



# Board of Supervisors

**Courtland**  
David Ross



**Salem**  
Deborah H. Frazier



**Battlefield**  
Chris Yakabouski



**Chancellor**  
Timothy J. McLaughlin



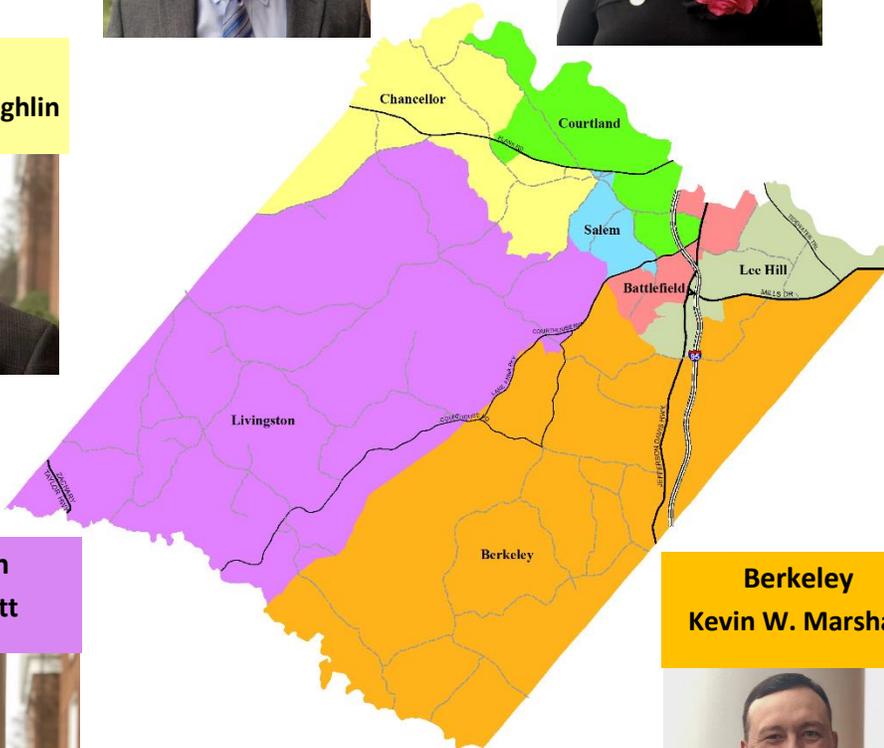
**Lee Hill**  
Gary F. Skinner



**Livingston**  
Barry K. Jett



**Berkeley**  
Kevin W. Marshall



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The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the County of Spotsylvania, Virginia, for its annual budget for the fiscal year beginning July 1, 2019.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communication device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we will submit to GFOA to determine its eligibility for another award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Spotsylvania County  
Virginia**

For the Fiscal Year Beginning

**July 1, 2019**

*Christopher P. Morrill*

Executive Director



# Guide to Using this Document

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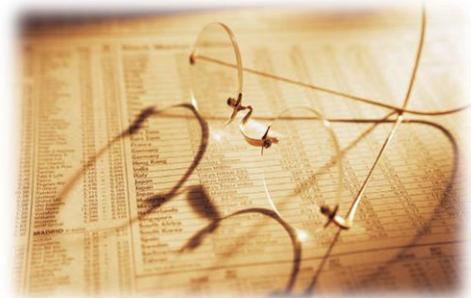
Spotsylvania County Government is responsible for many different programs designed and operated to provide quality community services. The oversight of these programs is a daily challenge for County employees, but understanding them can be of equal challenge for citizens. This budget document was developed to provide key information to help the reader understand the work and challenges faced by Spotsylvania County and the decisions that were made to address those challenges in FY 2021. Because of its size, reading the budget document can be a daunting task. However, if it is approached in pieces, it is more easily understood. The Guide to Using this Document section provides readers with a quick overview of the information in the document. For specific page numbers, please refer to the Table of Contents.

**Introduction and Overview** This section includes information to familiarize readers with the major issues Spotsylvania County faces and the factors that influenced the decisions made in the development of the FY 2021 Budget.

- The County Administrator’s Budget Message – a statement summarizing the challenges and the strategic priorities and budgetary plans for addressing those challenges;
- The Budget Strategy – a discussion explaining the development of the FY 2021 Budget. This section includes short term factors and underlying assumptions that influenced the decisions made in development of the FY 2021 Budget;
- The Budget at a Glance – a summary of the highlights of the FY 2021 Budget;
- General information about the County and statistical data to help the reader better understand the demographics of Spotsylvania County;
- The County’s Strategic Plan – a display of the County’s mission, vision, values, and long-term strategic plan the County has set to meet its mission; and
- The Budget Summary – historical and projected revenue and expenditures by function.

**Financial Structure, Policies & Processes** Includes information to help the reader understand the processes, policies and procedures that guide the decisions of this locality. It includes:

- County Wide Organizational Charts – an illustration of the oversight of County operations, by function and by department;
- Fund Types – a matrix detailing the different types of funds utilized by the County, and a general guide to appropriation;
- Financial controls and policies – a summary of the financial policies adopted by the Board of Supervisors; and



- Budget & Planning Processes – a discussion about the budget process and a matrix showing how the processes the County uses interconnect to guide decisions and to plan for the future.

**Financial Summaries** Includes several levels of financial summaries to help the reader understand the expenditure, revenue, and fund balance projections included in this budget. It includes:

- Various Graphs and Charts – a visual explanation of the sources and uses of funds;
- Budget Summary by Fund – a chart detailing FY 2021 revenues by type and FY 2021 expenditures by function and category for each fund;
- Individual Fund Summaries – a collection of charts that detail historical and projected revenues by type and expenditures by function and category for each fund;
- Revenue Summaries – A description and display of major revenue sources and explanation of the underlying assumptions used for projecting FY 2021 revenue; and
- Financial Forecast – A five-year projection of revenues and expenditures for the County’s major funds (General Fund, Transportation and Utilities).

**Capital and Debt** Includes information related to planned capital projects expenditures and associated debt service obligations of the County. It includes:

- Capital Improvement Plan – charts and narratives that detail the County’s five-year capital project needs; and
- Debt Service – an explanation of the annual debt service obligations of the County.

**Function/Department Budgets** Includes function and department level data to help the reader understand the purpose of each County department/office and the costs associated with the work of departments/offices. It includes:

- Personnel Summary – a chart showing historical and approved positions;
- Net Tax Supported Expenditures – a chart showing the tax supported expenditures for each County department/office;
- Regional Agency Funding – a chart showing the level of funding provided by Spotsylvania County for regional agencies;
- Function Narratives – includes challenges and opportunities; accomplishments; goals and objectives; and performance measures for each function;
- Department/Office Summaries – charts, tables and narratives explaining the purpose and the historical and projected funding for each County department/office; and
- Staffing – table listing number of positions, by position title, for each department/office.

**Appendix** Includes a glossary of terms and acronyms.



## Budget Message – February 11, 2020

Dear Spotsylvania County Board of Supervisors:

The FY 2021 Recommended Budget is in keeping with Spotsylvania County's mission "to ensure the delivery of quality government services that are customer-focused; promote a safe, healthy, and prosperous community; and reflect excellence in financial stewardship." This budget proposal provides the revenue required to meet mandated programs and services and to continue to deliver the existing levels of service. Approximately 40% of the total General Fund expenditures are required to meet Federal and/or State mandates that the County must fund for services and programs.

The County's strategic plan adopted by the Board of Supervisors (Board) creates a vision of "setting the standard for Virginia counties". The plan centers around seven strategic initiatives: Quality Government; Public Safety; Educational Opportunity; Infrastructure Investment; Economic Prosperity; Growth Management; and Environmental Stewardship. Each of these initiatives requires funding and human capital resources in order to maintain existing levels of service. Many of these revenue requirements are met within the existing base budget at an equalized tax rate. However, several initiatives and existing commitments require additional funding to meet the levels of service and needs of the organization.

### **ADDRESSING THE COMMITMENT TO QUALITY GOVERNMENT**

The Board's historic priorities have been accorded due respect in the formation of the FY 2021 Recommended Budget for the Quality Government initiative in roughly the following order of priority:

1. Fund departmental operations sufficient to maintain existing levels of service;
2. Fund the third fifth (a total of 3/5ths in FY 2021) of on-going Other Post-Employment Benefits (OPEB) contributions as the County works towards meeting the full annual required contribution by FY 2023 in accordance with County policy;
3. Honor existing commitments to bondholders and to regional partners such as the jail, juvenile detention center, and library; and
4. Avoid new General Fund debt through the use of available cash to fund necessary general capital projects in FY 2021.

You may recall that new initiatives were purposely avoided in the FY 2020 Budget. All new staffing requests in the last budget cycle were avoided with the exception of seven new positions in Social Services that were required to achieve manageable caseloads and to provide appropriate management and supervision. Also added in FY 2020 – at no cost to the General Fund – was a Commercial Building Inspector funded out of fee revenues.

**New Budget Initiatives -**

In the category of Quality Government, needed revenue requirements always exceed revenue. The Recommended Budget includes only those requirements that are top priority to keep the levels of existing service. All department heads were directed to provide anticipated needs for the next three budget cycles. The proposed budget funds only a small percentage of those needs presented for year one. The total revenue requirements presented by department heads for consideration totaled \$4.3 million. Of that amount, \$2.2 million was for the General Fund. Other requests included the Utilities Fund in the amount of \$1.2 million; the Code Compliance Fund at \$0.6 million; the Transportation Fund at \$0.2 million; and construction management requests in the Capital Projects Fund at \$0.1 million. The FY 2021 Recommended Budget adds certain top priority positions and initiatives necessary to continue the existing levels of service.

The following table depicts the recommended added positions and initiatives. Specific to the General Fund, the net impact of providing these necessary initiatives and positions is \$649,116, of which \$37,500 for a market/planning analysis study is funded with the General Fund balance. The remaining \$611,616 equates to \$0.0038 per \$100 of assessed value or 0.38 cents added to the tax rate. The costs shown include salaries, benefits, and any additional costs associated with start-up of the position, and are net of associated revenue.

<b>Fund/Initiative</b>	<b>Net Cost</b>	<b>FTEs</b>
<b>General Fund:</b>		
Refuse Disposal – Division Director for Solid Waste	\$154,571	1.00
Accounting – IT Program Manager – Financial System	119,060	1.00
Planning – Planner I	79,368	1.00
Social Services – 4 Eligibility Workers – ½ year	75,588	4.00
Commonwealth’s Attorney – Legal Assistant I	68,597	1.00
Social Services – Eligibility Supervisor	60,193	1.00
Planning – Market/Planning Analysis Study	37,500	-
Treasurer – Account Clerk	28,747	0.63
Assessment – Assessment Technician	25,492	0.63
<b>General Fund Total</b>	<b>\$649,116</b>	<b>10.26</b>
<b>Code Compliance Fund:</b>		
Erosion – Environmental Assistant	\$64,789	1.00
Building – Permit Technician	63,618	1.00
Zoning – Zoning Assistant – ½ year	35,561	1.00
<b>Code Compliance Fund Total</b>	<b>\$163,968</b>	<b>3.00</b>
<b>Transportation Fund:</b>		
Transportation Technician	\$90,317	1.00
<b>Transportation Fund Total</b>	<b>\$90,317</b>	<b>1.00</b>

Fund/Initiative	Net Cost	FTEs
<b>Utilities Fund:</b>		
Lab – 3 Samplers	\$256,352	3.00
Lab – Sample Coordinator	72,211	1.00
<b>Utilities Fund Total</b>	<b>\$328,563</b>	<b>4.00</b>
<b>Total</b>	<b>\$1,231,964</b>	<b>18.26</b>

### **Compensation Adjustments –**

The recommended base budget for the General Fund also includes a 2.0% lump sum set aside for performance-based merit pay adjustment for those positions not addressed by the Public Safety compensation adjustments that were implemented at mid-year FY 2020, and a 1.8% cost of living (COLA) adjustment. These compensation-related adjustments are covered by base revenue increases – not tax rate increases – and are of highest priority in the Recommended Budget. Other significant base budget increases related to compensation include funding the third fifth (a total of 3/5ths in FY 2021) of on-going Other Post-Employment Benefits (OPEB) contributions in the amount of \$504,230 and a State-determined increase in the Virginia Retirement System (VRS) rate totaling \$578,120.

### **ADDRESSING THE COMMITMENT TO PUBLIC SAFETY**

In the past four budgets, the Board has added 85 public safety positions – 43 in FREM and 42 in the Sheriff's Office. These adds were critical to the safety of our community. The citizens have fully funded SROs at every school in the County as well as an increased number of deputies in the courts and on patrol. The County now has fully funded 24/7 ALS and fire coverage provided by career staff at all fire/rescue stations in the County. Fire/Rescue call volumes continue to increase, but as a result of these staffing efforts, response times have decreased. In 2019, our county-wide Fire/Rescue response times dropped to the lowest they have ever been at 7 minutes and 41 seconds. Every one of these 85 positions – regardless of whether they were originally funded for part of a year or through a grant – is maintained for the full year in the FY 2021 Recommended Budget.

### **Public Safety Compensation Implementation –**

At the Board's request for information on turnover rates, overtime, and holdovers, the Human Resources and Budget staff coordinated with Fire/Rescue and the Sheriff's Office to work through and cost out a step plan and certification, language, and education stipends for sworn personnel and the Sheriff's Office Communications personnel. The timeframe for such work occurred after the FY 2020 Budget was adopted. In late October 2019, the Board voted unanimously to adopt a new pay scale for public safety employees to be effective in January 2020. The step plan assumes an annual step increase for those meeting the time-in-step requirements, as well as a COLA commensurate with any COLA applied to other County employees. The cost of the new plan in FY 2021 adds \$8.0 million to the budget – consistent with the \$7.9 million estimate provided by staff to the Board in October 2019 ahead of the plan being adopted. The impact on the General Fund in FY 2021 for providing the new Public Safety

pay scale and COLA equates to \$0.0500 per \$100 of assessed value or 5.0 cents added to the tax rate.

***Increasing Cost of Regional Public Safety Partnerships –***

This budget is impacted by ongoing increases to the Regional Jail and the Juvenile Detention Center (JDC). Regional finance committees that are charged with reviewing these partners' budgets continue to work to modify the impact to localities' budgets while at the same time ensuring these critical public safety providers are able to continue operations. In fact, the \$15,432 increase currently anticipated in our contribution to the JDC is approximately \$359,000 less than when the regional committee first received the JDC's budget request. Presently, the County's share of the Jail's budget is expected to increase by \$404,315 (6.5%) due to increases in debt service; and salaries and benefits increases budgeted to help address on-going turnover problems. The combined impact to the General Fund for these two public safety regional agencies is \$419,747 which equates to \$0.0026 per \$100 of assessed value or 0.26 cents added to the tax rate.

**ADDRESSING THE COMMITMENT TO EDUCATIONAL OPPORTUNITY**

***Spotsylvania County Public Schools –***

I have made it a priority to meet on a regular basis with the Superintendent, along with our respective Accounting and Budget staff members, to discuss and have better understanding of each organization's budget situation in preparation for our FY 2021 budget proposals. Significant factors of the Superintendent's FY 2021 Budget are a State-determined increase in VRS rates (+\$1.3 million); implementation of the third year of the three-year Evergreen study (+\$6.9 million); and net new debt service associated with capital projects (\$0.8 million). Additionally, the State's every other year recalculation of the Local Composite Index (LCI) – which is the State's gauge of the County's ability to pay for local education costs – increased. The Schools staff reports that this change results in State revenue for FY 2021 being \$1.2 million less than it would have been under the LCI that was in place for the FY 2020 Budget.

With these factors in mind, the FY 2021 Recommended Budget includes an additional \$2.5 million in ongoing funding and \$1.5 million in one-time funding to be used for one time needs identified by the Schools. The base revenue increase supports \$0.6 million of the \$2.5 million on-going increase. The \$1.9 million on-going transfer above the available base revenue equates to an impact on the General Fund of \$0.0119 per \$100 of assessed value or approximately 1.2 cents added to the tax rate.

***Central Rappahannock Regional Library –***

The increase to the Central Rappahannock Regional Library is \$224,378 and is attributed to increases in salaries and benefits to include a 2.5% COLA; books and materials – particularly e-books for which circulation rose nearly 50% in FY 2019; and increases to certain other accounts due to rising operational costs. A regional committee is reviewing the Library's budget, as well, and is expected to suggest some reductions. Currently, the impact to the General Fund for our

proportionate share (based on circulation) of the Library's increase equates to \$0.0014 per \$100 of assessed value or 0.14 cents added to the tax rate.

***Germonna Community College –***

Within the base revenue available, this proposed budget funds Germonna Community College's request for a \$125,000 increase for part-time career coaches to assist students in our five high schools, as well as \$100,000 for the second year of a five-year capital commitment.

**ADDRESSING THE COMMITMENT TO INFRASTRUCTURE INVESTMENT**

There is a net decrease in General Fund debt service in FY 2021 due to the natural reduction over time in payments on existing debt and the use of cash to pay for general capital projects in FY 2021. In accordance with policy, since FY 2008 with exception of FY 2020 when the practice was intentionally paused, the Board has been faithfully added 0.25% each year to the on-going transfer of cash to fund capital projects in an effort to reduce new debt service. For FY 2021, the total on-going cash transfer stands at \$11.7 million – 4% of General Fund revenue less designated transfers. There are four more budget years to go before achieving the 5% policy level. \$11.7 million in cash-to-capital means we can avoid or use for other purposes the \$4.9 million that we would otherwise, over time, have paid in interest costs had we financed this \$11.7 million for projects.

There are also many new facilities in the pipeline to address anticipated growth in the region, such as a new regional library branch and a fire/rescue station in the Massaponax area, a new County office building, renovation and expansion of the judicial center, new recreation facilities, replacement of a fire/rescue station and a new fire and training logistics center.

Following are the significant capital projects included in the FY 2021 Budget:

<b>Project</b>	<b>Cash Funding</b>	<b>Financed Costs</b>	<b>Total FY 2021 Costs</b>
Facility Asset Management Program	\$871,200	-	\$871,200
Judicial Center renovation & expansion	1,600,000	-	1,600,000
Marshall Center major maintenance	348,800	-	348,800
Replacement general gov't vehicles	1,587,863	-	1,587,863
Maintenance of County-owned stormwater	30,000	-	30,000
Safety & Security improvements	250,000	-	250,000
Technology improvements	4,882,097	-	4,882,097
Landfill & convenience cntr. Improvements	1,813,175	-	1,813,175
Replacement equip. – landfill operations	1,561,000	-	1,561,000
Add public water at Lick Run Center	150,000	-	150,000
Replacement of Co. 3 (Partlow) station	2,500,000	-	2,500,000
Co. 6 (Salem Church) Addition/Renovation	2,125,000	-	2,125,000
Replacement Fire/Rescue equipment	2,540,627	-	2,540,627
Improvements at Exit 118	475,177	2,754,823	3,230,000
Roundabout – Old Plank & Andora	397,830	202,170	600,000

Project	Cash Funding	Financed Costs	Total FY 2021 Costs
Schools – Buses	-	3,795,992	3,795,992
Schools – Technology	-	2,309,924	2,309,924
Schools – Capital maintenance	-	11,895,000	11,895,000
Schools – Renovate/expand Spotsylvania Middle School	-	500,000	500,000
Water/sewer projects	28,544,825	24,210,739	52,755,564
<b>FY 2021 Total Capital Projects*</b>	<b>\$49,677,594</b>	<b>\$45,668,648</b>	<b>\$95,346,242**</b>

\*Excludes personnel and operations costs. Reflects project only costs.

\*\*Differs from figures on page 18 because this listing includes the County's financed projects and the budget itself does not at this point in time. Once bonds are sold and finalized, a budget adjustment will occur to budget the financed projects. Also, the figures on page 18 include capital projects operating and personnel costs not shown above.

### **ANTICIPATED BASE REVENUE CHANGES TO SUPPORT STRATEGIC COMMITMENTS**

Spotsylvania County's economy continues to be very strong. Our strength shows in the continued low unemployment rates; in our continuing local job creation; in the continuing expansion of our tax base; and in our continuing top-level credit ratings.

The County's proximity to two strong economic and employment hubs – Washington, DC and Richmond – connected by rail, interstate and local highways, attributes to positive workforce and commercial development. The County continues to experience consistent population growth which has grown 10.9% in the last 10 years, an average of 1.2% annually. Jobs continue to grow in Spotsylvania County, averaging 2.7% increases per year for the last 10 years. New jobs in the County rose 1.9% in 2018, exceeding the new job growth rate across the State. Unemployment for the County and the Commonwealth remains below the national rate. For the fiscal year ended June 30, 2019, the County's unemployment rate dropped for the eighth consecutive year to 3.1%, from a peak of 7.0% in 2010.

Based on the reassessment effective January 2020, real property values used to generate real estate tax revenues rose for the eighth straight year, up 9.0% (\$1.4 billion) from the previous year and 33.3% from ten years ago. The County's housing market remains strong with a median sale price of \$293,000, up 23% from five years ago. With this reassessment, total countywide assessed values now exceed the total taxable value existing prior to the Great Recession. This increase contributes \$2.4 million in new real estate tax revenue at the equalized rate of \$0.8100. Net of a reset of the base real estate revenue projection to address actual receipts being less than projections for the past two budgets, this \$2.4 million increase stems from the 1% increase allowed by State Code at the equalized rate and from new construction which is excluded from the equalized rate calculation.

Retail sales were up 3.8% in calendar year 2018, outpacing the Commonwealth's increase of 2.2%. A projected increase of \$0.9 million (5.1%) in sales tax is also included in the Recommended Budget. In addition to real estate revenue, several other revenues fell short of the projections in FY 2019 and are expected to be short in FY 2020, as well. Resets of

projections are necessarily occurring for personal property tax (a reduction of \$0.7 million) and delinquent personal property collections (a reduction of \$0.5 million) compared to the FY 2020 Adopted Budget. Communications sales tax is expected to be \$0.3 million less than budgeted in FY 2020 as fewer people maintain landline phones. Business license, meals tax, and interest earnings are expected to increase by a total of \$1.2 million compared to the FY 2020 estimate.

State revenues are expected to increase by \$1.7 million to support the Department of Social Services (DSS) and Children’s Services Act (CSA) program cost increases of \$2.0 million.

**RECOMMENDED REAL ESTATE RATE INVESTMENTS TO MEET REVENUE REQUIREMENTS**

As I noted above for various commitments and other strategic budget items, the projected base revenue adjustments will not fully support base budget adjustments; the Public Safety compensation implementation; the full, recommended on-going transfer to the Schools; funding of our largest regional partners; and select priority initiatives. The FY 2021 Recommended Budget requires an increase in the tax rate from the equalized rate of \$0.8100 per \$100 of assessed value to \$0.8797 per \$100. This is a \$0.0323 rate increase relative to our current rate of \$0.8474 and a \$0.0167 rate increase beyond the equalized rate plus the \$0.0530 increase staff reported in October 2019 would be needed to fund the on-going cost of the Public Safety compensation implementation in FY 2021.

Following is a breakdown of the recommended real estate tax rate investment necessary to meet revenue requirements:

<b>Itemized Breakdown of Increased Tax Rate Investment</b>	<b>Rate Per \$100 of Assessed Value</b>
Equalized Rate	\$0.8100
Public Safety Compensation Implementation	+0.0500
On-Going Transfer to Schools (above \$600K funded by base revenues)	+0.0119
Priority New Initiatives for Continued Levels of Service	+0.0038
Jail & Juvenile Detention Center Services	+0.0026
Rappahannock Regional Library	+0.0014
<b>Total Recommended Real Estate Tax Rate</b>	<b>\$0.8797</b>

**BUDGET SUMMARY**

The FY 2021 Recommended Budget totals \$593.9 million – an increase of \$38.0 million (6.8%) compared to the FY 2020 Adopted Budget. When capital projects funds are excluded, the FY 2021 Recommended Budget is a \$26.0 million (5.2%) increase over the FY 2020 Budget.

	FY 2020	FY 2021	Difference	
	Adopted	Recommended	\$	%
General Fund	\$142,308,884	\$156,891,120	\$14,582,236	10.2%
Economic Dev. Opportunities Fund	1,343,683	1,509,150	165,467	12.3%
Code Compliance Fund	4,456,568	4,915,967	459,399	10.3%
Transportation Fund	8,162,626	8,399,801	237,175	2.9%
School Operating	296,830,329	305,202,435	8,372,106	2.8%
School Food Service	12,341,528	12,251,952	(89,576)	(0.7%)
Utilities Operating Fund	<u>33,951,778</u>	<u>36,269,951</u>	<u>2,318,173</u>	6.8%
<b>Subtotal Operating Expenditures</b>	<b>\$499,395,396</b>	<b>\$525,440,376</b>	<b>\$26,044,980</b>	<b>5.2%</b>
Capital Projects Fund	17,274,275	21,417,301	4,143,026	24.0%
School Capital Projects	28,904,696	18,500,916	(10,403,780)	(36.0%)
Utilities Capital Projects	<u>10,325,000</u>	<u>28,544,825</u>	<u>18,219,825</u>	176.5%
<b>Subtotal Capital Expenditures</b>	<b>\$56,503,971</b>	<b>\$68,463,042</b>	<b>\$11,959,071</b>	<b>21.2%</b>
<b>Total Budget</b>	<b>\$555,899,367</b>	<b>\$593,903,418</b>	<b>\$38,004,051</b>	<b>6.8%</b>

Sincerely,



Edward Petrovitch  
County Administrator

# FY 2021 Budget Strategy –

The Budget Strategy provides a discussion about the development of and the underlying assumptions within the FY 2021 Recommended Budget. Major changes within revenues and expenditures are identified. This section essentially tells the story behind the development of the FY 2021 Recommended Budget.

## Strategic Planning

In June 2018, the Board of Supervisors adopted new strategic planning guidance. While the County’s mission to “ensure the delivery of quality government services that are customer-focused, promote a safe, healthy, and prosperous community, and reflect excellence in financial stewardship” remains unchanged, the vision, values and long-term strategic goals were updated. The plan centers around seven strategic initiatives: quality government, public safety, educational opportunity, infrastructure investment, economic prosperity, growth management, and environmental stewardship. This budget was developed in such a way as to link all new resources to these goals.

## Building the Budget – Expenditures

Adjustments made to the FY 2020 Adopted Budget expenditures and transfers to yield the FY 2021 Recommended Budget can be summarized as follows for the General Fund:

<b>FY 2020 Adopted General Fund Budget</b>	<b>\$290,382,132</b>
<b>Addressing the Commitment to Quality Government</b>	
• 1.8% COLA/2.0% performance-based merit and other base compensation adjustments – other than public safety	\$1,719,731
• Fund departmental operations sufficient to maintain existing levels of service	1,673,902
• Fund DSS programs and CSA mandated programs	2,039,043
• Add an additional one-third for OPEB annual contribution	<u>504,230</u>
<b>Subtotal – Quality Government</b>	<b>\$5,936,906</b>
<b>Addressing the Commitment to Public Safety</b>	
• Public safety step scale compensation implementation to include 1.8% COLA	\$8,002,033
• Other public safety personnel adjustments	172,422
• Proportionate share of regional Jail/Juvenile Detention Center budgets	419,747
• Next Generation 911 (NG911) communications transition (grant funded)	<u>175,957</u>
<b>Subtotal – Public Safety</b>	<b>\$8,770,159</b>

<b>Addressing the Commitment to Infrastructure Investment</b>	
• Avoid new debt through the use of cash for capital projects resulting in net decrease in budgeted debt service	(\$506,410)
• New transfer to capital to meet policy-level increase (use of fund balance)	1,946,405
• New transfer to Transportation Fund to support structural balancing of the fund (use of fund balance)	700,000
• Remove one-time FY 2020 transfer to capital	<u>(4,200,000)</u>
<b>Subtotal – Infrastructure Investment</b>	<b>(\$2,060,005)</b>
<b>Addressing the Commitment to Educational Opportunities</b>	
• Increase transfer to Schools (\$2.5 million ongoing, \$1.5 million one-time)	\$4,000,000
• Proportionate share of regional Library budget	224,378
• Germanna Community College – part-time career coaches for high schools	<u>125,000</u>
<b>Subtotal – Educational Opportunities</b>	<b>\$4,349,378</b>
<b>Addressing the Commitment to Economic Prosperity</b>	
• Increase in transfer to the Economic Development Authority Fund for previously approved incentives for capital investment and/or job creation	<u>\$229,000</u>
<b>Subtotal – Economic Prosperity</b>	<b>\$229,000</b>
<b>FY 2021 Recommended General Fund Budget</b>	<b>\$307,607,570</b>

Significant portions of these General Fund adjustments are outlined in this section.

#### **Base Budget Adjustments**

- Subsequent to adoption of the FY 2020 Budget, the Board approved a new step-based Public Safety pay scale to reduce Fire/Rescue and Sheriff's Office turnover and related overtime expenses. Effective January 2020, the approved plan assumes an annual step increase plus cost of living (COLA) adjustment. The full-year FY 2021 cost of this plan including a 1.8% COLA commensurate with the 2019 annual consumer price index (CPI) is \$8.0 million. On average, sworn (25 years to max step) positions on the Public Safety scale average a 2.24% per year step increase and non-sworn (30 years to max step) positions average a 1.85% per year step.
- A total of \$1.7 million is included in the General Fund budget for base compensation-related changes, the largest of which are a 2.0% performance-based merit pay increase (\$636,274) and a 1.8% CPI-based COLA (\$572,647). The longevity adjustments begun three years ago will continue in FY 2021, applying 0.5% for employees reaching 3 or 12 years of service, and 1% for those reaching 5, 10, and 15 years of service by June 30, 2020. Neither the merit increase nor the longevity increase applies to the Public Safety scale positions. To best align with VRS reporting dates, all approved compensation adjustments have an effective date of July 13, 2020 and will first appear on paychecks on July 31, 2020.
- Also included in the \$1.7 million base adjustment for compensation adjustments other than for the Public Safety pay implementation is a \$578,000 increase in the employer contribution for Virginia Retirement System (VRS) retirement and life insurance benefits.

The contribution rates for each are recalculated by the State every other year based on actuarial analyses. The increase in the VRS retirement rate from 9.58% to 10.81% reflects the lowering of VRS' discount rate in its actuarial analysis from 7.00% to 6.75%. The VRS life insurance rate increases from 1.31% to 1.34% for the next two years.

- Further within the \$1.7 million base adjustment for compensation is a \$300,000 lump sum placeholder for focused salary adjustments for stellar performers and for hard-to-fill/retain positions. Management needs flexibility within the budget to be able to address salary concerns during the course of the year.
- For the past several years, OPEB contributions have been funded in the smaller County funds such as Code Compliance and Transportation. County policy requires that once we begin funding the OPEB contribution for the General Fund, full funding of the on-going ARC will occur within eight years. The one-time set-aside of \$1.9 million of the fund balance in FY 2016 for OPEB kicked off the eight-year policy timeframe. In FY 2019, the Board began setting aside on-going funding to meet a portion of the actuarially determined contribution (ADC), leaving now three budget years to achieve the full on-going ADC. An additional \$504,230 for a total of \$2,401,065 in the General Fund is planned in the FY 2021 Budget as progress towards meeting the full \$6.5 million ADC no later than FY 2023.
- \$1,385,000 is added to the Recommended Budget for CSA mandated services to be consistent with FY 2019 actual expenditures and with trends in program use. These expenses are partially funded by the State. The components of the full \$12.2 million mandated program cost are shown in the graph on page 304 based on FY 2019 services provided. Additionally, DSS program costs are expected to increase by \$654,043 primarily for foster care and adoption programs.
- The Rappahannock Regional Jail has experienced excessive turnover in the last seven years. A compensation study performed within the past two years showed that the Jail's salaries were almost 16% below average. While the Jail's FY 2020 Budget was increased to allow for salary adjustments, significant turnover continues and the ability to retain employees has subsequently become more difficult given public safety pay increases occurring or expected to occur in each of the neighboring localities. The FY 2021 Recommended Budget includes a \$404,315 increase in the County's contribution to the Jail due to increases in debt service, and in salaries and benefits budgeted to help address on-going turnover problems at the facility.
- The Library's full \$4,850,724 request is included in the Recommended Budget, though a regional committee is continuing to review the budget and is expected to suggest some reductions. In addition to the direct payment made to the Library, the County pays the debt service of the Salem Church Library branch which in FY 2021 will be \$167,583, and pays the utilities, insurance, and maintenance on the County's two branches and certain facility operating costs at the Towne Centre branch. Overall, Library funding is increased by \$224,378 which is attributed to increases in salaries and benefits to include a 2.5% COLA; books and materials – particularly e-books for which circulation rose nearly 50% in FY 2019;

and increases to certain other accounts due to rising operational costs. Spotsylvania’s circulation is 39.56% of the Library’s total.

- To meet State and federal mandates, the County will need to ensure its 911 communications system is in compliance with Next Generation 911 (NG911) requirements such as text-to-911 and other improvements. A State grant will fund the upfront cost of the project, as well as the first two years of increase telephone system operating costs. In FY 2021, the increased communications service cost is anticipated at \$175,957, all of which is expected to be funded through a grant.
- Germanna Community College’s full \$314,171 funding request is Included in the Recommended Budget. This represents a \$125,000 increase to fund five part-time career coaches who will work collaboratively with the Spotsylvania high schools to help students define their career aspirations and familiarize them with postsecondary programs such as community college, apprenticeships, and other workforce training programs. In addition, this budget includes the second of a five-year \$100,000/year contribution towards the Germanna Allied Health Facility to be located at the Locust Grove campus.

***New Initiatives for FY 2021***

Included in the FY 2021 Recommended Budget is the addition of 17 full-time and 2 part-time non-public safety positions. These positions have been identified as high priority positions necessary to ensure the citizens of Spotsylvania County continue to receive high quality service and that the day to day operations of the County run smoothly.

Following is a listing of the position changes included as new initiatives for FY 2021. The costs shown include salaries, benefits, and any additional costs associated with start-up of the positions, and are shown net of any associated revenues:

Fund/Initiative	Net Cost	FTEs
<b><i>General Fund:</i></b>		
Refuse Disposal – Division Director for Solid Waste	\$154,571	1.00
Accounting – IT Program Manager – Financial System	119,060	1.00
Planning – Planner I	79,368	1.00
Social Services – 4 Eligibility Workers – ½ year	75,588	4.00
Commonwealth’s Attorney – Legal Assistant I	68,597	1.00
Social Services – Eligibility Supervisor	60,193	1.00
Planning – Market/Planning Analysis Study	37,500	-
Treasurer – Account Clerk	28,747	0.63
Assessment – Assessment Technician	25,492	0.63
<b>General Fund Total</b>	<b>\$649,116</b>	<b>10.26</b>

Fund/Initiative	Net Cost	FTEs
<b>Code Compliance Fund:</b>		
Erosion – Environmental Assistant	\$64,789	1.00
Building – Permit Technician	63,618	1.00
Zoning – Zoning Assistant – ½ year	35,561	1.00
<b>Code Compliance Fund Total</b>	<b>\$163,968</b>	<b>3.00</b>
<b>Transportation Fund:</b>		
Transportation Technician	\$90,317	1.00
<b>Transportation Fund Total</b>	<b>\$90,317</b>	<b>1.00</b>
<b>Utilities Fund:</b>		
Lab – 3 Samplers	\$256,352	3.00
Lab – Sample Coordinator	72,211	1.00
<b>Utilities Fund Total</b>	<b>\$328,563</b>	<b>4.00</b>
<b>Total</b>	<b>\$1,231,964</b>	<b>18.26</b>

#### **Transfers to Other Funds**

*Schools* – The recommended transfer to the Schools is \$135,181,416 – a net increase of \$4.0 million (3.0%). This is the originally appropriated FY 2020 Budget of \$131,181,416 plus an on-going increase of \$2.5 million, as well as a one-time transfer of \$1.5 million.

*Capital Projects Fund* – Consistent with fiscal policy guidelines, a transfer from the General Fund to the Capital Projects Fund is budgeted at \$11.7 million, which includes a one-time use of General Fund balance of \$1.9 million. To meet the County’s policy goal of cash funding capital projects at an amount equal to 5% of General Fund revenue, beginning in FY 2008, the County established the transfer from the General Fund to the Capital Projects Fund at 1%, with an additional 0.25% to be added each year thereafter. After a one-year pause in the 0.25% increase, the transfer increases to 4.00% of the General Fund revenues for FY 2021. Further, the one-time \$4.2 million transfer added in last year’s budget to reduce the amount of debt to be incurred in FY 2020 is removed from this budget.

*Code Compliance Fund* – The cost of core and basic services for the Building, Erosion and Zoning offices are funded by a transfer from the General Fund to the Code Compliance Fund annually. The transfer to Code Compliance decreases by \$32,203 in FY 2021.

*Economic Development Authority (EDA) Fund* – A transfer from the General Fund to the EDA Fund occurs annually to fund the costs of previously approved incentives. Overall, the transfer to the EDO Fund increases by \$229,000 for FY 2021.

*Transportation Fund* – Since 2011, we have maintained vehicle license fee revenue equaling about \$3.1 million in the General Fund as opposed to transferring those funds to the

Transportation Fund as had been the practice prior to 2011. To begin to address the long-term needs of the Transportation Fund, each budget since FY 2017 has included a \$700,000 transfer from the General Fund to the Transportation Fund. This \$700,000 is included again in the FY 2021 Budget, along with an additional one-time transfer of \$700,000 from the General Fund balance to plan for long-term solvency of the Transportation Fund given ongoing expenses like the FRED bus service and annual subsidies to the Virginia Railway Express plus new debt service associated with planned capital expenditures for road projects.

Based on the Recommended CIP, in addition to the \$700,000 ongoing base transfer and the \$700,000 one-time use of General Fund balance in FY 2021, the Transportation Fund will need:

- another \$0.9 million in on-going funding on top of the base \$0.7 million in FY 2022 – a cumulative transfer of \$1.6 million;
- another \$0.2 million in FY 2023 – a cumulative transfer of \$1.8 million; and
- at least the same amount - \$1.8 million – again in FY 2024 and FY 2025.

These added amounts will carry the Transportation Fund through FY 2025, at which time the Transportation Fund balance will be insufficient to support the next year's (FY 2026) budget absent a significant increase in funding from the General Fund or another source.

	\$ in millions
<b>FY 2020 Adopted Budget – Expenditures (General Fund)</b>	<b>\$290.4</b>
Mandated services <sup>1</sup> (39.0% based on the FY 2019 Budget %) .....	\$113.3
Commitments <sup>2</sup> (36.5% based on the FY 2019 Budget %) .....	\$106.0
Other services (24.5% based on the FY 2019 Budget %) .....	<u>\$71.1</u>
	\$290.4
<b>Base Budget Adjustments</b>	
Public Safety Compensation Plan implementation	\$8.0
CSA mandated costs/DSS programs	2.0
Compensation adjustments to include COLA and longevity	1.7
Departmental base budget adjustments to maintain levels of service	1.1
OPEB on-going contribution	0.5
Contribution to Rappahannock Regional Jail & Juvenile Detention Center	0.4
Base contribution to Library	0.2
Next Generation 911 (NG911) communications transition (grant-funded)	0.2
Base contribution to Germanna Community College	0.1
Reduction in existing debt service	<u>(0.5)</u>
Subtotal Changes .....	\$13.7
<b>New Initiatives</b>	
Cost of new personnel initiatives	\$0.7
Cost of planning/marketing study initiative	<u>0.1</u>
Subtotal Changes .....	\$0.8
<b>Changes in Transfers</b>	
Transfer to Schools	\$4.0
Transfer to Transportation	0.7
Transfer to EDO Fund	0.2
Transfer to Capital Projects Fund	<u>(2.2)</u>
Subtotal Changes .....	\$2.7

	\$ in millions
<b>FY 2021 Recommended Budget – Expenditures (General Fund)</b>	<b>\$307.6</b>

Categorical breakdowns may not tie exactly to financial summaries due to the groupings displayed here.

<sup>1</sup> Is representative of the legally required local contribution to Schools and mandated services such as Constitutional Officers, Social Services, solid waste collection and disposal, etc. May not be exact.

<sup>2</sup> Reflects County and Schools debt service, regional agency contributions, the transfer of cash to the CIP, and the transfer to Schools above the amount necessary to satisfy legal and debt service requirements.

## Building the Budget – Revenues

Overall, General Fund revenues other than transfers in and the use of fund balance are projected to increase by \$17.2 million (6.1%) when compared to the FY 2020 Adopted Budget. Following are revenue items of notable interest to this budget:

### ***Growth in Assessed Value of Real Property & Real Estate Tax Rate***

2020 is a reassessment year. Preliminary assessed values have been used to estimate the real estate tax revenue that will come to the County in FY 2021. Reassessment figures reflect an approximate 9.8% increase in residential values and an approximate 5.2% increase in commercial values. Overall, taxable assessed values of real property are projected to increase by 9.0% over last year's land book records and new construction and rezonings are expected to add another 3.0% for calendar year 2021. Net of a reset of the base real estate revenue projection to address actual receipts being less than projections for the past two budgets, this increase contributes \$2.4 million in new real estate tax revenue at the equalized rate of 0.8100 for calendar year 2020. The \$2.4 million stems from the 1% increase allowed by State Code at the equalized rate and from new construction which is excluded from the equalized rate calculation.

Projected base revenues are insufficient to meet various commitments and strategic budget items. Particularly, the Public Safety compensation implementation; the full, recommended on-going transfer to the Schools; funding of our largest regional partners; and select priority initiatives cannot be covered with projected revenues at the equalized tax rate. The FY 2021 Recommended Budget requires an increase in the tax rate from the equalized rate of \$0.8100 per \$100 of assessed value to \$0.8797 per \$100. This is a \$0.0323 rate increase relative to our current rate of \$0.8474 and a \$0.0167 rate increase beyond the equalized rate plus the \$0.0530 increase staff reported to the Board in October 2019 would be needed to fund the on-going costs of the Public Safety compensation implementation in FY 2021.

The following table shows the proportionate tax rate investments allocated to each new revenue requirement in FY 2021. Note that because the recommended 2020 real estate tax rate is greater than the equalized rate, a one-time, unbudgeted inflow of funding will occur in FY 2020 if the recommended rate is adopted by the Board. This inflow is planned for use on one-time transfers and other one-time uses in FY 2021 as shown in the right column of the table. If the recommended rate is altered ahead of adoption, these one-time uses will need to be altered, as well.

	<b>Tax Rate</b>	<b>On-Going \$ Generated</b>	<b>One-Time \$ Generated</b>
<b>FY 2021 Equalized Real Estate Tax Rate</b>	<b>\$0.8100</b>		
Public Safety Compensation implement.	0.0500	\$8,002,033	\$4,001,016
On-going Transfer to Schools > \$600K*	0.0119	1,900,000	950,000
Priority initiatives for continued level of service	0.0038	611,616	305,808
Jail & Juvenile Detention cost increases	0.0026	419,747	209,874
Regional Library cost increases	0.0014	224,378	112,189
<b>Recommended Tax Rate</b>	<b>\$0.8779</b>	<b>\$11,157,774</b>	<b>\$5,578,887</b>
<b>Use of Revenue from Increased Rate</b>			
On-going purposes identified above		(\$11,157,774)	
Policy-level transfer to Capital Projects			(\$1,946,405)
One-time transfer to Schools			(1,500,000)
Added transfer to Transportation Fund			(700,000)
Other one-time items in various depts.			(539,197)
<b>Balance - Necessary for Policy Reserves</b>		<b>\$0</b>	<b>\$893,325</b>

\*\$600,000 of the \$2.5 million increase in the on-going transfer is funded within the base budget.

For purposes of revenue projections, the budget assumes an equalized rate for next year – calendar year 2021 – since FY 2021 revenue stems from one tax billing in calendar year 2020 and a second tax billing in calendar year 2021.

### ***Personal Property Tax Revenue Decrease***

Each year, County vehicle values are assessed based on 50% of the clean retail value from the National Automobile Dealers Association (NADA). The business furniture and equipment portion of personal property is valued with a depreciation schedule applied to the original cost of the item. Changes in the NADA guide values can vary widely from one year to the next. For example, application of the new NADA values resulted in the 2009 assessed value of all existing vehicles being 21% less than the 2008 assessed values. Then, when the updated NADA values were applied in 2010, the change in value was less than 1%. For purposes of the estimates in this budget, NADA values are not yet available.

Through FY 2017, actual revenue generally exceeded projections. In an attempt to tighten projections when building the FY 2018 Budget and again in FY 2019, Budget staff worked with the Treasurer's Office staff to obtain additional data to understand changes in values occurring through the various stages of property book issuances. For both FY 2018 and FY 2019, actual receipts were short of projections.

In FY 2021, personal property tax revenue (excluding the Personal Property Tax Relief Act (PPTRA) revenue received from the state and included in the non-categorical state revenue section) of \$41.3 million, including mobile home taxes is a \$0.7 million (1.6%) reduction

compared to the FY 2020 Budget because staff is resetting the projection in consideration of the past two years' actuals being short of projections – and FY 2020 receipts being short, as well.

**Changes in Other Local Tax Revenues**

*Meals & Sales Taxes:* Receipts from meals and sales taxes continue to increase year over year, adding an estimated \$1.3 million to the FY 2021 Budget. Sales tax receipts returned to pre-recession levels in FY 2014 and are expected to increase by 5.1% (\$964,032) in FY 2021. Somewhat surprisingly, meals tax receipts never declined during the recession and have been increasing by an average of 3% per year for each of the past four years. Meals tax receipts are projected to increase by approximately \$290,200 in FY 2021. Since each of these taxes is calculated as a percentage of sales, changes in prices of goods and meals, as well as changes in the volume of sales impact the revenue.

*Public Service Corporation Taxes:* Public service corporation values are assessed by the State. Tax bill payments for public service corporations are due in June for the full tax year based upon the prior year's assessed values. In the Fall of each year, the State sends updated assessed values to localities which are then used to "true up" tax payments in December. The FY 2021 revenue projection for public service corporation real and personal property tax revenue totals \$4.1 million. This projection is based upon the September 2019 assessed valuation report from the State, and assumes a 5.0% increase in reassessed value for 2020 and a 2.5% increase in assessed value for 2021. The \$4.1 million projection is \$348,558 greater than the FY 2020 Budget.

*Delinquent Personal Property Taxes:* Budget staff's projections of delinquent personal property collections have been aggressive in the last few years with actual receipts falling short of expectations. As such, the projections are being reduced to align with FY 2018 and FY 2019 actual receipts. The total anticipated FY 2021 revenue is \$3.3 million, a decrease of approximately 12.5% (\$470,870) below the FY 2020 Adopted Budget.

*Business License:* Revenue from business licenses is increased by 7.8% (\$350,000) to be consistent with the average \$4.8 million total annual receipts for the past two years.

**Changes in Certain Other Revenues**

*Refuse Disposal Fees:* Based on receipts from commercial hauler disposal at the landfill over the past three years and projections for FY 2020, revenue is expected to increase by \$200,000 in FY 2021 to \$2.5 million.

*Interest Earnings on Cash & Investments:* A combination of increased fund balance, slightly increased interest rates, and positive investment performance results in a \$550,000 increase in the projection of interest earnings for FY 2021. The total anticipated revenue for FY 2021 is approximately \$1.3 million.

*Railroad Reimbursement:* Spotsylvania County owns and maintains a section of railroad track that is used by businesses in the Bowman Center industrial park. An agreement is in place

through which the County is reimbursed a percentage of actual costs related to maintenance and regular inspection of the track and signals. However, at this time there are no businesses using the track, therefore the expense associated with maintaining the track is the sole responsibility of the County. As a result, railroad reimbursement revenue is budgeted at \$0 in FY 2021 – a decrease of \$191,880.

**Changes in State & Federal Revenues**

*State Payments for Social Services Programs:* The County receives partial reimbursement from the State for Social Services and CSA programs. Reimbursement rates vary depending upon the program. When expenditures are expected to increase for these programs as they are expected to do in FY 2021, we apply typical reimbursement rates to projected expenditures and arrive at an increased level of reimbursement revenue, as well. In FY 2021, State revenue for CSA is expected to increase by \$718,703 due to increases in mandated program costs while Social Services base revenues are expected to increase by just under \$1.0 million.

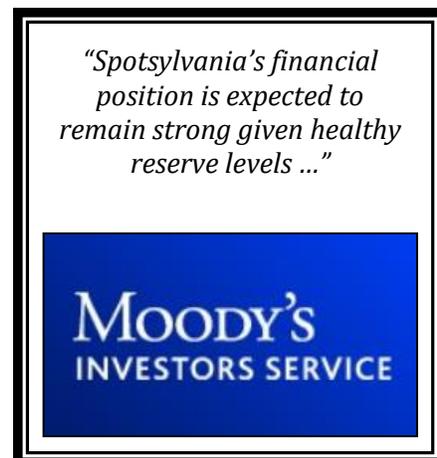
*Funding for Constitutional Offices* – The State provides funding to localities to partially fund the costs of constitutional officers (Clerk of the Circuit Court, Commissioner of the Revenue, Commonwealth’s Attorney, Sheriff and Treasurer) and certain positions within the offices of those elected officials. Additionally, the State funds a portion of the cost of the Registrar. State revenue for purposes of funding these offices is expected to increase by approximately \$248,652 in FY 2021 to match expected receipts in FY 2020.

*SAFER Grant:* During the course of FY 2019, the County was awarded a three-year SAFER grant for 10 Firefighter/Medic positions in FY 2019, FY 2020 and FY 2021 with each year’s reimbursement expected to decline. This revenue is decreasing by \$118,622 for FY 2021.

*Communications Sales Tax:* Based on a four-year trend of declining actual receipts and those anticipated for FY 2020, the projection for communication sales tax revenue in FY 2021 is decreased by \$300,000 as fewer people maintain landline phones.

**Use of the Fund Balance**

The County’s fiscal policies call for a reserved and committed General Fund balance equal to at least 11% of the subsequent year’s projected General Fund and School Operating Fund revenues. Known as the Fiscal Stability Reserve, this reserved portion of the fund balance is set aside to meet a critical, unexpected financial need costing at least \$1 million and resulting from a natural disaster or declared state of emergency, or from a local catastrophe that cannot be resolved through other less extraordinary budgetary action. By policy, the Fiscal Stability Reserve must be replenished to the 11% minimum level within three fiscal years of any use. The County’s financial advisors have advised that the Fiscal Stability Reserve policy is the single most important financial policy to preserve strong credit ratings.



Additionally, a Budget Stabilization Reserve (BSR) must be accounted for within the unassigned General Fund balance. Beginning in FY 2016, the BSR was funded at \$1.0 million with an amount equal to 0.25% of General Fund and School Operating Fund revenues to be added each year until such time as the reserve reaches a maximum of \$5.0 million. The BSR will be available to address potential revenue declines or other economic stress placed on the budget. Any use of this reserve must be replenished within two fiscal years.

**At the end of FY 2021:**

- Fiscal Stability Reserve will be funded at 11.0% of FY 2021 projected revenues;
- Budget Stabilization Reserve will be funded at \$5.0 million; and
- \$15,128 will remain in the fund balance in excess of these and other policy reserves.

In FY 2021, \$5,195,101 of the General Fund balance is budgeted for use as identified in the table below:

<b>FY 2021 Use of General Fund Balance</b>	
Additional transfer to Capital Projects Fund to meet fiscal policy level of \$11.7M	\$1,946,405
One-time transfer to School Operating Fund	1,500,000
Additional transfer to Transportation Fund	700,000
Use of Economic Opportunities Reserve for other than tax-based incentives	315,000
Use of Tourism Reserve for tourism expenditures exceeding the tourism portion of transient occupancy revenue	154,539
Various replacement furniture, gear, and equipment for the Sheriff’s Office	130,600
Second year of five- year capital contribution to Germanna Community College	100,000
Update to County-owned GIS-maintained GPS monuments	70,000
Replace Parks & Recreation’s tractor and ATV	61,905
Consulting services for modeling of landfill operation, GPS, and fixed asset ID	40,000
Use of reserved forfeiture/seizure funds for Sheriff’s Office drug enforcement	40,000
One-half of cost of one-time marketing & planning analysis study	37,500
Replacement voting booths	36,140
Irrigation of Legion Field and grading of various other fields	31,945
Contribution to Office on Youth for bathroom renovations at Chaplin Youth Ctr.	23,875
Replacement communication boxes for Fire/Rescue	5,192
Replacement table for Court Services Unit	2,000
<b>Total Use of Fund Balance</b>	<b>\$5,195,101</b>

	\$ in millions
<b>FY 2020 Adopted Budget – Revenue (General Fund)</b>	<b>\$290.4</b>

## Changes in General Estimates

Real Property Tax – base increase at \$0.8100 equalized rate	\$2.4
DSS/CSA State Revenue	1.7
Local Sales Tax & Communications Sales Tax	0.7
Interest Earnings	0.6
Business License Tax	0.4
Public Service Corporation Tax	0.3
Meals Tax	0.3
State Funding for Constitutional Offices	0.2
SAFER Grant	(0.1)
Current & Delinquent Personal Property Taxes	(1.2)
Other Miscellaneous Revenue Adjustments	<u>0.7</u>
Subtotal Changes .....	\$6.0

## Changes Related to Real Estate Tax Adjustments

Real Property Tax - \$0.0500 added to rate for Public Safety compensation	\$8.0
Real Property Tax - \$0.0119 added to rate for on-going transfer to Schools	1.9
Real Property Tax - \$0.0038 added to rate for priority initiatives	0.6
Real Property Tax - \$0.0026 added to rate for Jail/Juvenile Detention payments	0.4
Real Property Tax - \$0.0014 added to rate for Library payments	<u>0.2</u>
Subtotal Changes .....	\$11.1

## Changes in Transfers

Transfers from Code Compliance & Fire/EMS Service Fee Funds	\$0.2
Transfer from Capital Projects Fund	<u>(0.1)</u>
Subtotal Changes .....	\$0.1

## Change in Use of Fund Balance

Policy-level increase in transfer to Capital Projects Fund	\$2.0
One-time transfer to School Operating Fund	1.5
Additional transfer to Transportation Fund	0.7
Various other one-time costs in FY 2021	0.5
Remove one-time uses in FY 2020 – other than transfer to Capital	(0.5)
Remove one-time added transfer to Capital Projects Fund in FY 2020	<u>(4.2)</u>
Subtotal Changes .....	\$0.0

	\$ in millions
<b>FY 2021 Recommended Budget – Revenue (General Fund)</b>	<b>\$307.6</b>

Categorical breakdowns may not tie exactly to financial summaries due to the groupings displayed here.



# Budget at a Glance

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The *Budget at a Glance* infographic on the following pages is a summary of the FY 2021 Budget and related data. Readers seeking further information on its components are invited to see the descriptions below.

- **Budget Focus** – A list of the central themes around which the budget is built. For further information see the *Budget Message*, pages 11 – 18.
- **Budget Highlights** – A list of noteworthy items incorporated into the budget such as changes to certain tax rates and planned new expenditures and/or programs. For further information, see the *Budget Strategy*, pages 19 – 31.
- **Operating and Capital Expenditures** – A table summarizing the operating and capital expenditures by fund for the FY 2020 and FY 2021 budgets. For further information, see the *Budget Summary - By Fund* and *Individual Fund Sheets*, pages 88 – 101, as well as information presented throughout the budget document.
- **Expenditures by Function, All Funds** – A graphical answer to the question “Where Does the Money Go?” The pie chart compares budgeted expenditures by government function. For further information, see the *Budget Summary – All Funds and Sources and Uses of Funds*, pages 85 – 87, as well as information presented throughout the budget document.
- **General Fund Forecast** – The forecast represents the costs of the FY 2021 General Fund budget over the course of the next four years. Projected costs are compared to projected revenues to arrive at an estimate of annual budget deficits or surpluses. For further information, see the *Five-Year Financial Forecast*, pages 145 – 149.
- **Breakdown of General Fund Transfer to Schools** – The table provides a breakdown of the General Fund transfer showing the required local effort, the required local match for optional programs, the required local match for federal grants, the transfer necessary to pay debt service on school capital projects, and the additional local transfer. For further information, see *Overview of Education Function*, pages 341 – 347, as well as the Schools’ budget document available at [www.spotsylvania.k12.va.us](http://www.spotsylvania.k12.va.us).
- **Average Residential 2020 Real Estate Tax Bill** – A display of the approximate breakdown of the average residential real property tax bill. The average is derived from preliminary 2020 land book values and the recommended real property tax rate of \$0.8797 per \$100 of assessed value. The intention of the graphic is to show how a typical citizen’s real estate tax bill is used to fund various government operations and services. For further information, see *Real Property Taxes*, pages 106 – 109, as well as information presented throughout the budget document.



## FY 2021 Recommended Budget at a Glance

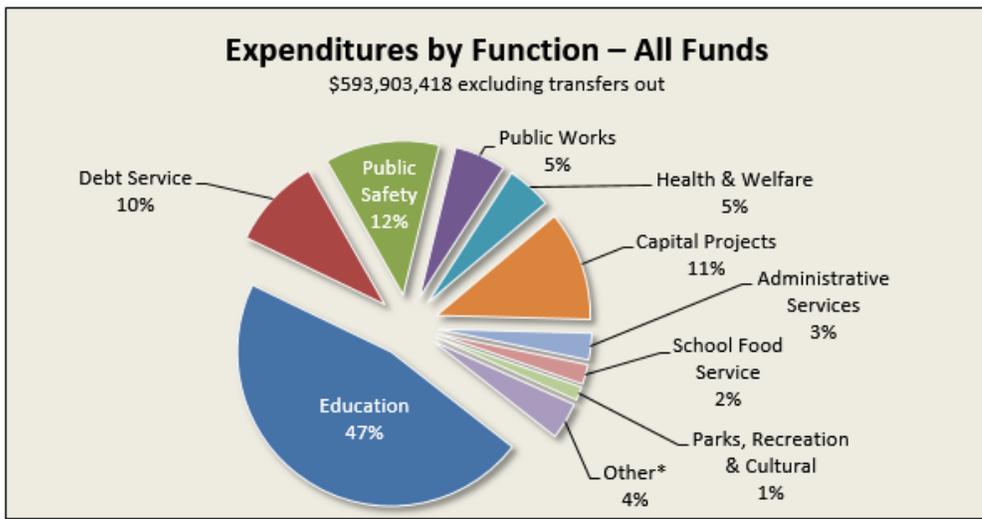
### Budget Focus

- Maintain all fiscal policies and priority services (education, public safety, and transportation).
- Fund commitments (jail, juvenile center, regional agencies, existing debt service, Social Services/CSA).
- Fund the first full year of the Public Safety Compensation Plan adopted by the Board in October 2019.
- Avoid new debt through the use of available cash to fund necessary general capital projects in FY 2021.
- Fund third 1/5<sup>th</sup> (for total of 3/5<sup>ths</sup>) of on-going OPEB contribution as we work towards full funding of annual required contribution by FY 2023 in accordance with policy.

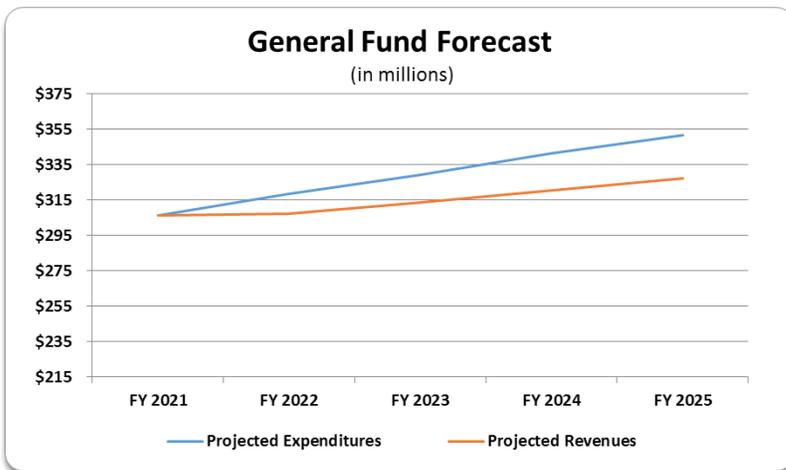
### Budget Highlights

- Schools –**
- The local transfer to Schools is \$135,181,416. This is the FY 2020 adopted transfer plus \$2.5 million of ongoing funds and a one-time transfer of \$1.5 million. The transfer represents 45% of total General Fund revenue.
- Public Safety –**
- Subsequent to adoption of the FY 2020 Budget, the Board approved a new step-based Public Safety pay scale to reduce Fire/Rescue and Sheriff's Office turnover and related overtime expenses. Effective January 2020, the approved plan assumes an annual step increase plus cost of living (COLA) adjustment. The full-year FY 2021 cost of this plan is \$8 million.
- Transportation –**
- \$700,000 in on-going funding plus an additional \$700,000 in one-time use of General Fund balance is transferred to the Transportation Fund to help address projected out-year imbalances in that fund.
  - The local share of approved/applied for revenue sharing projects is included in the CIP along with planning figures for several other priority projects.
- Tax Rates/Fees –**
- The Real Estate tax rate is recommended at \$0.8797 – 6.97 cents above the equalized rate of \$0.8100. 5 cents of the increase are directly tied to the costs of the Public Safety pay scale implementation. 1.19 cents are tied to \$1.9 million of the \$2.5 million in on-going increase to the Schools transfer. 0.38 cents are for new initiatives for continued levels of service, and the remaining 0.40 cents are for increasing costs of the Jail, Juvenile Detention Center, and Library.
  - Special Service District rates are adjusted to pay debt service costs existing for improvements undertaken in those districts. (See page 124 for rates.)
  - All other tax rates are recommended to remain unchanged for 2020.
- Compensation –**
- Funding to implement a 1.8% COLA; a 2.0% performance-based merit increase; and longevity adjustments of 0.5% for employees reaching 3 or 12 years of service, and 1% for those reaching 5, 10, and 15 years of service by June 30, 2020. Adjustments are effective July 13, 2020.
- Capital Projects –**
- Transfer of cash to the CIP is increased by \$1.9 million to meet the 4.00% policy-level transfer.

	FY 2020 Adopted	FY 2021 Recommended	Difference	
			\$	%
General Fund	\$142,308,884	\$156,891,120	\$14,582,236	10.2%
Economic Dev. Opportunities Fund	1,343,683	1,509,150	165,467	12.3%
Code Compliance Fund	4,456,568	4,915,967	459,399	10.3%
Transportation Fund	8,162,626	8,369,801	237,175	2.9%
School Operating Fund	296,830,329	305,202,435	8,372,106	2.8%
School Food Service Fund	12,341,528	12,251,952	(89,576)	(0.7%)
Utilities Fund	<u>33,951,778</u>	<u>36,269,951</u>	<u>2,318,173</u>	6.8%
<b>Sub-Total Operating Expenditures</b>	<b>\$499,395,396</b>	<b>\$525,440,376</b>	<b>\$26,044,980</b>	<b>5.2%</b>
Capital Projects Fund	\$17,274,275	\$21,417,301	\$4,143,026	24.0%
School Capital Projects Fund	28,904,696	18,500,916	(10,403,780)	(36.0%)
Utilities Capital Projects Fund	<u>10,325,000</u>	<u>28,544,825</u>	<u>18,219,825</u>	176.5%
<b>Sub-Total Capital Expenditures</b>	<b>\$56,503,971</b>	<b>\$68,463,042</b>	<b>\$11,959,071</b>	<b>21.2%</b>
<b>Total Budget</b>	<b>\$555,899,367</b>	<b>\$593,903,418</b>	<b>\$38,004,051</b>	<b>6.8%</b>

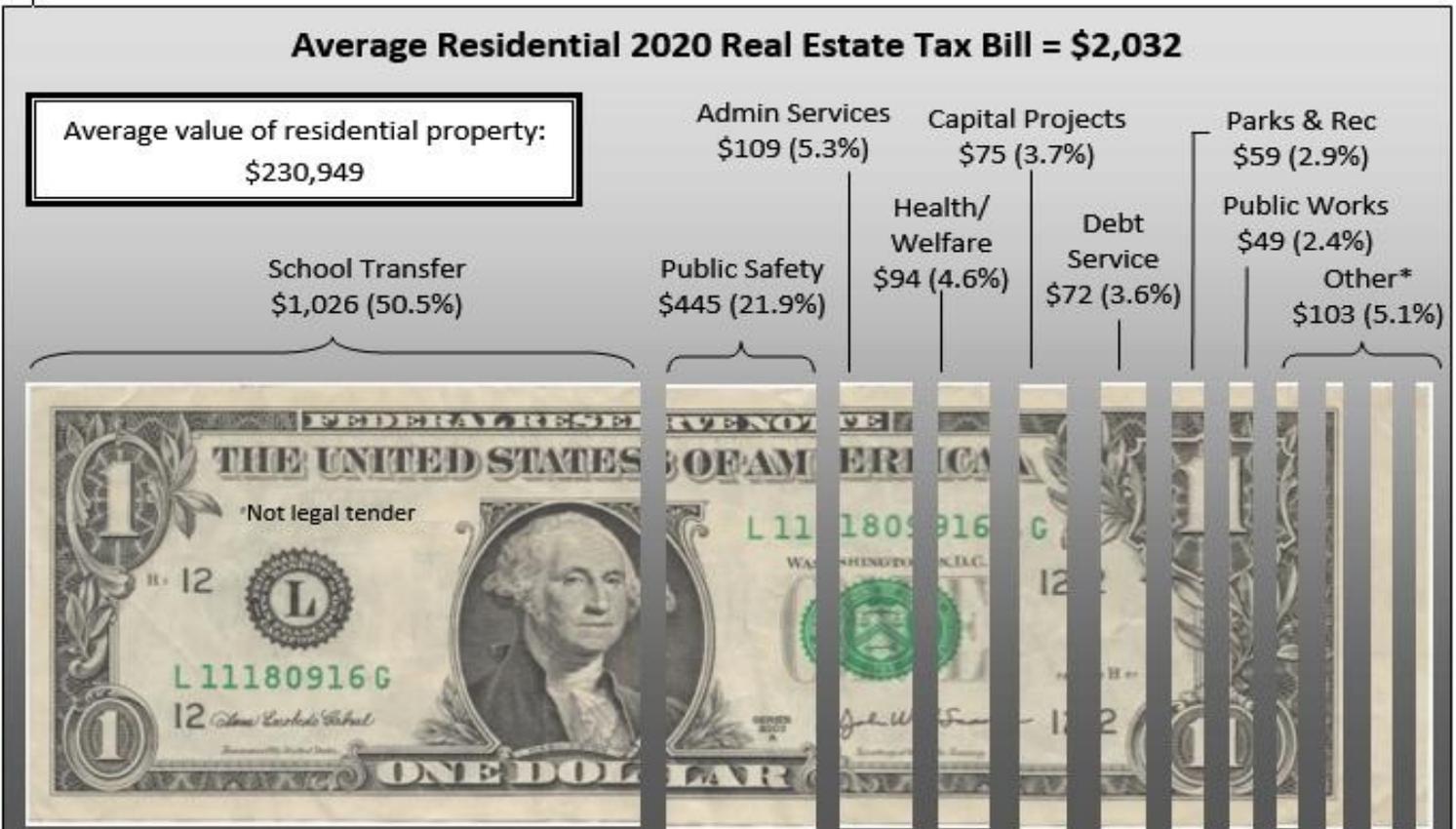


\*"Other" includes Community Development, Executive Services, Judicial Administration, Transportation and Voter Services functions and tax relief.



### Breakdown of General Fund Transfer to Schools

	2020 Adopted	2021 Recommended
Required Local Effort - SOQs	\$57,354,933	\$64,783,144
Required Local Match for Non-SOQ Programs	3,026,133	3,789,844
Required Local Match for Federal grants	28,998,371	28,998,371
Debt Service	27,849,361	28,589,775
Additional Local Transfer	13,952,618	9,020,282
<b>Total Local Transfer</b>	<b>\$131,181,416</b>	<b>\$135,181,416</b>



\*"Other" includes Executive Services; Community Development; Judicial Administration; Voter Services; and Transportation.



# Overview of Spotsylvania County

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Spotsylvania County contains a mix of beautiful rural and urban landscapes and is one of Virginia’s fastest-growing counties. Within its boundaries, the County possesses the scenic beauty of Lake Anna, rural vistas, suburban amenities and a wealth of historical attractions from the Colonial and Civil War eras. The growing Spotsylvania community has attracted many dynamic commercial and retail businesses which serve area residents and visitors. These resources also make the County a favorite tourist destination.

## History

In 1721, a vast new county was formed in the young colony of Virginia. Extending far beyond the Blue Ridge Mountains, this frontier outpost was named for Alexander Spotswood, Colonial Governor of Virginia. Much of the County’s early development is attributed to Spotswood’s ironworks that he founded in the early 1700’s. His “Iron Mines Company”, a mining and smelting operation, was founded in 1725 at Germanna. A blast furnace, also founded by Spotswood, was operated in this area from 1730 through 1785. Remnants of the ironworks are still found in the County.

Known as the “Crossroads of the Civil War”, four major Civil War battles were fought on Spotsylvania soils including one of the bloodiest of the war, the Battle of Spotsylvania Courthouse, in May 1864. It was during this battle that the clash between the armies of Ulysses S. Grant and Robert E. Lee known as the “Bloody Angle” took place and at Chancellorsville, Stonewall Jackson fell to the mistaken fire of his own men.



The National Park Service maintains more than 4,400 acres of Civil War battlefields in various locations throughout the County.

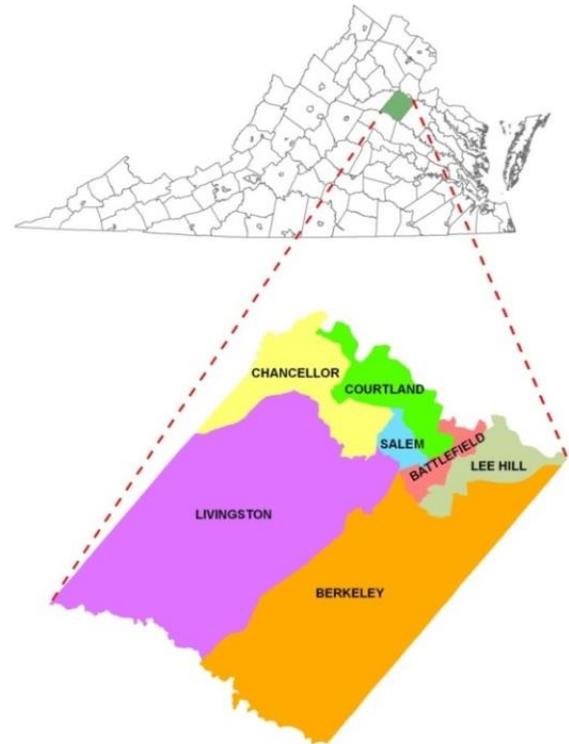
## Geography

Spotsylvania County is located along Interstate 95, midway between the Nation’s capital of Washington D.C. and the State’s capital of Richmond.

The County is bounded by Caroline County on the east; Louisa and Hanover counties along the North Anna River on the south; Culpeper and Stafford counties and the City of Fredericksburg on the north along the Rappahannock and Rapidan rivers; and Orange County on the west.

About 65% of the County is located in Virginia’s Piedmont physiographic province and about 35% is in the Coastal Plain.

The County’s area is 414.25 square miles and elevations range from sea level to 540 feet.



## Government

Spotsylvania County is governed by a seven-member Board of Supervisors, elected for staggered four-year terms. The terms of three current members expire on December 31, 2021, with the terms of the remaining four members expiring on December 31, 2023. The Board of Supervisors sets county policies, adopts ordinances, appropriates funds, approves land rezoning and special exceptions to the zoning ordinance, and carries out other responsibilities set forth by the State and County code.

The County functions under the traditional form of government with a Board-appointed County Administrator who acts as the Board’s agent in the administration and operation of the departments and agencies. Additionally, County citizens elect and are served by five constitutional officers: Treasurer, Commissioner of Revenue, Sheriff, Clerk of the Circuit Court, and Commonwealth’s Attorney.

The Health Department and the court system are under the control of the Commonwealth of Virginia, while mental health services are provided by the Rappahannock Area Community Services Board.

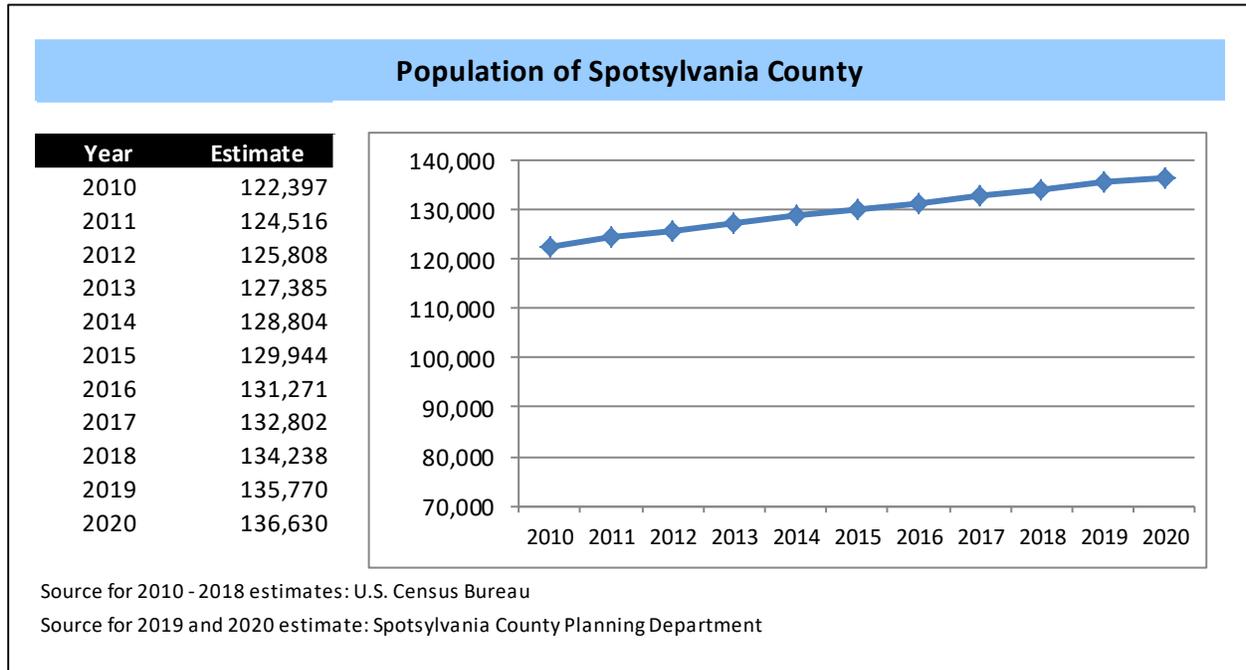
Spotsylvania County Public Schools are governed by a seven-member elected School Board.

The County provides general governmental services for its citizens including emergency medical services and fire protection, collection and disposal of refuse, water and sewer services, parks and recreation, libraries, and detention centers. Other services provided by the County for which partial funding is received from the State include public education in grades preK-12 and

certain technical, vocational and special education, mental health assistance, agricultural services, law enforcement, health and social services, and judicial activities.

## Population

The Planning Department estimates the County’s 2020 population to be 136,630. The County’s population has continued to grow consistently each of the past ten years with an average annual increase of 1.1%, down from an average annual increase of 3.3% for the previous decade.



The Planning Department estimates the County’s population growth to average between 1% and 2% per year into the next few decades. The following table compares the estimated population at these two percentage rates.

**Spotsylvania County Population Forecast**

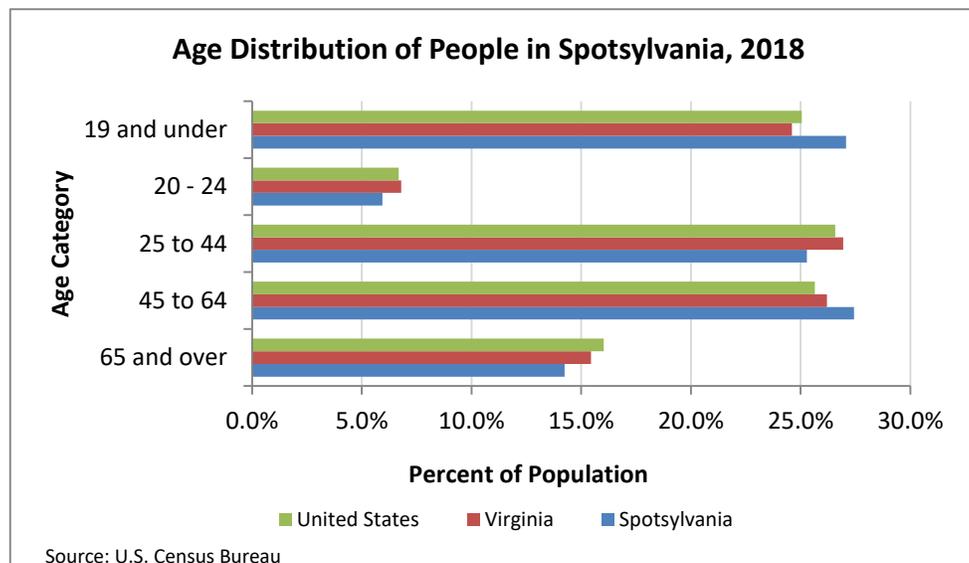
Year	U.S. Census Population Estimates	
2000	90,395	
2005	114,909	
2010	122,397	
2015	129,944	
Planning Department Projections		
Year	1% Growth Rate	2% Growth Rate
2025	144,123	152,899
2030	151,474	168,813
2035	159,201	186,383
2040	167,322	205,782

The U.S. Census Bureau estimates that in 2018, a little over two-thirds of the population of Spotsylvania County was white and approximately one-sixth of the population was black or African-American.

**2018 Population by Racial/Ethnic Group**

Group	Spotsylvania	Virginia	United States
White	67.4%	61.5%	60.4%
Black or African American	17.1%	19.9%	13.4%
Hispanic or Latino	10.3%	9.6%	18.3%
Asian	2.9%	6.9%	5.9%
American Indian or Alaska Native	0.5%	0.5%	1.3%
Native Hawaiian or Pacific Islander	0.2%	0.1%	0.2%
Other	1.6%	1.5%	0.5%

The majority of the County’s population (67%) was estimated to be greater than or equal to 25 years of age, with 6% estimated between the ages of 20 and 24 and 27% estimated to be 19 or younger.



The percentage of the population between ages 20 and 64 in Spotsylvania is

comparable to the makeup of state and national populations, as well. However, according to census figures, when compared to Virginia and the United States, Spotsylvania has a higher percentage of its population at 19 and under, and a lower percentage of its population at 65 or older than do the state and the nation.

**2018 Household Composition**

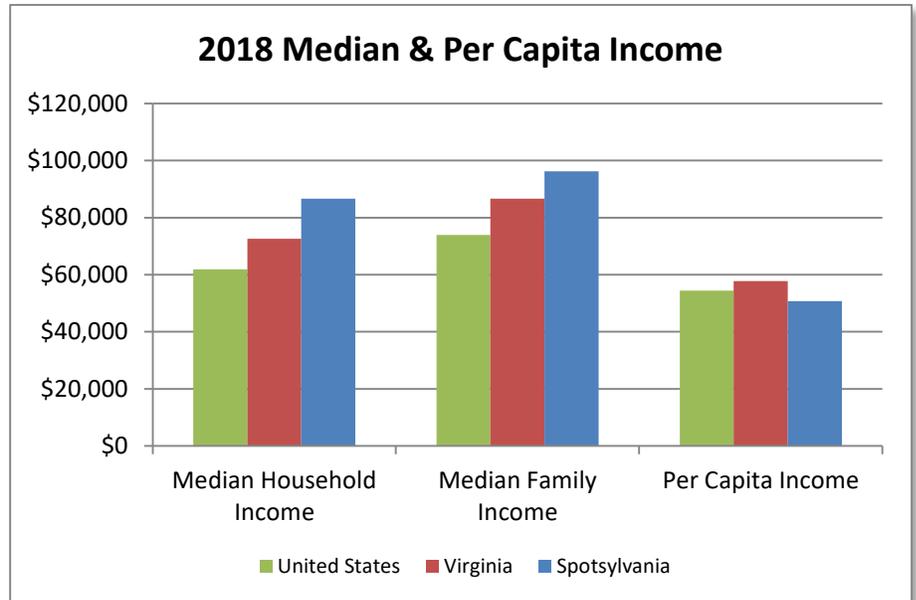
Type of Household	Spotsylvania	Virginia	United States
Family Households	33,710 77.2%	2,085,245 66.7%	78,697,103 65.7%
With own children under 18 years	14,578 33.4%	894,939 28.6%	33,435,099 27.9%
Married-couple families	26,603 60.9%	1,578,357 50.5%	57,816,948 48.3%
Male householder; no wife families	1,945 4.5%	136,383 4.4%	5,821,975 4.9%
Female householder; no husband families	5,162 11.8%	370,505 11.8%	15,058,180 12.6%
Without children under 18 years	19,132 43.8%	1,190,306 38.0%	45,262,004 37.8%
Nonfamily Households	9,967 22.8%	1,043,170 33.3%	41,033,025 34.3%
<b>Total Households</b>	<b>43,677 100%</b>	<b>3,128,415 100%</b>	<b>119,730,128 100%</b>

Source: U.S. Census Bureau

### Personal Income

According to the U.S. Census Bureau, Spotsylvania’s 2018 median household income was estimated at \$86,695 and median family income was estimated at \$96,313.

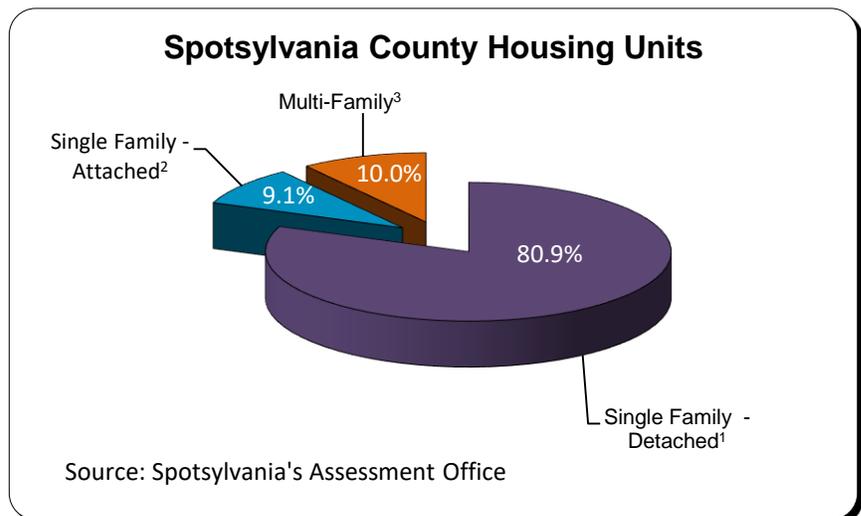
The estimated 2018 combined per capita income for Spotsylvania County and the City of Fredericksburg of \$50,790 is approximately 12% less than the state amount and approximately 7% less than the national amount.



Source: US Census Bureau for Median Household and Median Family Income  
Bureau of Economic Analysis (BEA) for Per Capita Income

### Housing

As of December 31, 2019 there were 50,861 housing units in Spotsylvania County. A housing unit can be multi-family or single-family, attached or detached. The majority (80.9%) of the housing units in Spotsylvania were single-family detached units. Since 2000, the number of housing units in the County has increased by 52.7% and has increased by 18.3% since 2010.



Source: Spotsylvania's Assessment Office

<sup>1</sup> Includes trailers, manufactured homes and mobile homes

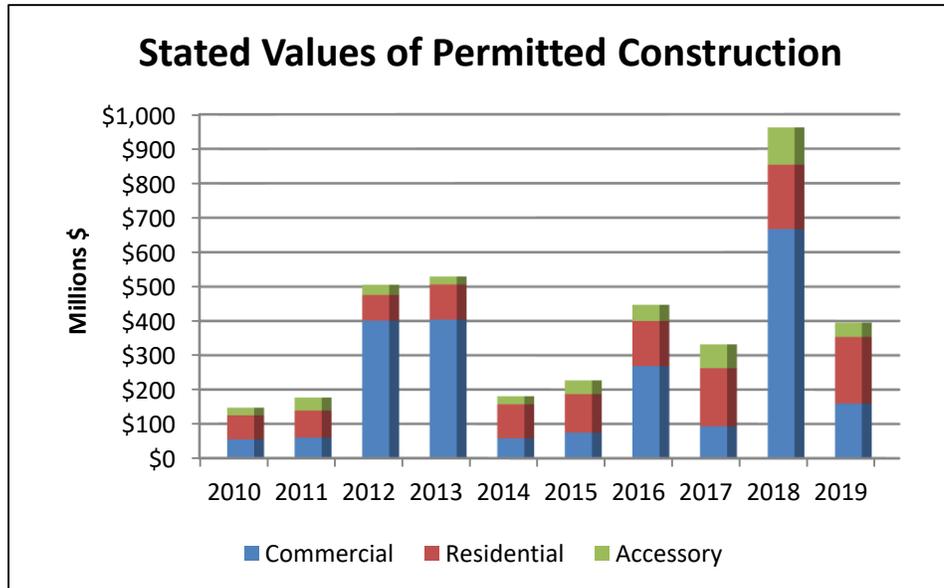
<sup>2</sup> Consists of duplexes and townhouses

<sup>3</sup> Consists of apartments and condominiums and assisted living housing units

### Housing Units

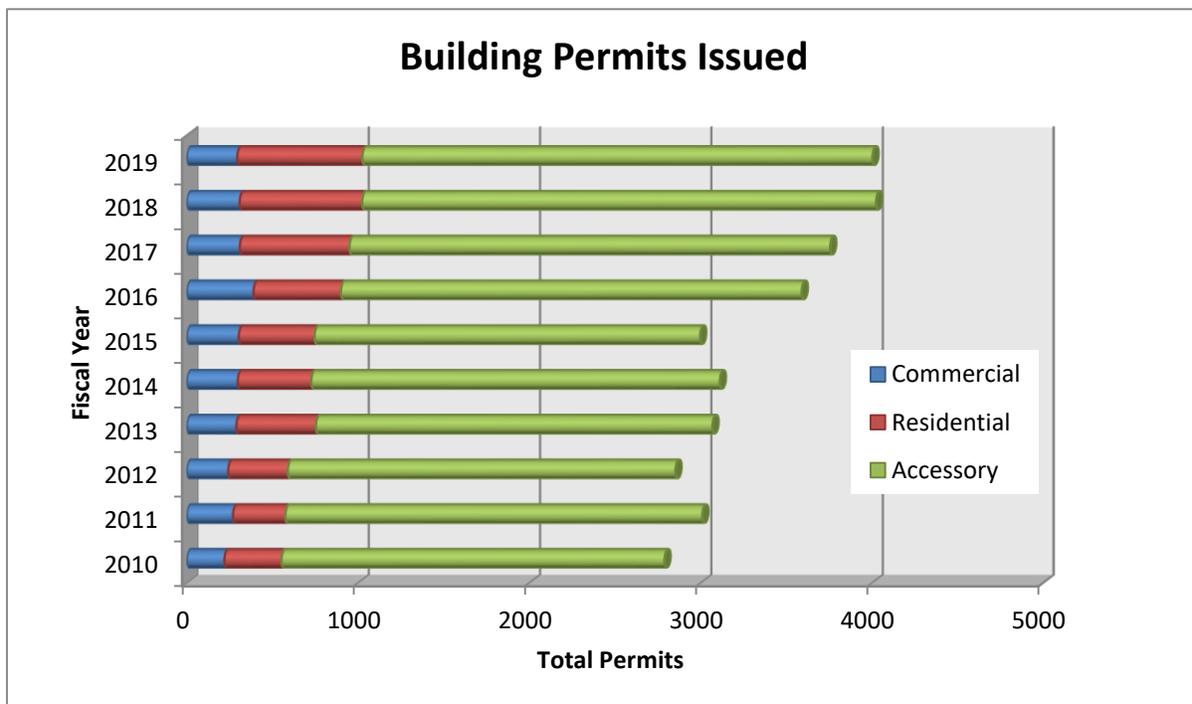
Housing Unit Type	2000	2010	2020
Single Family – Detached	28,804	37,141	41,151
Single Family - Attached	2,522	2,730	4,604
Multi-Family	1,983	3,136	5,106
<b>Totals</b>	<b>33,309</b>	<b>43,007</b>	<b>50,861</b>

The accompanying graphs illustrate construction activity within Spotsylvania during the past 10 years. In FY 2012 and FY 2013, the County processed multiple site plans for which the stated value of site work being performed was unusually large. Additionally, there were several large commercial projects where the stated value of each project was significant. Similar activity occurred in FY 2016 with the submission of several large commercial applications having sizeable stated values, including a substantial site plan for the 921,565 sq. ft. Lidl grocery distribution center. The significant increase in FY 2018 reflects the stated values for some larger commercial applications that included apartments, a Publix grocery store, a self-storage building and the Copart auto



auction.

Values are taken from permit applications as provided by the applicants. These values **do not** represent the value assigned by Spotsylvania’s Assessment Office. The FY 2019 figures are as of June 30, 2019.



The FY 2019 building permit figures are as of June 30, 2019.

## Approved Development

As of January 2020, the following development has been approved by the Board of Supervisors, but is not yet constructed:

### Approved Developments with Unbuilt Units

Development	SFD	SFA	MF	AR	Total	Development	SFD	SFA	MF	AR	Total
Fawn Lake	416	0	0	0	416	New Post	200	67	0	0	267
Estates of Chancellorsville	38	0	0	0	38	Fortune's Landing	35	0	0	0	35
Estates of Elys Ford	231	0	0	0	231	Barley Woods	0	0	0	80	80
Estates at Buckingham	36	0	0	0	36	Heritage Woods	697	180	183	0	1,060
Whitehall	60	0	0	0	60	Courtland Park	61	0	0	0	61
Estates at Kingswood	3	0	0	0	3	Southpoint Landing	0	0	550	0	550
Breckenridge Farms	17	0	0	0	17	Legends of Chancellorsville	218	0	0	0	218
Avalon Woods	96	0	0	0	96	Wheatland	0	22	0	0	22
Anna Vista, Section 2	10	0	0	0	10	Thorburn Estates	59	0	0	0	59
Pennington Estates	5	0	0	0	5	Jackson Village	0	596	849	385	1,830
Pamunkey Point	18	0	0	0	18	Retreat at Chancellorsville	0	0	0	185	185
Lee's Parke	222	0	0	54	276	Alexander's Crossing	518	971	888	230	2,607
Sunrise Bay	33	0	0	0	33	Plantation Woods	132	0	0	0	132
Regency at Chancellorsville	0	0	0	60	60	Goodwin Cove	35	0	0	0	35
Glenhaven/ River Glen	15	0	0	0	15	Cedar Forest	29	0	0	0	29
Reserve at Chancellorsville	18	0	0	0	18	Summit Crossing Estates	70	0	0	0	70
Mallard Landing	0	72	0	0	72	Barrington	39	0	0	0	39
Summerfield	2	0	0	0	2	Afton	29	0	0	0	29
Keswick	150	90	236	184	660	Roseland	0	14	0	0	14
Ni Village	0	164	773	0	937	Ashleigh Ridge	19	0	0	0	19
Brooks	0	2	0	0	2	The Villas at Salem Church	0	0	0	45	45
Estates at Terry's Run	10	0	0	0	10	Palmer's Creek	0	0	400	0	400
Spotsylvania Courthouse Village	245	138	755	50	1,188	Regency Crossing	0	21	0	0	21
Crossroads Station	0	0	610	0	610						
<b>Total of all units approved but not yet built</b>							<b>12,620</b>				

SFD = Single Family Detached; SFA = Single Family Attached; MF = Multi Family; AR = Age Restricted

## County-Owned Community Facilities

- 31 Schools
- 13 Parks<sup>1</sup>
- 1 Outdoor Amphitheatre
- 4 Community Centers
- 1 Senior Center
- 1 Visitors Center
- 1 County Museum
- 1 Swimming Pool
- 75 Multipurpose Fields<sup>2</sup>
- 46 Tennis Courts<sup>2</sup>
- 52 Baseball/Softball Diamonds<sup>2</sup>
- 44 Basketball Courts<sup>2</sup>
- 22.1 miles of Trails<sup>2</sup>
- 1 Animal Shelter
- 13 Convenience Centers
- 1 Landfill
- 11 Fire/Rescue Stations
- 3 Dams and Reservoirs<sup>3</sup>
- 46 Pump Stations
- 2 Water Treatment Plants (WTP)
- 3 Wastewater Treatment Plants (WWTP)
- 1,200+ miles water/sewer infrastructure

<sup>1</sup> Includes parks at the Hunting Run and Ni River Recreational Areas.

<sup>2</sup> Includes facilities at schools.

<sup>3</sup> Includes the County-owned Hunting Run and Ni River reservoirs and the County operated Motts Run reservoir that is jointly owned with the City of Fredericksburg.

Additionally, Spotsylvania participates in regional programs such as the Central Rappahannock Regional Library, FRED Bus Service, Health Department, Rappahannock Juvenile Detention Center and the Rappahannock Regional Jail.

## Business, Labor & Employment

The County’s primary economic development mission is to attract new businesses and capital investment, and to provide a supportive climate for the growth of existing businesses in order to stimulate the creation of jobs and tax revenues. The County has implemented numerous initiatives and specific programs to accomplish this mission.

The County’s target industries include healthcare, manufacturing, professional services (high tech/IT/defense), and tourism.

### Existing Retail and Mixed Use Developments

Development	Square Footage	Development Type
Spotsylvania Towne Centre	1.6 million	Shopping and dining
Southpoint I & II	1.2 million+	Mixed use retail/commercial
Cosner’s Corner	980,000	Retail and office
Harrison Crossing	600,000	Shopping and dining
Spotsylvania Courthouse Village	500,000	Office, retail, civic: 1,500 residential units

Source: Spotsylvania County Economic Development Department

## Number of Jobs by Sector and Wage

Industry	Average Establishments		Average Employment		Average Weekly Wage	
	YoY		YoY		YoY	
	2019	Change <sup>1</sup>	2019	Change <sup>1</sup>	2019	Change <sup>1</sup>
Accommodation and Food Service	195	(2)	4,254	(142)	\$325	\$11
Administrative and Support and Waste Management	146	15	1,471	47	\$627	\$44
Agriculture, Forestry, Fishing & Hunting	9	-	54	(8)	\$401	\$61
Arts, Entertainment, and Recreation	32	(4)	805	8	\$289	(\$7)
Construction	313	11	2,340	66	\$969	\$87
Educational Services	34	1	4,798	(496)	\$835	\$86
Finance and Insurance	93	3	513	19	\$1,076	\$9
Health Care and Social Assistance	774	142	4,791	72	\$795	(\$24)
Information	29	2	319	(19)	\$1,001	\$64
Management of Companies and Enterprises	18	-	457	20	\$1,489	\$8
Manufacturing	64	(3)	1,001	(116)	\$948	\$44
Mining, Quarrying, and Oil and Gas Extraction	3	-	40	2	\$1,188	\$27
Other Services (except Public Administration)	317	(104)	1,547	(203)	\$611	\$68
Professional, Scientific, and Technical Services	276	13	2,204	(24)	\$1,425	(\$124)
Public Administration	37	-	1,158	60	\$991	\$35
Real Estate and Rental and Leasing	121	1	533	(45)	\$825	\$71
Retail Trade	407	16	6,720	27	\$604	\$11
Transportation and Warehousing	69	(5)	1,474	2	\$1,001	\$126
Unclassified establishments	51	(25)	112	(38)	\$613	(\$113)
Utilities	7	-	90	8	\$983	\$9
Wholesale Trade	114	3	1,241	177	\$1,157	\$99
<b>Total</b>	<b>3,109</b>	<b>64</b>	<b>35,922</b>	<b>(583)</b>	<b>\$779</b>	<b>\$31</b>

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages as of 2<sup>nd</sup> Quarter 2019

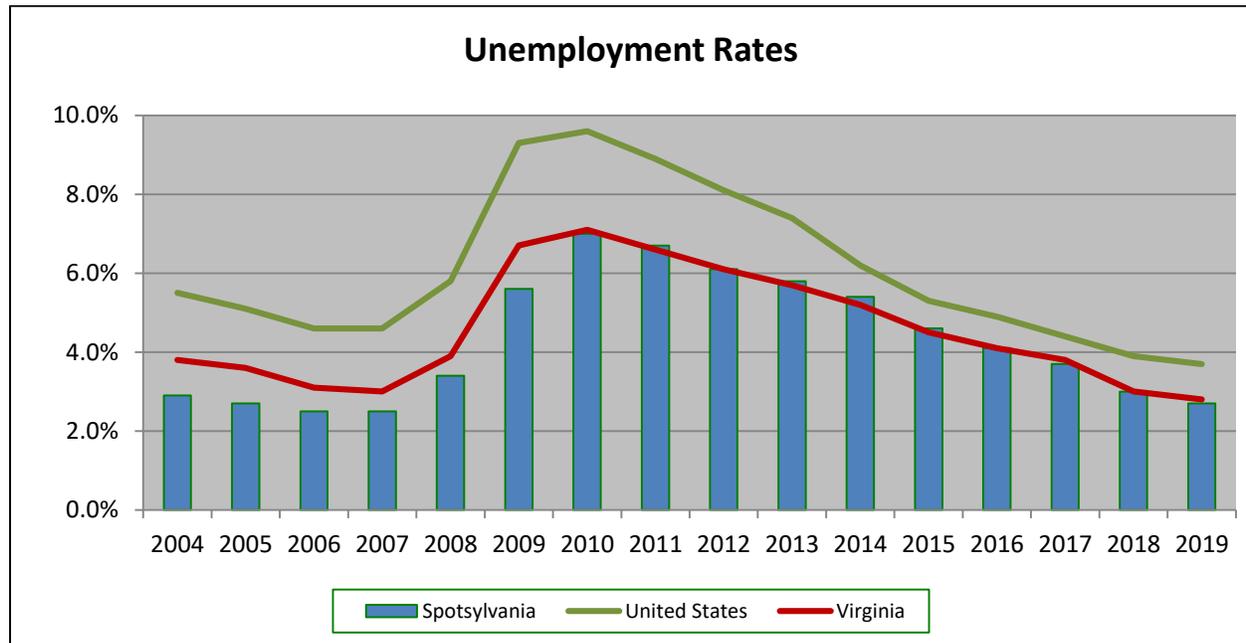
<sup>1</sup>Represents the year over year change in amounts reported by the Virginia Employment Commission, Quarterly Census of Employment and Wages from 2<sup>nd</sup> Quarter 2018 to 2<sup>nd</sup> Quarter 2019

## Employment Status within Spotsylvania

Employment Status	2000	2010	2018	% Change	
				2000 to 2010	2010 to 2018
Population 16 years old or older	66,138	89,642	102,321	35.5%	14.1%
In labor force	47,747	62,962	69,486	31.9%	10.4%
- Employed - civilian	45,651	57,987	69,084	27.0%	19.1%
- Employed - armed forces	595	1,021	402	71.6%	(60.6%)
- Unemployed	1,501	3,954	3,646	163.4%	(7.8%)
Not in labor force	18,391	26,680	32,835	45.1%	23.1%

Source: U.S. Census Bureau

Unemployment rates for Spotsylvania have been well below the national level and below, or comparable, to state rates in recent years. The County had the 9<sup>th</sup> best unemployment rate within Virginia in November 2019, as reported by the Virginia Employment Commission.



Source: Virginia Employment Commission for Spotsylvania and Virginia, U.S. Bureau of Labor Statistics for United States

### Top 20 Public & Private Employers within the County

Name	Nature of Business	Employee Range
Spotsylvania County Schools	Education	1,000+
Spotsylvania County Government	Local Government	1,000+
HCA Virginia Health System	Hospital – Spotsylvania Regional	500-999
Wal-Mart	Retail	250-499
CVS Pharmacy	Pharmacy Distribution Warehouse	250-499
Lidl US Operations	Grocery Distribution Center	250-499
Germanna Community College	Education	250-499
Weis Markets	Grocery	250-499
Kaeser Compressors	Air Compressor Manufacturer	250-499
McDonald’s	Restaurant	250-499
Carmax	Automobile Dealer	250-499
Target Corp	Retail	100-249
Costco	Retail	100-249
Radley Honda	Automobile Dealer	100-249
Giant Food	Grocery	100-249
Lowe’s Home Centers, Inc	Retail	100-249
United Parcel Service	Package Delivery Service	100-249
Richmond Fitness	Fitness Facility	100-249
PMC Services	Direct Mail Services	100-249
WaWa	Fueling Stations/Convenience Stores	100-249

Source: Virginia Employment Commission, as of 2<sup>nd</sup> Quarter 2019

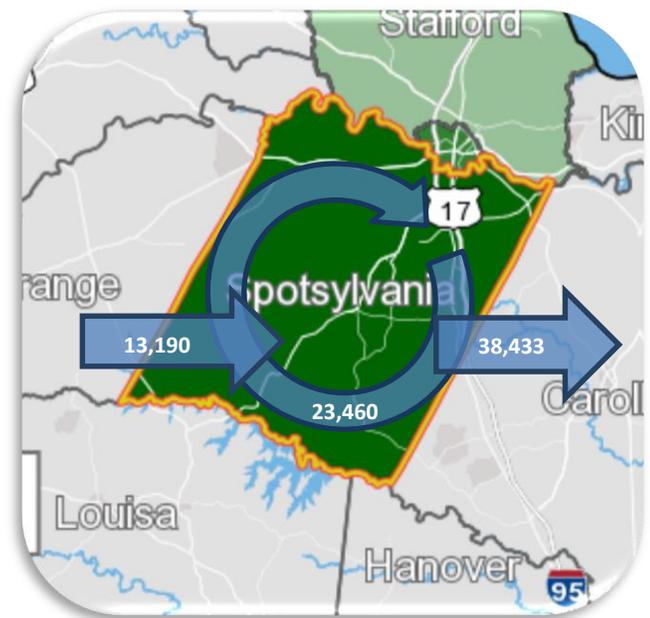
**Other Major Public & Private Employers in Surrounding Area**

Name	Nature of Business	Employee Range
U.S. Department of Defense	Federal Government Agency	1,000+
GEICO	Insurance Customer Service Center	1,000+
Stafford County Schools	Education	1,000+
Federal Bureau of Investigation	Federal Government Agency	1,000+
Mary Washington Hospital	Hospital	1,000+
County of Stafford	Local Government	1,000+
University of Mary Washington	Education	1,000+
Hr Service Group, LLC	Administrative and Support Services	500-999
Fredericksburg City Schools	Education	500-999
King George County Schools	Education	500-999
McLane Mid Atlantic	Distributor for Convenience Centers	500-999
Medicorp Health System	Healthcare Services	500-999
City of Fredericksburg	Local Government	500-999
Caroline County Schools	Education	500-999
YMCA	Social Advisory Organization	500-999
Stafford Hospital Center	Hospital	500-999
Rappahannock Area Community Services Board	Social Advocacy Organization	500-999
United States Postal Service	Federal Government Agency	250-499
Snowden Services Inc	Healthcare Services	250-499
Rappahannock Goodwill Ind, Inc	Social Assistance Organization	250-499

Source: Virginia Employment Commission, as of 2<sup>nd</sup> Quarter 2019

**Spotsylvania Commuting Patterns - 2015**

Commuting From	Area	Commuting To
8	Arlington County, VA	1,156
1,755	Caroline County, VA	673
285	Culpeper County, VA	529
248	Fairfax County, VA	3,717
2,437	Fredericksburg, VA	9,750
837	King George County, VA	1,699
1,237	Orange County, VA	568
727	Prince William County, VA	4,626
156	Richmond, VA	656
3,136	Stafford County, VA	7,689
-	Washington, D.C.	2,939
2,364	All Other Locations	4,431
<b>13,190</b>	<b>Total Commuters</b>	<b>38,433</b>



<b>Spotsylvania County Workers</b>	
Live and Work in Spotsylvania	23,460

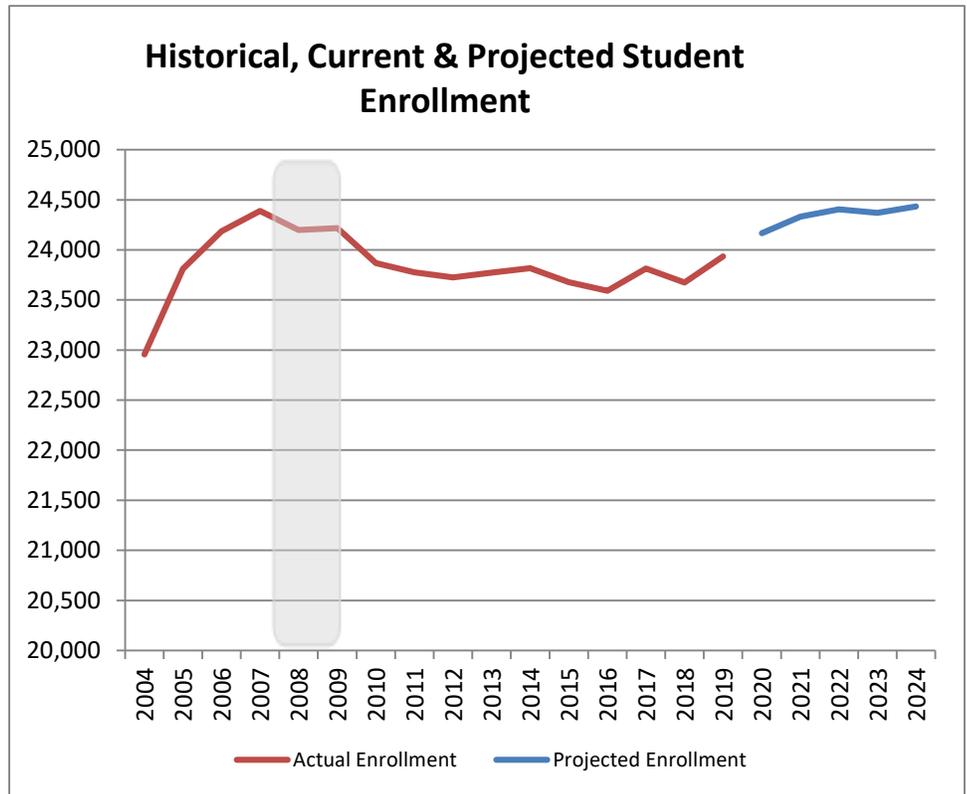
Source: U.S. Census Bureau

## Education

Spotsylvania County Public Schools include 17 elementary schools, 7 middle schools, 5 high schools, 1 alternative learning center, and 1 career and technical center.

Actual public school enrollment for the 2019 - 2020 school year was 23,935. Enrollment is projected to be 24,435 by the 2024 - 2025 school year.

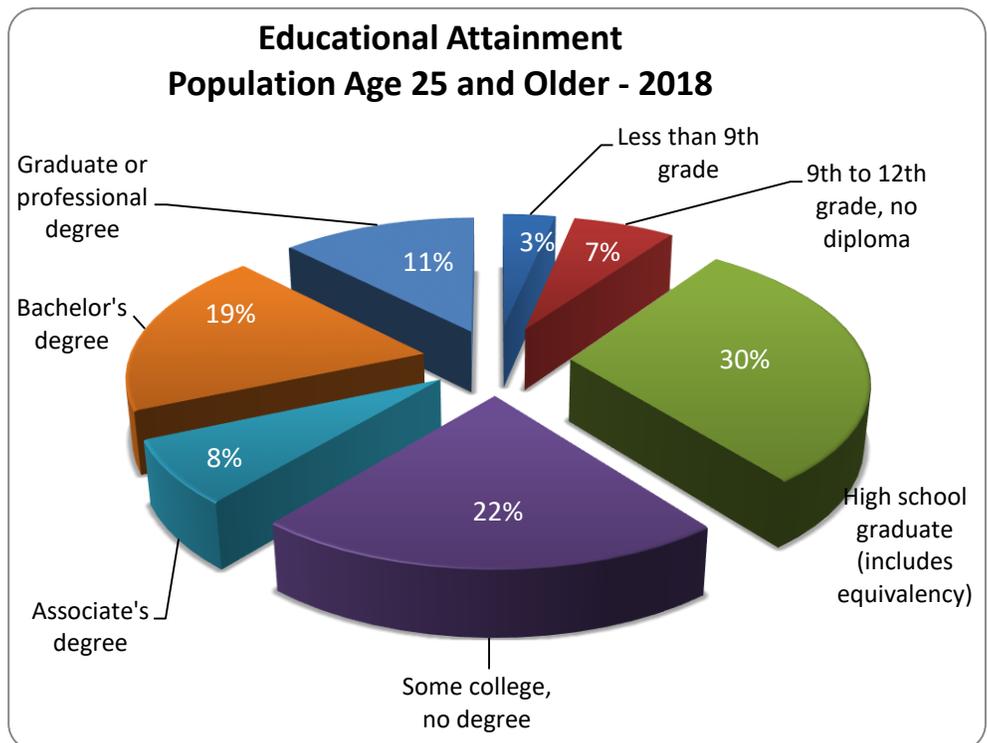
Total enrollment is projected to increase by 232 students countywide for the 2020 - 2021 school year.



Enrollment as measured on September 30 or October 1 of each year. The grey shaded area represents the recession that occurred from December 2007 to June 2009.

Over a third of Spotsylvania County residents hold a degree of associate's or higher, while 90% of residents are high school graduates or higher.

Spotsylvania County's educational attainment is comparable to national percentages. Achievement of Bachelor's and graduate/professional degrees being seven percentage points less than that of Virginia as a whole.



Source: US Census Bureau

# Supplemental Information

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This section contains various statistics which may be of interest to the reader.

## Real Estate Tax Rate History

Calendar Year	Tax Rate	Equalized Tax Rate
1990	\$0.85	*
1991	0.90	
1992	0.82	0.71
1993	0.86	
1994	0.86	*
1995	0.86	
1996	0.86	0.81
1997	0.92	
1998	0.94	0.90
1999	1.02	
2000	1.02	0.94
2001	1.07	
2002	1.01	0.93
2003	1.01	
2004	0.86	0.86
2005	0.89	
2006	0.62	0.62
2007	0.62	
2008	0.62	0.56
2009	0.62	
2010	0.86	0.83
2011	0.86	
2012	0.88	0.90
2013	0.88	
2014	0.86	0.863
2015	0.86	
2016	0.85	0.8313
2017	0.85	
2018	0.8330	0.8164
2019	0.8474	
2020	0.8797**	0.8100

\*Biennial assessments began occurring in 1996. Prior to that, assessments took place every four years.

\*\*Represents the tax rate assumed in the FY 2021 Recommended Budget.

General Property Tax Rates<sup>1</sup>

Calendar Year	Real Estate & Mobile Home	Personal Property <sup>2</sup>	Business Furniture & Fixtures	Machinery & Tools	Heavy Construction Equipment
2020 <sup>3</sup>	\$0.8797	\$6.55/\$6.25/\$1.25	\$5.95	\$2.50	\$2.00
2019	0.8474	6.55/6.25/1.25	5.95	2.50	2.00
2018	0.8330	6.55/6.25	5.95	2.50	2.00
2017	0.85	6.55/6.25	5.95	2.50	2.00
2016	0.85	6.55/6.25	5.95	2.50	2.00
2015	0.86	6.73/6.25	5.95	2.50	2.00
2014	0.86	6.78	5.95	2.50	2.00
2013	0.88	6.37	5.95	2.50	2.00
2012	0.88	6.37	5.95	2.50	2.00
2011	0.86	6.26	5.95	2.50	2.00
2010	0.86	6.26	5.95	2.50	2.00
2009	0.62	6.26	5.95	2.50	2.00
2008	0.62	5.00	5.00	2.50	2.00
2007	0.62	5.00	5.00	2.50	2.00
2006	0.62	5.00	5.00	2.50	2.00

<sup>1</sup> Real Property and Mobile Home tax rates are levied per \$100 of assessed value. All others are assessed at no greater than 50% of value or 50% of original cost depending on the classification.

<sup>2</sup> For years 2006 – 2014, the rate includes all personal property types. Beginning in 2015, there are two adopted rates, one for automobiles, campers, motor homes, motorcycles, pickups, and trucks and a second rate for boats and boat trailers. Beginning in 2019, a third tax rate was established for data center computer equipment and peripherals.

<sup>3</sup> Rates shown for 2020 represent rates assumed in the FY 2021 Recommended Budget.

## Real Estate Tax Rates per \$100 of Assessed Value

Locality	Population <sup>1</sup>	Tax Year 2018 Rate	Tax Year 2019 Rate	Change
Prince William	468,011	\$1.2075	\$1.2075	-
Richmond City	228,783	1.2000	1.2000	-
Fairfax	1,150,795	1.1835	1.1835	-
Alexandria	160,530	1.1300	1.1300	-
Loudoun	406,850	1.0850	1.0450	(0.0400)
Arlington	237,521	1.0060	1.0260	0.0200
Stafford	149,960	0.9900	1.0100	0.0200
Fauquier	70,675	0.9820	0.9940	0.0120
Chesterfield	348,556	0.9500	0.9500	-
Henrico	329,261	0.8700	0.8700	-
Fredericksburg	29,144	0.8000	0.8500	0.0500
<b>Spotsylvania</b>	<b>134,238</b>	<b>0.8330</b>	<b>0.8474</b>	<b>0.0144</b>
Caroline	30,772	0.8300	0.8300	-
Hanover	107,239	0.8100	0.8100	-
King George	26,575	0.7000	0.7000	-
Culpeper	51,859	0.6700	0.6200	(0.0500)

<sup>1</sup> Population figures from the U.S. Census Bureau (Estimate as of July 1, 2018).

Real Estate Tax Bill History<sup>1</sup>

Calendar Year	Tax Rate	Equalized Tax Rate	Example AV <sup>2</sup>	Annual Tax Bill Based on Example AV <sup>2</sup>	Change (\$)	Change (%)
2004	\$0.86	\$0.86	\$150,000	\$1,290		
2005	0.89		150,000	1,335	\$45	6.0%
2006	0.62	0.62	229,350	1,422	87	6.5%
2007	0.62		229,350	1,422	0	0.0%
2008	0.62	0.56	256,367	1,589	167	11.8%
2009	0.62		256,367	1,589	0	0.0%
2010	0.86	0.83	185,200	1,593	4	0.2%
2011	0.86		185,200	1,593	0	0.0%
2012	0.88	0.90	182,070	1,602	9	0.6%
2013	0.88		182,070	1,602	0	0.0%
2014	0.86	0.863	192,794	1,658	56	3.5%
2015	0.86		192,794	1,658	0	0.0%
2016	0.85	0.8313	207,234	1,761	103	6.2%
2017	0.85		207,234	1,761	0	0.0%
2018	0.8330	0.8164	224,186	1,867	106	6.0%
2019	0.8474		224,186	1,900	33	1.7%
2020	0.8797	0.8100	246,201	2,166	266	14.0%
					<b>\$876</b>	

<sup>1</sup> This analysis is based upon an *example* 2004 assessed value and shows that a house valued at \$150,000 in 2004 would be valued at approximately \$246,201 in 2020 when the average change in residential value is applied. At the \$0.8797 rate recommended for 2020, the real estate taxes on this *example* residential property would have increased by \$876 since 2004 – an average annual increase of \$55 or 3.3%.

<sup>2</sup> AV = assessed value

## Principal Property Taxpayers

As of December 31, 2019

Name	Type of Business	Assessed Value <sup>1</sup>	Amount of Tax	Percent of Total Taxable Value
Spotsylvania Mall Company	Shopping Mall	\$185,226,440	\$1,585,989	1.12%
Dominion Virginia Power	Public Utility	175,586,841	1,487,923	1.06%
Lidl US Operations	Grocery Distribution	111,029,982	1,431,309	0.67%
Spotsylvania Regional Medical Center	Hospital	79,570,766	990,471	0.48%
Rappahannock Electric	Public Utility	78,404,020	696,816	0.47%
Comcast	Public Utility	8,908,895	530,437	0.05%
Columbia Gas of VA	Public Utility	50,525,086	428,150	0.31%
CVS VA Distribution	Distribution	6,232,129	370,812	0.04%
Verizon VA	Public Utility	40,582,922	357,804	0.25%
Walton Virginia, LLC	Developer	37,986,600	321,898	0.23%

Source: Treasurer, Spotsylvania County, Virginia

<sup>1</sup> Includes real and personal property taxes. This schedule is arranged from highest to lowest by amount of tax paid. Due to varying rates for real and personal property, assessed values may appear to be out of order.



# Strategic Planning

In June 2018, the Board approved new strategic plan guidance. While the County's mission remains unchanged, our vision, values, and long-term strategic goals have been updated. The poster below is displayed in County offices to serve as employees' daily reminder of the County's vision, mission, and values.



## Spotsylvania County Strategic Plan 2018 – 2038

### Our Vision

We will set the standard for Virginia counties. Through mutual cooperation, we are committed to enhancing quality of life through innovation, collaboration and creativity. We will exercise effective stewardship to create and sustain an educated, vibrant, dynamic community in a secure and healthy environment.

### Our Values

- Accountability
- Integrity
- Service
- Transparency

**Our Mission** is to ensure the delivery of quality government services that are customer-focused, promote a safe, healthy, and prosperous community, and reflect excellence in financial stewardship.

### **Our Long-Term Strategic Goals**

We will build on the diversity and strengths of our staff, citizens, businesses, government, and quality education so that all may enjoy economic opportunity, safe neighborhoods, quality services, and plentiful green spaces in Spotsylvania County, now and into the future.

**Quality Government.** Our strength is in a well-trained and professional staff. We will encourage collaborative enhancements to programs and policies through innovation and creativity, acknowledge the contributions from all participants, and insist on integrity, ethical behavior and respect for diversity. We will allocate resources to ensure effective and efficient delivery of high quality services, allocating our limited resources among competing high priorities. We will ensure our county government's capacity to provide high quality service that achieves community priorities.

**Public Safety.** We will ensure continuing trust and confidence in the safety of our community by providing the flexibility for leaders to adjust to changing threats. Our public safety forces will be trained, equipped and deployed to help citizens, preserving life and property through prompt and skillful all-hazard emergency response, incident prevention, education, and community engagement.

**Infrastructure Investment.** We will prioritize, plan and invest in critical infrastructure that responds to past and future changes and improves our capacity to serve community needs.

**Growth Management.** We will attend to and further our rural quality of life through a clear vision of the Spotsylvania of tomorrow, providing a balance between commercial and residential development that also recognizes the dynamic relationship between revenue and expenses as our community grow, and fostering an environment that honors our heritage while enhancing our future through the well-being of our people and the quality of our services.

**Environmental Stewardship.** We will thoughtfully protect and manage Spotsylvania County's ecosystems and natural resources in both our rural and our developed areas to safeguard the quality of life of current and future generations.

**Educational Opportunity.** We will foster a rich, lifelong learning environment to increase educational opportunities and workforce readiness to meet evolving market demands.

**Economic Prosperity.** We will foster a community environment that stimulates diversified job creation, capital investments, and tax revenues that support our community goals.

The following table summarizes and organizes by strategic plan goal the adjustments made to the FY 2020 Adopted Budget to arrive at the FY 2021 Recommended Budget for the General Fund:

<b>FY 2020 Adopted General Fund Budget</b>	<b>\$290,382,132</b>
<b>Addressing the Commitment to Quality Government</b>	
• 1.8% COLA/2.0% performance-based merit and other base compensation adjustments – other than public safety	\$1,719,731
• Fund departmental operations sufficient to maintain existing levels of service	1,673,902
• Fund DSS programs and CSA mandated programs	2,039,043
• Add an additional one-third for OPEB annual contribution	<u>504,230</u>
<b>Subtotal – Quality Government</b>	<b>\$5,936,906</b>
<b>Addressing the Commitment to Public Safety</b>	
• Public safety step scale compensation implementation to include 1.8% COLA	\$8,002,033
• Other public safety personnel adjustments	172,422
• Proportionate share of regional Jail/Juvenile Detention Center budgets	419,747
• Next Generation 911 (NG911) communications transition (grant funded)	<u>175,957</u>
<b>Subtotal – Public Safety</b>	<b>\$8,770,159</b>
<b>Addressing the Commitment to Infrastructure Investment</b>	
• Avoid new debt through the use of cash for capital projects resulting in net decrease in budgeted debt service	(\$506,410)
• New transfer to capital to meet policy-level increase (use of fund balance)	1,946,405
• New transfer to Transportation Fund to support structural balancing of the fund (use of fund balance)	700,000
• Remove one-time FY 2020 transfer to capital	<u>(4,200,000)</u>
<b>Subtotal – Infrastructure Investment</b>	<b>(\$2,060,005)</b>
<b>Addressing the Commitment to Educational Opportunities</b>	
• Increase transfer to Schools (\$2.5 million ongoing, \$1.5 million one-time)	\$4,000,000
• Proportionate share of regional Library budget	224,378
• Germanna Community College – part-time career coaches for high schools	<u>125,000</u>
<b>Subtotal – Educational Opportunities</b>	<b>\$4,349,378</b>
<b>Addressing the Commitment to Economic Prosperity</b>	
• Increase in transfer to the Economic Development Authority Fund for previously approved incentives for capital investment and/or job creation	<u>\$229,000</u>
<b>Subtotal – Economic Prosperity</b>	<b>\$229,000</b>
<b>FY 2021 Recommended General Fund Budget</b>	<b>\$307,607,570</b>

**FY 2021 Recommended Budget - All Funds**

	<b>FY 2019 Actual</b>	<b>FY 2020 Adopted</b>	<b>FY 2020 Amended</b>	<b>FY 2021 Recommended</b>	<b>Variance (rec. to adopt) Amount</b>	<b>Percent</b>
<b>Revenues (by type)</b>						
Property Taxes	\$177,638,995	\$187,048,147	\$192,627,034	\$200,126,544	\$13,078,397	7.0%
Other Local Taxes	\$44,897,092	\$44,303,635	\$44,303,635	\$46,032,867	\$1,729,232	3.9%
Licenses & Permits	\$383,400	\$149,516	\$149,516	\$216,200	\$66,684	44.6%
Charges for Services	\$47,543,373	\$44,913,487	\$44,913,487	\$46,172,853	\$1,259,366	2.8%
Other Local Revenue	\$34,867,843	\$34,812,193	\$38,164,371	\$45,520,541	\$10,708,348	30.8%
Debt Proceeds	\$38,697,968	\$28,904,696	\$77,893,564	\$18,500,916	(\$10,403,780)	-36.0%
State Revenue	\$185,117,133	\$191,259,746	\$191,342,527	\$198,938,176	\$7,678,430	4.0%
Federal Revenue	\$18,071,781	\$18,649,287	\$20,190,340	\$18,694,404	\$45,117	0.2%
Subtotal - Revenue	\$547,217,585	\$550,040,707	\$609,584,474	\$574,202,501	\$24,161,794	4.4%
Transfers In	\$144,769,947	\$151,961,960	\$152,736,138	\$154,381,624	\$2,419,664	1.6%
Use of Fund Balance	(\$2,738,478)	\$5,858,660	\$83,997,972	\$19,700,917	\$13,842,257	236.3%
<b>TOTAL REVENUE - All Funds</b>	<b>\$689,249,054</b>	<b>\$707,861,327</b>	<b>\$846,318,584</b>	<b>\$748,285,042</b>	<b>\$40,423,715</b>	<b>5.7%</b>
<b>Expenditures (by function)</b>						
Executive Services	\$4,419,335	\$6,507,000	\$6,542,897	\$6,303,581	(\$203,419)	-3.1%
Administrative Services	\$12,689,418	\$15,046,900	\$15,920,290	\$16,633,500	\$1,586,600	10.5%
Voter Services	\$465,864	\$539,132	\$517,335	\$553,730	\$14,598	2.7%
Judicial Administration	\$4,335,138	\$4,493,368	\$4,739,327	\$4,870,177	\$376,809	8.4%
Public Safety	\$59,392,079	\$61,811,847	\$69,047,528	\$71,538,780	\$9,726,933	15.7%
Public Works	\$28,964,618	\$30,861,007	\$30,954,414	\$31,977,694	\$1,116,687	3.6%
Health & Welfare	\$25,170,303	\$25,002,415	\$25,225,940	\$27,967,855	\$2,965,440	11.9%
Parks, Recreation & Cultural	\$8,007,412	\$8,031,794	\$8,042,445	\$8,436,309	\$404,515	5.0%
Community Development	\$5,702,701	\$6,129,889	\$7,744,499	\$6,734,069	\$604,180	9.9%
Debt Service	\$49,688,006	\$55,480,467	\$80,948,820	\$57,114,989	\$1,634,522	2.9%
Capital Projects	\$78,591,835	\$56,503,971	\$158,151,005	\$68,463,042	\$11,959,071	21.2%
Transportation	\$2,497,319	\$2,883,119	\$2,883,119	\$3,192,362	\$309,243	10.7%
Education	\$252,998,565	\$268,980,968	\$269,237,337	\$276,580,660	\$7,599,692	2.8%
School Food Service	\$10,265,546	\$12,341,528	\$12,341,528	\$12,251,952	(\$89,576)	-0.7%
Subtotal - Appropriated Expenditures	\$543,188,139	\$554,613,405	\$692,296,484	\$592,618,700	\$38,005,295	6.9%
Tax Relief	\$1,290,968	\$1,285,962	\$1,285,962	\$1,284,718	(\$1,244)	-0.1%
Subtotal - Adopted Budget	\$544,479,107	\$555,899,367	\$693,582,446	\$593,903,418	\$38,004,051	6.8%
Transfers Out	\$144,769,947	\$151,961,960	\$152,736,138	\$154,381,624	\$2,419,664	1.6%
<b>TOTAL EXPENDITURES - All Funds</b>	<b>\$689,249,054</b>	<b>\$707,861,327</b>	<b>\$846,318,584</b>	<b>\$748,285,042</b>	<b>\$40,423,715</b>	<b>5.7%</b>
<b>Appropriated Expenditures (by category)</b>						
Personnel (salaries & benefits)	\$88,683,465	\$334,840,717	\$340,168,820	\$352,848,241	\$18,007,524	5.4%
Operating (other than debt service)	\$64,009,213	\$107,996,037	\$109,375,000	\$114,389,681	\$6,393,644	5.9%
Debt Service	\$25,213,319	\$55,480,467	\$80,948,820	\$57,114,989	\$1,634,522	2.9%
Capital	\$77,543,344	\$56,296,184	\$161,803,844	\$68,265,789	\$11,969,605	21.3%
<b>TOTAL APPROPRIATED EXPENDITURES - All Funds</b>	<b>\$255,449,341</b>	<b>\$554,613,405</b>	<b>\$692,296,484</b>	<b>\$592,618,700</b>	<b>\$38,005,295</b>	<b>6.9%</b>

