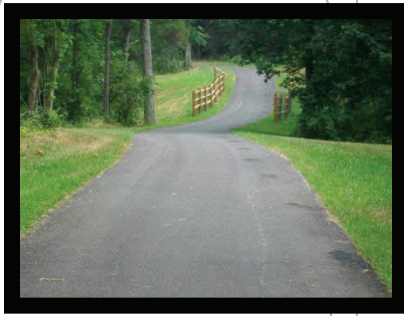
Unemployment Claims (reported quarterly)



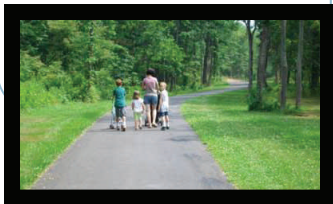
Area Unemployment Rate



The unemployment rate for the region in June 2011 was 5.7% after it peaked at 8.6% in February of 2010.



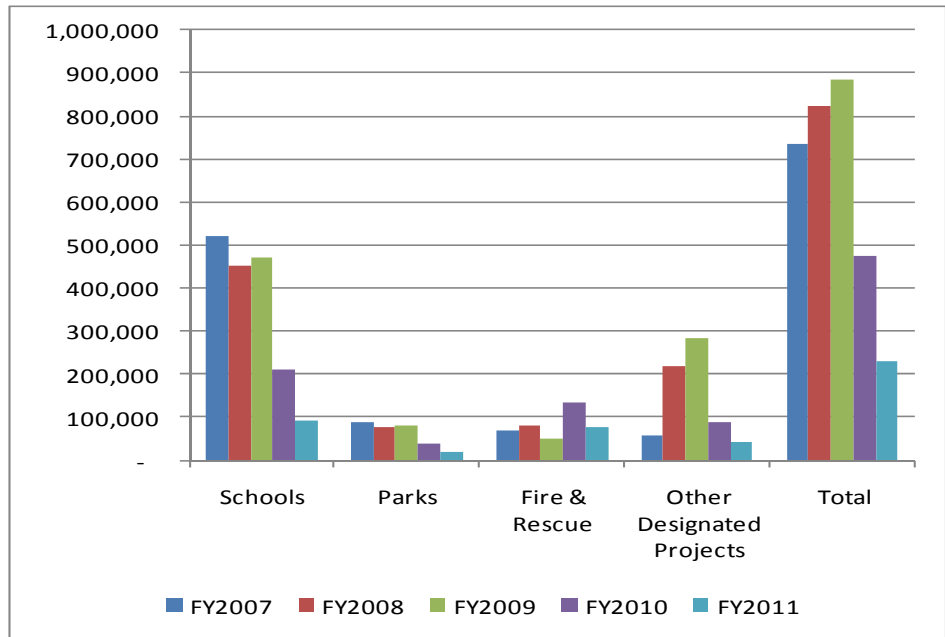
**SHERANDO PARK
Bike/Pedestrian Trail
Proffer Project**



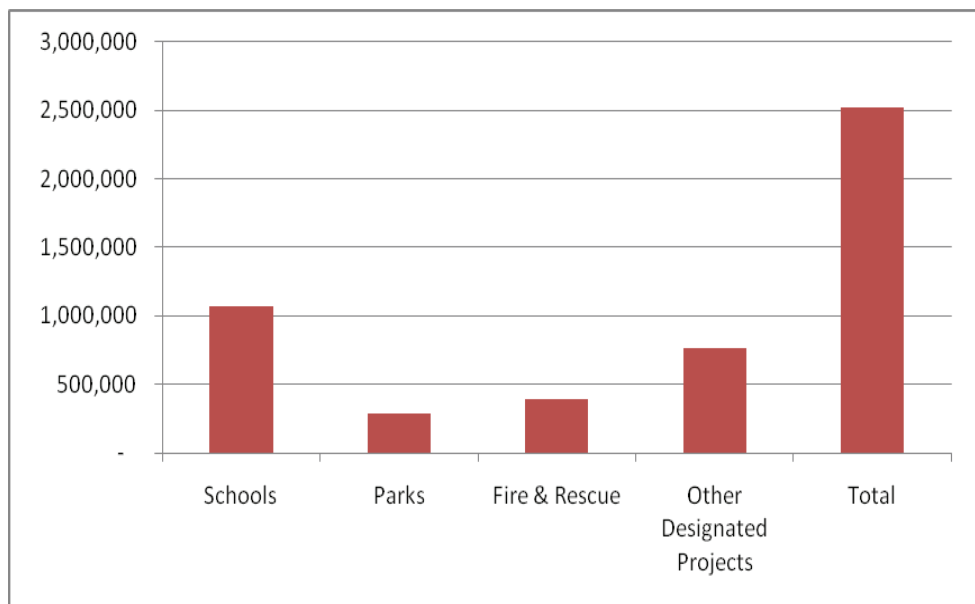
A proffer is an offer of cash or property. This usually refers to property, cash or structural improvements offered by developers in land development projects.

PROFFER COLLECTIONS FIVE YEAR COMPARISON

	Schools	Parks	Fire & Rescue	Other Designated Projects	Total
FY2007	521,472	88,241	68,499	56,496	734,708
FY2008	451,309	77,281	79,210	217,163	824,963
FY2009	469,160	81,673	50,426	281,663	882,922
FY2010	210,378	40,161	133,566	89,585	473,690
FY2011	90,876	21,033	76,086	43,638	231,633
Total	1,743,195	308,389	407,787	688,545	3,147,916



PROFFER BALANCE AT June 30, 2011



6/30/11 Balance

Schools	\$1,067,746
Parks	\$284,661
Fire&Rescue	\$394,824
Other Projects	<u>\$767,572</u>
Total	\$2,514,803



**County
Administration
Complex**

FREDERICK COUNTY TREASURER'S OFFICE

One of the duties of this office is tax collection. The two primary taxes collected are real estate and personal property. These are billed semi-annually and due in June and December. The amount of each of these taxes has steadily increased over the past three years (see chart below).

One of the performance measures of the Treasurer's Office is its collection rate. This calculation is based on the standard

used by the Virginia Compensation Board, which oversees the workload studies of all constitutional offices. As noted, the current delinquent balances in comparison to the charges billed over a five year period show a collection rate of over ninety-nine percent for both taxes.

Methods used to collect delinquent taxes include bank liens, employer liens, distress warrants, DMV registration stops, and tax sales. Since

2008, the office has issued 17,322 DMV registration stops. We do encourage payment plans for those that have payment difficulties. Please do not hesitate to contact the Treasurer's office for payment plan information.

The Frederick County Treasurer's Office works diligently to ensure that everyone pays their portion, so that uncollectible balances are not an issue that causes everyone's taxes to increase.

Collection Rate at 6/30/11:

REAL ESTATE 99.2%

**PERSONAL PROPERTY
99.1%**

FIVE YEAR COMPARISON OF REAL ESTATE AND PERSONAL PROPERTY CHARGES AND DELINQUENCY

CALENDAR YEAR	REAL ESTATE CHARGES	PERSONAL PROPERTY CHARGES	Real Estate 5 Year Delinquency	Personal Property 5 Year Delinquency
2006	\$ 36,511,311.21	\$ 39,016,955.46	\$ 56,168.55	\$ 112,583.42
2007	\$ 38,469,683.55	\$ 39,981,387.66	\$ 76,202.55	\$ 173,884.65
2008	\$ 40,073,054.27	\$ 40,769,730.18	\$ 129,247.64	\$ 259,273.68
2009	\$ 40,493,111.37	\$ 40,889,623.70	\$ 267,648.38	\$ 392,985.13
2010	\$ 40,995,446.34	\$ 42,206,912.05	\$ 566,499.74	\$ 799,295.68
TOTAL*	\$ 196,542,606.74	\$ 202,864,609.05	\$ 1,095,766.86	\$ 1,738,022.56

*at 6/30/11

Visit the Treasurer's website for personal property and real estate tax information and payment.

www.fredtax.com

Frederick County Parks and Recreation



Fitness Room at Greenwood Mill



Sherando Park

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 at the community cen-

ters, pools and paddleboats. Community Center attendance includes the fitness rooms, racquetball/wallyball courts, and gymnasium and meeting room use by FCPRD and all other users. As expected, Community Center attendance peaks in the winter. We are seeing, however, steady summer usage in fiscal 2011 with new programming initiatives such as a new youth summer basketball league and the increase in the number of fitness enthusiasts at Greenwood Mill continues to climb.

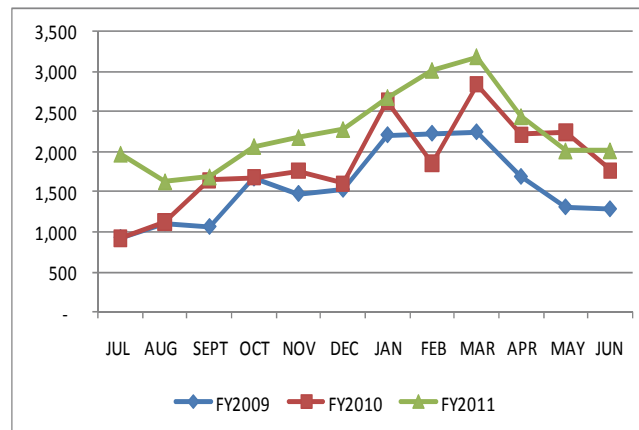
Pool attendance, aquatic program enrollment, and paddleboats make up the swimming and paddle-

boat usage. Weather plays a vital role in pool admissions, as seen by incredible June numbers from 2010. Weather will sometimes have an effect on aquatic programming, but it is not as large a factor as it is in general pool admissions. Last summer, 1,456 participants enrolled in group swim lessons with FCPRD. As of June 30, 2011, there is a slight increase over last year. There has been a surge in swim team enrollment for the departments' two teams with 239 participants, an all time high! Some of this is attributable to the Youth Development Swim Team which prepares swimmers for competitive swimming.

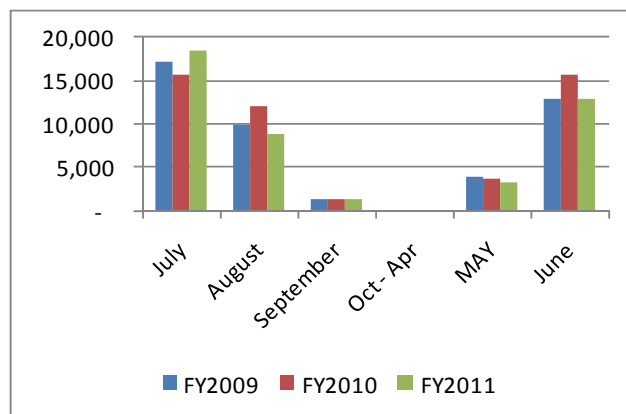
Community Center attendance peaks in the winter; however, we are seeing steady summer usage in fiscal 2011 with new programming initiatives.

Last summer, 1,456 participants enrolled in group swim lessons with FCPRD. As of June 30, 2011, there is a slight increase over last year.

COMMUNITY CENTERS USAGE FY11



SWIMMING POOL AND PADDLEBOAT USAGE



N W Works Relocation

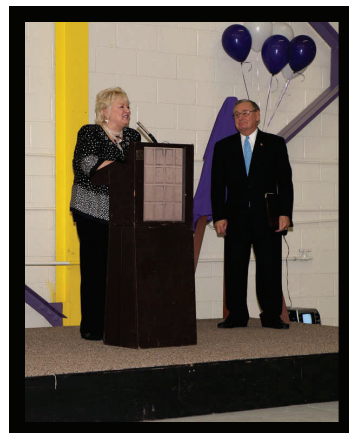
Frederick County is proud to be a partner in the completion and celebration of the new NW Works building. The non-profit, which gives people with disabilities a chance to work again, moved into the 58,660 square foot building on January 3, 2011.

While NW Works can be commended for its 40 years of longevity, the most recent relocation hit a snag when the agency changed gears from new construction along Shady Elm Road to a renovated, former Melnor building,

on Shawnee Drive. NW Works received a \$1,000,000 Community Development Block Grant in 2009. These funds were funded through federal stimulus dollars and attached to the Frederick County site on Shady Elm Road. With the help of former Governor Timothy Kaine and former state Senator Russell Potts, the funds were transferred. In a partnership, Frederick County officially oversaw a project that was located in the City of Winchester.



NW Works, Inc.
Open House April 11, 2011
Photos by IDS, LLS





COR promotes “Going Green!” Use online forms & programs. It’s simple and quick as a click!



County Administration Complex

Frederick County Commissioner of the Revenue’s Office

Business Division

Businesses are required to obtain a business license within 30 days of opening and to renew it annually thereafter. The Business Division assesses or adjusts approximately 7,000 businesses in Frederick County yearly. COR (Commissioner of the Revenue) staff guides licensees through the multi-step application process and then issues business licenses after receipt of all applicable documentation payment of the business license tax. Business licenses must be renewed by March 1 and paid for by April 1 each year. Businesses can range from food service, contractors, merchants and retailers to those providing financial, real estate, repair and professional services.

Frederick County was the only locality in the Commonwealth to test, over

several years, the software system for online business license application and renewals as it was being developed and refined by Bright & Associates Inc. This system is now used by multiple jurisdictions in Virginia.

The Business Division has been at the forefront of promoting “going green” by using online forms and programs. Every Business Division form is available on our website at

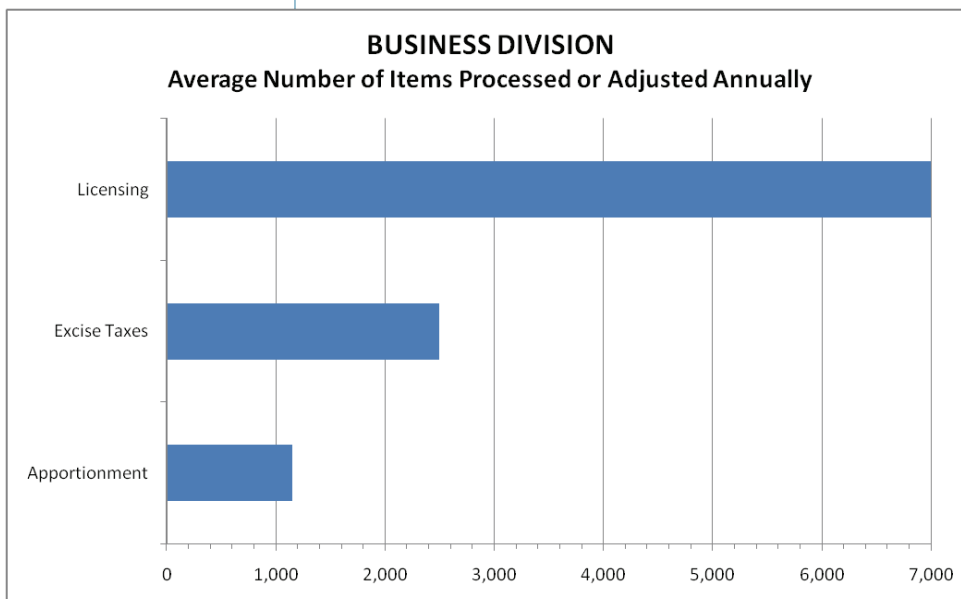
www.frederickcountyva.gov/biztax. Also provides easy, step-by-step instructions. In 2010, we offered the availability of online business license renewal and received approximately 1,000 online filings. As a result of the encouragement and assistance of COR

staff, that number more than doubled with 2,524 online renewals in 2011.

Businesses are also required to annually file returns for their tangible personal property business equipment, machinery & tools, and processing equipment. Thus far in 2011, COR staff has processed approximately 5,292 business equipment returns, 160 machinery and tools returns, and 5 processor returns. This includes approximately 1200 online filings made by licensees and 405 filings entered by COR staff to encourage use of our online program.

COR staff also handles an average of 227 monthly filings of meals and lodging taxes (almost half of which are filed online), 18 quarterly filings of short-term rental property tax (all of which are filed online), and 3 semi-monthly filings of public utility tax.

The Virginia Department of Business Assistance has launched and maintains the Virginia Business One-Stop website that was created to be a quick one-stop source for information related to business in Virginia. Frederick County has been asked to participate in a pilot program when Virginia Business One-Stop is enhanced with direct links to localities.



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

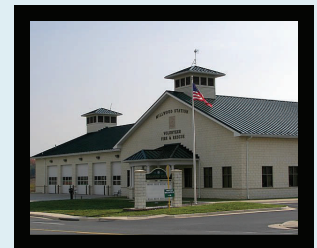
Frederick County's Vision Statement and Core Values were adopted on December 9, 2009. It states:

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

- Italian automaker Fiat purchased the U.S. government's remaining stake in Chrysler for \$560 million.
- Wells Fargo's 2nd quarter profit rose 29% to \$3.9 billion from a year earlier.
- Harley-Davidson's 2nd quarter earnings more than doubled to \$190 million.
- General Electric's 2nd quarter profit increased 21.6% to \$3.69 billion.
- McDonald's 2nd quarter earnings rose 15% to \$1.41 billion.
- Amazon.com reached a licensing deal with CBS that will allow Amazon Prime customers access to the network's TV library at no additional cost.
- U.S. home prices rose 0.7% in June, the third consecutive monthly increase, according to CoreLogic.
- GM's U.S. vehicle sales rose 7.6%, Ford's increased 9% and Chrysler's surged 20% in July.
- Back to school spending is expected to reach \$68.8 billion this year, up from \$55.12 billion last year.
- UPS reported quarterly profit jumped 26% to \$1.06 billion.
- Unemployment rates rose in more than 90% of U.S. cities in June, mirroring a national slowdown in hiring.



**Millwood Station
Fire Company**