

Table of Contents

Introduction and Overview

Board of Supervisors.....	1
Staff.....	2
Budget Award	3
Guide to Using this Document.....	5
Budget Message	7

Budget at a Glance.....	21
Overview of Spotsylvania County.....	23
Supplemental Information	34
County Vision, Mission, & Goals.....	39
Linking County-wide & Functional Goals	41
Budget Summary – All Funds.....	43

Financial Structure, Policy & Process

Organization Chart by Function.....	45
Organization Chart by Departments.....	46
Fund Structure & Basis of Budgeting.....	47
Funds, Functions & Departments.....	49
Fiscal Policy Guidelines	53
Planning Processes	63
Annual Budget Process	65
FY 2016 Budget Calendar.....	67

Financial Summaries

Budget Summary – All Funds.....	69
Sources and Uses of Funds	70
Budget Summary – By Fund.....	72
Individual Fund Sheets.....	74
Changes in Fund Balance – All Funds	86
Revenues.....	89
Budget Summary – Revenue	117
Financial Forecast	127

Capital and Debt

Capital Improvement Plan	133
Capital Projects Staffing.....	147
Debt Information	229

Function/Department Budgets

Total Full-Time Equivalents	235
Salary and Benefits	237
Personnel Changes.....	239
Compensation Board Positions.....	240
Net Tax Supported Expenditures	241
Citizen Services/Regional Agencies.....	242

Function/Department Budgets.....	243
----------------------------------	-----

Executive Services

Board of Supervisors	250
County Administration	251
County Attorney	252
Non-Departmental	253
Executives Services Staffing	254

Administrative Services

Human Resources.....	264
Commissioner of Revenue.....	265
Assessment.....	267
Treasurer	268
Financial Services.....	269
Information Services	270
Administrative Services Staffing	272

Voter Services.....

Electoral Board/Registrar	278
Voter Services Staffing	279

Judicial Administration

Circuit Court.....	284
General District Court.....	285
Magistrate	286
Juvenile & Domestic Relations Court.....	287
Clerk of the Circuit Court.....	288
Commonwealth’s Attorney	289
Victim/Witness Program	289
Judicial Administration Staffing	291

Public Safety	293
Sheriff	301
Fire, Rescue and Emergency Mgmt..	305
Fire & Rescue Allocation & Consolidated	
Budgets.....	308
Fire EMS Service Fee	309
Regional Detention Facilities.....	310
Rappahannock Regional Jail	310
Rappahannock Juvenile Center	310
Chaplin Youth Center	310
Court Services Unit.....	312
Medical Examiner.....	313
Building Division	314
Public Safety Staffing	316
Public Works	319
Facilities Management	324
Refuse Management	326
Water & Sewer	328
Public Works Staffing.....	333
Health & Welfare	337
Local Health Department	343
Rappahannock Area Community	
Services Board	344
Social Services	345
Comprehensive Services Act (CSA)	346
Germanna Community College	347
Health & Welfare Staffing.....	348
Parks, Recreation & Cultural	349
Parks & Recreation	353
County Museum	355
Regional Library.....	356
Parks, Recreation & Cultural staffing....	357

Community Development	359
Planning	366
Economic Development	368
Economic Development Opportunities	
Fund	369
Tourism.....	370
Visitor Center	370
Virginia Cooperative Extension	371
Zoning Division	372
Community Development Staffing	373
Transportation	375
County Transportation Program	376
Joint Fleet Maintenance	379
Transportation Staffing.....	380
Education	381
Appendix	
Glossary/Acronyms	387



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Complete budget available on the County's website at:
<http://www.spotsylvania.va.us/budget>

Special Appreciation

Spotsylvania County Budget Staff extends special thanks to **Minuteman Press** for providing quality printing services for the FY 2016 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, 2014.

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.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Spotsylvania County
Virginia**

For the Fiscal Year Beginning

July 1, 2014

A handwritten signature in black ink, appearing to read 'Jeffrey R. Egan'.

Executive Director



Guide to Using this Document

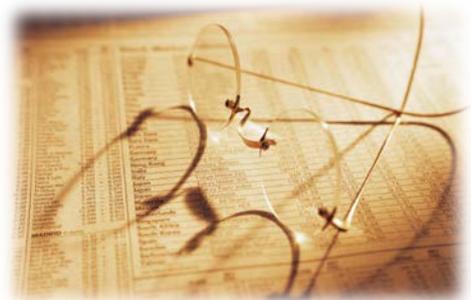
Spotsylvania County Government is responsible for many different programs designed and operated to provide quality community services. The oversight of these programs is a daily challenge for County employees, but understanding them can be of equal challenge for citizens. This budget document was developed 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 2016. 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 2016 budget.

- The County Administrator’s Budget Message – a brief statement summarizing the challenges and the strategic priorities and budgetary plans for addressing those challenges;
- The Budget at a Glance – a summary of the highlights of the FY 2016 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 2016 revenues by type and FY 2016 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 2016 revenue; and
- Financial Forecast – A five year projection of revenues and expenditures for the County’s major funds (General Fund, Transportation and Utilities).

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

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

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

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

Appendix Includes a glossary of terms and acronyms.

Recommended Budget Message – February 10, 2015

Dear Board of Supervisors Members:

Enclosed are my recommendations for the FY 2016 Budget; my final budget as County Administrator. This budget has a familiar theme – many worthwhile and necessary causes vying for limited additional resources. A budget boils down to priorities, levels of services and sustainability. Given the constraints placed on this year’s budget my recommendations provide a starting point for Board members’ consideration as you work to meet the challenge of developing and maintaining a budget at existing tax rates while providing a constant level of services to citizens. In fact, public safety is greatly enhanced in this budget as \$0.6 million is provided to staff and equip the new \$3.9 million Company 11 fire and rescue station, and \$2.9 million is allocated for the second-year costs of the estimated \$5.2 million computer-aided dispatch (CAD) system replacement. This budget also allows capital projects such as renovation of the Judicial Center and the former Sheriff’s Office, a new animal shelter, and numerous transportation projects to get underway, and funds a pilot program for performance-based pay increases.

The FY 2016 Recommended Budget

The FY 2016 Recommended Budget totals \$462.9 million – an increase of \$12.0 million (2.7%) compared to the FY 2015 Adopted Budget. When capital projects funds are excluded, the FY 2016 Recommended Budget is a \$4.4 million (1.1%) increase over the FY 2015 Budget.

	FY 2015	FY 2016	Difference	
	Adopted	Recommended	\$	%
General Fund	\$111,763,541	\$116,313,632	\$4,550,091	4.1%
Economic Dev. Opportunities Fund	566,960	575,338	8,378	1.5%
Code Compliance Fund	3,628,569	3,750,351	121,782	3.4%
Transportation Fund	7,840,074	8,233,722	393,648	5.0%
School Operating	255,216,671	255,314,387	97,716	0.0%
School Food Service	9,530,213	9,021,699	-508,514	-5.3%
Utilities	<u>31,680,488</u>	<u>31,451,313</u>	<u>-229,175</u>	-0.7%
Subtotal Operating Expenditures	\$420,226,516	\$424,660,442	\$4,433,926	1.1%
Capital Projects Fund	\$9,779,121	\$10,868,813	\$1,089,692	11.1%
School Capital Projects	7,739,145	18,629,525	10,890,380	140.7%
Utilities Capital Projects	<u>13,175,769</u>	<u>8,712,500</u>	<u>-4,463,269</u>	<u>-33.9%</u>
Subtotal Capital Expenditures	\$30,694,035	\$38,210,838	7,516,803	24.5%
Total Budget	\$450,920,551	\$462,871,280	\$11,950,729	2.7%

Key factors in maintaining high-grade bond ratings are continued in this budget. All fiscal policies are maintained, including a Fiscal Stability Reserve at 10% (\$38.1 million) of operating revenues; an operating budget contingency equal to 0.5% (\$540,000) of the General Fund; and multi-year forecasts for our major funds. The unassigned fund balance in excess of the 10% Fiscal Stability Reserve is estimated at \$1.1 million. Each of these funding pools allows for flexibility within the budget should our conservative estimates of revenues and expenditures not come to fruition. However, staff would first attempt to reduce expenditure budgets during the course of the year to shore up any projected shortfalls prior to making any recommendation to tap these funds.

What's New or Different in the Budget?

The following are notable items that have been added or adjusted in this budget:

Revenues:

- Preliminary assessed values have been used to estimate the real estate tax revenue that will come to the County in FY 2016. Overall, assessed values of real property have increased by 1.5% over last year's land book records and are projected to increase by 2.0% for calendar year 2016. These increases are attributable to new construction and rezonings. Real estate revenue is expected to increase by \$1.8 million in FY 2016.
- We finalized budget figures in December and information from the National Automobile Dealers Association (NADA) regarding vehicle values was not available until early February. For purposes of the estimates included in this budget, we have assumed an 8% decline - the three-year average trend - on vehicle values in the County. We have also assumed the existence of new and newer vehicles replacing some of the previously existing vehicles, as well as projected new growth, but have had to reset the base starting point for our growth assumptions because values have not increased to the degree expected for the FY 2015 Budget. All of these assumptions combine to yield a potential reduction of approximately \$900,000 in personal property revenue.
- There has been Board discussion on matching the personal property rate on boats to that of Louisa, or eliminating the tax on such property types altogether. Trying to match our rate to Louisa's proves problematic in that each County uses a different method of property valuation. Louisa uses 100% of the wholesale high value from the ABOS Marine & Boat Blue Book while Spotsylvania values boats based on a declining percentage of the purchase price, with 50% being the highest value on which taxes are based and 20% being the lowest. I will remind you that the assessment method is the Commissioner of the Revenue's prerogative while the scale used may be determined by the Board.

Using a very small sample of properties, staff determined that Spotsylvania's tax rate would need to be reduced from \$6.78 to \$3.13 to result in taxes equal to Louisa. The corresponding reduction in revenue if that significant reduction were made to the rate

equals \$700,000. I am recommending that projected personal property tax revenue be reduced by \$100,000 to allow for a reduction in the tax rate on boats and boat trailers to \$6.25 per \$100.

- Recordation revenue is reduced in FY 2016 by \$300,000 to be more consistent with revenue received in FY 2014 and currently projected for FY 2015.
- Meals and sales tax revenue is projected to increase in FY 2016. Sales tax receipts returned to pre-recession levels last fiscal year and are expected to continue increasing by 2.5% (\$200,000) in FY 2016. Somewhat surprisingly, meals tax receipts never declined during the recession and have been increasing by approximately 3% per year for each of the past three years. As such, 3% growth (\$246,000) is anticipated for meals tax receipts in FY 2016, as well.
- Reductions made in previous fiscal years to the fees collected for commercial disposal of Spotsylvania-generated refuse at the landfill have increased commercial use of the landfill, leading to significant increases in refuse disposal revenue for the past several years. What was \$156,000 in revenue in FY 2012 grew to \$1.5 million by FY 2014. We have budgeted refuse disposal revenue at \$1.5 million for FY 2016, as well – an increase of \$300,000 over the FY 2015 Budget.
- Subsequent to the adoption of the FY 2015 Budget, the County was awarded a two-year SAFER grant for 9 firefighter/medic positions. The FY 2016 Budget includes \$614,000 in revenue for the second-year commitment of funding for these positions.
- Because we anticipate increases in Social Services and CSA (primarily CSA) expenditures in FY 2016 based on prior-year service levels, we expect to receive increased revenue from the State, as well. We anticipate \$1.3 million in increased expenditures with an increase in revenue of nearly \$900,000 for Social Services and CSA.
- This budget assumes that Community Development fees are increased to recover 90% instead of the current 80% of the costs associated with the services for which the fees are paid. This change is expected to increase Community Development fees by \$100,000, allowing a transfer to the General Fund to reimburse a small portion of the funds the General Fund has provided to balance the Code Compliance Fund in recent years.
- Overall, when we set aside use of the fund balance and transfers from other funds, General Fund revenue is expected to increase by \$4.0 million (1.7%) in FY 2016. Even with this increase in revenue, because of the increase in estimated costs of base expenditures, including anticipated new debt service and staffing for the new Company 11 Fire Station, we started our budget deliberations with a \$3.8 million funding gap where expenditures exceed revenues. This \$3.8 million included none of the \$1.3 million in General Fund new

initiatives requested by department directors, and none of the \$2.7 million in additional revenue requested by the Schools.

Significant Base Budget Expenditure Adjustments:

I want to explain some of the significant adjustments occurring to base budget expenditures and then explain the steps staff and I have taken to balance this budget. The amounts included in the base budget figures below are net of cuts taken.

- The full-year cost in FY 2016 of items funded for only part of the year in FY 2015 adds \$192,000 to the base budget. These items include the health insurance increase that became effective in October 2014 as well as the heavy mechanic/welder, eligibility workers, and maintenance workers with approved Board funding at mid-year in FY 2015.
- Given our claims history and insurance reserve balances, health insurance rates are expected to remain constant for the employer and the employee in FY 2016. This is certainly welcome news after years of costly increases in premiums! The cost of other benefits is expected to increase by \$287,000 and includes shifting an additional 1% of the 5% employee VRS contribution to employees, plus increases in retiree health insurance, workers compensation and unemployment insurance premiums.
- The County will continue its partnership with regional agencies in FY 2016. Contributions to the jail and juvenile detention center are estimated to increase by approximately \$163,000. While this increase is partly related to increases in operating and debt service costs at these facilities, it is also due to an increase in Spotsylvania's usage of each facility. Due to a potential loss of federal inmates, the regional jail authority will not adopt a budget until late February. The final outcome of the jail budget could result in an increase in costs to participating localities.
- Technology continues to be a key factor in providing local government services – some of which occur 24 hours a day/seven days a week. As such, the Information Services budget includes increased funding of \$400,000.
- \$85,000 is added for three new part-time positions to manage increased tonnage at the landfill and to support the leaf/green waste program being implemented at the landfill. Additionally, \$64,000 is included for full-year funding of the new Economic Development Project Manager approved during FY 2015.
- Other adjustments to the base for expenditures such as maintenance service contracts; mileage, lodging and education costs; auto repairs; auto and liability insurance; and General Fund capital expenditures increased while utility and fuel costs are projected to decrease. The net impact of these changes to the base budget is an increase of approximately \$482,000.

- The budget for CSA expenditures is increased by \$1.0 million based on historic costs of services provided by that program. Additionally, the budget for Social Services programs is increased by approximately \$300,000, primarily for foster care and adoption programs. We anticipate an increase in State revenue of nearly \$900,000 for these increased costs.

Public Safety Base Budget Initiatives:

- The public safety radio system project is expected to be completed at mid-year FY 2016. Therefore, I am recommending full funding for the previously unfunded Radio Network Engineer to ensure we have adequate support in place for the new system when it becomes operational.
- Nine firefighter/medic positions were added to the FY 2015 Budget during the course of FY 2015 when the County was awarded the SAFER grant for the positions. The full-year cost in FY 2016 of these nine positions adds \$616,000 to the base budget. Be aware that this is the second and final year of SAFER funding for these positions. To retain these positions in FY 2017, the County will need to fund the more than \$616,000 cost on its own.
- \$580,000 is added to the base budget to staff the new Co. 11 station. Funded are 12 new firefighter/medic positions, one captain, and two lieutenants to be hired in February 2016. Due to cuts necessary to balance this budget, the funded positions are three firefighter/medic positions short of the number originally requested by the fire chief. The work of the three floater positions not being funded will be made up with staff from other fire stations floating to Co. 11 when necessary. We are planning to apply for a SAFER grant for next year to fund these three positions as well as six additional firefighter/medic positions. The new Co. 11 positions will be hired in February 2016 to provide time for training prior to the opening of the new station, which is anticipated in late FY 2016. The FY 2017 budget will increase by more than \$400,000 when we fund the additional positions for a full twelve months.
- \$300,000 in overtime is added to the FREMS budget to allow for coverage by career staff in areas where the volunteers no longer are able to provide coverage and to fund overtime necessary for training of the Water Rescue and Technical Rescue teams
- \$84,000 is provided for the career development of Firefighter Specialists positions. We anticipate that offering this opportunity to staff will result in reduced turnover, netting a \$199,000 decrease in overtime costs related to training of new personnel.
- The County partnered with the City of Fredericksburg to assume animal control duties for the City. Two part-time Animal Control Officers were converted to full-time to address the additional workload. Funding for this increased cost, along with increases in fuel,

insurance, auto repairs, etc., will be covered with the City's annual payment of \$100,000 to the County.

- As I noted earlier, \$2.9 million of the estimated \$5.2 million cost of replacing the CAD system is included for cash funding in FY 2016.

Other-Than-Base Initiatives:

- The FY 2015 Budget that we are currently operating under is the seventh budget in as many years to not include a merit increase acknowledging employees' length of service to the County. All else being equal, someone who has seven years of experience with the County earns the same as someone who was just hired in the same position. Aside from staffing Co. 11, my primary goal for this budget was to include funding to reinstate a system of merit-based pay initiatives.

Due to the recession we have not utilized a merit program for the past seven years. Meanwhile, some of our employees have risen to the challenge of doing more with less. I recently heard about a Social Services employee who, when a client's home was in serious need of cleaning, returned to the client's home after working hours – on his/her own time – to help the client clean the house, and who now routinely goes back to provide trash removal service because the family lacks transportation. Also, I am aware of staff members working on holidays and weekends to meet difficult deadlines for certain projects because they know other departments' work hinges on what they are working on and if they are late with their work, it will cause a problem for others. For instance, our Finance staff worked nights, weekends, and holidays as necessary to prepare, explain and publish this budget in a timely manner.

In an effort to make up the gap needed to balance the budget and to find funding for merit-based pay, departments were asked to make permanent 3% cuts to their budgets without impacting filled positions. I applaud all departments for their support of this request. When the Sheriff provided his reductions, he wanted it understood that he expected at least a portion of the savings to come back in the form of increases for employees.

I believe we need to reward exceptional County employees. I have included \$500,000 as seed money from the fund balance to pilot a merit pay program through which those who consistently perform at the highest levels will be rewarded at the highest levels, and employees who perform the least will receive little to no pay increases. Although this amount is inadequate to fully fund the program, I will look for other potential sources of revenue to make up the difference. All of the details have not been worked out, but Human Resources staff is working on procedures that will help implement this pilot. Any pay adjustments provided under this program in FY 2016 will be in the form of one-time bonuses. However, I hope ongoing funding can be allocated in future budgets to continue the program.

Debt Service and the Capital Improvement Plan (CIP):

- The required guideline transfer of cash from the General Fund to the CIP is 3.00% of General Fund revenues, or \$7.1 million in FY 2016; up \$703,000 over the prior year's budget. This funding will pay for CIP projects such as a portion of the CAD system replacement; technology replacements; multiple Solid Waste program projects; resurfacing of tennis courts; major maintenance to the Loriella pool; replacement fire trucks and ambulances; and a new ambulance for Co. 11.
- In addition to the guideline transfer to the CIP, \$2.5 million is transferred to the Capital Projects Fund from the General Fund balance to fund a portion of the CAD system replacement, and a portion of the replacement fire equipment. Using the fund balance for this purpose allows us to reduce the amount of funding to be borrowed this coming summer, thereby reducing the amount of new debt service included in the FY 2016 Budget and in future years and avoiding an estimated \$335,000 in total interest costs.
- \$9.6 million in general projects are recommended to be financed this coming summer. \$7.9 million will go toward renovation of the Judicial Center while \$1.1 million is allocated to renovation of the former Sheriff's Office. \$0.2 million will be allocated to design of a new animal shelter and \$0.5 million will be used for replacement of fire trucks. The debt service associated with these financed projects adds approximately \$420,000 to the General Fund budget net of savings on existing debt service.
- The Transportation Fund is impacted by new debt service associated with the final installment of costs associated with improvements to the "fair" unpaved roads, and local costs for improvements at exits 118 and 126; Harrison Road between Old Plank and Gordon; the Thornton Rolling Road/Rt. 17 intersection; resurfacing of Grand Brooks Road; relocation of the Ely's Ford Road/Rt. 3 intersection; and corridor studies for Rt. 1, Rt. 208, Rt. 2 and Rt. 17. We have applied to the State for FY 2016 Revenue Sharing on most of these projects and expect to learn the results of our applications in the summer.

Steps Taken to Balance the Budget

I mentioned earlier that when we started budget deliberations, projected expenditures exceeded projected revenues by \$3.8 million. Following are the areas where modifications were made to permit a balanced budget. Savings are indicated in parentheses at the end of each item.

- Reduced the number of firefighter/medic positions at Co. 11 from 15 to 12 (\$95,000);
- Budgeted to hire Co. 11 positions in February 2016 instead of in November 2015 (\$288,000);

- Departments were asked to make permanent 3% cuts to their budgets without impacting filled positions in an effort to close budget shortfalls and attempt an ongoing pay increase. Every department made an effort, but not every department was able to do this, as some County departments’ budgets consist primarily of salaries and benefits for staff. Two departments offered and I accepted reductions in positions. One position has an impending retirement and the other is currently unfilled (\$1,241,000)¹;
- Funded one-time purchase of replacement furniture and equipment with use of the General Fund balance (\$331,000);
- Made adjustments to current and planned capital projects to gain debt service savings (\$1,234,000)²;
- Given the public safety and other needs of the County, there is no funding available for an additional transfer to the Schools. In fact, I’m recommending a reduction of \$615,000 (0.5%) in the transfer to the Schools for FY 2016. Existing debt service for the Schools is declining by \$1.5 million, therefore, when the \$615,000 reduction in the transfer is factored in, net new local funding for the Schools’ use is \$888,000. However, it does not provide a level transfer to the Schools and will require them to reprioritize their expenditures.

Net New Funds for Schools:	
FY 2015 -	\$22,897,604
FY 2016 Existing -	<u>\$21,394,581</u>
Difference –	\$1,503,023
Transfer available -	\$1,503,023
Less reduction -	<u>\$615,000</u>
Net new available -	\$888,023

What’s Not Included in the Budget

- In addition to the cuts made by departments and adjustments made to existing and next year’s capital projects to reduce debt service costs, none of the \$1.3 million in General Fund new initiatives requested by department directors/constitutional officers was included in the budget. I determined \$454,000³ of the \$1.3 million to warrant additional consideration and discussion during budget deliberations, but available funding just did not allow for me to include these worthwhile items in the budget.
- There is no COLA or other ongoing pay increase factored into this budget.
- Aside from the reduction of \$224,000 in revenue associated with the State’s reinstatement of revenue reversion⁴ accounts, the budget was not impacted by any recommendations made by the Governor for FY 2016. Staff will continue to monitor the

¹ See the budget message appendix for additional information on departmental cuts.

² See the budget message appendix for additional information on adjustments made to capital projects.

³ See the budget message appendix for additional information on department requests.

⁴ See the budget message appendix for additional information on the reversion accounts.

State budget process and will keep the Board informed as amendments to the FY 2016 State budget are finalized.

Expected Future Challenges

Each year Budget staff prepares a five-year financial forecast with the most recent budget set as the first of the five years. Projected out-year costs are compared to projected out-year revenues to arrive at an estimate of annual budgetary deficits or surpluses. The forecast assumes annual inflation in materials and supplies; annual merit increases and COLAs for employees; transfers to the Schools based on a cost per pupil allocation adjusted for steps, COLAs, and inflation; transfers to other funds based on current practices and fiscal policy guidelines; and debt service based on the FY 2016 – FY 2020 Recommended CIP.

Be aware that the reinstatement of the decal transfer in FY 2018 I noted previously will create an automatic \$2.8 million hole in the General Fund. Also critical to out-year budget balancing will be the advancement of construction related to approved, but currently not built-out, developments. Through mid-January 2015, a total of approximately 10,500 residential units are approved but not yet built. These units are expected to house approximately 23,200 new residents of whom 3,900 are expected to be students in Spotsylvania’s schools. The residences are expected to generate more than 2,700 new fire/rescue calls. While these developments are expected to have a positive impact on County revenues through added real estate, personal property, recordation, meals tax and sales tax, upon build-out they will have significant costs in terms of demands on our infrastructure. Monitoring of the build-out will be essential to the allocation of funding for infrastructure and operating purposes to maintain an acceptable level of service.

By reprioritizing capital projects; using the fund balance to cash fund certain capital projects; making reductions to operating budgets; excluding new other-than-base budget requests received from departments; reducing the Schools’ transfer by \$615,000; not including any COLA or other on-going pay adjustment; and funding a merit pilot program through the fund balance, we were able to balance the FY 2016 Recommended Budget at existing rates while reducing the rate for boats and boat trailers. However, when the expenditure assumptions noted above are weighed against the projected gradually increasing revenues at equalized rates beyond FY 2016, sizable budget deficits are anticipated over at least the next four years. Since State law requires balanced budgets, unless revenue projections improve significantly, the budget deficits shown in the forecast (page 127) for FY 2017 – FY 2020 will need to be addressed during each budget cycle through increased taxes and/or fees, additional reductions in budgeted expenditures, reprioritization of financed capital projects, or a combination of each of these options. In other words, a budget where out-year expenditure projections exceed out-year revenue projections is not sustainable.

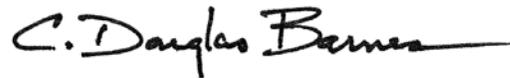
In the near term, we must be diligent about finalizing the estimates associated with personal property values and determining the impact of lower-than-estimated values on the current year budget as well as on the FY 2016 Budget, monitoring changes in the State budget, and carefully

reviewing the CIP – particularly the transportation CIP – to create a realistic funding plan that can be afforded with projected revenues.

Conclusion

As stated in the beginning of my message, this budget is the starting point as we develop a budget that balances available funding for services while recognizing the financial constraints placed on the County by State and Federal mandated programs as well as lack of new revenue sources.. As the Board clearly identifies its priorities for FY 2016, staff is prepared to provide sound financial options that take into account immediate and future outcomes. We have a number of budget work sessions scheduled in the coming months, as well as a budget public hearing scheduled for March 26. I look forward to working with you, the School Board, the public, the Citizens Budget Review Committee, and the County's dedicated employees as we develop your FY 2016 Adopted Budget.

Sincerely,

A handwritten signature in black ink that reads "C. Douglas Barnes" with a long horizontal flourish extending to the right.

C. Douglas Barnes
County Administrator

Appendix

Department Cuts

Departments were asked to make permanent 3% cuts to their budgets without impacting filled positions in an effort to close budget shortfalls and attempt an ongoing pay increase. Every department made an effort, but not every department was able to do this, as some County departments’ budgets consist primarily of salaries and benefits for staff. Two departments offered and I accepted reductions in positions. One position has an impending retirement and the other is currently unfilled.

Board of Supervisors	\$2,000
County Administration	\$2,000
Human Resources	\$21,512
Independent Auditor	\$17,893
Commissioner of Revenue	\$18,177
Assessment	\$17,926
Treasurer	\$15,000
Finance & Procurement	\$18,845
Information Services	\$171,611
General District Court	\$1,500
Juvenile & Domestic Relations Court.....	\$1,379
Victim/Witness.....	\$1,000
Sheriff – Courts	\$7,700
Sheriff – Law Enforcement.....	\$483,200
Sheriff – Communications.....	\$27,046
Sheriff – Animal Control.....	\$25,900
Fire/Rescue	\$89,442
Court Services Unit.....	\$6,970
Regional Agencies (RASCB)	\$45,765
Facilities Management.....	\$96,997
Social Services/CSA	\$18,759
Parks & Recreation.....	\$92,049
Planning.....	\$3,071
Economic Dev./Tourism/Visitor Center	\$52,510
Extension Office	<u>\$2,355</u>
Total	\$1,240,606

Capital Projects Adjustments

Following are the adjustments made to current and planned capital projects to gain debt service savings and balance the FY 2016 Recommended Budget:

- Transfer \$2.5 million of the General Fund balance to the Capital Projects Fund to cash fund the CAD system and a portion of the fire trucks being replaced;
- Make use of existing fire equipment during the three months of FY 2016 that Co. 11 is to be operating in FY 2016. Shift purchase of a new pumper for Co. 11 to FY 2017;
- Shift Fire Training Center funding from FY 2016 to FY 2017;
- Use savings in existing technology projects to reduce the borrowing planned for renovation of the Judicial Center;
- Assume \$1 million of the FY 2015 fire equipment reserve is available and used in FY 2016 to reduce the borrowing planned for replacement fire equipment;
- Shift landfill development project out by one year;
- Assume existing funds for Sheriff's Office dog kennel project to be used to reduce borrowing for animal shelter;
- Remove Merchants Square renovations from CIP and assumed existing \$321,000 budgeted for that project is transferred to the Judicial Center project to reduce the borrowing planned for the Judicial Center;
- Remove public safety intersection signal triggers from the CIP;
- Shift the Facility Asset Management project by one year such that \$0 in new funding is added in FY 2016;
- Shift the Parks & Recreation system upgrade and the State Income Tax system replacement to FY 2017;
- Remove UPS system costs from FY 2016;
- Assume the State pays for voting machines to be replaced;
- Shift Solid Waste truck replacement to FY 2017; and
- Reduce the Fiber Network project by \$30,000 and computer replacements by \$103,000.

Department Requests Considered But Not Included

I determined \$454,000 of the \$1.3 million to warrant additional consideration and discussion during budget deliberations, but available funding did not allow these worthwhile items to be included in the budget.

- Three new positions in Information Services – a business analyst, network engineer and imaging technician;
- A part-time deputy clerk position for the Clerk of the Circuit Court office;
- A new E911 training supervisor and conversion of two part-time positions to fill other duties in the Sheriff's Office;
- An increase in part-time hours for management of the farmers' markets;
- An increase in part-time hours for the Treasurer's Office;
- Pay parity Specific pay increases for certain Fire/Rescue division staff;

- Succession management and retirement exit strategies in Information Services; and
- An increased contribution to the Historical Society and additional exhibit cases for the museum.

Reversion Accounts

From FY 2009 to FY 2013, localities were required to send a portion of State aid back to the State. Spotsylvania returned a total of \$2.4 million during that timeframe. As part of the State's balancing of expected shortfalls during the course of FY 2015, reversion of revenue from Virginia's localities to the State has been reinstated. Spotsylvania paid approximately \$224,000 at mid-year FY 2015 as its share of a \$30 million Statewide cut and is expected to pay the same again in FY 2016. This amount shows in the budget as negative revenue.





FY 2016 Recommended Budget at a Glance

Budget Focus

- Maintain priority services – education, public safety, transportation
- Maintain all fiscal policy guidelines
- Fund commitments (jail, juvenile center, regional agencies, existing debt service, Social Services/CSA)
- Funding to staff the new Fire/Rescue station in Lee's Hill (Co 11)
- Full year funding of ongoing items funded for only a portion of FY 2015

Budget Highlights

Schools –

- The local transfer to the School Operating Fund is decreased by \$615,000. Existing debt service for the Schools is declining by \$1.5 million, netting an increase in new local funding for the schools of \$888,000.

Public Safety –

- One Captain, two Lieutenants and twelve Firefighter/Medics are funded starting in February 2016 to staff the new Co 11 Fire/Rescue station which is anticipated to open prior to the close of FY 2016.
- Funding for career development of Firefighter Specialists positions to reduce turnover.
- Increase in FREMS overtime to allow for coverage by career staff in areas where the volunteers no longer are able to provide coverage and to fund overtime necessary for training of the Water Rescue and Technical Rescue teams.
- Funding for the previously unfunded Radio Network Engineer to ensure we have adequate support in place for the new public safety radio system.
- \$2.9 million of the estimated \$5.2 million cost of replacing the CAD system is included for cash funding.

Transportation –

- VRE revenue allows suspension of transfer of decal and set-aside revenue for the sixth year.
- Intersection improvements and improvements to exits 118 and 126 along with several other surfacing, widening and intersection projects are included in the CIP.

Tax Rates/Fees –

- Real Property tax rate remains at \$0.86.
- To address the Board's concerns with property taxes on boats and boat trailers, the Personal Property tax rate is reduced to \$6.25 per \$100 for boats and boat trailers.

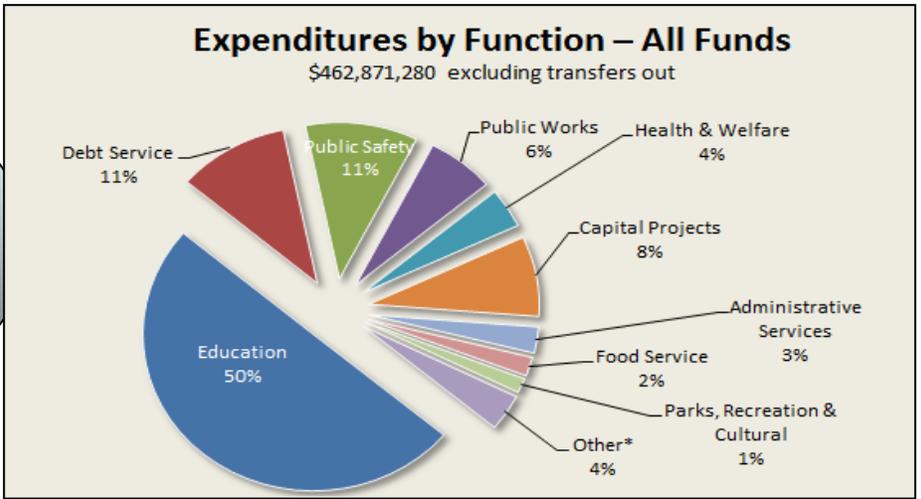
Staff –

- A \$500,000 use of General fund balance is recommended to pilot a merit pay program through which those who consistently perform at the highest levels will be rewarded at the highest levels and employees who perform the least will receive little to no pay increases.
- Additional 1% pay increase to help offset the additional 1% VRS contribution employees must pay.
- Net of 15 new full-time positions added for public safety.

	FY 2015 Adopted	FY 2016 Recommended	Difference	
			\$	%
General Fund	\$111,763,541	\$116,313,632	\$4,550,091	4.1%
Economic Dev. Opportunities Fund	566,960	575,338	8,378	1.5%
Code Compliance Fund	3,628,569	3,750,351	121,782	3.4%
Transportation Fund	7,840,074	8,233,722	393,648	5.0%
School Operating	255,216,671	255,314,387	97,716	0.00
School Food Service	9,530,213	9,021,699	(508,514)	(5.3%)
Utilities	<u>31,680,488</u>	<u>31,451,313</u>	<u>(229,175)</u>	(0.7%)
Sub-Total Operating Expenditures	\$420,226,516	\$424,660,442	\$4,433,926	1.1%
Capital Projects Fund	\$9,779,121	\$10,868,813	1,089,692	11.1%
School Capital Projects	7,739,145	18,629,525	10,890,380	140.7%
Utilities Capital Projects	<u>13,175,769</u>	<u>8,712,500</u>	<u>(\$4,463,269)</u>	(33.9%)
Sub-Total Capital Expenditures	\$30,694,035	\$38,210,838	\$7,516,803	24.5%
Total Budget	\$450,920,551	\$462,871,280	\$11,950,729	2.7%

**Personnel
Full Time Equivalent (FTE)**

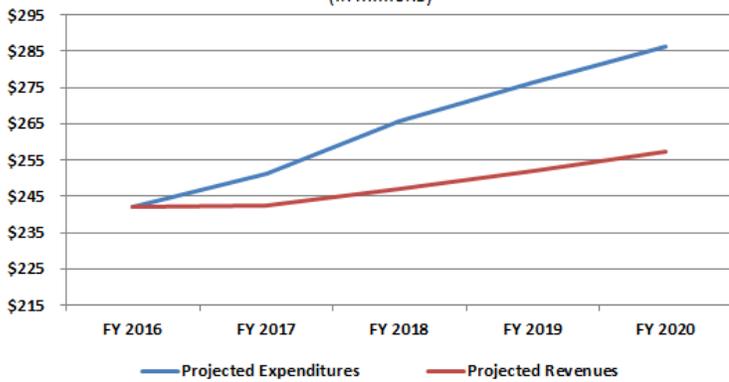
	FY 2015	FY 2016
County	983.54	999.71
Schools	3,018.47	3,076.10
Total	4,002.01	4,075.81



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

General Fund Forecast

(in millions)



Breakdown of General Fund Transfer to Schools

	2015 Adopted	2016 Recommended
• Required Local Effort	\$51,849,984	\$51,472,521
• Required Local Match for Opt. Programs	\$1,599,490	\$1,606,023
• Debt Service	\$22,897,604	\$23,544,302
• Additional Local Transfer	\$40,068,261	\$39,177,493
Total Local Transfer	\$116,415,339	\$115,800,339

Average Residential 2015 Real Estate Tax Bill = \$1,553

Average value of residential property:
\$180,628

School Transfer
\$851 (54.8%)

Public Safety
\$276 (17.8%)

Admin Services
\$76 (4.9%)

Health/ Welfare
\$68 (4.4%)

Debt Service
\$68 (4.4%)

Public Works
\$54 (3.5%)

Capital Projects
\$52 (3.4%)

Other*
\$108 (6.8%)



**"Other" includes Capital Projects, Executive Services, Community Development, Judicial Administration and Voter Services

Overview of Spotsylvania County



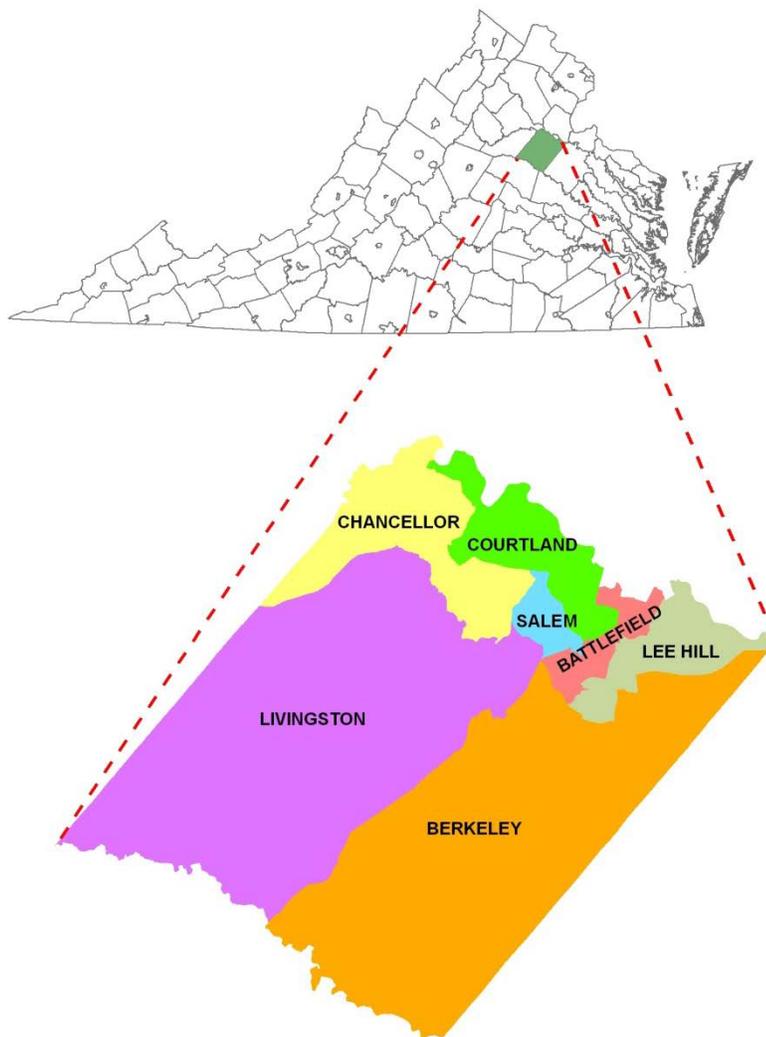
History In 1721, a vast new county was formed in the young colony of Virginia. Extending far beyond the Blue Ridge Mountains, this frontier outpost was named for Alexander Spotswood, Colonial Governor of Virginia.

Much of Spotsylvania County's early development is attributed to Spotswood's ironworks that he founded in the early 1700's. Spotswood's "Iron Mines Company," a mining and smelting operation, was founded in 1725 at Germanna. This was the first fully equipped iron furnace in the colonies and Spotsylvania County's first industry. Iron was hauled to the Rappahannock River for shipping. A wharf was built at the mouth of Massaponax Creek where ships docked to load wares for colonial ports. Wares from the Iron Mines Company included firebacks, pots, pans and kettles. 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. Under Spotswood's resourceful leadership, a road network for transporting the iron was laid out and skilled laborers were imported from Germany. At his death in 1740, Spotswood left behind a nearly self-sufficient iron empire that set in motion the rise of America's iron and steel industry. Spotswood's furnace was acquired in 1842 by the United States government who set up a forge and foundries. Here, the government made hundreds of cannons to supply the Mexican War. At that time, it was one of the most important cannon works in the country.

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. Here the armies of Ulysses S. Grant and Robert E. Lee saw one of the most intense clashes in American history: the Union attack on the Confederate-held "Bloody Angle." This battle marked the beginning of the fall of the Confederacy. Also, it was in Spotsylvania County, at Chancellorsville, that Stonewall Jackson fell to the mistaken fire of his own men. The National Park Service maintains more than 4,400 acres of the Civil War battlefields in various locations throughout Spotsylvania County.



Geography Spotsylvania County, consisting of approximately 400 square miles, is located in eastern Virginia, midway between the nation’s capital in Washington, D.C and the State capital of Richmond, both of which are about 50 miles distant. Both capital cities are easily accessible by rail and highway. 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. Elevations range from sea level to 540 feet. Drainage is provided by the Rappahannock and Rapidan rivers in the northern and eastern parts and the Mattaponi and North Anna Rivers in the central and southern parts of the County.



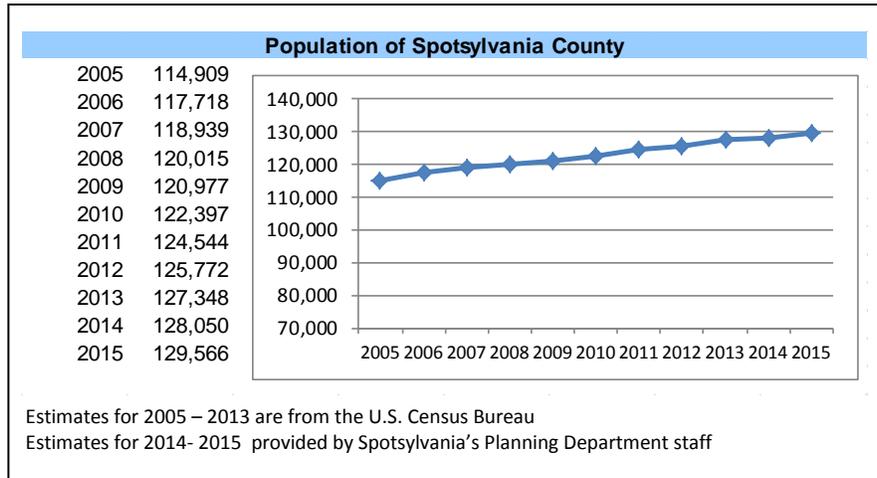
Government The Board of Supervisors is the governing body of the County. The Board is comprised of seven members, who are elected for four-year terms. The Board members annually elect a chairman and a vice-chairman for one-year terms. Historically, the terms of all current members expired in the same year. However, beginning with the November 2007 general election, the Board is elected to staggered terms, which resulted in three members being elected at one election cycle and the remaining four members being elected at a subsequent election cycle. The terms of four current members expire on December 31, 2015. The terms of the remaining three members expire on December 31, 2017. Spotsylvania County Public Schools are governed by a seven-member elected School Board.

The County functions under the traditional form of government with a County Administrator. Under this form of government, the elected officials include the members of the Board, the Treasurer, the Commissioner of the Revenue, the Sheriff, the Clerk of the Circuit Court and the Commonwealth's Attorney. Mental Health/Mental Retardation Services are provided by the Community Services Board. The Health Department and the Court System are under the control of the Commonwealth of Virginia. All other functions of the County government are managed by department directors who in turn report to the County Administrator.

The County Administrator is appointed by the Board to act as the Board's agent in the administration and operation of the departments and agencies. All departments directly responsible to the Board report to the County Administrator, and he or she acts as the Board's liaison to all other departments and agencies. The County Administrator serves at the pleasure of the 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 K-12 and certain technical, vocational and special education, mental health assistance, agricultural services, law enforcement, health and social services, and judicial activities.

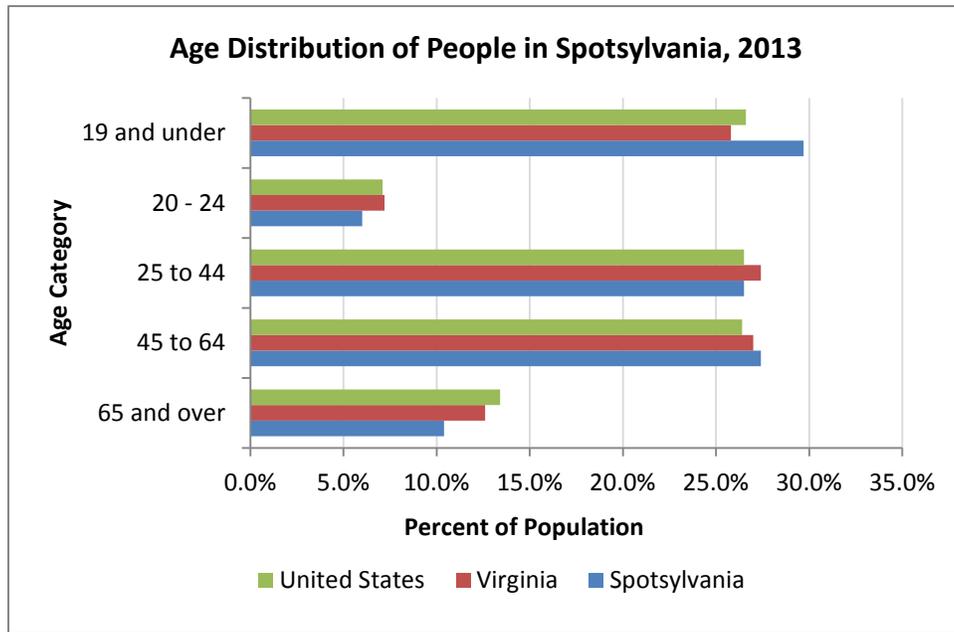
Population The Planning Department estimates Spotsylvania County’s 2015 population to be 129,566. As shown in the graph below, the County’s population has grown each of the past ten years. Population growth rates were between 3.7% and 5.7% from 2000 through 2005, peaking in 2002 at 5.7%. Beginning in 2006 and corresponding with the Board’s desire to curb the rate of growth in the County, growth rates have declined, with the rate of population growth between 2014 and 2015 estimated at 1.2%.



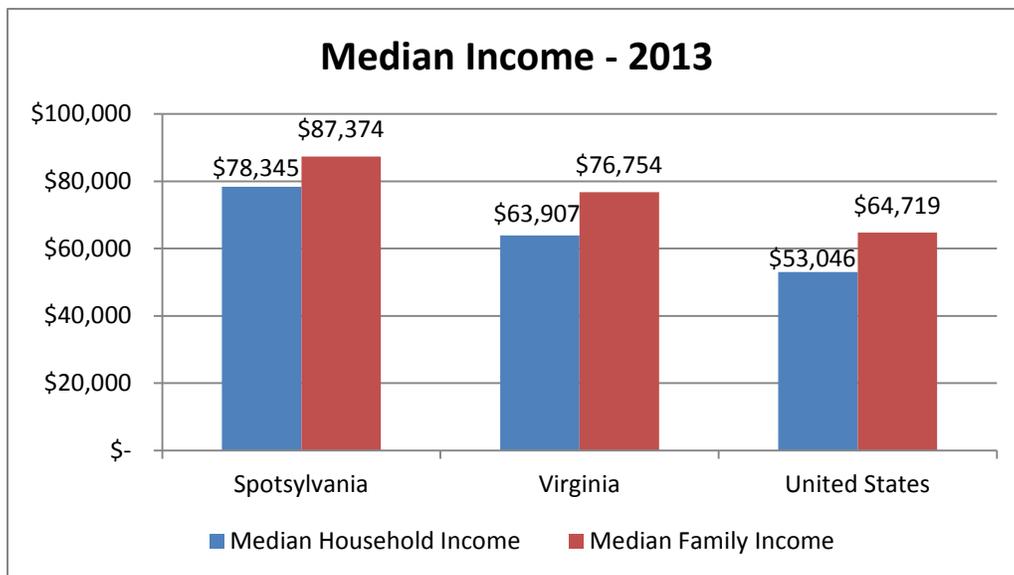
The U.S. Census Bureau estimates that in 2013, slightly less than three-quarters of the population of Spotsylvania County was white, and just under one-sixth of the population was black or African-American. The table below compares the 2013 racial/ethnic composition of Spotsylvania County with that of Virginia and the United States.

2013 Population by Racial/Ethnic Group			
Group	Spotsylvania	Virginia	United States
White	71.0%	63.6%	62.6%
Black or African American	15.9%	19.7%	13.2%
Hispanic or Latino	8.3%	8.6%	17.1%
Asian	2.5%	6.1%	1.2%
American Indian or Alaska Native	0.4%	0.5%	5.3%
Native Hawaiian or Pacific Islander	0.2%	0.1%	0.2%
Other	1.7%	1.4%	0.4%

As shown in the graph on the following page, the majority of the County’s population (64%) was estimated to be greater than or equal to 25 years of age, with 6% estimated between the ages of 20 and 24 and 30% 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.

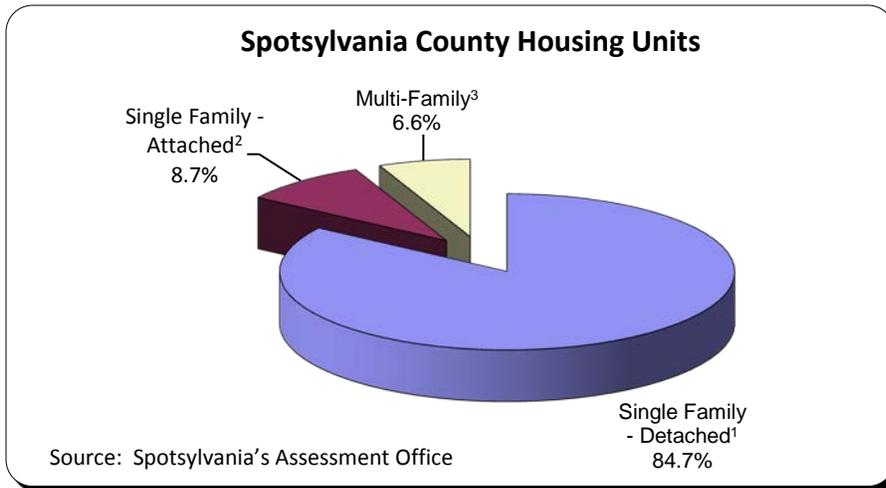


Personal Income According to the U.S. Census Bureau, in 2013, Spotsylvania’s median household income was estimated at \$78,345 and median family income was estimated at \$87,374. The following graph compares the median household and median family income for Spotsylvania, Virginia, and the United States in 2013.



Housing As of December 31, 2014 there are 45,892 housing units in Spotsylvania County. A housing unit can be multi-family or single-family, attached or detached. The majority (84.7%) of the housing units in Spotsylvania are single-family detached units. Since 2000, the number of

housing units in the County has increased by 37.8%. Of the 12,583 housing unit increase since 2000, 80% were single-family, detached homes; 12% were single-family attached homes; and 8% were multi-family apartments or condominiums.

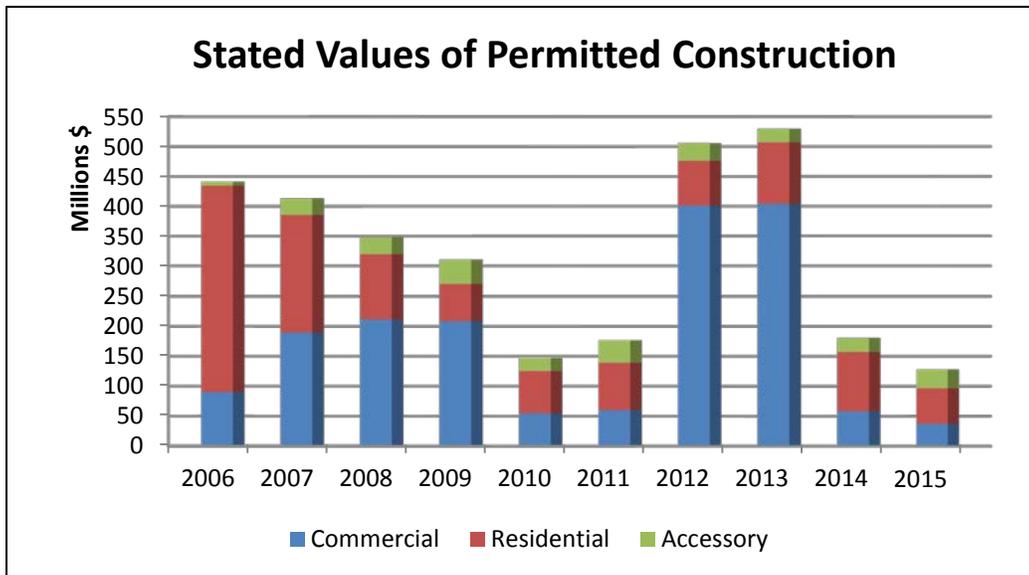


¹ Includes trailers, manufactured homes and mobile homes

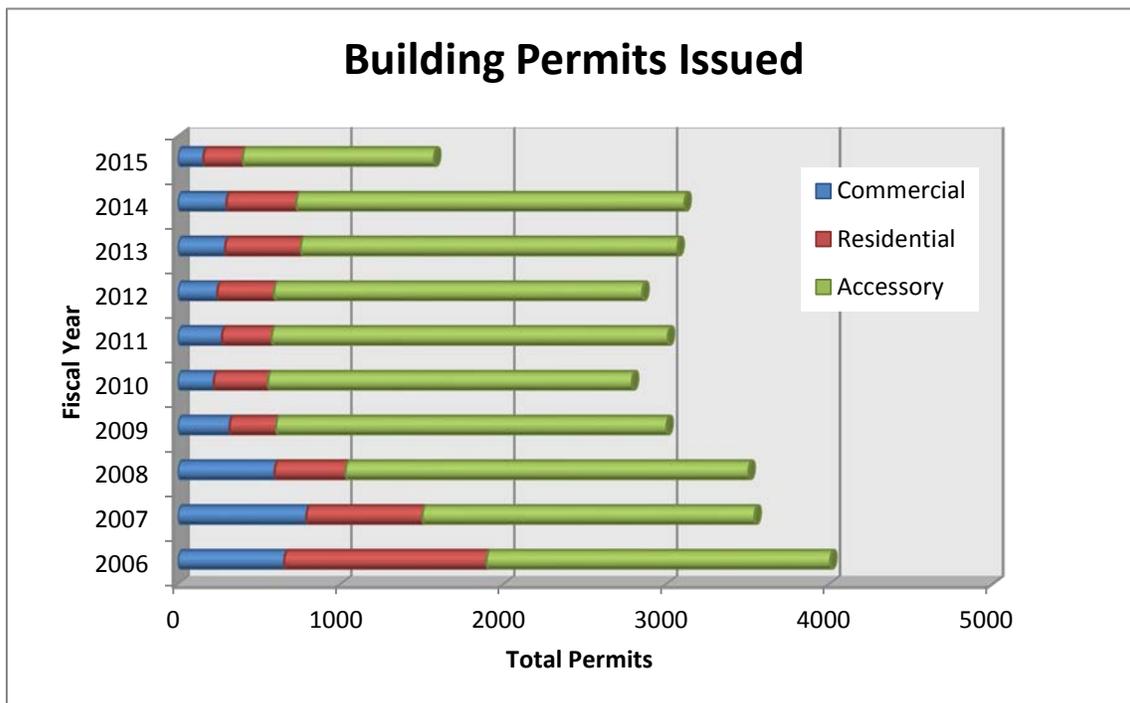
² Consists of duplexes and townhouses

³ Consists of apartments and condominiums and assisted living housing units

The graphs below illustrate construction activity within Spotsylvania during the past ten years. The number and 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 these permitting figures. The number of commercial permits began increasing in 2005 and continued through 2008. Commercial permitting then began declining in 2009, 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 2014 figures are through December 31, 2014.



The 2015 figures are through December 31, 2014

Community Facilities

- 31 Schools
- 11 Parks
- 1 Outdoor Amphitheatre
- 5 Community Centers
- 1 Teen/Senior Center
- 1 Visitors Center
- 11 Fire/Rescue Stations¹
- 12 Convenience Sites
- 1 Landfill
- 1 Animal Shelter
- 1 County Museum

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 Economic Development department and Economic Development Authority (EDA) continue to jointly embark on a vigorous effort to better understand and track trends in the local economy, as well as evaluate the potential for future growth of existing industries. These activities are a reflection of a larger initiative by the Board of Supervisors to take better advantage of the County's opportunities and to evaluate the return on investment in various government-supported development activities.
- The County's target industries include healthcare, manufacturing, high tech/IT/defense, and tourism. Efforts continue to target military and defense contractors as a professional sector based on Spotsylvania's highly accessible location within proximity of three regional military bases.
- The County also maintains a commitment to existing businesses through a Business Retention and Expansion (BRE) program. The department hired a full-time BRE manager in 2012 and maintains an extensive database of business contacts.
- On a continuing basis, Economic Development serves as a liaison between federal and state government and local businesses, providing information and technical assistance in a variety of areas including funding, government contracting and specialized workforce training. To this end, the department maintains an active membership and/or dialogue with numerous regional organizations including the Virginia Economic Development Partnership; the Virginia Employment Commission; the Fredericksburg Regional Alliance; the Chamber of Commerce; the Greater Fredericksburg Regional Tourism Partnerships; the International

Economic Development Council; and others. Economic Development also maintains relationships with local military bases and four institutions of higher learning that are in regional proximity to the County.

- The County offers Technology and Tourism Zone Programs that serve both new and existing qualified businesses. The Technology Zone covers the County's primary settlement district, encompassing fully-serviced business corridors to encourage growth in the County's high-technology sector. Qualifying businesses located within the Technology and Tourism zones are afforded local tax rebates on Business, Professional and Occupational License (BPOL) and Machinery and Tools taxes, and are placed in the County Targeted Industries program.
- The County has two HUBZone designations that offer businesses an advantage when applying for federal contracts. There is one HUBZone located in the northern portion of the County on the Rt. 3 corridor and another is located near Lake Anna.
- The County's Targeted Industries program is designed to expedite the review and approval of site building plans involving targeted businesses. Under this program, County staff works closely with the business or developer to reduce the potential for delays in the plan review and approval processes.
- Additionally, a tourism website has been completed to further promote the growth of tourism and help fill unused capacity at hotels and other attractions within the County.

Employment Status within Spotsylvania

Employment Status	2000	2013	% Change
Population 16 years old or older	66,138	95,050	43.7%
In labor force	47,747	65,097	36.3%
- Employed - civilian	45,651	59,922	31.3%
- Employed - armed forces	595	698	17.3%
- Unemployed	1,501	4,477	198.3%
Not in labor force	18,391	29,953	62.9%

The following two tables list the principal private employers in the County and in the region, illustrating the diversification of business.

Top 20 Public & Private Employers within the County (as of May 2014)

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
CVS Pharmacy	Pharmacy Distribution Warehouse	250-499
Food Lion	Grocery	250-499
AT Solutions	Support to Counterterrorist Activities	250-499
Germanna Community College	Education	250-499
Carmax	Automotive Dealer	100-249
Giant Food	Grocery	100-249
EOIR Technologies	Sensor Technology	100-249
Rappahannock Goodwill	Social Assistance/Thrift Stores	100-249
Richmond Fitness	Gym	100-249
West Asset Management	Business Marketing/Communications	100-249
Target Corporation	Retail	100-249
Costco	Retail	100-249
Rappahannock Electric Cooperative	Utility	100-249
Kaeser Compressors	Air Compressors	100-249
McDonald's	Restaurant	100-249
Radley Honda	Automotive Dealer	100-249

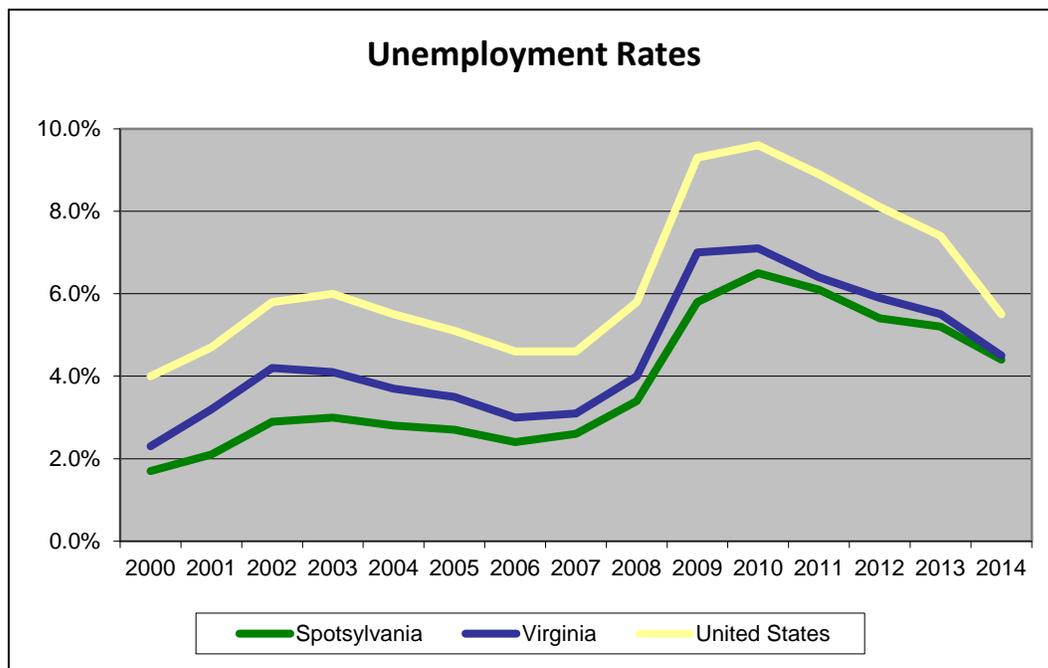
Source: Virginia Employment Commission

Other Public & Private Major Employers in Surrounding Area (as of May 2014)

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+
Mary Washington Hospital	Hospital	1,000+
Federal Bureau of Investigation	Federal Government Agency	1,000+
University of Mary Washington	Education	1,000+
County of Stafford	Local Government	1,000+
Caroline County Schools	Education	500-999
City of Fredericksburg	Local Government	500-999
Medicorp Health System	Healthcare	500-999
Stafford Hospital Center	Hospital	500-999
McLane Mid Atlantic	Distributor for Convenience Stores	500-999
King George County Schools	Education	500-999
Fredericksburg City Schools	Education	500-999
Lowe's Home Center	Retail	500-999
Snowden Services	Healthcare	500-999
YMCA	Recreation Facility	500-999

Source: Virginia Employment Commission

The graph below illustrates the unemployment rate for Spotsylvania County, Virginia and the United States for selected years.



Source: Virginia Employment Commission.

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**	

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

**Represents the tax rate assumed in the FY 2016 Recommended Budget.

General Property Tax Rates¹

Calendar Year	Real Estate & Mobile Home	Personal Property ²	Business Furniture & Fixtures	Machinery & Tools	Heavy Construction Equipment
2015 ⁴	\$0.86	\$6.78/\$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
2000	1.02	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 recommended rates, including a rate of \$6.78 on airplanes, 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 in the 2015 row represent rates assumed in the FY 2016 Recommended Budget.

Real Estate Tax Rates per \$100 of Assessed Value

Locality	Population ¹	Tax Year 2013 Rate	Tax Year 2014 Rate	Change
Prince William	438,580	\$1.2562	\$1.2212	(\$0.0350)
Richmond City	214,114	1.2000	1.2000	-
Loudoun	349,679	1.2050	1.1550	(0.0500)
Fairfax	1,130,924	1.1060	1.1135	0.0075
Alexandria	148,892	1.0380	1.0430	0.0050
Stafford	136,788	1.0700	1.0190	(0.0510)
Arlington	224,906	1.0060	0.9960	(0.0100)
Fauquier	67,207	0.9800	0.9920	0.0120
Chesterfield	327,745	0.9500	0.9600	0.0100
Henrico	318,611	0.8700	0.8700	-
Spotsylvania	127,348	0.8800	0.8600	(0.0200)
Culpeper	48,506	0.8300	0.8300	-
Caroline	29,298	0.7200	0.8300	0.1100
Hanover	101,330	0.8100	0.8100	-
Fredericksburg	28,132	0.7400	0.7900	0.0500
King George	24,926	0.5300	0.5900	0.0600

¹ 2013 population figures from the U.S. Census Bureau.

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%
					\$368	

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 \$192,830 in 2014. At the assumed \$0.86 rate for 2015, the real estate taxes on this *example* residential property would have increased by \$368 since 2004 – an average annual increase of 2.3%.

² AV = assessed value

Principal Property Taxpayers

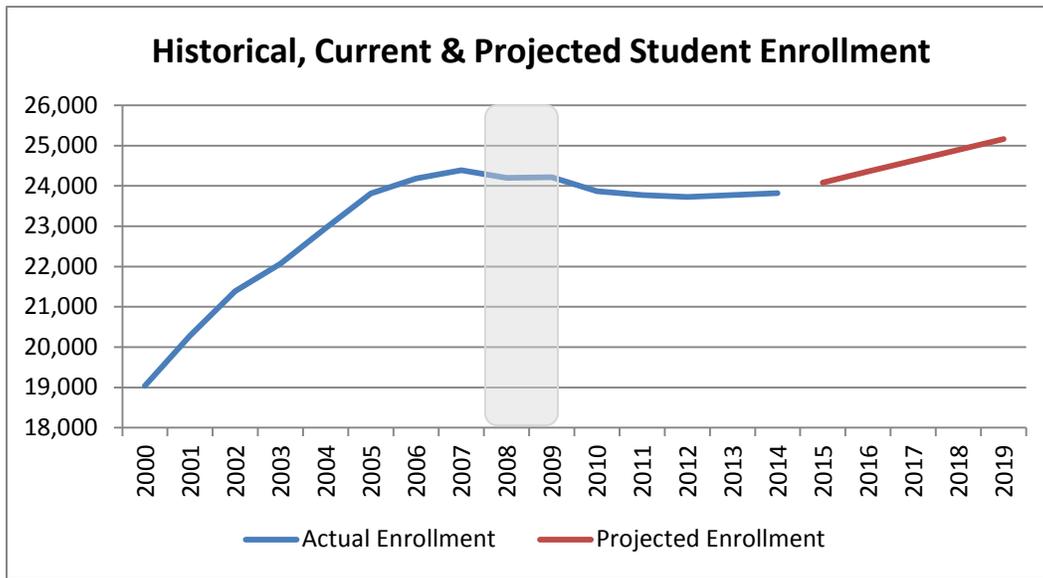
As of December 31, 2013

Name	Type of Business	Assessed Value ¹	Amount of Tax	Percent of Total Taxable AV ²
Spotsylvania Mall Company	Shopping Mall	\$185,159,683	\$1,652,341	1.45%
Spotsylvania Regional Medical Center	Hospital	86,111,105	1,372,576	0.68%
Dominion Virginia Power	Public Utility	95,305,054	838,684	0.75%
Rappahannock Electric	Public Utility	71,023,368	669,693	0.56%
Comcast of VA	Public Utility	9,833,114	585,070	0.08%
Verizon VA	Public Utility	54,766,792	519,258	0.43%
GLL BVK Prop LP	Developer	39,367,800	346,437	0.31%
CVS VA Distribution	Warehousing	5,614,707	334,075	0.04%
Lee Prop Harrison Crossing	Developer	32,190,800	283,279	0.25%
Columbia Gas	Public Utility	29,251,206	257,453	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



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.

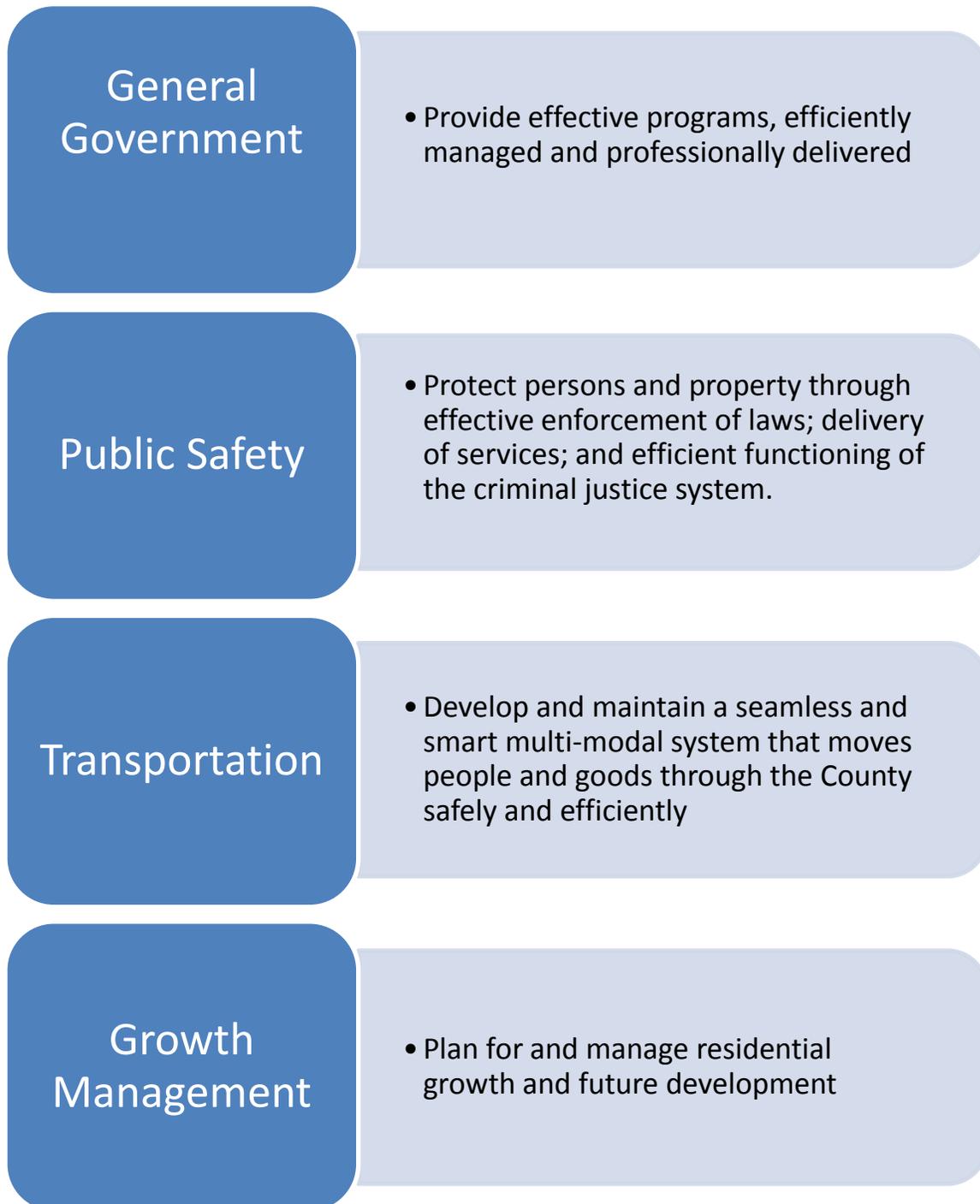


County Vision, Mission, & Goals

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 243.

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 2016 Recommended Budget - All Funds

	FY 2014 Actual	FY 2015 Adopted	FY 2015 Amended	FY 2016 Recommended	Variance (rec. to adopt) Amount	Percent
Revenues (by type)						
Property Taxes	\$151,439,841	\$152,705,029	\$152,705,029	\$154,338,898	\$1,633,869	1.1%
Other Local Taxes	\$37,517,662	\$38,484,687	\$38,484,687	\$38,763,086	\$278,399	0.7%
Licenses & Permits	\$246,380	\$260,800	\$260,800	\$263,200	\$2,400	0.9%
Charges for Services	\$37,058,929	\$37,538,066	\$37,360,566	\$38,620,018	\$1,081,952	2.9%
Other Local Revenue	\$30,242,816	\$24,248,193	\$27,165,598	\$22,320,547	(\$1,927,646)	-7.9%
Debt Proceeds	\$31,335,907	\$7,664,829	\$101,679,376	\$18,629,525	\$10,964,696	143.1%
State Revenue	\$158,310,013	\$161,376,304	\$167,482,789	\$162,304,393	\$928,089	0.6%
Federal Revenue	\$20,098,765	\$14,607,517	\$23,653,578	\$15,905,955	\$1,298,438	8.9%
Subtotal - Revenue	\$466,250,313	\$436,885,425	\$548,792,423	\$451,145,622	\$14,260,197	3.3%
Transfers In	\$132,844,843	\$130,485,926	\$134,059,928	\$131,690,914	\$1,204,988	0.9%
Use of Fund Balance	(\$25,498,862)	\$14,035,126	\$91,962,836	\$11,725,658	(\$2,309,468)	-16.5%
TOTAL REVENUE - All Funds	\$573,596,294	\$581,406,477	\$774,815,187	\$594,562,194	\$13,155,717	2.3%
Expenditures (by function)						
Executive Services	\$2,559,475	\$3,368,500	\$3,646,046	\$3,952,924	\$584,424	17.3%
Administrative Services	\$10,843,535	\$11,601,955	\$12,300,948	\$12,472,953	\$870,998	7.5%
Voter Services	\$315,530	\$370,626	\$371,626	\$339,004	(\$31,622)	-8.5%
Judicial Administration	\$3,795,852	\$4,040,892	\$4,195,524	\$3,970,166	(\$70,726)	-1.8%
Public Safety	\$46,036,130	\$48,017,620	\$50,887,656	\$49,517,565	\$1,499,945	3.1%
Public Works	\$25,881,751	\$29,391,929	\$29,647,237	\$29,778,626	\$386,697	1.3%
Health & Welfare	\$17,220,211	\$17,510,112	\$17,590,356	\$18,831,792	\$1,321,680	7.5%
Parks, Recreation & Cultural	\$6,812,663	\$6,994,354	\$6,994,354	\$6,910,814	(\$83,540)	-1.2%
Community Development	\$4,340,585	\$4,641,676	\$5,028,371	\$4,688,809	\$47,133	1.0%
Debt Service	\$59,710,984	\$47,751,960	\$127,726,624	\$49,040,733	\$1,288,773	2.7%
Capital Projects	\$32,483,398	\$30,694,035	\$133,256,816	\$38,210,838	\$7,516,803	24.5%
Transportation	\$2,120,606	\$3,745,877	\$3,805,877	\$3,410,091	(\$335,786)	-9.0%
Education	\$218,920,833	\$232,319,067	\$234,788,975	\$231,770,085	(\$548,982)	-0.2%
Food Service	\$8,704,718	\$9,530,213	\$9,530,213	\$9,021,699	(\$508,514)	-5.3%
Subtotal - Appropriated Expenditures	\$439,746,271	\$449,978,816	\$639,770,623	\$461,916,099	\$11,937,283	2.7%
Tax Relief	\$955,180	\$941,735	\$941,735	\$955,181	\$13,446	
Subtotal - Adopted Budget	\$440,701,451	\$450,920,551	\$640,712,358	\$462,871,280	\$11,950,729	2.7%
Transfers Out	\$132,894,843	\$130,485,926	\$134,102,829	\$131,690,914	\$1,204,988	0.9%
TOTAL EXPENDITURES - All Funds	\$573,596,294	\$581,406,477	\$774,815,187	\$594,562,194	\$13,155,717	2.3%
Appropriated Expenditures (by category)						
Personnel (salaries & benefits)	\$266,384,931	\$279,459,345	\$281,859,984	\$279,766,599	\$307,254	0.1%
Operating (other than debt service)	\$80,037,621	\$89,240,383	\$95,497,000	\$92,221,043	\$2,980,660	3.3%
Debt Service	\$59,710,984	\$47,751,960	\$127,726,624	\$49,040,733	\$1,288,773	2.7%
Capital	\$33,612,735	\$33,527,128	\$134,687,015	\$40,887,724	\$7,360,596	22.0%
TOTAL APPROPRIATED EXPENDITURES - All Funds	\$439,746,271	\$449,978,816	\$639,770,623	\$461,916,099	\$11,937,283	2.7%

