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Complete budget available on the County's website at:

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Special Appreciation

Spotsylvania County Budget Staff extends special thanks to **Minuteman Press** for providing quality printing services for the FY 2017 Budget document. Minuteman's support and dedication to the citizens of Spotsylvania is greatly appreciated.



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, 2015.

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



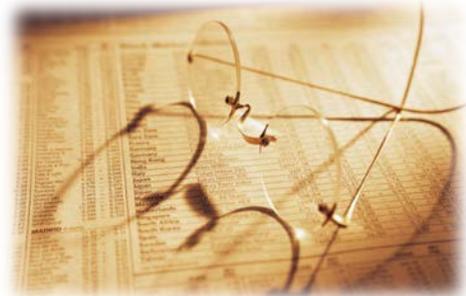


Guide to Using this Document

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 2017. 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 2017 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 2017 budget. This section includes short term factors and underlying assumptions that influenced the decisions made in development of the FY 2017 budget;
- The Budget at a Glance – a summary of the highlights of the FY 2017 budget;
- General information about the County and statistical data to help the reader better understand the demographics of Spotsylvania County;
- The County’s Mission Statement – a display of the County’s mission and vision, and the high-level, long-term goals the County has set to meet its mission. Also included is a matrix showing the links between County-wide long-term goals and goals specific to functions; 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 2017 revenues by type and FY 2017 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 2017 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 the glossary of terms and acronyms.



Recommended Budget Message – Feb. 9, 2016

Dear Spotsylvania County Board of Supervisors:

I bring forward my first proposed budget for Spotsylvania County with deep appreciation for the trust that you, the Board of Supervisors, have placed in me and in our Finance Department staff. We start off in a good situation overall. For that, I express sincere thanks to last year's Board of Supervisors, to our County staff, and to my predecessor, Doug Barnes. With his wonderful wealth of knowledge and experience, Doug exercised a lot of wisdom and a steady hand to help guide us through some challenging times.

Spotsylvania County continues to be a good home and a desirable destination for residents, businesses, and tourists alike. Averaging about 1%, our growth rate is manageable and sustainable. Our ratio of residential to commercial uses is at 81/19. That is still short of our Comprehensive Plan's goal of 70/30, but it is stable and headed in the right direction. We are seeing some enviable successes in the areas of business attraction and business expansion. Among these, the Lidl distribution center and their new stores are big stand-outs. Our hospital - one of our biggest taxpayers and a major employer - continues to thrive, as do office and housing growth around the hospital. Our crime rate is down. Our schools report a bit of a decrease in student enrollment, which for the near term translates into continuing relief from the challenges of school construction.

That said, our resources remain modest - especially when measured alongside operational needs and the community's desire for services. It seems that there is always a gap between the revenue that can be raised by the tax rates we would like to pay and the cost of services that our community needs and wants. The perennial budget challenge for the Board of Supervisors is to strike the balance that minimizes and fairly administers the tax burden while keeping our established community commitments, meeting community needs, and maximizing the realization of key community desires.

To help the Board of Supervisors strike the best balance between competing budget interests, my staff and I strive to maximize value. Whatever we are doing, we seek the smartest approach, the most strategic investment, and the most bang for our community's buck. You will see strategic recommendations in this budget that target maximum value for our community.

The FY 2017 Recommended Budget

The FY 2017 Recommended Budget totals \$487.9 million – an increase of \$20.4 million (4.4%) compared to the FY 2016 Adopted Budget. When capital projects funds are excluded, the FY 2017 Recommended Budget is a \$10.6 million (2.5%) increase over the FY 2016 Budget.

	FY 2016	FY 2017	Difference	
	Adopted	Recommended	\$	%
General Fund	\$117,772,697	\$120,282,959	\$2,510,262	2.1%
Economic Dev. Opportunities Fund	575,338	812,940	237,602	41.3%
Code Compliance Fund	3,609,108	4,005,479	396,371	11.0%
Transportation Fund	8,245,616	9,044,929	799,313	9.7%
School Operating	257,986,538	265,094,688	7,108,150	2.8%
School Food Service	9,271,699	9,515,526	243,827	2.6%
Utilities	<u>31,450,120</u>	<u>30,712,079</u>	<u>-738,041</u>	-2.3%
Subtotal Operating Expenditures	\$428,911,116	\$439,468,600	\$10,557,484	2.5%
Capital Projects Fund	\$11,672,978	\$9,510,160	-\$2,162,818	-18.5%
School Capital Projects	18,629,525	27,611,024	8,981,499	48.2%
Utilities Capital Projects	<u>8,712,500</u>	<u>11,740,000</u>	<u>3,027,500</u>	34.7%
Subtotal Capital Expenditures	\$39,015,003	\$48,861,184	\$9,846,181	25.2%
Total Budget	\$467,926,119	\$488,329,784	\$20,403,665	4.4%

In this first year as your County Administrator, we have already made some small but important changes. The Board acted favorably on changes to Spotsylvania County's Fiscal Policies recommended by County Administration and our Finance Department. The Board took action to fund enhanced reserves established in the new policies to further strengthen our county's financial position.

Refining Projections

One of the first concerns we have had in developing this proposed FY 2017 Budget has been at the point of refining our revenue projections. This concern arose out of appreciation for the Board's decision to fund recommended reserves with fund balance that was available at the end of FY 2015. The Finance staff and I remain acutely aware of the burdens of taxation. We feel the weight of responsibility for the collection and use of our citizens' money and we strive to handle their (and our) funds wisely. With these concerns at the forefront of our thinking, our financial projections for the coming year have been thoughtfully reconsidered and adjusted. Consequently, please note that we do not expect to see unreserved fund balance available in the future at the sums that have been seen in the past. However, we will, of course, maintain our fiscal policy reserves.

FY 2017 Budget Priorities & Highlights

Commitments - Consistent with the thinking that motivated the changes to our Fiscal Policies in 2015, our next priority is to keep our commitments to our staff and to our regional partners. The FY 2017 Budget will:

- Fund our increased share (based on utilization) of Jail & Juvenile Detention Center operations (cost = \$920,000);

- Provide full-year funding for FREM Co. 11 positions that were funded for only a few months in FY 2016 (cost = \$533,000);
- Fund 9 Firefighter positions for which grant funding will expire at the end of FY2016 (cost = \$545,000);
- Fund an increase in retiree health insurance cost based on current & anticipated retirees (at a cost of \$158,000);
- Fund usage-driven increases in program costs & recommendations of the DSS Advisory Board (cost = \$131,000);
- Fund an increase in the contribution to the regional library system to allow for rural access to the internet via usage of School libraries (cost = \$60,000); and
- Fund the final year of the 5-year shift in of VRS contributions from the County to our employees we have already made (cost = \$66,000).

Compensation Adjustment - With these existing commitments funded, my next priority concern is to fund performance-based raises for our staff. Our people are the key to the quality and effectiveness of the services we provide. Because our people are our most important resource, the Recommended Budget includes strategic investment in staff compensation.

FY 2017 is expected to bring finalization of the implementation of a new pay-for-performance program that is currently being developed to include an improved evaluation process. This new process being developed by our Human Resources Department will include broader delegation of authority to managers, including authority to provide monetary reward for performance. We are expecting this new program will boost morale and begin to mitigate our salary compression problem. A key to the success of this new pay-for-performance program will be the funding of an overall pay increment for county employees in the range of 2% to 3%.

The FY 2017 Recommended Budget funds an average pay increment of 2%, at a total cost of \$1.3 million across all funds. Offsetting the cost of the pay adjustment is a \$376,000 DECREASE resulting from VRS retirement and life insurance rates for FY 2017, and note that the FY 2017 Recommended Budget will not include a repeat of the one-time \$500,000 that was paid as bonuses in FY 2016.

Adding Resources to Supporting Departments - Beyond funding existing commitments and increasing our investment in our existing staff, my next priority is investment in our internal service functions in Information Services and Finance. These two departments do mission-critical work that our community rarely sees. They provide service to those who serve, supporting and enabling the operations of every other department. Staffing for these support departments has lagged far behind the staffing of our direct service departments for many years. In the same period in which staff in our direct service departments such as Public Safety has increased by more than 75 positions, staff in our support departments such as Information Services has grown by only two. While I do not suggest that there is any proportionality or prescribed ratio for such numbers, I believe that this large disparity helps to illuminate some needs that we should address.

Information Services - The need for additional staff in Information Services has grown particularly acute. Technology demands from nearly all of our departments – and Public Safety in particular – are at all-time highs. These demands seem to be constantly changing and their prioritization seems to be constantly shifting. In this changing environment, we are challenged to address the fundamentals of maintaining operability of our systems while ensuring data integrity and security. The technology that moves and maintains essential information is a critical component of Public Safety and all of the services that we provide to our community. Atop of the challenges of sustaining our existing operations are the challenges of implementing our new Public Safety radio system and the upgrade to our Finance & Human Resources system. To meet these demands and serve our technology needs into the future, the FY 2017 Recommended Budget includes one new Network Database Administrator position, funding of the previously unfunded Application Development Manager position, and the shift of an Administrative Assistant position from Capital Projects to Information Services. The General Fund cost of these positions is approximately \$288,000.

Finance - The FY 2017 Recommended Budget also includes two new Senior Accountant positions to meet increased demands in our Finance Department. Changes in both accounting standards and reporting requirements imposed upon us in recent years have made the work of our Finance Department increasingly complex and demanding, resulting in the need for one of these positions. The upgrade to a new financial system will position us to implement internal auditing under our Comptroller, and the second of these new positions will empower us to provide that function. The cost of these two positions is about \$210,000. Note also that both of these positions are consistent with recommendations of our external auditors.

Finding the continuing money to fund these needs in Finance and Information Services may not be easy, but I am recommending these positions as important priorities. In light of these priorities, the Recommended Budget removes funding for the Assistant County Administrator position from which the incumbent will be retiring at the end of February 2016 (a savings of nearly \$196,000).

Adding Resources for Public Safety - The FY 2017 Recommended Budget addresses concerns for the safety of our community in a number of ways:

- Based on demonstrated need through increased caseload and the increasing criticality of those cases, I am recommending the addition of two Child Protective Services Workers in our Department of Social Services at a net cost of nearly \$86,000.
- Nearly \$125,000 is included for two additional DARE Officers in the Sheriff's Office. Note I am recommending DARE Officers rather than School Resource Officers primarily because DARE Officers "float" from school to school. So long as we lack the funds to afford School Resource Officers in every school, floating DARE Officers will maximize our uniformed law enforcement presence and its flexibility. The Sheriff has agreed to use

accumulated asset forfeiture/seizure funds for the \$10,400 cost of the uniforms, vests, guns, and radios that will be necessary for these two new positions.

- Funding for two additional Patrol Officers is recommended effective mid-year FY 2017 at a cost of \$141,000. Of this total cost, the Sheriff has agreed to use \$80,400 in asset forfeiture/seizure funds for the computers, guns, radios and two new patrol cars needed for these positions.
- Approximately \$196,000 is added to the budget for the three additional Firefighter/Medic positions needed to fully staff the new Co. 11 station, enabling the reduction of \$87,000 in overtime costs in staffing specific to Co. 11.
- The addition of a 0.7 part-time Fire Inspector position will enable fire inspections to keep pace with commercial building inspections.

Earlier in this message, I mentioned that staff strives to maximize value and for the smartest approach to problem-solving. Two examples of that included in this budget are simply common sense, practical approaches to public safety staffing and training.

- One of the strategic choices in this proposed budget is the recommendation to fund half a year of the Sheriff's Career Ladder Program at a cost of roughly \$61,000 in lieu of funding an additional Patrol Officer. Turnover is a significant issue in our Sheriff's Office, and the cost of law enforcement turnover is very high in terms of both time and money. According to our Sheriff's Office, each new deputy hired costs a year's time and about \$100,000 including salaries and benefits to train. Based on his analysis, the Sheriff believes that the lack of advancement opportunity is a significant factor in this employee turnover. I share the Sheriff's hope and expectation that a strategic investment in his Career Ladder Program will yield significant returns in terms of training costs and lost time avoided by increased employee retention.
- For FREM, there is nearly \$26,000 in funding recommended to convert 10 Firefighter positions to Firefighter/Medic positions, a strategic investment that will increase the service capabilities of existing staff.

Capital Projects & Debt Service Needs

With regard to our capital needs, our community expectations were clearly expressed in our recent referendum on the issuance of debt to finance the costs of various capital facilities and equipment. It was noteworthy at the time of the vote and it bears repeating now that the public information that was disseminated prior to the referendum very clearly spelled out the number of pennies on our real estate tax rate that would have to be paid to fund the debt service cost associated with each question. The referendum information and public meetings presentations told of the following potential impacts to our real estate tax rate tied to positive referendum results:

Improvement Category/ Bond Question	Potential Impact to Real Estate Tax Rate
Public Safety	\$0.03
Schools	\$0.11
Transportation	\$0.05

Since at least FY 2011, Spotsylvania County has striven to absorb as much debt service cost as possible. Even with the \$0.02 reduction in the real estate tax rate from the equalized rate in 2012, we have managed to absorb \$2.4 million in additional debt service within the General Fund when comparing the FY 2011 and FY 2016 budgets. The FY 2017 Recommended Budget includes funding of \$9.5 million in existing General Fund debt service – equal to seven cents of the real estate tax rate. I cannot recommend funding any more debt service cost with the revenue projected at our existing tax rate. Other major cost factors – including our increased jail and juvenile detention costs, the end of grant funding for the salaries of nine firefighters, and the need to complete the staffing of the new Co. 11 station - will not allow us to increase our spending on debt service at existing tax rates.

Our own CIP for FY 2017 adds \$1.3 million in net new debt service to our General Government side of the County's overall ledger. This additional debt will pay for costs related to the following public safety projects:

- Completion of the new radio system
- Animal shelter modifications
- Digital tone paging
- CAD system improvements/replacement
- E-911 call system upgrades and equipment
- Fire training center improvements
- Replacement fire equipment
- Replacement EMS equipment

The \$1.3 million in net new debt service associated with these projects equates to \$0.01 on the real estate tax rate.

The Schools' debt service situation is even more challenging than our own. FY 2017 will bring a net increase of \$2.67 million in debt service on the Schools' side of the ledger. This is a significant reversal of what had been a multi-year downward trend in net new debt service for the Schools because the payoff of existing debt and savings from refunding transactions were outpacing the addition of new debt service. The \$2.67 million in net new debt service in FY 2017 will pay for major maintenance at many of the Schools' 31 facilities; will replace 34 buses while adding two new buses; and will fund the replacement and/or upgrade of school technology. The associated debt service cost equals very close to \$0.02 cents on the real estate tax rate. It should be noted that 100% of school debt service is funded by our local transfer. No funding for debt service comes to us from either the Commonwealth or the federal government.

Yet notwithstanding their increased debt service cost, we are not yet able to competently forecast the Schools' budget situation for FY 2017. Though their debt service is increasing base

on their CIP, our school enrollment projections are modestly lower and the Commonwealth appears to have some significant potential investments in education under discussion. With the degree of uncertainty about both state and federal funding for education being as high as it is as of this writing, I believe it most prudent to begin the FY 2017 Budget discussion with a proposal for an additional \$2.67 million in local transfer funding for our Schools to enable them to cover their net new debt service.

2016 Reassessment & the Real Estate Tax Rate

The early data on our reassessment of real estate values has been heartening. Indications at this point are that we can expect to see an overall increase in property values of approximately 6.4% – enough to bring the equalized real estate tax rate down to \$0.83. The \$0.03 difference between the projected equalized real estate tax rate and our existing \$0.86 rate would be sufficient to fund the net new debt service in FY 2017 – \$0.01 for new General Fund debt service and \$0.02 for Schools’ new debt service.

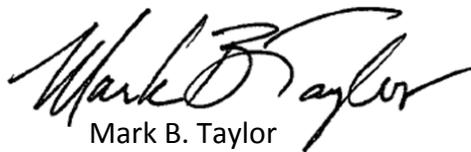
Maintaining our real estate tax rate at \$0.86 is, I believe, critical to maintaining our services to the community as we take on additional capital debt that was authorized through the 2014 referendum process. Consequently, maintenance of the \$0.86 tax rate on real estate is proposed and is assumed within the FY 2017 Recommended Budget presented herein. In consideration of balancing priorities, however, we are also proposing a \$0.14 reduction in the primary personal property tax rate – from the current \$6.73 per \$100 to \$6.59 per \$100.

Reminder for Next Year’s Transportation Fund

Finally, I believe it would be irresponsible to close this message without mentioning a significant problem that we will have to face, according to projections, in FY 2018. Since 2010, we have been maintaining vehicle decal fees and setasides equaling about \$3.4 million in the General Fund. It is projected that in FY 2018 we will need to reinstate the transfer of those revenues to the Transportation Fund. This projected transfer from the General Fund to the Transportation Fund will leave a \$3.4 million “hole” in the General Fund at the start of next year’s budget development process.

This brief overview is intended only to provide an introduction and orientation to the summary FY 2017 Budget document which follows. This full FY 2017 Recommended Budget will be viewable via a link on Spotsylvania County’s website.

Sincerely,



Mark B. Taylor
County Administrator



FY 2017 Budget Strategy

The Budget Strategy provides a discussion about the development of and the underlying assumptions within the FY 2017 Recommended Budget. Major changes within revenues and expenditures are identified. This section essentially tells the story behind the development of the FY 2017 Recommended Budget.

Building the Budget – Revenues

Overall, General Fund revenues other than transfers in and the use of fund balance are projected to increase by \$8.2 million (3.5%) when compared to the FY 2016 Adopted Budget. Following are revenue items of notable interest to this budget:

Growth in Reassessed Real Property Values

2016 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 2017. Overall, taxable assessed values of real property are projected to increase by 6.1% over last year's land book records and new construction and rezonings are expected to add another 2.0% for calendar year 2017. Base real estate revenue is expected to increase by \$2.8 million in FY 2016 at the equalized rate of \$0.83.

Preliminary reassessment figures reflect an approximate 7.5% increase in residential values and an approximate 1.8% increase in commercial values. Since the equalized rate is calculated using total Countywide values, any property owner whose assessed value increases by more than the overall 6.1% increase in values will see an increase in their tax bill at the equalized rate. Likewise, any property owner whose assessed value increases by less than 6.1% or decreases will see a decrease in their tax bill at the equalized rate.

Recommended \$0.03 Increase in Real Estate Tax Rate Tied to Debt Service

Based on planned projects in the FY 2017 CIP, a total of \$48.1 million in bonds authorized by the November 2014 bond referendum will be issued this coming summer to fund schools, public safety, and transportation capital projects. When referendum information was provided to the public, it was clear that the tax rate could be impacted if any of the questions was approved. Specific to the bond questions for which the majority voted yes, voters were told that the schools, public safety, and transportation questions could add up to 11 cents, 3 cents, and 5 cents, respectively.

Since FY 2011, \$2.4 million in net added debt service costs have been absorbed by the General Fund. This occurred even while the tax rate adopted for 2012 was two cents less than the equalized rate. The Schools receive \$0 from the State and Federal governments for debt service. Consequently, 100% of school debt service is funded by the County through the local transfer. For a number of years, the Schools' net debt service has been decreasing – freeing local money for the Schools' use on other operational items. However, in FY 2017, there is a net increase of \$2.7 million in Schools' debt service and a net increase of \$1.3 million in General

Fund debt service tied to the planned issuance of bonds for public safety projects. Because neither the Schools nor the General Fund can absorb these debt service increases in FY 2017, it is recommended that the Real Estate tax rate increase by \$0.03 with \$0.02 dedicated to Schools' debt service and \$0.01 dedicated to General Fund debt service for projects voted for by Spotsylvania citizens. The \$0.03 increase in the tax rate adds \$3.9 million in revenue for FY 2017.

Note that even while there is net new Transportation Fund debt service of about \$425,000 for transportation projects other than service districts, no tax rate increase is recommended to cover that increase for FY 2017. There is sufficient fund balance available in FY 2017 to balance the Transportation Fund. However, additional sources of funding will be required beginning in FY 2018 to continue balancing the Transportation Fund. It is anticipated that the \$3.4 million equivalent of the decal fee and set asides used since FY 2011 to balance the General Fund will need to once again be transferred to the Transportation Fund beginning in FY 2018.

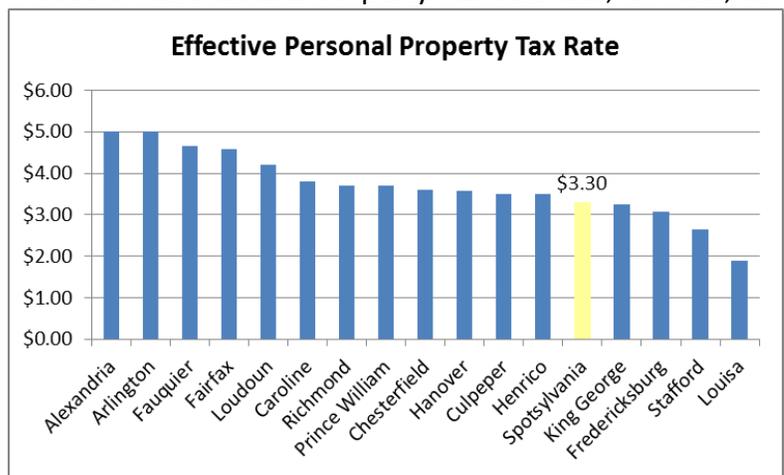
Assumed 9.0% Reduction in Values of Existing Vehicles for 2016

Each year, County vehicles 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. We will not have information from NADA until late February or early March. For purposes of the estimates included in this budget, we have assumed a 9.0% decline – the three-year average trend on the impact of NADA values.

When an assumption is made for new and newer vehicles that may come into the County over the next year, net new assessed value growth is projected at -1.3% and 2.0% for calendar years 2016 and 2017, respectively. These assumptions of value net an increase of approximately \$482,000 in Personal Property tax revenue for FY 2017. For the past three years, actual revenue has exceeded projections by an average of about \$400,000 per year. In an attempt to tighten projections, we are adding \$400,000 to the projection of FY 2017 Personal Property tax receipts. When combined with the increase projected for growth, a total increase of \$882,000 is projected for FY 2017.

Recommended \$0.14 Reduction in Personal Property Tax Rate for Vehicles

Staff recognizes the Board's desire to reduce the Personal Property tax rate and, as such, is including a \$0.14 rate decrease in the FY 2017 Recommended Budget. This reduces the current rate on vehicles from \$6.73 to \$6.59. Because Spotsylvania assessed personal property at 50% of value, the equivalent rate would be reduced from \$3.37 to \$3.30. This change in the rate reduces projected revenue by \$840,000. A



comparison of the effective rates of various Virginia localities shows Spotsylvania's rate on the lower end of the spectrum. The tax rates on boats, boat trailers, and business tangible property are not affected by this initiative.

Changes in Other Local Tax Revenues

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 2017 revenue projection for public service corporation real and personal property tax revenue totals \$3.3 million. This projection is based upon the September 2015 assessed valuation report from the State, and assumes a 3.0% increase in assessed value for 2016 and 2017. The \$3.3 million projection is approximately \$197,000 greater than the FY 2016 projection. Nearly \$112,500 of the \$197,000 increase results from the recommended \$0.03 increase in the Real Estate tax rate. A loss of \$2,200 stemming from the \$0.14 reduction in the Personal Property tax rate is included in the projection, as well.

Meals & Sales Taxes: Receipts from meals and sales taxes continue to increase year over year, adding an estimated \$1.2 million to the FY 2017 Budget. Sales tax receipts returned to pre-recession levels in FY 2014 and are expected to increase by 3.8% (\$654,000) in FY 2017. Somewhat surprisingly, meals tax receipts never declined during the recession and have been increasing by an average of 5% per year for each of the past three years. Meals tax receipts are projected to increase by approximately \$515,000 in FY 2017. Since each of these taxes is assessed as a percentage of sales, changes in prices of goods and meals, as well as changes in the volume of sales impact the revenue.

Delinquent Property Taxes: Collections on delinquent taxes have increased in recent years as a result of the Treasurer's Office hiring a third party to pursue taxes owed the County. Revenue from delinquent Personal Property tax collections has averaged 10% of current collections for the past three fiscal years while revenue from delinquent Real Estate tax collections has average 2% of current collections. As such, we are assuming delinquent tax collections of 10% of current collections for Personal Property and 2% of current collections for Real Property in FY 2017. A combined total increase of approximately \$403,000 is projected for FY 2017.

Penalties & Interest Receipts: A complement of increased delinquent collections is an increase in penalties and interest charges associated with the payment of late taxes. Revenue from penalties and interest has averaged 45% of delinquent real estate and personal property payments for each of the past three fiscal years. We are assuming the same will be true in FY 2017 and are adding approximately \$181,000 to the projection of interest.

Recordation Taxes: As the local housing market continues rebounding, recordation tax revenue to the County is rebounding, as well. Though nowhere near the FY 2006 pre-recession high of \$5.3 million, the \$2.3 million recordation revenue estimate for FY 2017 is in line with FY 2015 actual receipts as well as those currently projected for FY 2016. While this \$2.3 million projection is not as robust as we would like, it is about \$400,000 greater than the two lowest

years of collection following the recession. Improving conditions in the local market may also help with the recordation revenue the County receives from the State as the \$10 million quarterly allocation is based upon the County's proportionate share of statewide collections during that quarter.

Machinery & Tools Tax Revenue: Based on FY 2015 actual receipts and current projections of assessed values, revenue associated with the Machinery & Tools tax is expected to decrease by nearly \$78,000 in FY 2017.

Changes in Certain Other Revenues

Water/Sewer Administrative Fee: As a self-supporting entity, the Utilities Operating Fund reimburses the General Fund for direct services provided by General Fund departments such as Finance, the Treasurer's Office, and Information Services for Utilities billing, collections, and technology services. The FY 2017 Budget projection is increased by nearly \$78,000 to \$1.73 million.

Fire & Safety Inspection Fee Revenue: The Recommended Budget includes the addition of a 0.7 FTE Fire Inspector for Fire/Rescue. The inspections that are to be performed by this position are expected to add \$23,625 to the Fire & Safety Inspection Fee revenue, partially offsetting the \$35,688 cost of the added position.

Sheriff's Office Forfeiture & Seizure Revenue: The Sheriff's Office has agreed to using a total of \$185,800 (29%) of its accumulated asset forfeiture and seizure funds for certain items included in the Recommended Budget. These include funding of capital items including two vehicles for two additional Patrol Deputy positions (\$80,400); capital items for two additional DARE Officers (\$10,400); active shooter event grab bags (\$25,000); night vision goggles (\$40,000); and a microtactical ground robot (\$30,000).

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 2017, we apply typical reimbursement rates to projected expenditures and arrive at an increased level of reimbursement revenue, as well. In FY 2017, State revenue for CSA is expected to decrease by \$556,000 due to State adjustments to Medicaid reimbursements. This change combined with a slight increase in Social Services revenues nets a decrease of about \$473,000.

The Recommended Budget includes funding for two additional Child Protective Services Worker positions and one additional Foster Care Worker position. State reimbursement for these added positions is expected to total \$53,316.

SAFER Grant Funding: The County was awarded a two-year SAFER grant for nine firefighter/medic positions for FY 2015 and FY 2016. In FY 2017, \$544,771 in SAFER grant

revenue will no longer be available to the County and will have to be absorbed in the budget as we continue to fund these nine firefighter/medic positions.

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.

"A commitment to maintaining reserves at or above policy-determined levels has contributed to the county's overall fiscal stability."

MOODY'S
INVESTORS SERVICE

Additionally, a Budget Stabilization Reserve must be accounted for within the unassigned General Fund balance. Beginning not later than FY 2018, this reserve will be maintained at a minimum of 1.25% of General Fund and School Operating Fund revenues. This reserve 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 2017:

- Fiscal Stability Reserve will be funded at 11% of FY 2018 projected revenues;
- Budget Stabilization Reserve will be funded at 0.95% of FY 2018 projected revenues, with \$1.2 million to be added to meet the 1.25% requirement by the end of FY 2018;
- \$300,000 will remain in the fund balance in excess of the two reserves.

The FY 2017 Recommended Budget adds a total of \$976,953 to the General Fund balance to ensure the 11% Fiscal Stability Reserve is met. Additionally, \$17,000 of the \$34,000 reserved in the fund balance at the end of FY 2015 for FY 2017 and FY 2018 capital contributions to Empowerhouse is used in the Recommended Budget for the purpose intended.

	\$ in millions
<i>FY 2016 Adopted Budget – Revenue (General Fund)</i>	<i>\$245.2</i>

Changes in General Estimates	
Real Property Tax	\$6.7
Local Sales Tax	0.7
Delinquent Property Tax & Interest	0.6
Meals Tax	0.5
Public Service Corporation	0.2
Sheriff's Asset Forfeiture & Seizure	0.1
Recordation Tax	0.1
Water/Sewer Administration Fees	0.1
Deferred Taxes & Interest Earnings	0.1
Miscellaneous	0.1
Machinery & Tools Tax	(0.1)
DSS/CSA State Revenue	(0.4)
SAFER Grant	<u>(0.5)</u>
Subtotal Changes	\$8.2
Changes in Transfers	
Transfer from Fire/EMS Fund	\$0.2
Transfer from Utilities Operating Fund	<u>(0.1)</u>
Subtotal Changes	\$0.1
Change in Use of Fund Balance	
Remove one-time use for transfer to Capital Projects Fund in FY 2016	(\$2.5)
Remove one-time use for miscellaneous operating in FY 2016	(0.7)
Add (reduce use) to maintain 11% Fiscal Stability Reserve	(0.9)
Add (reduce use) to maintain 1.25% Budget Stabilization Reserve	<u>(0.1)</u>
Subtotal Changes	(\$4.2)

	\$ in millions
<i>FY 2017 Recommended Budget – Revenue (General Fund)</i>	<i>\$249.3</i>

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

Building the Budget – Expenditures

The FY 2017 Recommended Budget was developed in the spirit of focusing on the County’s future; maintaining fiscal policies; maintaining commitments to regional partners and bondholders; and addressing current staffing needs to ensure services continue at the quality levels expected.

Adjustments made to the FY 2016 Adopted Budget to yield the FY 2017 Recommended Budget can be summarized as follows for the General Fund:

Base budget adjustments	(\$1,158,388)
Debt service	1,297,346
Transfer to Schools for debt service	2,674,627
New initiatives	2,068,810
Revised practice on funding vehicles.....	<u>(790,960)</u>
Total Change in General Fund.....	\$4,091,435

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

Base Budget Adjustments

- Spotsylvania participates in multiple regional agencies to provide services and support citizens. Contributions to such agencies result in a budget increase of \$1,092,746. Based on Spotsylvania’s use of the Rappahannock Regional Jail, Juvenile Detention Center, and Chaplin Youth/Office on Youth facilities and programs, the County’s contribution to these three entities is responsible for \$967,495 of the total increase. Additionally, the budget includes a \$60,000 increase in funding to the Central Rappahannock Regional Library to encourage a partnership between the Library and Spotsylvania high schools to provide weekend school library hours for access to computers and internet capability in the rural areas of the County. Contributions to other regional agencies – primarily the Rappahannock Area Community Services Board (RACSB) – are increasing by \$84,091.
- The FY 2016 Adopted Budget included funding only partial year funding for 15 personnel to staff the new Co. 11 fire/rescue station. Funding these 15 positions for the full year in FY 2017 adds \$532,754 to the base budget.
- Retiree health insurance costs are expected to increase by \$157,550 in FY 2017 due to an increase in the number of retirees on the plan.
- Changes to the VRS plan began in FY 2013 when the General Assembly required VRS-eligible employees, whose employers had previously paid all or part of the 5% contribution on their behalf, to begin paying the employee contribution. Employers had the option to phase in the change at a minimum level of 1% for each year through FY 2017, but were required to provide employees with an offsetting salary increase in the same year. FY 2017 will be the fifth and final year of the five-year, 1%-per-year phase-in period. Additionally, the General

Assembly requires that all employees hired or re-employed on or after July 1, 2012 pay the entire 5% member contribution with no phase-in option. In FY 2017:

- Employees pay 5% and the County pays 9.51%.
 - Employees hired before July 1, 2012, will receive a 1% salary increase, effective July 1, 2016, to offset the additional 1% VRS contribution they will pay beginning July 1st. The 1% salary increase will result in a net loss to the employee and the County, as both will be paying taxes on the increased salary. The County's share of that cost is estimated at \$67,000.
- Given our claims history and insurance reserve balances, health insurance rates are expected to remain constant in FY 2017. There is no overall change in costs, and there is no change in the employer/employee split of premium costs for the plan year beginning October 1, 2016.
 - The cost of other benefits including workers compensation, unemployment insurance premiums, VRS life insurance, and VRS retirement is expected to decrease by \$350,000. The primary factor contributing to this decrease is a reduction in the VRS retirement rate which is changing from 10.58% to 9.51% for FY 2017 and FY 2018.
 - Utilities costs are projected to decrease by nearly \$141,000. Included in this estimated decrease is the cost of electricity, telephones, and heating fuel.
 - Removal of the one-time bonus and fire pay parity line items that were included in the FY 2016 Budget reduces costs by \$669,000 for FY 2017. Additionally, changes in personnel costs related to salary adjustments (ex. application of the pay parity), turnover, and changes in benefits result in a decrease of \$573,000 in the base budget.
 - Several years ago, we began budgeting reductions in personnel expenditures within the Information Services and Social Services budgets to capture the lapse and turnover savings that typically occur within those departments. For FY 2017, we are reducing larger amounts within each budget based on trends, netting an overall base budget decrease of \$89,000.

Net New Debt Service

- Public safety projects costing \$11.9 million are planned for financing this coming summer. Of this amount, \$4.8 million will be used towards technology-related improvements such as replacement of the computer aided dispatch (CAD) system and upgrades related to the E-911 system. \$3.6 million will be used for replacement fire and EMS equipment (fire trucks and ambulances), and for work to be completed at the fire training center. \$3.5 million will be used for modifications to the County's animal shelter to allow for the housing of additional animals in better conditions.

When the County issues bonds for projects, it must repay the loan through a series of annual principal and interest payments known as debt service. Net new debt service

resulting from the issuance of these bonds as authorized by the County voters in November 2014 is \$1,297,346. A \$0.01 increase in the Real Estate tax rate is recommended to fund this increase in FY 2017 as voters were informed as part of the 2014 bond referendum that the issuance of bonds could result in a tax rate increase.

- School projects totaling \$27.6 million are planned for financing this summer. This amount includes \$13.5 million for major maintenance at school facilities; \$9.8 million for technology replacements and upgrades, as well as safety and security upgrades; and \$4.3 million for 34 replacement buses and two additional buses. The net new debt service stemming from the issuance of bonds authorized by the County voters in November 2014 is \$2,674,627.

The Schools do not received funding for debt service from State or Federal sources. Schools debt service is funded solely through the transfer of funds from the County. Voters were informed as part of the 2014 bond referendum that the issuance of bonds for school projects could result in a tax rate increase of up to \$0.11. A \$0.02 increase in the Real Estate tax rate is recommended to fund a \$2.67 million increase in the transfer to Schools for purposes of funding this debt service in FY 2017.

New Initiatives for FY 2017

Public safety has been the focus of many new initiatives in recent budget years. We have added new positions for career staff in Fire/Rescue to ensure staffing at all stations as volunteer agencies were no longer able to provide services at previously provided levels, to meet training requirements, and to staff the new Co. 11 station. New court deputies, transport deputies, detectives, animal control officers, communications officers and operators, and parking enforcement personnel have been added to the Sheriff's Office.

While the public face of the County is the direct service providers – firefighters; deputies; public works personnel; the courts staff; Parks & Rec staffers; building and code inspectors; and social services providers – there is a dedicated support staff working behind the scenes to take care of all the non-public matters that must happen for the direct service providers to succeed. The public does not see the Information Services workers who come in during the middle of the night when a network outage occurs, or the Finance staff person who comes to work during a snowstorm even when County offices are closed to ensure 1,000+ employees get their paychecks on Friday.

Consider that since FY 2009 – the last “normal” budget year before we began cutting positions and holding positions vacant and/or unfunded in the budget – 78 service positions have been added to the budget while only 2 support positions have been added. Since FY 2009, the rate of funded position growth for service functions has been six times the rate of funded positions growth for support functions. If the proportionate split of service to support positions existing in the FY 2009 Budget were applied to the FY 2016 Budget, support functions are short 10 positions. While the FY 2017 Recommended Budget does indeed add new public safety personnel, a concerted effort has been made to add human resources in supporting areas where more and more is expected of staff.

Following is a listing of the positions changes included in the FY 2017 Recommended Budget:

A Net of 13.7 New Positions for All Funds:
General Fund -

- 2.0 Child Protective Services Workers (CPS). Over the past year, the number of CPS cases has increased by 28% with 82% of cases being deemed Response Level 1 in which the agency must respond within 24 hours. The addition of the 2.0 CPS Workers will allow worker case levels to be more closely aligned with the recommended maximum 12 cases. Currently, workers are handling between 15 and 20 cases each.
- 1.0 Foster Care Worker. Foster care is highly regulated. The on-going learning of changing State policies, volumes of case documents, and required elements of case management make it difficult for existing staff to maintain proactive foster care service delivery. This added position will share in the caseload in an effort to allow all workers to be proactive.
- Deletion of the previously unfunded 1.0 Internal Auditor position in County Administration in favor of adding a 1.0 Senior Accountant to be responsible for developing the internal audit function over the course of several years, ultimately requiring additional staff;
- 1.0 Senior Accountant in Finance to assist in meeting the accounting, reporting, and audit requirements of ever-changing accounting standards and rules;
- 1.0 Network Database Administrator and funding of the previously unfunded Application Development Manager in IS. These added positions will ensure continued performance of client/server technologies, SQL databases, data integrity, interfaces, and the security of internal and external access to County systems;
- 3.0 Firefighter/Medic positions to round out a full complement of staffing for the new Co. 11 station. An \$87,000 reduction in overtime helps to offset the costs of these added positions;
- 0.7 Fire Inspector to aid in the regular inspection of all commercial facilities on an annual basis. The current staff is unable to meet the commercial inspection needs.
- 2.0 DARE Officers to provide additional programs to elementary schools students and to begin including middle and high schools in the DARE programs, as well;
- 2.0 Deputies for the Patrol Division are added for half-year; and
- Unfunding of the Assistant County Administrator position does not change the FTE count, but offsets approximately \$196,000 of the costs of the added positions outlined above.

Utilities Fund –

- 1.0 Utilities Worker is added to the Maintenance/Electrical crew to allow the group to address its work order workload.

Shifts of Existing Positions Between Funds –

- Shift of a 1.0 Administrative Assistant from Capital Projects to Information Services (IS);
 - Shift of a 1.0 Administrative Assistant from Capital Projects to Utilities; and
 - Shift of a 1.0 Procurement Officer from Utilities to Finance.
-

- \$60,582 is added to the budget to implement a new career ladder program in the Sheriff's Office. This funding is for the second half of the fiscal year. It is costly in terms of both time and money to train new recruits, so maintaining those employees we have already trained is preferable. This program is expected to help in employee retention. The Sheriff's Office has a detailed plan as to how the funding would be used and the requirements of the career ladder program.
- \$25,851 is added to the budget for conversion of 10 Firefighters to Firefighter/Medics. The expanded training of Firefighter/Medics provides more service with the same number of personnel.
- A 2% compensation adjustment is included at a cost of \$1.1 million to the General Fund and \$0.2 million to the other funds. It is contemplated that this adjustment will be awarded on a pay for performance basis effective July 1, 2016.

Revised Practice on Funding Vehicle Replacements

Nearly \$791,000 is reduced from the General Fund budget as a result of a recommended revised practice for funding vehicle replacements. We define capital projects as those costing \$50,000 or more, having a life expectancy of five or more years, and being nonrecurring in nature. Several years ago, we transitioned the replacement cycle of computers and servers from the General Fund to the Capital Projects Fund. We have done the same with General Fund vehicle replacements beginning in FY 2017. Social Services vehicles replacements will remain in the General Fund to match to any reimbursement revenue that may be received for such replacements.

Transfers to Other Funds

Schools – As noted previously, the transfer to the Schools is recommended for increase by \$2.7 million, consistent with the net new debt service anticipated for FY 2017. This transfer is funded by a recommended \$0.02 increase in the Real Estate tax rate.

Capital Projects Fund – Consistent with fiscal policy guidelines, a transfer from the General Fund to the Capital Projects Fund is budgeted at \$7.97 million. Fiscal policies state that the County's goal of budgeting pay-as-you-go (cash) funding for capital projects will be equal to 5% of General Fund revenue (excluding other obligated transfers). To meet this goal, 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. In FY 2017, the transfer is budgeted at 3.25% of General Fund revenues.

The one-time transfer of \$2.5 million from the General Fund balance to the Capital Projects Fund occurring in FY 2016 is removed from the FY 2017 Recommended Budget. \$64,000 in Sheriff's Office asset forfeiture and seizure revenue is transferred from the General Fund to the Capital Projects Fund to purchase of two vehicles for the recommended addition of two Patrol Division Deputies.

Code Compliance Fund – The cost of core and basic services for the Building and Zoning offices are funded by a transfer from the General Fund to the Code Compliance Fund annually. The transfer to Code Compliance is increased by \$64,000 in FY 2017.

Economic Development Opportunities (EDO) Fund – An additional \$400,000 is transferred from the General Fund to the EDO Fund in FY 2017 for the costs of previously approved LIDL incentives. In addition, because the contribution to the Fredericksburg Regional Alliance is budgeted in the General Fund for FY 2017, there is no need to transfer \$107,497 to the EDO Fund as was included in the FY 2016 Budget. \$3,000 for the Towne Center Light Show removed from the transfer, as well. Overall, the transfer to the EDO Fund increases by \$289,503 for FY 2017.

Utilities Operating Fund – Certain staff positions charged to the Utilities Operating Fund provide services to the General Fund. For instance, a position charged to Utilities may spend part of his time work on water and sewer lines and another part of his time on refuse collection work for the General Fund. As such, \$120,000 is budgeted for transfer from the General Fund to the Utilities Operating Fund. The true costs will not be known until the end of the fiscal year when time spent on various projects is reported and allocated.

	\$ in millions
FY 2016 Adopted Budget – Expenditures (General Fund)	\$245.2
Mandated services ¹ (40.6%)	\$99.6
Commitments ² (35.5%)	\$87.0
Other services (23.9%)	<u>\$58.6</u>
	\$245.2
Base Budget & Debt Service Adjustments	
Net new debt service	\$1.3
Contributions to regional agencies	1.1
Full year funding for Co. 11 staff funded for part year in FY 2016	0.5
Fifth year of 5-year VRS transition	0.1
Utilities (electricity, heating fuel, etc.)	(0.1)
VRS & other benefit changes	(0.2)
Removal of one-time bonus and pay parity from FY 2016	(0.7)
Turnover and personnel changes in benefit choices	<u>(0.7)</u>
Subtotal Changes	\$1.3
New Initiatives & Revision to Replacement Vehicle Funding	
2% compensation adjustment	\$1.1
Service positions and related costs added	0.7
Support positions and related costs added	0.3
Shift replacement vehicle purchases to Capital Projects Fund	<u>(0.8)</u>
Subtotal Changes	\$1.3
Changes in Transfers	
Transfer to Schools to fund net new debt service	\$2.7
Transfer to Economic Development Opportunities Fund	0.3
Transfer to Utilities Operating Fund	0.1
Transfer to Code Compliance	0.1
Transfer to Capital Projects Fund	<u>(1.7)</u>
Subtotal Changes	\$1.5

	\$ in millions
FY 2017 Recommended Budget – Expenditures (General Fund)	\$249.3

Categorical breakdowns may not tie exactly to financial summaries due to the groupings displayed here. For example, \$64,000 that is included in the transfer to Capital Projects Fund on financial summaries found elsewhere in the budget document is included in the "New Initiatives & Revision to Replacement Vehicle Funding" in this display.

¹ 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.

² 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.





FY 2017 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)
- Funding to complete staffing of the new Fire/Rescue station in Lee's Hill (Co 11) and pick-up of expiring SAFER grant funds for 9 Firefighter/Medics
- Adding resources to supporting departments for continuation of mission-critical work

Budget Highlights

Schools –

- Increase of \$2.7 million in transfer to Schools – equal to the Schools' increase in debt service.

Public Safety –

- Addition of 3 Firefighter/Medic positions to complete the complement of staffing for Co. 11; and full-year funding for the 15 Co. 11 positions that were funded for only five months in FY 2016
- Continued funding for 9 Firefighter/Medic positions for which \$545K in expired SAFER grant funding
- Conversion of 10 Firefighters to Firefighter/Medics to gain added service capabilities.
- Addition of 2 DARE Officers for full year and 2 Patrol Deputies for half year.
- Funding of Sheriff's Office career ladder program for half year.
- Addition of 2 Child Protective Services workers

Resources for Supporting Departments –

- Addition of a Network Database Administrator position; funding of previously unfunded Application Development Manager position; and shift of Administrative Assistant from Capital Projects to IS
- Addition of 2 Senior Accountant positions to meet increased auditing, accounting, and reporting demands in Finance.

Transportation –

- VRE revenue allows suspension of transfer of decal and set-aside revenue for the seventh year.
- Intersection improvements and improvements to exits 118 and 126 included in the CIP

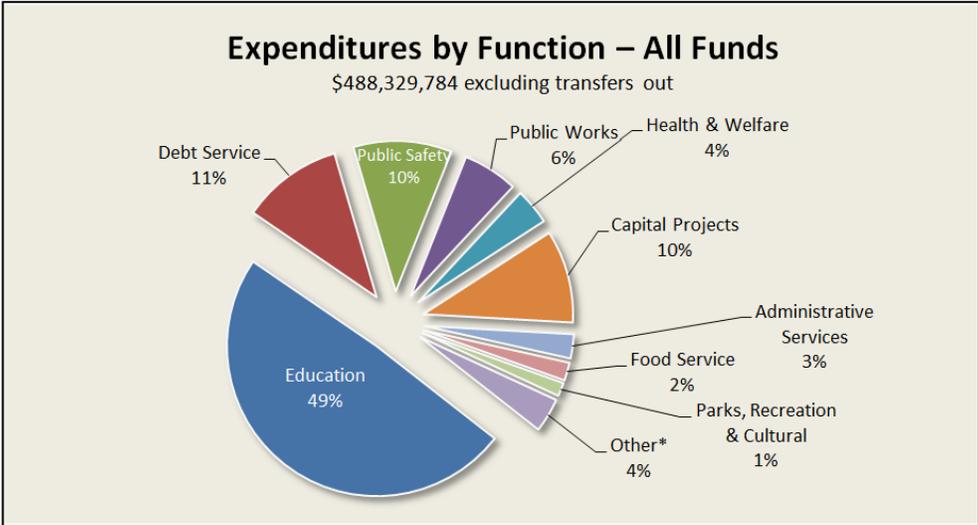
Tax Rates/Fees –

- Real Property tax rate recommended at \$0.86. This is \$0.03 above the equalized rate, with \$0.02 of the increased rate dedicated to Schools debt service and \$0.01 dedicated to General Fund debt service.
- Personal Property tax rate for automobiles, campers, motor homes, motorcycles, pickups, and trucks recommended at \$6.59; a decrease of \$0.14.
- Next 3-yr plan for water/sewer rate and fee increases to be presented during FY 2017 budget process.

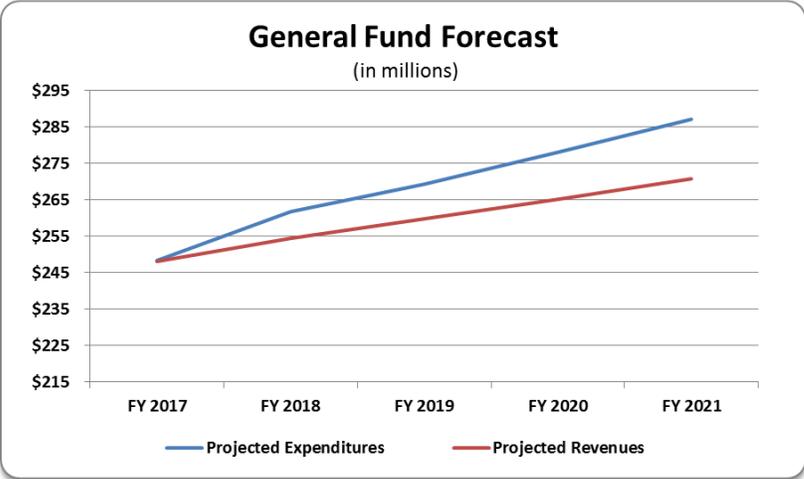
Staff –

- Additional 1% pay increase to help offset the additional 1% VRS contribution employees must pay. This is the fifth and final year of the transition.
- A 2% on-going merit-based pay increase
- Net of 13.7 FTEs are added for the FY 2017 Recommended Budget.

	FY 2016 Adopted	FY 2017 Recommended	Difference \$	%
General Fund	\$117,772,697	\$120,282,959	\$2,510,262	2.1%
Economic Dev. Opportunities Fund	575,338	812,940	237,602	41.3%
Code Compliance Fund	3,609,108	4,005,479	396,371	11.0%
Transportation Fund	8,245,616	9,044,929	799,313	9.7%
School Operating	257,986,538	265,094,688	7,108,150	2.8%
School Food Service	9,271,699	9,515,526	243,827	2.6%
Utilities	<u>31,450,120</u>	<u>30,712,079</u>	<u>-738,041</u>	-2.3%
Sub-Total Operating Expenditures	\$428,911,116	\$439,468,600	\$10,557,484	2.5%
Capital Projects Fund	\$11,672,978	\$9,510,160	-\$2,162,818	-18.5%
School Capital Projects	18,629,525	27,611,024	8,981,499	48.2%
Utilities Capital Projects	<u>8,712,500</u>	<u>11,740,000</u>	<u>3,027,500</u>	34.7%
Sub-Total Capital Expenditures	\$39,015,003	\$48,861,184	\$9,846,181	25.2%
Total Budget	\$467,926,119	\$488,329,784	\$20,403,665	4.4%

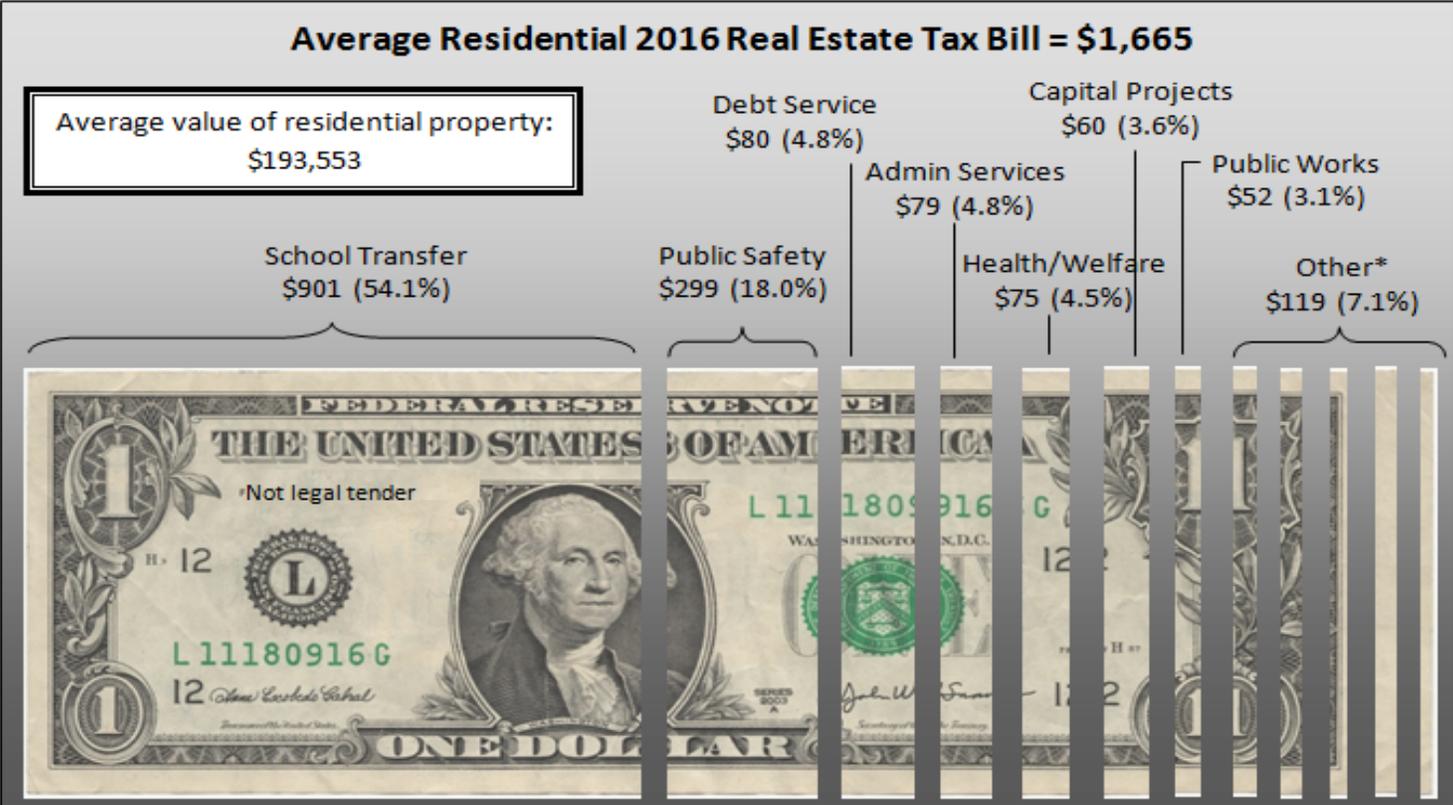


*"Other" includes Community Development, Executive Services, Judicial Administration, Transportation and Voter Services functions



Breakdown of General Fund Transfer to Schools

	2015 Adopted	2016 Adopted
• Required Local Effort	\$51,345,396	\$53,898,329
• Required Local Match for Opt. Programs	\$1,945,912	\$2,250,402
• Debt Service	\$23,216,302	\$25,922,930
• Additional Local Transfer	\$39,916,137	\$37,035,713
Total Local Transfer	\$116,432,747	\$119,107,374



*"Other" includes Parks & Rec, Executive Services, Community Development, Judicial Administration and Voter Services

Overview of Spotsylvania County



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.

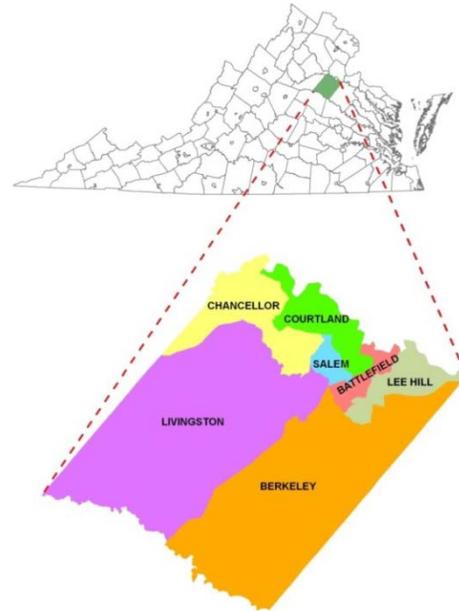
Geography

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 expires on December 31, 2017, with the terms of the remaining four members expiring on December 31, 2019. 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 (RACSB).

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.

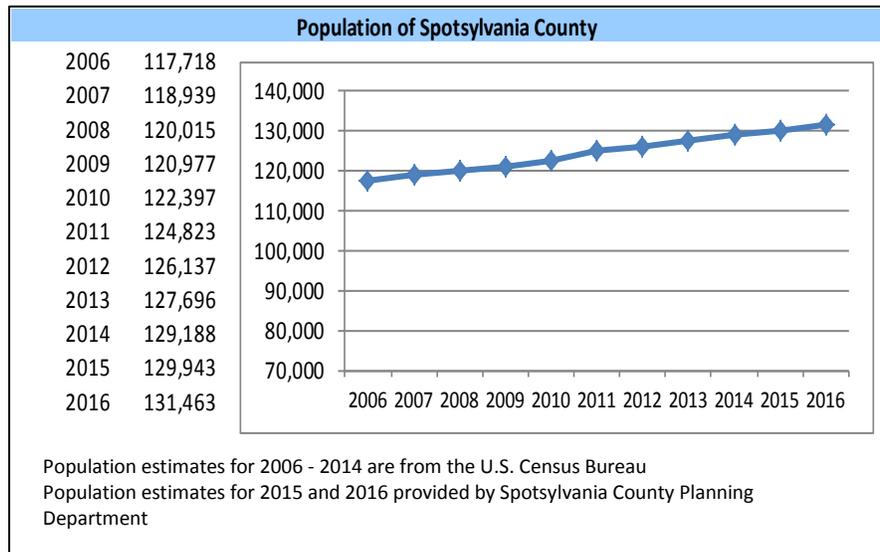
Population

The Planning Department estimates Spotsylvania County's 2016 population to be 131,463.

The County's population has grown each of the past ten years. Population growth rates were between 3.7% and 5.7% from 2000 through 2005, peaking in 2002 at 5.7%. Beginning in 2006 and corresponding with the Board's desire to curb

residential growth in the County, growth rates declined, with the rate of population growth between 2015 and 2016 estimated at 1.2%.

The County's 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

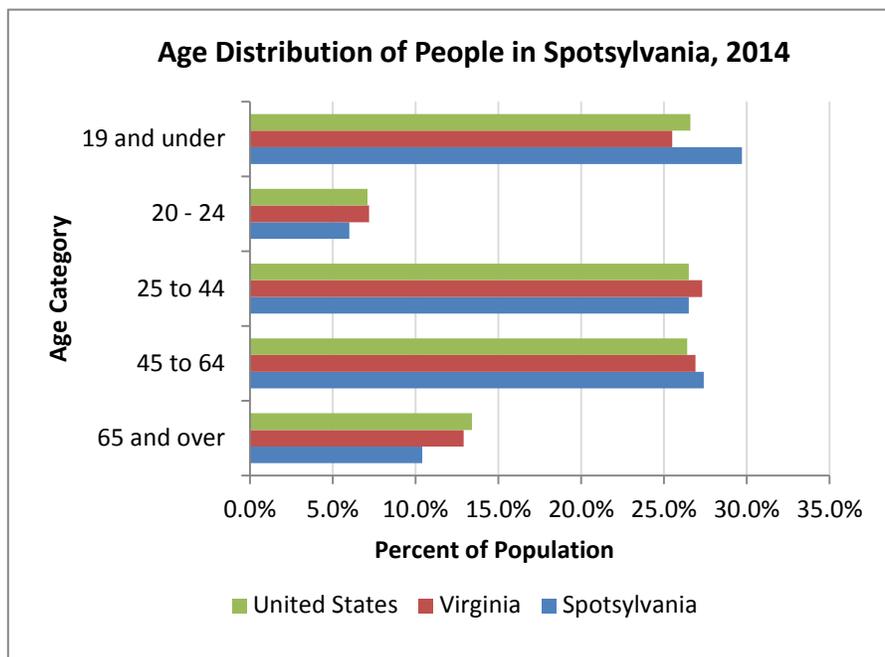
Year	U.S. Census Population Estimates	
2000	90,395	
2005	114,909	
2010	122,397	
Year	Planning Department Projections	
2015	129,943	
	1% Growth Rate	2% Growth Rate
2020	137,136	145,487
2025	144,131	160,629
2030	151,483	177,347
2035	159,210	195,806
2040	167,332	216,186

The U.S. Census Bureau estimates that in 2014, slightly less than three-quarters of the population of Spotsylvania County was white and just under one-sixth of the population was black or African-American.

2014 Population by Racial/Ethnic Group

Group	Spotsylvania	Virginia	United States
White	70.1%	63.1%	62.1%
Black or African American	16.1%	19.7%	13.2%
Hispanic or Latino	8.7%	8.9%	17.4%
Asian	2.7%	6.3%	5.4%
American Indian or Alaska Native	0.4%	0.5%	1.2%
Native Hawaiian or Pacific Islander	0.2%	0.1%	0.2%
Other	1.8%	1.4%	0.5%

The majority of the County's population (65%) was estimated to be greater than or equal to 25 years of age, with 6% estimated between the ages of 20 and 24 and 29% 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.

2014 Household Composition

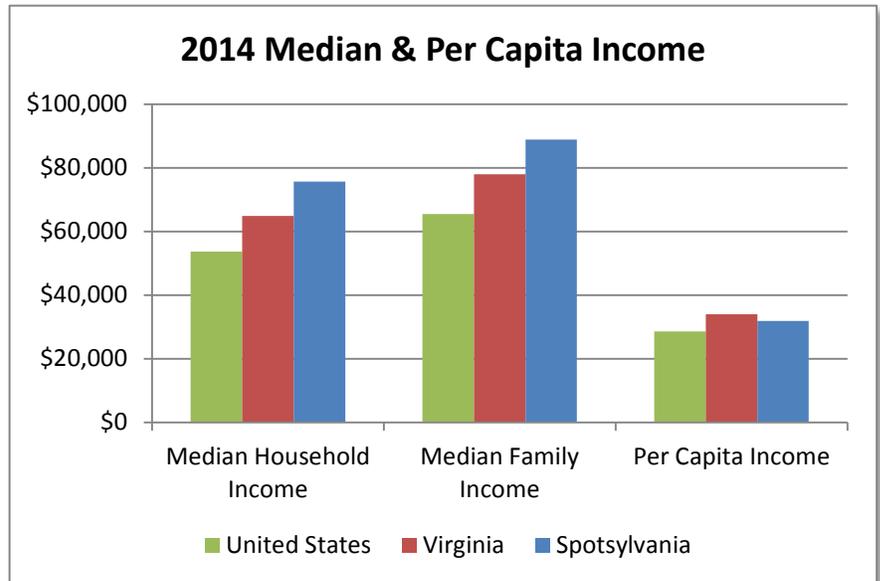
Type of Household	Spotsylvania		Virginia		United States	
Family Households	33,285	78.7%	2,047,106	67.3%	76,958,064	66.2%
With own children under 18 years	15,503	36.7%	901,736	29.6%	33,917,911	29.2%
Married-couple families	26,234	62.0%	1,542,174	50.7%	56,270,862	48.4%
Male householder; no wife families	1,843	4.4%	129,210	4.2%	5,543,754	4.8%
Female householder; no husband families	5,208	12.3%	375,722	12.4%	15,143,448	13.0%
Without children under 18 years	17,782	42.1%	1,145,370	37.7%	43,040,153	37.0%
Nonfamily Households	8,995	21.3%	994,604	32.7%	39,253,028	33.8%
Total Households	42,280	100%	3,041,710	100%	116,211,092	100%

Source: U.S. Census Bureau

Personal Income

According to the U.S. Census Bureau, Spotsylvania’s 2014 median household income was estimated at \$75,714 and median family income was estimated at \$88,880.

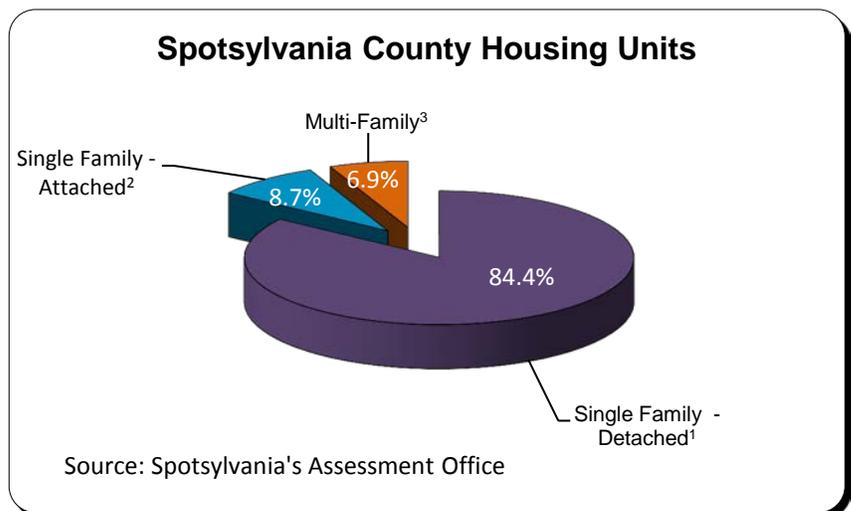
The estimated 2014 per capita income for Spotsylvania County is approximately 6% less than the state amount and approximately 12% higher than the national amount.



Source: U.S. Census Bureau

Housing

As of December 31, 2015 there are 46,461 housing units in Spotsylvania County. A housing unit can be multi-family or single-family, attached or detached. The majority (84.4%) of the housing units in Spotsylvania are single-family detached units. Since 2000, the number of housing units in the County has increased by 39.5%.



Source: Spotsylvania's Assessment Office

¹ Includes trailers, manufactured homes and mobile homes

² Consists of duplexes and townhouses

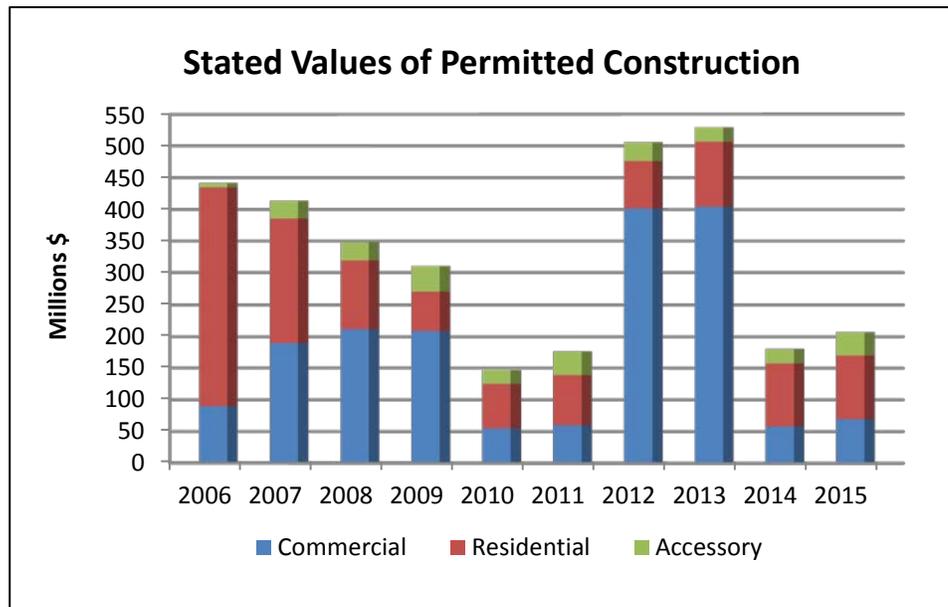
³ Consists of apartments and condominiums and assisted living housing units

Housing Units

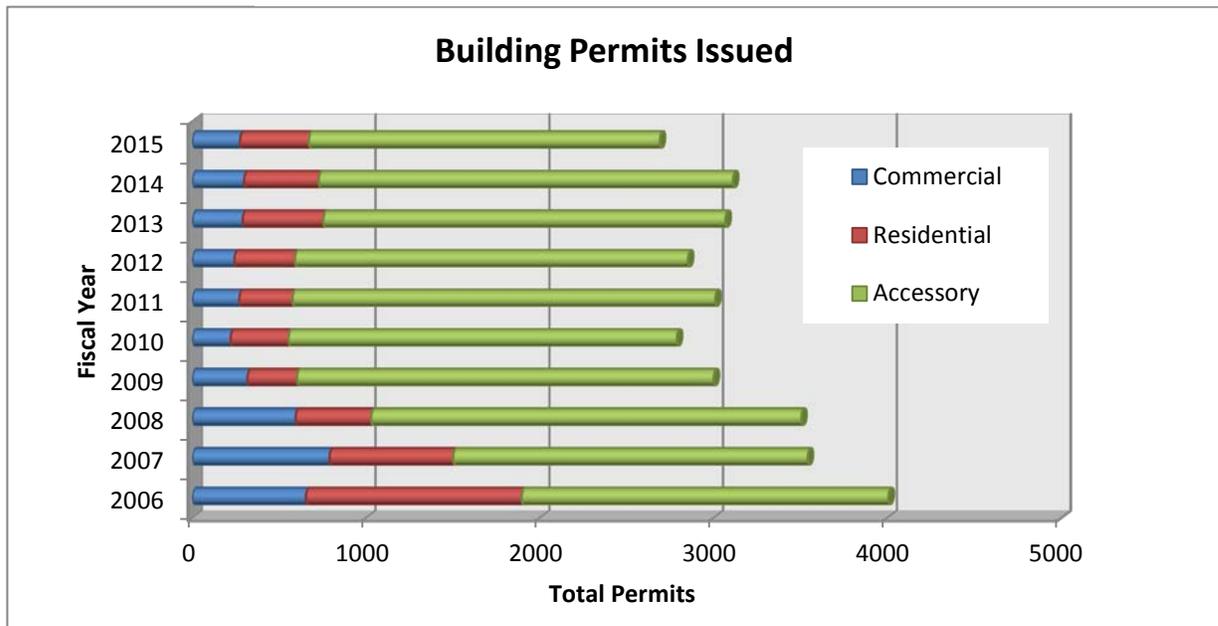
Housing Unit Type	2000	2010	2016
Single Family – Detached	28,804	37,141	39,203
Single Family - Attached	2,522	2,730	4,064
Multi-Family	1,983	3,136	3,194
Totals	33,309	43,007	46,461

The accompanying graphs illustrate construction activity within Spotsylvania during the past 10 years. The number and stated value of residential permitting grew annually from 2000 through 2005, and then began contracting. Commercial growth tends to lag behind shifts in residential growth, and that tendency is evident from historical permitting figures. An increase in the number of commercial permits continued through 2007. Commercial permitting then began declining in 2008, but bolstered by the value of permitted construction for the new Spotsylvania Regional Medical Center, permitted commercial values did not begin a noticeable decline until 2010.

In 2012 and 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 building/renovation projects where the stated value of each project was significant.



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 2015 figures are through May 31, 2015.



The 2015 building permit figures are through May 31, 2015

Approved Development

As of January 2016, 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	569	0	0	0	569	Lakeside	0	83	0	0	83
Estates of Chancellorsville	90	0	0	0	90	Brooks	0	4	0	0	4
Estates of Elys Ford	231	0	0	0	231	Estates at Terry's Run	10	0	0	0	10
Saw Hill	71	0	0	0	71	Woods of Catharpin Spotsylvania	15	0	0	0	15
Pelhams East	43	0	0	0	43	Courthouse Village	395	205	834	50	1,484
Whitehall	60	0	0	0	60	Crossroads Station	0	0	610	0	610
Tanglewood Estates	19	0	0	0	19	New Post	219	104	102	0	425
Estates at Kingswood	35	0	0	0	35	Fortune's Landing	49	0	0	0	49
Pamunkey Point	21	0	0	0	21	Silver Collection Apartments	0	0	274	0	274
Lee's Parke	586	0	0	227	813	Villas at Harrison Crossing	0	0	0	130	130
Sunrise Bay	36	0	0	0	36	Heritage Woods	697	180	183	0	1,060
Regency at Chancellorsville	0	0	0	189	189	Ni River Community Church	89	0	0	0	89
Glen Haven/ River Glen	43	0	0	0	43	Southpoint Landing	0	0	830	0	830
Reserve at Chancellorsville	122	0	0	0	122	Benchmark	0	98	0	0	98
Lafayette Crossing	21	0	0	0	21	Legends of Chancellorsville	218	0	0	0	218
Mallard Landing	130	0	0	0	130	Wheatland	0	98	0	0	98
Spring Arbor	61	0	0	0	61	Thorburn Estates	59	0	0	0	59
Summerfield	78	41	0	0	119	Jackson Village	0	695	1,190	385	2,270
Station Square/ Overlook Apt	0	0	340	0	340	Retreat at Chancellorsville	0	0	0	192	192
Keswick	150	90	240	184	664	Alexander's Crossing	518	971	888	230	2,607
Ni Village	0	164	773	0	937	Avalon Woods	98	0	0	0	98
Total of all units approved but not yet built							15,317				

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

Community Facilities

- 31 Schools
- 11 Parks
- 1 Outdoor Amphitheatre
- 6 Community Centers
- 1 Teen/Senior Center
- 1 Visitors Center
- 1 County Museum
- 1 Swimming Pool
- 73 Multipurpose Fields
- 46 Tennis Courts
- 50 Baseball/Softball Diamonds
- 7 Basketball Courts
- 130.7 miles of Trails
- 1 Animal Shelter
- 13 Convenience Centers
- 1 Landfill
- 11 Fire/Rescue Stations¹
- 2 Dams and Reservoirs
- 56 Pump Stations
- 2 Water Treatment Plants
- 3 Wastewater Treatment Plants
- 900 + miles water/sewer infrastructure

¹ Fire/Rescue Company 11 to open in FY 2016

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
Retail Trade	368	6,658	\$545
Educational Services	29	4,868	\$738
Health Care and Social Assistance	690	4,568	\$722
Accommodation and Food Service	187	4,153	\$298
Construction	290	2,146	\$810
Professional, Scientific, and Technical Services	253	1,869	\$1,831
Other Services (except Public Administration)	245	1,445	\$541
Transportation and Warehousing	73	1,307	\$852
Administrative and Support Waste Management	130	1,280	\$566
Manufacturing	60	1,136	\$906
Public Administration	37	1,076	\$956
Wholesale Trade	118	1,066	\$1,041
Arts, Entertainment, and Recreation	36	906	\$274
Finance and Insurance	94	483	\$947
Management of Companies and Enterprises	20	387	\$1,435
Real Estate and Rental and Leasing	96	372	\$655
Information	31	314	\$966
Utilities	7	83	\$1,064
Agriculture, Forestry, Fishing & Hunting	7	66	\$305
Mining, Quarrying, and Oil and Gas Extraction	2	N/A	N/A

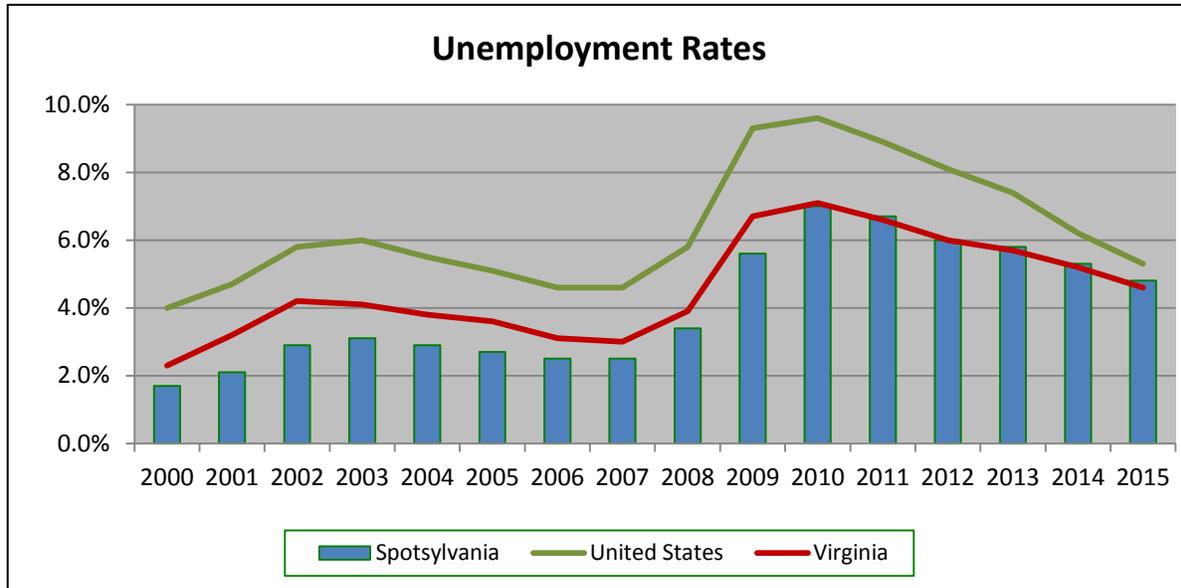
Source: Virginia Labor Market Information, Quarterly Census of Employment and Wages as of 2nd Quarter 2015

Employment Status within Spotsylvania

Employment Status	2000	2014	% Change
Population 16 years old or older	66,138	97,134	46.9%
In labor force	47,747	66,296	38.8%
- Employed - civilian	45,651	61,367	34.4%
- Employed - armed forces	595	653	9.7%
- Unemployed	1,501	4,276	184.9%
Not in labor force	18,391	30,838	67.7%

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’s unemployment rate ranks 48 out of 133 counties and cities within Virginia, as reported by the Virginia Employment Commission in November of 2015.



Source: Virginia Employment Commission

Top 20 Public & Private Employers within the County (as of June 2015)

Name	Nature of Business	Employee Range
Spotsylvania County Schools	Education	1,000+
Spotsylvania County Government	Local Government	1,000+
HCA Virginia Health System	Hospital	500-999
Wal-Mart	Retail	250-499
Food Lion	Grocery	250-499
CVS	Pharmacy Distribution Warehouse	250-499
Germanna Community College	Education	250-499
AT Solutions	Support to Counterterrorist Activities	250-499
Rappahannock Goodwill Industries	Rehabilitation Services	250-499
Temporary Solutions	Employment Agency	100-249
McDonalds’s	Restaurant	100-249
Giant Food	Grocery	100-249
Carmax	Automotive Dealer	100-249
Professional Employer Resource	Professional Employer Organization	100-249
EOIR Technologies	Sensor Technology	100-249
Kaeser Compressors	Air Compressors	100-249
SimVentions	Defense Contractor	100-249
Costco	Retail	100-249
Home Instead Senior Care	Senior Home Care Services	100-249
Target Corporation	Retail	100-249

Source: Virginia Employment Commission

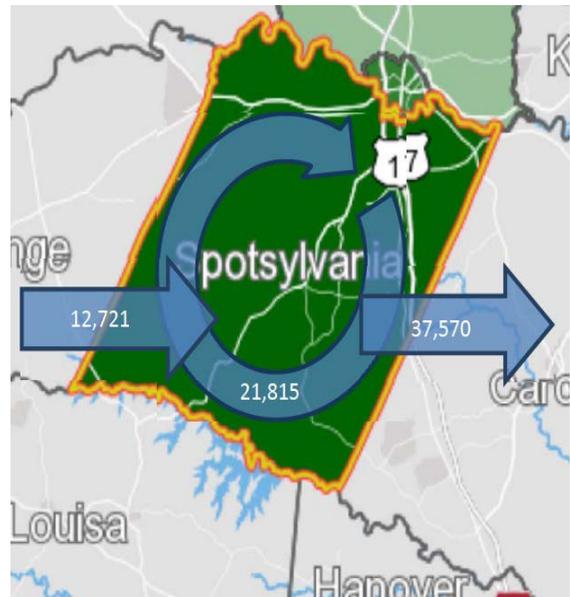
Other Public & Private Major Employers in Surrounding Area (as of June 2015)

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	500-999
Fredericksburg City Schools	Education	500-999
Caroline County Schools	Education	500-999
King George County Schools	Education	500-999
City of Fredericksburg	Local Government	500-999
McLane Mid Atlantic	Distributor for Convenience Stores	500-999
Medicorp Health System	Healthcare	500-999
Stafford Hospital Center	Hospital	500-999
Snowden Services	Healthcare	250-499
Intuit, Inc.	Developer of Tax Software	250-499
The Free Lance-Star Publishing Co	Newspaper Publisher	100-249

Source: Virginia Employment Commission

Spotsylvania Commuting Patterns - 2013

Commuting From	Area	Commuting To
-	Arlington County, VA	1,268
1,760	Caroline County, VA	447
510	Culpeper County, VA	572
304	Fairfax County, VA	4,275
1,917	Fredericksburg, VA	9,281
827	King George County, VA	1,516
1,336	Orange County, VA	516
644	Prince William County, VA	4,093
91	Richmond, VA	601
3,130	Stafford County, VA	7,558
36	Washington, D.C.	3,010
2,166	All Other Locations	4,433
12,721	Total Commuters	37,570



Spotsylvania County Workers	
Live and Work in Spotsylvania	21,815

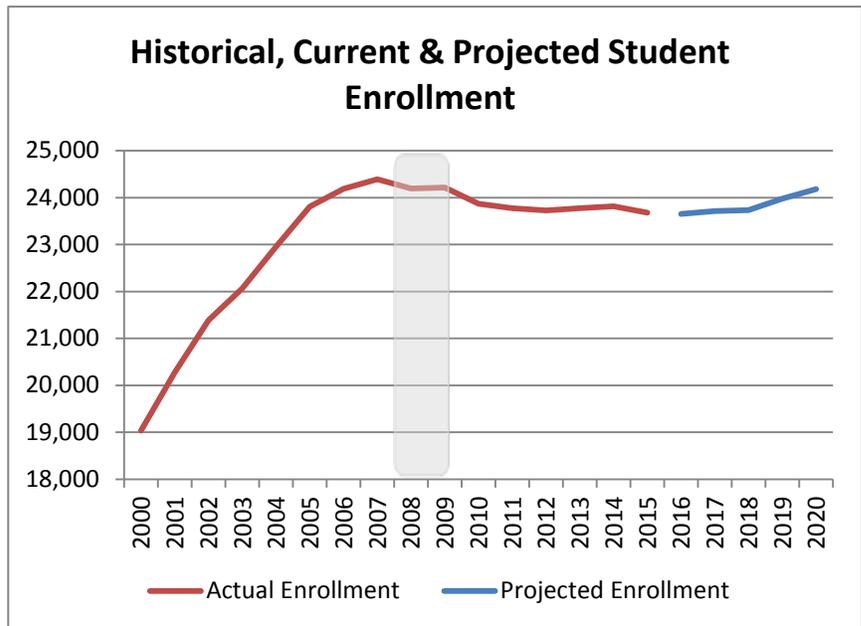
Source: U.S. Census Bureau

Education

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

Actual public school enrollment for the 2015-2016 school year was 23,678. Enrollment is projected to be 24,185 by the 2020-2021 school year.

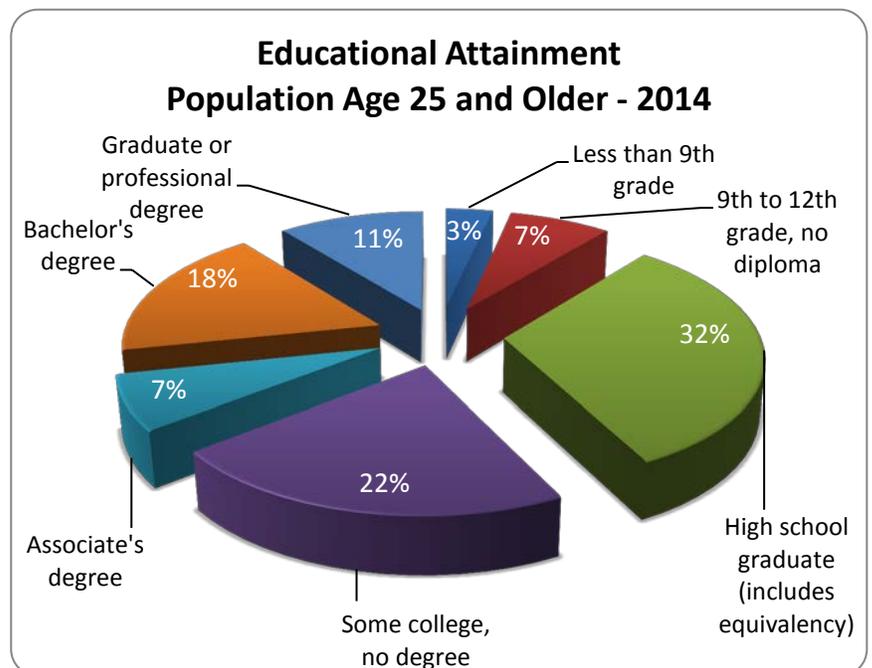
Enrollment is projected to continue to increase as the result of new residential housing developments.



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 an associate's, or higher, degree, while 89% of residents are high school graduates or higher.

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



Source: US Census Bureau

Supplemental Information

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	0.86**	0.831

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

**Represents the tax rate assumed in the FY 2017 Recommended Budget.

General Property Tax Rates¹

Calendar Year	Real Estate & Mobile Home	Personal Property ²	Business Furniture & Fixtures	Machinery & Tools	Heavy Construction Equipment
2016 ⁴	\$0.86	\$6.59/\$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 ³	5.95	2.50	2.00
2013	0.88	6.37	5.95	2.50	2.00
2012	0.88	6.37 ³	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 ³	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
2005	0.89	5.00	5.00	2.50	2.00
2004	0.86	5.00	5.00	2.50	2.00
2003	1.01	5.00	5.00	2.50	2.00
2002	1.01	5.00	5.00	2.50	2.00
2001	1.07	5.00	5.00	2.50	2.00

¹ 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.

² For years 2000 – 2014, the rate includes all personal property types. In 2015, there are two adopted rates, including a rate of \$6.73 on automobiles, campers, motor homes, motorcycles, pickups, and trucks and a rate of \$6.25 on boats and boat trailers.

³ The equalized personal property tax rate was \$6.33 in 2009, \$6.65 in 2012, and \$7.03 in 2014. However, the Board approved rates of \$6.26, \$6.37 and \$6.78, respectively. Equalized personal property rates were not calculated prior to 2009.

⁴ Rates shown for 2016 represent rates assumed in the FY 2017 Recommended Budget.

Real Estate Tax Rates per \$100 of Assessed Value

Locality	Population ¹	Tax Year 2014 Rate	Tax Year 2015 Rate	Change
Richmond City	214,114	\$1.2000	\$1.2000	-
Prince William	438,580	1.2212	1.1936	(0.0276)
Loudoun	349,679	1.1550	1.1350	(0.0200)
Fairfax	1,130,924	1.1135	1.1160	0.0025
Alexandria	148,892	1.0430	1.0430	-
Stafford	136,788	1.0190	1.0190	-
Fauquier	67,207	0.9920	0.9990	0.0070
Arlington	224,906	0.9960	0.9960	-
Chesterfield	327,745	0.9600	0.9600	-
Henrico	318,611	0.8700	0.8700	-
Spotsylvania	127,348	0.8600	0.8600	-
Caroline	29,298	0.8300	0.8300	-
Fredericksburg	28,132	0.7900	0.8200	0.0300
Hanover	101,330	0.8100	0.8100	-
Culpeper	48,506	0.8300	0.7300	(0.1000)
King George	24,926	0.5900	0.6100	0.0200

¹ Population figures from the U.S. Census Bureau (Year 2014 data for counties. Year 2013 data for cities.)

Real Estate Tax Bill History¹

Calendar Year	Tax Rate	Equalized Tax Rate	Example AV ²	Annual Tax Bill Based on Example AV ²	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	\$168	11.8%
2009	\$0.62		\$256,367	\$1,589	\$0	0.0%
2010	\$0.86	\$0.83	\$185,200	\$1,593	\$3	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	\$192,830	\$1,658	\$56	3.5%
2015	\$0.86		\$192,830	\$1,658	\$0	0.0%
2016	\$0.86	\$0.831	\$207,370	\$1,783	<u>\$125</u>	7.5%
					\$493	

¹ 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 \$207,370 in 2016. At the assumed \$0.86 rate for 2016, the real estate taxes on this *example* residential property would have increased by \$493 since 2004 – an average annual increase of 2.7%.

² AV = assessed value

Principal Property Taxpayers

As of December 31, 2015

Name	Type of Business	Assessed Value ¹	Amount of Tax	Percent of Total Taxable AV ²
Spotsylvania Mall Company	Shopping Mall	\$192,844,843	\$1,676,553	1.39%
Dominion Virginia Power	Public Utility	129,514,739	1,113,827	0.93%
Spotsylvania Regional Medical Center	Hospital	80,127,692	1,082,963	0.58%
Rappahannock Electric	Public Utility	76,248,952	699,055	0.55%
CVS VA Distribution	Warehousing	9,119,992	542,639	0.07%
Comcast of VA	Public Utility	8,482,416	504,704	0.06%
Verizon VA	Public Utility	47,910,169	436,995	0.35%
Lee Prop Harrison Crossing	Developer	34,831,100	299,547	0.25%
GLL BVK Properties	Developer	33,994,200	292,350	0.25%
Station Sq. at Cosner's Corner	Apartments	31,801,923	276,939	0.23%

Source: Treasurer, Spotsylvania County, Virginia

¹ 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.

² AV = assessed value

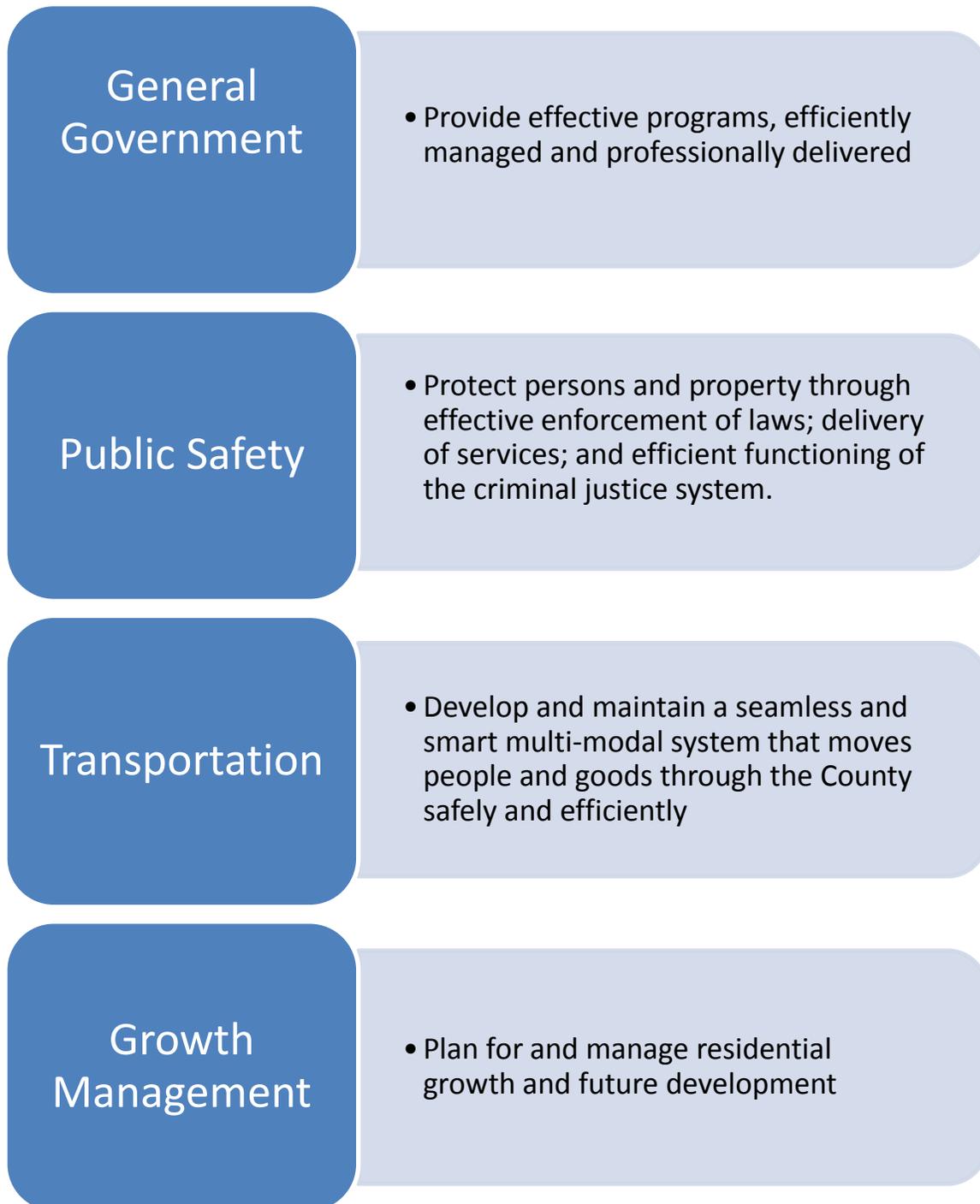


County Vision, Mission, & Goals

The County's vision is to "be a leading Virginia community in quality of living and a leader in the region in sustained economic development. The County will embrace as its highest purpose the promotion of the common good through ethical and visionary leadership and through motivated and skilled employees." The poster below is displayed in County offices to serve as employees' daily reminder of the County's vision, mission, and values. Representing the County focus, the vision is at the center of the display surrounded by five County values or objectives.



The County's four primary goals of promoting effective governmental, public safety and transportation programs and managing growth are shown below.



Linking County-Wide & Functional Goals

The following chart displays the links between long-term functional and County-wide goals. Additional information related to the functional goals and performance measures may be found in the Function/Department Budgets section of this document beginning on page 251.

Functional Goals	County-wide Goals			
	General Gov't	Public Safety	Transportation	Growth Mgmt
Executive Services				
• Promote a safe, healthy and prosperous community	✓	✓	✓	✓
• Maintain a customer-focused government	✓	✓	✓	✓
• Support a strong sense of community	✓	✓	✓	✓
• Implement County policy	✓	✓	✓	✓
Administrative Services				
• Provide accurate real property assessments & financial information	✓			
• Provide technical oversight and financial support to County departments	✓			
• Ensure accountability	✓			
• Provide range of technology services	✓	✓		
• Achieve AAA bond rating	✓	✓	✓	
Voter Services				
• Provide registration and voting opportunities	✓			
• Ensure proper operation and direction of all elections	✓			
• Satisfy internal and external reporting requirements and requests	✓			
Judicial Administration				
• Prosecute criminal cases		✓		
• Maintain comprehensive law library		✓		
• Provide Victim-Witness program		✓		
• Maintain court of record, deeds and probate	✓	✓		
Public Safety				
• Protect life and property, and reduce the fear of crime		✓		
• Provide 24/7 Fire/EMS service		✓		
• Ensure the humane treatment of animals		✓		
• Provide services to juveniles		✓		
Public Works				
• Provide well-maintained facilities	✓	✓		
• Preserve water quality and environment	✓	✓		✓

Linking County-Wide & Functional Goals

Functional Goals	County-wide Goals			
	General Gov't	Public Safety	Transportation	Growth Mgmt
Health & Welfare				
• People helping people	✓	✓		
• Strengthen family units	✓	✓		
• Ensure safety and well-being of children in agency custody	✓	✓		
• Investigate report of abuse and neglect	✓	✓		
• Build cooperative and productive relationships with stakeholders	✓	✓		
Parks, Recreation & Cultural				
• Enhance quality of life for Spotsylvanians	✓			
• Provide sustainable recreational programs	✓			
• Provide visitor services to local residents as well as to travelers	✓			
Community Development				
• Contribute to a high quality of life	✓	✓	✓	✓
• Promote business growth and development	✓		✓	✓
• Promote tourism	✓			
• Provide learning opportunities	✓			
Transportation		✓	✓	✓
Education				
• Provide effective instructional services	✓			
• Promote a positive and effective learning environment	✓			
• Encourage parent engagement and dynamic community partnerships	✓			
• Ensure a supportive organizational structure	✓			
Food Service				
• Support the learning experience	✓			
Capital Projects	✓	✓	✓	✓
Debt Service	✓	✓	✓	✓

FY 2017 Recommended Budget - All Funds

	FY 2015 Actual	FY 2016 Adopted	FY 2016 Amended	FY 2017 Recommended	Variance (rec. to adopt) Amount	Percent
Revenues (by type)						
Property Taxes	\$156,105,286	\$154,038,898	\$154,038,898	\$161,820,460	\$7,781,562	5.1%
Other Local Taxes	\$39,366,645	\$39,525,708	\$39,525,708	\$40,883,351	\$1,357,643	3.4%
Licenses & Permits	\$272,506	\$263,200	\$263,200	\$288,825	\$25,625	9.7%
Charges for Services	\$39,390,089	\$39,273,018	\$39,273,018	\$40,896,599	\$1,623,581	4.1%
Other Local Revenue	\$25,776,585	\$24,185,535	\$28,387,592	\$23,758,646	(\$426,889)	-1.8%
Debt Proceeds	\$101,610,170	\$14,879,776	\$50,755,636	\$34,654,985	\$19,775,209	132.9%
State Revenue	\$163,668,930	\$164,069,868	\$170,202,421	\$167,344,516	\$3,274,648	2.0%
Federal Revenue	\$20,971,109	\$15,905,955	\$19,353,409	\$15,688,279	(\$217,676)	-1.4%
Subtotal - Revenue	\$547,161,320	\$452,141,958	\$501,799,882	\$485,335,661	\$33,193,703	7.3%
Transfers In	\$131,716,421	\$136,807,197	\$145,757,276	\$133,758,884	(\$3,048,313)	-2.2%
Use of Fund Balance	(\$19,641,693)	\$15,784,161	\$106,662,580	\$2,994,123	(\$12,790,038)	-81.0%
TOTAL REVENUE - All Funds	\$659,236,048	\$604,733,316	\$754,219,738	\$622,088,668	\$17,355,352	2.9%
Expenditures (by function)						
Executive Services	\$2,846,912	\$4,562,514	\$4,045,202	\$3,785,489	(\$777,025)	-17.0%
Administrative Services	\$11,329,064	\$12,581,874	\$13,144,731	\$12,706,541	\$124,667	1.0%
Voter Services	\$269,087	\$343,597	\$416,140	\$337,823	(\$5,774)	-1.7%
Judicial Administration	\$3,823,819	\$4,032,366	\$4,180,977	\$4,051,039	\$18,673	0.5%
Public Safety	\$47,104,738	\$49,862,058	\$52,851,202	\$51,760,779	\$1,898,721	3.8%
Public Works	\$24,941,578	\$29,886,960	\$30,273,673	\$28,950,875	(\$936,085)	-3.1%
Health & Welfare	\$17,068,025	\$18,935,964	\$19,050,082	\$19,071,887	\$135,923	0.7%
Parks, Recreation & Cultural	\$6,848,210	\$6,960,476	\$6,977,489	\$7,101,319	\$140,843	2.0%
Community Development	\$4,234,113	\$4,615,806	\$7,991,971	\$5,112,401	\$496,595	10.8%
Debt Service	\$127,040,828	\$48,704,061	\$65,453,787	\$53,272,862	\$4,568,801	9.4%
Capital Projects	\$38,596,781	\$39,015,003	\$153,104,589	\$48,861,184	\$9,846,181	25.2%
Transportation	\$2,205,035	\$3,428,324	\$3,282,691	\$3,637,527	\$209,203	6.1%
Education	\$231,588,961	\$234,770,236	\$237,463,048	\$239,171,758	\$4,401,522	1.9%
Food Service	\$8,625,566	\$9,271,699	\$9,271,699	\$9,515,526	\$243,827	2.6%
Subtotal - Appropriated Expenditures	\$526,522,717	\$466,970,938	\$607,507,281	\$487,337,010	\$20,366,072	4.4%
Tax Relief	\$996,910	\$955,181	\$955,181	\$992,774	\$37,593	
Subtotal - Recommended Budget	\$527,519,627	\$467,926,119	\$608,462,462	\$488,329,784	\$20,403,665	4.4%
Transfers Out	\$131,716,421	\$136,807,197	\$145,757,276	\$133,758,884	(\$3,048,313)	-2.2%
TOTAL EXPENDITURES - All Funds	\$659,236,048	\$604,733,316	\$754,219,738	\$622,088,668	\$17,355,352	2.9%
Appropriated Expenditures (by category)						
Personnel (salaries & benefits)	\$273,732,369	\$282,814,611	\$285,093,360	\$289,448,241	\$6,633,630	2.3%
Operating (other than debt service)	\$85,242,511	\$93,826,744	\$102,517,624	\$95,523,707	\$1,696,963	1.8%
Debt Service	\$126,488,753	\$48,704,061	\$65,453,787	\$53,272,862	\$4,568,801	9.4%
Capital	\$41,059,081	\$41,625,882	\$154,442,510	\$49,092,200	\$7,466,318	17.9%
TOTAL APPROPRIATED EXPENDITURES - All Funds	\$526,522,714	\$466,971,298	\$607,507,281	\$487,337,010	\$20,365,712	4.4%

