

COUNTY OF FREDERICK, VA

Fall 2015 FINANCIAL NEWSLETTER

Welcome the PIO—Karen Vacchio

I am honored and humbled to have been named the first Public Information Officer (PIO) for Frederick County. After 19 years with the county in Parks and Recreation, it is very rewarding to be able to bring my knowledge of our organization and the community to all county government departments.

The decision to create the PIO position is part of an effort to better connect the county with its citizens and to make the flow of information easier for all staff. I have been meeting with department heads and staff and am finding that people are very anxious to have support getting their information to the public and to explore new and creative methods of informing and educating our citi-

zens.

It's been fun to be able to meet with staff and get their ideas and to help find the best method for the wide variety of information available now and the information being created on a daily basis. We are looking for ways to make our information better and more interesting to the viewer and we are going through the process of reviewing our web site content and navigation.

I am here to be sure that the citizens of Frederick County get the information they want and need, to be sure our information is sent to a



variety of media outlets regularly, and to help staff with a wide variety of platforms to disseminate information throughout the year. It is a challenge but it's a challenge that will serve everyone well in the end!

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FY 2016 Citizens Guide to the Budget

A shorter, condensed version of the FY 2016 budget is available. This version highlights the key factors and issues in the budget and consolidates the core numbers for faster and easier viewing. The FY 2016 Citizens Guide to the Budget can be viewed at

www.fcva.us/budgetguide



Property Taxes Due December 7, 2015



Overall Fund Performance

Frederick County's overall General Fund revenue comparison through September 30, 2015 shows a total increase of \$497,450. Included in this increase are the property taxes, \$256,620, which are the largest single revenue stream in the General Fund. Other increases

include other local taxes \$175,738, and charges for services \$44,959.

The comparison of the total FY 2016 expenditures, including transfers, have increased \$3.7 million from the previous year.

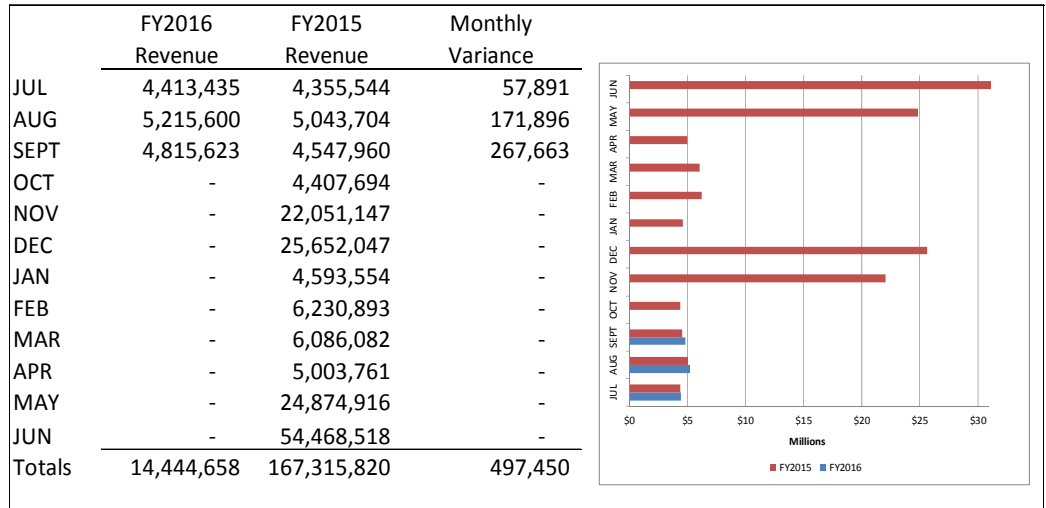
The expenditure increase in-

cludes \$191,007 in tax refunds and \$113,816 for the County share of the Courthouse Complex maintenance. Transfers from the General Fund to other funds increased \$3.2 million in total. The majority of that increase was the transfer to the School Construction Fund.

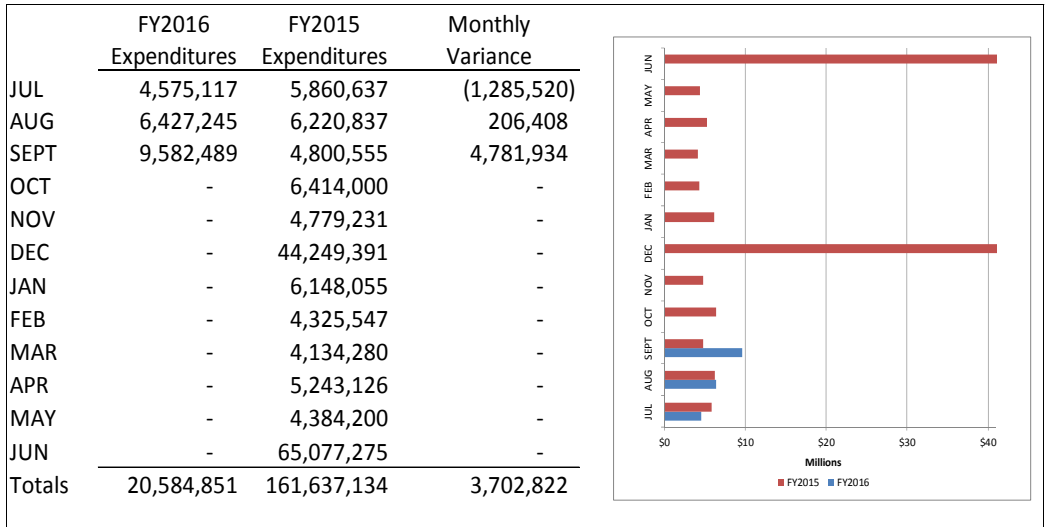


Photo courtesy of Lorraine Mossburg
Frederick County
Administration Building

General Fund Revenue Comparison



General Fund Expenditure Comparison



Unreserved Fund Balance 5-year Comparison

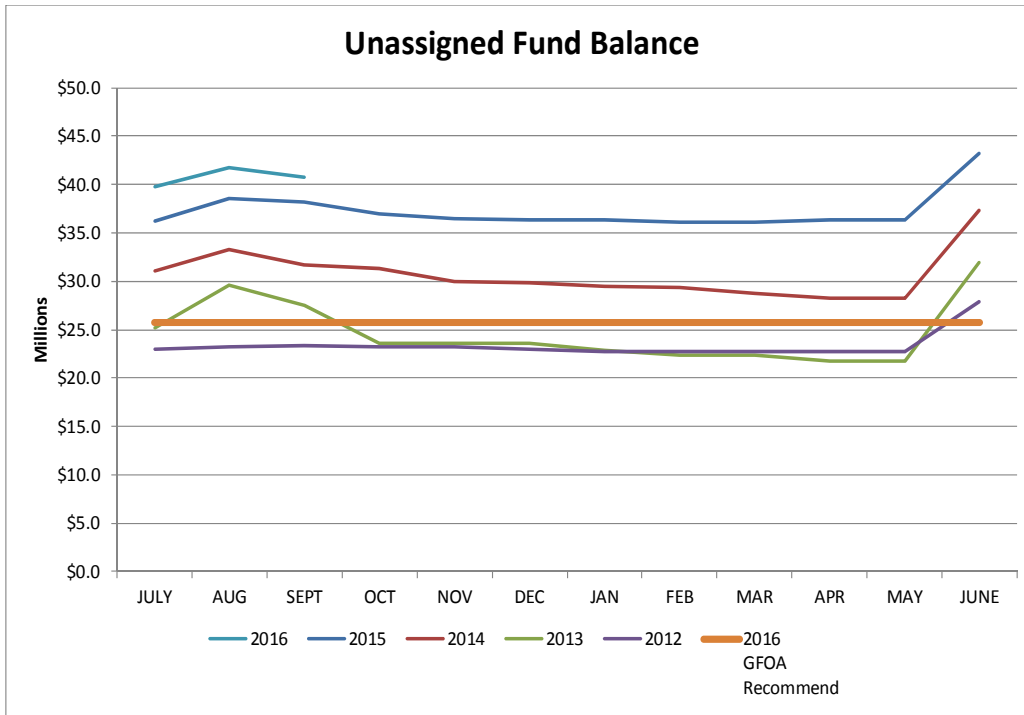


Photo courtesy of Gloria Puffinburger
Pumpkins & gourds, oh my!

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 bal-

ance be maintained at no less than two months of regular operating revenues or regular operating expenditures and states that it "is essential that governments maintain adequate levels of fund balance to mitigate current and future risks and to ensure stable tax rates." For Frederick County's general fund, that equates to approximately \$25.7 million or 16.7% of the total general fund operating budget for FY 2016. Currently, the County's fund balance is above the recommendation at 26.3% (\$40.1 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 \$7.3 million to balance the FY 2016 budget (57% schools, 43% county general fund). Fund balance has been regularly used to balance the budgets in the past. At year-end those funds have been routinely returned to unreserved fund balance as a result of unbudgeted revenues or unspent expenditures. Management and the Board of Supervisors remains committed to retaining a healthy fund balance.

Unreserved General Fund fund balance at September 30, 2015 is \$40,647,070.

Revenue Information



Photo courtesy of LeeAnna Pyles
Sunflowers

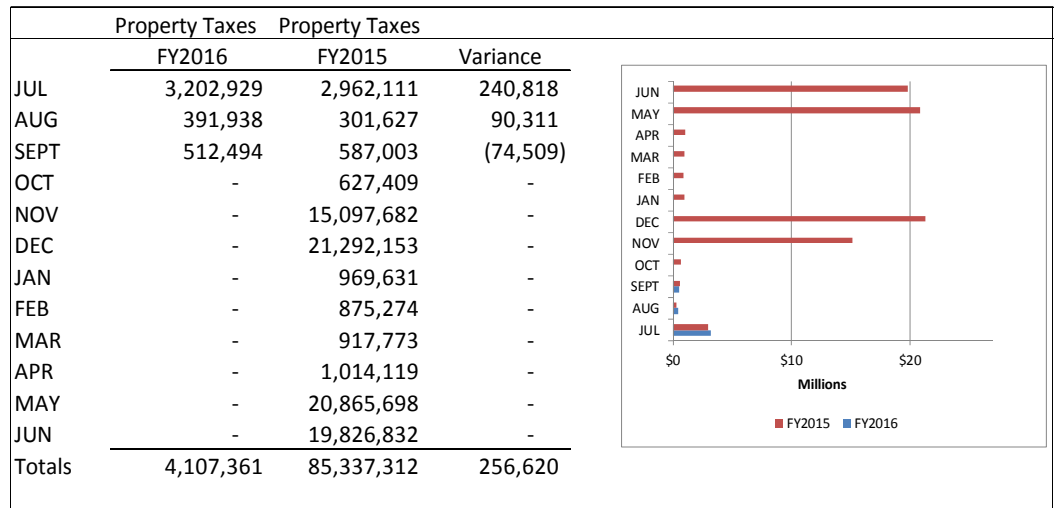
Property taxes include real estate, personal property and machinery and tools tax. Total property taxes increased \$256,620 year to date and includes real estate (+\$74,933) and personal property (+\$203,735). The remaining category that has

an impact on the property tax variance is penalties, interest & administration fees for liens & distress, credit card charges/delinquent advertising (-22,048). 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

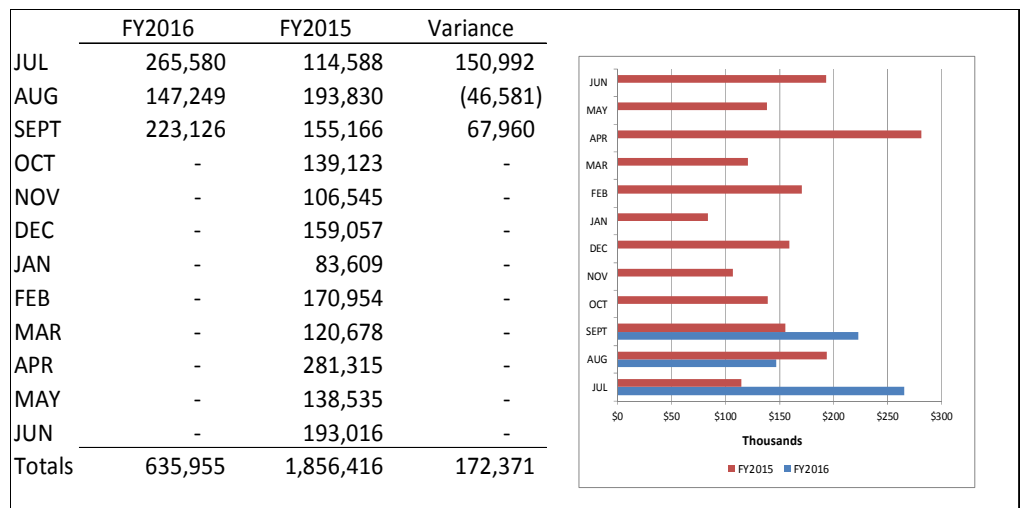
(Continued on page 5)

Property Tax Comparison 2015–2016



Permit Fees Comparison 2015–2016

Permit fees increased 37% in FY 2016 compared to the first quarter of FY 2015.



Other Local Taxes Comparison 2015–2016

	Other Local FY2016	Other Local FY2015	Variance
JUL	251,182	220,665	30,517
AUG	787,799	644,602	143,197
SEPT	2,446,560	2,444,536	2,024
OCT	-	2,016,705	-
NOV	-	2,097,167	-
DEC	-	2,279,425	-
JAN	-	2,381,805	-
FEB	-	4,171,007	-
MAR	-	4,069,494	-
APR	-	2,233,383	-
MAY	-	2,812,049	-
JUN	-	6,943,959	-
Totals	3,485,541	32,314,797	175,738

Included in other local taxes are: local sales and use tax, communications sales tax, utility taxes, business licenses, auto rental tax, motor vehicle licenses fees, recordation taxes, meals and lodging taxes, street lights, and Star Fort fees.

Sales Tax Comparison 2015–2016

	Sales Tax FY2016	Sales Tax FY2015	Variance
JUL	1,122,773	1,058,161	64,612
AUG	1,080,475	1,085,666	(5,191)
SEPT	1,069,363	1,046,724	22,639
OCT	-	1,065,768	-
NOV	-	1,004,656	-
DEC	-	1,030,054	-
JAN	-	1,047,517	-
FEB	-	1,102,682	-
MAR	-	880,286	-
APR	-	833,425	-
MAY	-	965,460	-
JUN	-	1,010,733	-
Totals	3,272,611	12,131,132	82,060

Revenue Information

(Continued from page 4)
permits. These permit collections fluctuate with the economy and housing industry. The total permits and privilege fees increased \$172,371 year to date. The volume of permit fees was a contributing factor of the increase. The increase is a positive indica-

tor for the building industry in Frederick County.

Local sales taxes consist of the portion of the state sales tax that is remitted to the locality. The state sales tax is 5.3% with the state returning 1% back to the locality. The sales tax increased \$82,060, or 2.5%, through the

first quarter of FY 2016 compared to the prior year.

The total variance of \$175,738 in other local taxes through September is a net increase which was significantly impacted by the increase in local sales tax, utility taxes, recordation taxes, and lodging tax.

Recordation taxes increased \$71,984 over the prior year.

This is another indicator that the housing market is rebounding in the area.



NRADC Entrance

Northwestern Regional Adult Detention Center

The Northwestern Regional Adult Detention Center is a 540 bed, medium security, direct supervision corrections facility located in Frederick County. The Jail, organized in October 1989, in accordance with Article 5, Title 53.1-105 Code of Virginia, serves the counties of Clarke, Fauquier, and Frederick, and the

City of Winchester. The Jail is governed by a Regional Jail Authority composed of appointed members from each of the four participating localities.

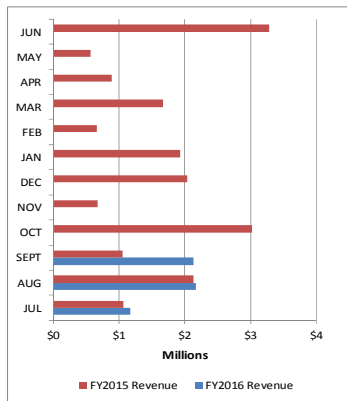
The Detention Center's mission and organization remains unchanged moving into FY2016. The Jail continues to provide correctional services in support

of criminal operations in Clarke County, Fauquier County, Frederick County, and the City of Winchester. In addition to traditional incarceration operations, services include Community Inmate Workforce Activities, Work Release, Home Electronic Monitoring, Local Offender Probation, and the formal monitoring of criminal defendants awaiting trial (Pretrial Services).

The FY 2016 budget includes Local Offender Probation operations and services. Both the Local Offender Probation Program and the Jail's Pretrial Services functions are partially funded by a grant provided by the Virginia Department of Criminal Justice Services. The remainder of expenses for Pretrial is supported by the localities, whereas Probation is supported by client supervision fees and drug testing fees.

NRADC Revenues

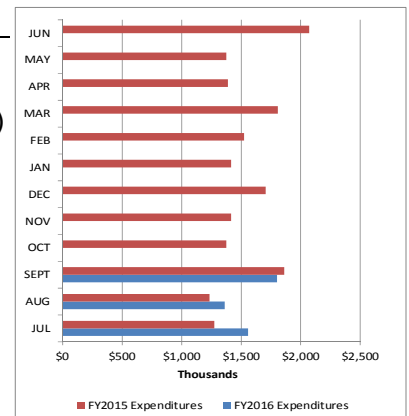
	FY2016 Revenue	FY2015 Revenue	Monthly Variance
JUL	1,170,600	1,065,524	105,076
AUG	2,165,278	2,136,419	28,859
SEPT	2,132,709	1,047,175	1,085,534
OCT	-	3,025,093	-
NOV	-	667,044	-
DEC	-	2,034,270	-
JAN	-	1,925,089	-
FEB	-	663,257	-
MAR	-	1,674,450	-
APR	-	886,292	-
MAY	-	568,990	-
JUN	-	3,276,352	-
Totals	5,468,587	18,969,955	1,219,469



NRADC Expenditures

The year to date increase in revenue of \$1,219,469 is a result of the timing of local contributions in the current year.

	FY2016 Expenditures	FY2015 Expenditures	Monthly Variance
JUL	1,555,454	1,276,476	278,978
AUG	1,361,070	1,233,221	127,849
SEPT	1,803,094	1,859,507	(56,413)
OCT	-	1,376,596	-
NOV	-	1,418,045	-
DEC	-	1,706,069	-
JAN	-	1,417,639	-
FEB	-	1,526,294	-
MAR	-	1,811,082	-
APR	-	1,387,557	-
MAY	-	1,378,345	-
JUN	-	2,069,394	-
Totals	4,719,618	18,460,225	350,414



Frederick County Sanitary Landfill

The Frederick County Sanitary Landfill provides non-hazardous solid waste disposal needs for Frederick County and Clarke Counties and the City of Winchester. The landfill property includes 932 acres of which 90 acres have been permitted under Subtitle “D” Regulations as a municipal solid waste facility, and 50 acres permitted as a Construction Demolition Debris waste facility. The additional acreage is maintained as borrow area and a buffer.

In addition to operating the two permitted landfills, the facility operates a fully equipped Citizens Convenience Center offering disposal options for several waste streams including: household municipal, construction demolition debris, household hazardous waste, electronics, and numerous other recycling opportunities.

A program to convert gas to

electricity was established in 2010. Currently two Jenbacher model 320 engines are fueled by the Landfill gas and are capable of producing approximately two megawatts of power. This program is designed to expand as the landfill continues to grow.

In addition, the landfill operates

and maintains a leachate pre-treatment system designed to collect and provide treatment from all three of the permitted landfills located at the facility.

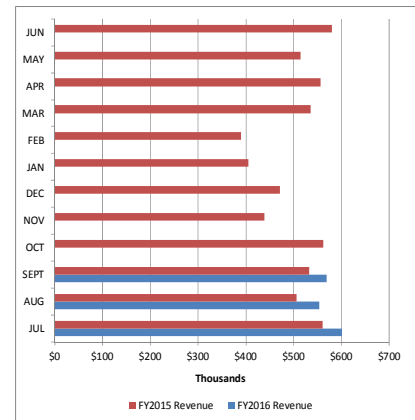
Landfill revenues and expenditures are shown below for FY 2015 and FY 2016.



Photo courtesy of Gloria Puffinburger

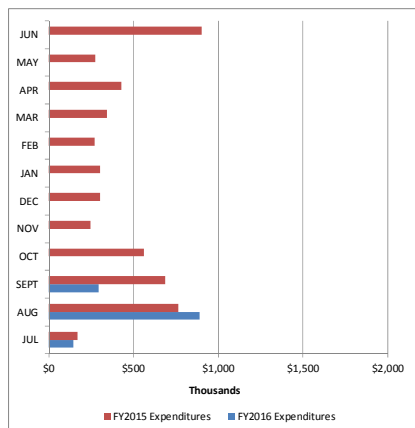
Landfill Revenues

	FY2016 Revenue	FY2015 Revenue	Monthly Variance
JUL	600,368	560,097	40,271
AUG	553,644	506,408	47,236
SEPT	568,275	531,929	36,346
OCT	-	561,291	-
NOV	-	439,209	-
DEC	-	470,295	-
JAN	-	405,328	-
FEB	-	390,012	-
MAR	-	535,319	-
APR	-	556,239	-
MAY	-	514,858	-
JUN	-	579,818	-
Totals	1,722,287	6,050,803	123,853



Landfill Expenditures

	FY2016 Expenditures	FY2015 Expenditures	Monthly Variance
JUL	146,027	170,880	(24,853)
AUG	887,619	765,547	122,072
SEPT	294,839	685,905	(391,066)
OCT	-	559,938	-
NOV	-	245,160	-
DEC	-	301,059	-
JAN	-	303,706	-
FEB	-	269,226	-
MAR	-	341,527	-
APR	-	429,659	-
MAY	-	273,027	-
JUN	-	902,525	-
Totals	1,328,485	5,248,159	(293,847)



Revenue increased \$123,853 year to date reflecting the commercial/ industrial rate increase from \$45 to \$47 per ton and municipal rate from \$12 to \$14 per ton. The decrease in expenditures reflects a reduction of \$301,506 in capital expenditures in the current year.

Final Figures Presented for the Fiscal Year Ended June 30, 2015

“The county ended the fiscal year with \$5.6 million in unspent, budgeted expenditures.”

The FY 2015 year end figures were presented to the Finance Committee on September 16, 2015 and reported revenues in excess of expenditures. The actual revenue exceeded projections by \$9,535,639 and the county had unspent budgeted expenditures in the amount of \$5,638,639. 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.), other local taxes (sales, communications, utility,

wills/recordation and meal taxes, business license, vehicle decals, etc.) and recovered costs. The two largest variances from budget to actual is in the real estate and personal property tax categories totaling \$4.6 million. Personal property and real estate taxes were budgeted at a \$2.5 million increases; still actual collections were up an additional \$2.4 million and \$0.5 million respectively due to new construction, the continued increases in business equipment, and new vehicle purchases. Frederick County realized an above normal increase in business licenses in the amount of \$0.5 million. “We are experiencing more business-

es in the area which relates to an increase in licensing, assets for property taxation, and other excise taxes” according to Ellen Murphy, Commissioner of the Revenue. For the third year in a row, the Permits & Fees category does not reflect a budget deficit. When comparing actual revenue for FY 2014 to FY 2015 in this category, there is a 38.6% increase.

The county ended the fiscal year with \$5.6 million in unspent, budgeted expenditures. \$1.3 million of the unspent expenditures represent purchase orders which remained outstanding at year end for both the County and the Schools. This amount was re-

- Schools—\$1,014,688
- Salaries/Fringes—\$1.8 million
- Operating—\$2.1 million
- Carry Forwards—\$632,395

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

- Unspent fire company capital;
- Unspent forfeited asset funds;
- Staff turn over and vacancies.

REVENUE	BUDGETED	ACTUAL	VARIANCE
Property Taxes	93,490,226	98,079,207	4,588,981
Other Local Taxes	30,213,611	32,314,793	2,101,182
Permits / Fees	1,248,473	1,856,413	607,940
Fines / Forfeitures	346,000	409,179	63,179
Rev. from Use of Prop.	138,077	189,871	51,794
Charges for Services	2,383,434	2,356,455	(26,979)
Miscellaneous	191,088	231,321	40,233
Recovered Costs	1,619,205	3,112,342	1,493,137
State/Federal	9,262,395	9,878,567	616,172
TOTALS	138,892,509	148,428,148	9,535,639

EXPENDITURES	AMENDED BUDGET	ACTUAL	VARIANCE
Administration	9,746,466	9,266,031	480,435
Judicial	2,450,706	2,152,812	297,894
Public Safety	31,492,332	29,066,554	2,425,778
Public Works	4,346,822	3,866,484	480,338
Health / Welfare	7,557,985	7,405,602	152,383
Community College	56,000	56,000	0
Parks, Rec. & Cultural	5,948,990	5,425,379	523,611
Community Development	2,988,577	2,895,335	93,242
Transfers	83,846,062	82,661,104	1,184,958
TOTAL	148,433,940	142,795,301	5,638,639

Gas to Energy Plant Update

Written by Ron Kimble, Environmental Manager, Frederick County Landfill

The Gas to Energy project at the landfill continues to produce economic and environmental benefits for Frederick County. In FY 2015 the plant operated at an 89% runtime producing 13,254 megawatt hours of power. An average rate of \$46.33 was earned per megawatt hour generating revenue that totals \$614,077.25 for the year. Revenue is generated from two major areas; the first is the sale of wholesale power which netted \$476,557.21. The second major revenue stream is the sale of renewable energy credits which generated \$137,520.04. Expenses for the year totaled \$281,183.58.

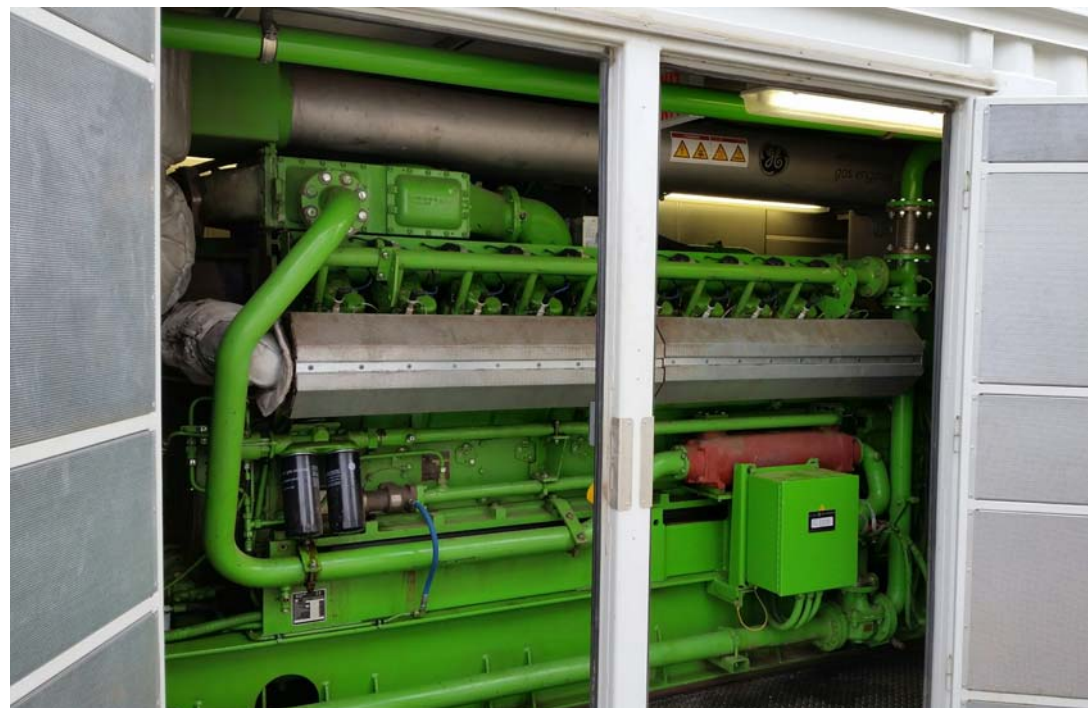
Overall, the plant functioned very well this past year with no major unexpected breakdowns or repairs. The major issue facing the operation of the plant currently is the decline in gas production/collection efficiency from the landfill. While we were able to keep the engines running at an 89% uptime, we were only able to produce 73% of the capacity of the plant due to shortages in landfill gas.

The shortage in landfill gas is difficult to attribute to any one particular issue. We are currently conducting a total wellfield evaluation in order to maximize collection efficiency. The loss of multiple gas collection wells due to landfill settlement is one issue that is currently being addressed, which should be resolved by the end of December 2015. Repairs to these wells could produce significant

amounts of landfill gas to cover the shortfall. However, the waste being disposed at the landfill is ever changing and landfill gas generation is directly linked to the disposal of organics.

Increasing the landfill gas collection efficiency will not only supply more fuel for the plant,

but will aid in the voluntary reduction of greenhouse gas emissions from the facility. By combusting the gas in the engines, methane and other greenhouse gasses are destroyed creating an environmental benefit equivalent of removing the CO₂ emissions for approximately 208,000 barrels of oil annually.



Photos courtesy of Ron Kimble

Top: Snapshot from the data management software.

Bottom: Engine inside the container.

A Vision for the County's Largest Park

Written by Jon Turkel, Park & Stewardship Manager, Frederick County Parks & Recreation Department

In 1975 Frederick County acquired over 300 acres of land east of Stephens City from the Sandy and Whitacre families for a public park. Now, 41 years later, a Sherando Park master plan update is providing Frederick County residents the opportunity to create a new vision for nearly 200 acres of land designated for recreation purposes. The area under consideration is located north of Rt. 277 (Fairfax Pike) and in between Warrior Drive and White Oak Road, the land typified by open fields with Wrights Run stream flowing west to east through the area.

The master plan process provides a way for the public to help determine the best uses for this area and in doing so allows the Parks and Recreation Department to identify funding needs.

Why update the existing Sherando Park Master Plan?

Times change! In the mid-1970's when the land for Sherando Park was acquired, the Frederick County population was about 1/3 of what it is today. It would be interesting to see what the leaders of that time thought would become of the new land, but as we are one or two generation on, it is likely a different perspective will be expressed by current residents. In more recent times the growth in Frederick County's population has been occurring at an increasing pace. Since 2000, the Frederick County population has grown by about the same number of people as was the total population in 1975! Priorities, needs and trends all change with a growing and evolving population.

The broader perspective is that as Frederick County's population grows, so do the county's parks and recreation needs. Park master plans provide a long-range blueprint for a park site. In the case of Sherando Park, this blueprint will be informed through an analysis of current trends, the Parks and Recreation 2012 Community Survey and citizen input received in the process. Those interested in providing their input should visit the Parks and Recreation's web-

site at www.fcprd.net.

What is a Park Master Plan?

A park master plan is a general guide for future park uses and their approximate location at the park property. The plan serves as a long-range vision for future development and programming. Items identified on the map will include opportunities as well as constraints. Areas to avoid development include conflicts with streams, wetlands, and woods, these areas create focal points and the sense of nature for the park. Other constraints to development include property lines, existing infrastructure and facilities. Opportunities express where development can occur and what development is appropriate; the recreation amenities and infrastructure required allowing residents to recreate in their park.

What happens once the Master Plan is complete?

Once the public, Parks and Recreation Commission, and Board of Supervisors approve the park Master Plan, the plan will guide the Parks and Recreation department's efforts to provide recreation for our growing population. Funding and subsequent park development do not always closely follow adoption of a park master plan, however identifying funding needs in programs such as the county's Capital Improvements Plan will allow the department to begin exploring ways to bring the vision of Sherando Park to life!



Frederick County Finance Committee

Summary of Action Items—FY 2016 QTR 1

The Finance Committee generally meets at 8:00 a.m. on the third Wednesday of each month in the First Floor Conference Room in the County Administration Complex. The committee is comprised of three board members and three citizen members.

The primary function of the committee is to review matters of a financial nature including proposed changes to fiscal/procurement policies and the review and recommendation for matters of a financial nature coming forward to the Board including, but not limited to, supplemental appropriations, transfers and contracts.

The following are the meeting dates for the first quarter of fiscal year 2016:

July 15, 2015

August 19, 2015

September 16, 2015

All Finance Committee Agendas and Reports can be found online, www.fcva.us/fincomm.

The following are **General Fund** supplemental appropriation requests which required no local funds:

- \$95,000 in proffer funds for Parks & Recreation for the restroom building at Rose Hill Park;
- \$2,000 for a Public Safety Communications grant from the Virginia E911 Wireless Education Program;
- \$4,868 for the Sheriff's Department for DARE and K-9 donations and extradition reimbursements;
- \$500 for Recycling for the Keep Virginia Beautiful grant; and
- \$2,000 for a donation to the Parks & Recreation Department for the conversion of mowers to propane.

The following are **General Fund** supplemental appropriation requests which required local funds:

- \$68,000 Parks & Recreation carry forward for trail construction as Rose Hill Park;
- \$22,780 Parks & Recreation carry forward for the completion of the Sherando Park Master Plan;
- \$41,480 Sheriff carry forward for Abbott grant funds;
- \$30,000 for the repair of the Treasurer's drive through lane;
- \$438,483 School carry forward for unspent, unobligated FY 2015 funds;
- \$104,000 Fire & Rescue carry forward for outfitting three new vehicles and ten new employees;
- \$1,216 increase in the County's contribution to the Northern Shenandoah Valley Regional Commission;
- \$63,818 for the County's portion of the Airport Capital budget for FY 2016; and
- \$43,243 for the Clerk of Circuit Court to hire a Deputy Clerk-Operations.

The following were budget transfers which, according to policy, required action:

- \$85,900 for building maintenance costs for the acquired Millwood Fire Station.

The committee also held discussions on the following topics:

- The County's transfer of funds policy;
- The County's contribution to the Handley Library Board budget;
- Reserving the funds collected to date in the Parks & Recreation PLAY Fund;
- The EDA reporting mechanisms;
- The annual review and reassessment of the Finance/Audit Committee Charter;
- Fire & Rescue Fee for Service MOU, volunteer company MOUs and joint agreements, and County yearly contributions to volunteer companies;
- A salary supplement for the clerks of the General District and Juvenile & Domestic Relations courts;
- Hiring a financial consultant; and
- FY 2015 year end financial information was provided by the County and the Schools.

County of Frederick

Department of Finance
107 North Kent Street
Winchester, VA 22601

Phone: 540-665-5610
Fax: 540-667-0370
E-mail: bwaybrig@fcva.us



Photo courtesy of LeeAnna Pyles
Graphics courtesy of Jeremy Coulson

Connect with Frederick County

Find us. Follow us. Stay connected.

Government-to-citizen communication is evolving rapidly with web technologies and Frederick County is embracing these new ways to reach those we serve.

<http://www.fcva.us/about-us/social-media>



Sign up for e-Notifications!

<http://www.fcva.us/enotification>

National & Local Headlines

- Regional unemployment rate for August 2015 was 3.7%, compared to 5.1% in August 2014.
- Frederick County government, as an employer, had \$3,299 in unemployment claims for the September 2015 quarter compared to \$698 for the previous year.
- Valley Health System was one of just ten healthcare organizations in Virginia to be named to the 2015 list of the country's Most Wired hospitals and health systems. The honor is in recognition of how Valley Health is harnessing the power of information technology to improve quality care and patient safety and lower healthcare costs.
- The Shenandoah Valley Workforce Investment Board was awarded \$4 million to fund the Valley to Virginia Apprenticeship Initiative. This initiative will assist employers in Frederick County, and other Shenandoah Valley communities develop highly skilled workers through employer specific training.



Apple Tree Market in Round Hill

Photo courtesy of Gloria Puffinburger