

FISCAL YEAR 2019 ADOPTED BUDGET

**Spotsylvania County,
Virginia**



July 1, 2018 – June 30, 2019

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Board of Supervisors



Courtland
David Ross



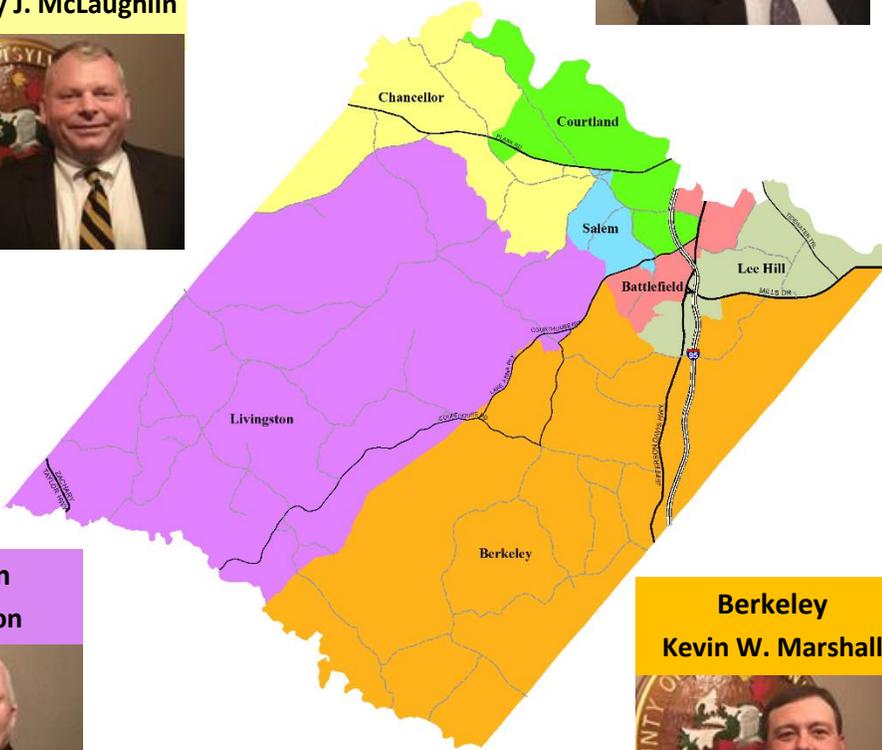
Salem
Paul D. Trampe



Chancellor
Timothy J. McLaughlin



Battlefield
Chris Yakabouski

Lee Hill
Gary F. Skinner



Livingston
Greg Benton



Berkeley
Kevin W. Marshall



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Vacant
Sr. Financial Analyst

Holly S. Dove
Budget Analyst

Barbara H. Verhaalen
Budget Analyst

Complete budget available on the County's website at:

www.spotsylvania.va.us/budget

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, 2017.

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

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



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Spotsylvania County
Virginia**

For the Fiscal Year Beginning

July 1, 2017

Christopher P. Morrell

Executive Director

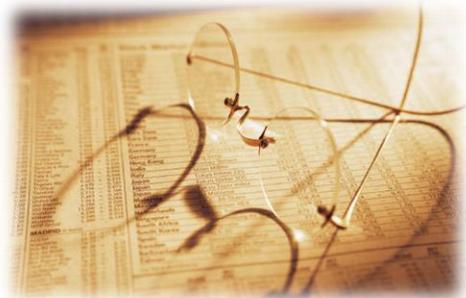


Guide to Using this Document

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 2019. 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 2019 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 2019 budget. This section includes short term factors and underlying assumptions that influenced the decisions made in development of the FY 2019 budget;
- The Budget at a Glance – a summary of the highlights of the FY 2019 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 2019 revenues by type and FY 2019 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 2019 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 various budget and tax rate resolutions approved by the Board of Supervisors upon adoption of the FY 2019 Budget, a chart showing the changes made to the FY 2018 Budget to yield the FY 2019 Budget and a glossary of terms and acronyms.



Budget Message – April 12, 2018

Dear Spotsylvania County Citizens:

On behalf of the Spotsylvania County Board of Supervisors, I am pleased to present the FY 2019 Budget and the FY 2019 – FY 2023 Capital Improvement Plan.

As reported in our Comprehensive Annual Financial Report for FY 2017, our county's economy continues to be strong. Our strength shows in the continuing decline in our unemployment rate; in our continuing local job creation; in the continuing expansion of our tax base; and in our continuing strong credit ratings.

The vitality of Spotsylvania's economy is also reflected in the approximately 7.7% (\$1.1 billion) increase in our 2018 reassessed land values compared to 2017 land values. This increase contributes to \$7.1 million in new real estate tax revenue at the adopted rate of \$0.8330, which alone accounts for more than 63% of the \$11.2 million in additional revenues included in the County's operating budget. Increases of approximately \$2.2 million (5.7%) in personal property tax revenue and about \$535,000 (3.0%) in sales tax revenue are expected, as well as a combined increase of about \$450,000 (4.4%) in meals and transient occupancy (hotel) tax receipts.

The FY 2019 Adopted Budget totals \$530.6 million – an increase of \$27.9 million (5.5%) compared to the FY 2018 Adopted Budget. When capital projects funds are excluded, the FY 2019 Adopted Budget is a \$20.5 million (4.5%) increase over the FY 2018 Budget.

	FY 2018 Adopted	FY 2019 Adopted	Difference	
			\$	%
General Fund	\$124,562,391	\$130,499,695	\$5,937,304	4.8%
Economic Dev. Opportunities Fund	906,755	1,280,113	373,358	41.2%
Code Compliance Fund	3,993,647	4,284,767	291,120	7.3%
Transportation Fund	8,358,320	8,232,778	(125,542)	(1.5%)
School Operating	274,525,185	285,970,055	11,444,870	4.2%
School Food Service	10,199,132	11,322,972	1,123,840	11.0%
Utilities	<u>30,927,443</u>	<u>32,370,945</u>	<u>1,443,502</u>	4.7%
Subtotal Operating Expenditures	\$453,472,873	\$473,961,325	\$20,488,452	4.5%
Capital Projects Fund	9,838,216	15,920,062	6,081,846	61.8%
School Capital Projects	27,361,447	30,799,918	3,438,471	12.6%
Utilities Capital Projects	<u>12,066,600</u>	<u>9,948,451</u>	<u>(2,118,149)</u>	(17.6%)
Subtotal Capital Expenditures	\$49,266,263	\$56,668,431	\$7,402,168	15.0%
Total Budget	\$502,739,136	\$530,629,756	\$27,890,620	5.5%

FY 2019 Budget Highlights

The new funding available within this budget is prioritized by the Board to:

- Fully fund the Spotsylvania County Public Schools;
- Plan for and make significant progress towards having School Resource Officers in every public school in the County;
- Expand 24/7 Advanced Life Support (ALS) and fire coverage;
- Implement the second of the three phases of the compensation study recommendations submitted by Evergreen Solutions;
- Allocate an on-going source of funds towards meeting the Other Post Employment Benefits (OPEB) annual required contribution by FY 2023 in accordance with County policy;
- Honor existing commitments to bondholders and to regional partners such as the jail, juvenile detention center, and library;
- Maintain and improve existing service levels; and
- Avoid additional debt service through the use of available cash to fund necessary capital projects.

Additional Personnel –

This budget includes the addition of 35.22 full-time equivalent (FTEs) positions, of which 25.35 FTEs (72%) are fully related to public safety.

Following is a listing of the net new positions funded in this budget:

Fund/Position	Public Safety FTEs	Other FTEs
<i>General Fund:</i>		
Firefighter/Medic – 24/7 Advanced Life Support & Fire	11.0	-
School Resource Officers	4.0	-
School Resource Officers – half year	3.0	-
Communications Officers – half year	2.0	-
Communications Operators – half year	2.0	-
Animal Control Deputy	1.0	-
Convert 2 of 5 Animal Shelter Assistants to full-time	0.74	-
Convert 3 of 5 Animal Shelter Assistants to full-time – half year	0.24	-
Convert part-time Family Services Worker II to full-time	-	0.5
Convert part-time Bilingual Aide to full-time	-	0.37
Social Services Aide	-	0.63
Full-time ED&T Assistants in lieu of 10 part-time Counselors	-	3.37
Tourism Project Manager	-	1.0
General Fund Total	23.98	5.87
<i>Code Compliance Fund:</i>		
Commercial/Residential Plans Reviewer	1.0	-
Convert part-time Clerk to full-time Permit Technician	0.37	-
Code Compliance Fund Total	1.37	-

Fund/Position	Public Safety FTEs	Other FTEs
Utilities Fund:		
Electrician I	-	1.0
Utilities Field Crew Workers	-	2.0
Construction Technician	-	1.0
Utilities Fund Total		4.0
Total Change in Full Time Equivalents (FTEs)	25.35	9.87

Additional Local Transfer to Schools –

The local transfer to Schools increases by \$4.5 million (3.6%) in on-going local funding in FY 2019 and by \$250,000 in one-time funds. The total local transfer of \$128,492,093 is 3.6% more in on-going funds than in FY 2018 and represents 48% of total General Fund revenue. A breakdown of the local transfer follows:

Required Local Effort (SOQs)	\$57,978,170
Required Local Match for Non-SOQ Programs	2,531,713
Required Local Match for Federal Grants.....	26,632,599
Debt Service	27,048,808
Additional Local Transfer	<u>14,300,803</u>
Total Local Transfer	\$128,492,093

The total local transfer was approximately \$249,000 short of the funding request made by the School Board to the Board of Supervisors. However, at the end of the budget process, through corrections to and recalculations of the personnel budget, the Schools’ staff was able to reallocate nearly \$795,000 within its budget, increasing the Schools’ FY 2019 compensation adjustment to a total 4% across-the-board pay increase for staff (administrators to receive 2%), effectively doing away with any budget shortfall.

Additional School Resource Officers –

One day following my FY 2019 Recommended Budget presentation, a shooting at a high school in Parkland, Florida claimed the lives of 17 people and wounded 17 others. Soon thereafter, and understandably so, came community and nationwide outcry for action to be taken to guard against similar tragedies. In Spotsylvania, as the conversations evolved during the budget process, the Sheriff and Superintendent reported that 15 additional deputy positions would be needed in the Sheriff’s Office for each school location to have a dedicated School Resource Officer (SRO).

To accomplish this significant additional staffing, the Sheriff’s Office agreed to convert four existing DARE Officers to SROs; the Board of Supervisors added four full year and three half year SROs to the FY 2019 Budget; and budgeted a local match for a grant to be applied for in an effort to fund the final four SRO positions.

Expanded 24/7 Advanced Life Support (ALS) and Fire Coverage –

Our Fire Chief spent the latter half of 2017 preparing a multi-year plan for expanding 24/7 ALS and fire coverage throughout the County. To meet community expectations and service requirements, we must ensure consistent and comparable levels of service are provided by each responding station regardless of its location in the County. The Chief's plan called for 21 new personnel to be hired over three years. However, our Supervisors embraced a higher standard for the public's safety and called for a plan to address the need in FY 2019. Ultimately, this Adopted Budget includes 11 additional staff to expand countywide 24/7 ALS and fire coverage, as well as the local match for a grant to be applied for in an effort to add 10 more Fire/Rescue staff members to meet this community need.

Compensation Adjustments –

A total of \$2.0 million is budgeted across all funds for the County's second year of the three-year phased implementation of the compensation study recommendations made by Evergreen Solutions. \$1.5 million of this amount is budgeted as a cost-of-living adjustment (COLA) commensurate with the 2017 annual consumer price index of 2.1%. The balance is associated with longevity increases and the second one-third of increases tied to Evergreen's Classification Date Parity method. To best align with VRS reporting dates, the approved compensation adjustments will have an effective date of July 16, 2018 and will first appear on paychecks on August 3, 2018.

FY 2019 is the first years for the Schools' implementation of the compensation study adjustments. The School Board's Adopted Budget includes a 2% COLA for all staff, and a 2% pay increase for staff other than administrators. While the County did not change health insurance premiums for the plan year encompassing FY 2019, the Schools' claim costs are such that premiums are increasing for FY 2019. The School Board determined that a combined 2% COLA and 2% pay increase was warranted to help offset employees' increased insurance costs.

Allocation Toward Other Post-Employment Benefits Liability –

For the past several years, OPEB annual required contributions (ARC) have been funded in the smaller County funds such as Code Compliance and Transportation. County policy requires that once we begin funding the OPEB contribution for the General Fund, full funding of the ongoing ARC will occur within eight years. The one-time set-aside of \$1.9 million of the fund balance in FY 2016 for OPEB kicked off the eight year policy timeframe, leaving now five budget years to achieve an on-going contribution for this purpose. \$1,153,300 or nearly one-fifth of the \$6.4 million General Fund ARC is set aside in this Adopted Budget as progress towards meeting the full ARC no later than FY 2023.

Changes in Commitments & Other Large Adjustments in the Base Budget –

The following relatively large adjustments within the base budget for FY 2019 warrant mention:

- An increase of \$754,710 in our contribution to the Rappahannock Regional Jail for the County's increased share of operating costs at the facility under the agreed funding formula;

- \$541,439 in maintenance service contracts, primarily in Information Services where multi-year contracts are set to be paid in FY 2019 along with maintenance contracts for additional software;
- \$383,094 is added for increased Department of Social Services (DSS) program costs and mandated CSA services. The increases break down as follows:
 - \$150,000 is added to the budget for CSA mandated services to be consistent with FY 2017 actual expenditures and with trends in program utilization. Nearly 60% of the full mandated service program cost of \$8.8 million is expected to stem from the Schools' Individualized Education Program (IEP) placements into private day facilities. These expenses are partially funded by the State.
 - Additionally, DSS program costs are expected to increase by \$121,715 before any local costs of Medicaid expansion approved by the General Assembly are considered.
 - \$111,379 for the DSS Family Services Worker and Training Specialist added to the budget at the beginning of FY 2018; and
- \$336,000 for full-year funding of six Firefighter/Medic positions that were added after the start of FY 2018 to pick up shifts not manned by the Chancellor volunteers;
- \$204,417 in base library funding. In addition to the base budget amount of \$4.6 million requested by the library, approximately \$240,000 is added to the budget for the first year start-up and operating costs of two satellite library branches. \$199,474 is budgeted for a library branch to be located at the Spotsylvania Towne Centre which is expected to ease overcrowding and overuse of the Salem Church branch in addition to being a community venue for mall visitors. \$40,000 is budgeted for a satellite location in the Berkeley district to provide information access, computers, books, and homework support on a weekly basis to a part of the County lacking internet connectivity.
- \$168,231 for mandated Virginia Line of Duty Act costs;
- \$116,838 for janitorial services;
- \$115,000 for "Four 4 Life" & State Fire Programs costs to match to the revenue expected to be received from the State for Fire/Rescue equipment and training;
- \$104,375 for Fire/Rescue training largely due to revised State requirements for EMT certifications.
- Changes in personnel costs related to salary adjustments, turnover, and changes in benefits choices, unemployment insurance, and workers' compensation rates result in a

decrease of about \$2.1 million in the base budget. This includes the \$1.75 million adjustment made by Finance staff to address end-of-year personnel and health insurance budget savings

Capital Projects

The following significant capital projects are included in the FY 2019 budget. With exception of the Schools’ projects, the majority of capital costs is funded with the policy level \$9.8 million transfer from the General Fund to the Capital Projects Fund and the additional one-time \$8.6 million transfer between the same funds for general projects. Utilities capital projects are funded through connection fees, the City of Fredericksburg’s share of certain projects, and through use of the Utilities fund balance. \$3.7 million in new debt service (\$0.6 million County and \$3.1 million Schools) is included in the FY 2019 Budget for the portion of these projects for which bonds will be issued this summer.

Project	Cash Funding	Financed Costs	Total FY 2019 Costs
Facility Asset Management Program	\$1,079,150	-	\$1,079,150
Replacement general gov’t vehicles	1,298,742	-	1,298,742
Animal Shelter renovation/expansion	1,522,057	361,589	1,883,646
Office building - DSS & Health Department	1,200,000	-	1,200,000
Technology improvements	5,015,703	572,651	5,588,354
Landfill & convenience cntr. improvements	250,975	-	250,975
Replacement equip. – landfill operations	590,000	-	590,000
Regrading & fence replacement at parks	367,100	-	367,100
Parking & drainage repairs at parks	300,000	-	300,000
Basketball court repairs & resurfacing	119,400	-	119,400
Replacement of Co. 3 (Partlow) station	500,000	-	500,000
New Fire/Rescue station (Co. 12)	250,000	-	250,000
Replacement Fire/Rescue equipment	2,981,647	-	2,981,647
Improvements at Exit 118	197,230	3,053,823	3,251,053
Rt. 3 improvements – remove bump outs	-	1,000,000	1,000,000
Bloomsbury – bring to VDOT standards	-	600,000	600,000
Roundabout – Old Plank & Chancellor	-	1,000,000	1,000,000
Study for revitalization of Rt. 1	65,000	-	65,000
Schools – Buses	-	4,258,838	4,258,838
Schools – Technology	-	3,405,580	3,405,580
Schools – Capital Maintenance	-	4,945,500	4,945,500
Schools – Renovate/expand Courtland High	-	18,190,000	18,190,000
Water/sewer projects	9,948,451	-	9,948,451
FY 2019 Total Capital Projects*	\$25,685,455	\$37,387,981	\$63,073,436**

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

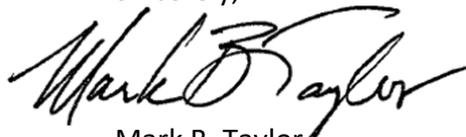
**Differs from figures on page 11 because this listing includes the County’s financed projects and the budget itself does not at this point in time. Once bonds are sold and finalized, a budget adjustment will occur to budget the financed projects. Also, the figures on page 11 include capital projects operating and personnel costs not shown above.

This budget addresses transportation obligations by funding the local share of approved and applied for revenue sharing allocations, including planning figures for implementation of any findings that may stem from the corridor studies, and adding certain other projects supported by the Transportation Committee and Board members. This approach along with a projected increase in fuel tax revenue stemming from the General Assembly's action to place a floor on the fuel tax enables us to postpone until FY 2020 the transfer of additional funds from the General Fund to balance the Transportation Fund.

Conclusion

This brief overview of the FY 2019 Adopted Budget is only an introduction to the FY 2019 Budget document which follows. In this document, you will find much more detailed information about the revenues and expenditures that are budgeted for FY 2019, as well as information about the departments that provide and support the County's services to citizens. The full FY 2019 Adopted Budget will be viewable via a link on Spotsylvania County's website.

Sincerely,

A handwritten signature in black ink that reads "Mark B. Taylor". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Mark B. Taylor
County Administrator



FY 2019 Budget Strategy

The Budget Strategy provides a discussion about the development of and the underlying assumptions within the FY 2019 Adopted Budget. Major changes within revenues and expenditures are identified. This section essentially tells the story behind the development of the FY 2019 Adopted Budget.

Building the Budget – From the Top

For the past several years, the County has experienced budget surpluses where revenues exceed expectations and expenditures were less than expected. From the outset of the FY 2019 Budget development process, Finance staff wanted to address the surplus issue through proactive adjustments to the base budget.

On the revenue side of the budget, staff reviewed FY 2018 receipts through the beginning of December 2017, revised projections for FY 2018 revenue, and then used those revised FY 2018 projections as the take-off point for making FY 2019 and out-year projections. This increased the revenue by \$2.5 million.

On the expense side of the budget, we know that savings routinely stems from lapse and turnover of positions and health insurance budget savings. In an effort to enhance the accuracy of our forecasting, staff reviewed the budget performance of all personnel budget line items over the past three years and is including an overall budget reduction to base personnel in FY 2019 to capture the lapse and turnover savings, as well as to reduce the base health insurance budget. This reduced budgeted expenditures by \$1.9 million.

The combined result of these changes amounted to \$4.5 million being available in the FY 2019 base budget:

Action Taken in the Base Budget to Address Year-End General Fund Surpluses	
Revenue:	
Real Estate – increase FY 2018 projections & factor into FY 2019	\$1.2M
Personal Property – increase FY 2018 projections & factor into FY 2019	0.9M
Other FY 2018 adjustments factored into FY 2019	0.4M
Adjusted Revenue Takeoffs for FY 2019 Projections	\$2.5M
Expenditures:	
Project lapse & turnover savings based on prior 3 years (other than HI)	(\$1.3M)
Increase projected lapse & turnover savings in IS & DSS (other than HI)	(0.2M)
Decrease overall HI budget based on prior 3 years’ budget savings	0.5M
Adjusted Expenditures to Begin FY 2019 Projections	(\$1.9M)*
Resulting Net Budget Impact/Funds Available	\$4.5M*

“HI” = health insurance *Appears not to add due to rounding

Building the Budget – Revenues

Overall, General Fund revenues other than transfers in and the use of fund balance are projected to increase by \$11.2 million (4.4%) when compared to the FY 2018 Adopted Budget. Following are revenue items of notable interest to this budget:

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

2018 is a reassessment year. Reassessment figures reflect an approximate 8.2% increase in residential values and an approximate 5.7% increase in commercial values. Overall, taxable assessed values of real property are increasing by 7.8% over last year's land book records and new construction and rezonings are expected to add another 1.8% for calendar year 2019. Real estate revenue is expected to increase by \$7.1 million in FY 2019 at the adopted rate of \$0.8330 which is 1.66 pennies greater than the equalized rate of \$0.8164. For purposes of revenue projections, the budget assumes an equalized rate for calendar year 2019 since FY 2019 revenue stems from one tax billing in calendar year 2018 and a second tax billing in calendar year 2019.

Increasing Personal Property Tax Revenue; Decreased Tax Rate

Each year, County vehicle values are assessed based on 50% of the clean retail value from the National Automobile Dealers Association (NADA). The business furniture and equipment portion of personal property is valued with a depreciation schedule applied to the original cost of the item. Changes in the NADA guide values can vary widely from one year to the next. For example, application of the new NADA values resulted in the 2009 assessed value of all existing vehicles being 21% less than the 2008 assessed values. Then, when the updated NADA values were applied in 2010, the change in value was less than 1%. The 2018 NADA update is not yet available.

For the past five years, actual personal property tax revenue has exceeded projections. In an attempt to tighten projections, Finance staff worked with the Treasurer's Office staff last year to obtain additional data to understand changes in values occurring through the various stages of property book issuances. While there is no clear trend in book values, personal property revenue consistently increases by approximately \$1.3 million per year. As such, the projection of FY 2019 receipts is made assuming a \$1.3 million increase over current FY 2018 estimates – a \$2.2 million increase over the FY 2018 Adopted Budget projection.

Changes in Other Local Tax Revenues

Meals & Sales Taxes: Receipts from meals and sales taxes continue to increase year over year, adding an estimated \$0.8 million to the FY 2019 Budget. Sales tax receipts returned to pre-recession levels in FY 2014 and are expected to increase by 3.0% (\$535,000) in FY 2019. 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 \$273,000 in FY 2019. Since each of these taxes is calculated as a percentage of sales, changes in prices of goods and meals, as well as changes in the volume of sales impact the revenue.

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 11% of current collections for the past three fiscal years while revenue from delinquent real estate tax collections has averaged about 2% of current collections. As such, we are assuming delinquent tax collections of 10% of current collections for personal property and 1.7% of current collections for real property in FY 2019. A combined net increase of approximately \$238,000 is projected for FY 2019.

Transient Occupancy: Revenue from the transient occupancy tax – the tax levied on the amount paid for hotel and motel rooms with 3% dedicated to the promotion of tourism - has remained stable at \$1.0 - \$1.3 million per year since FY 2006 with FY 2017 receipts being \$1.4 million. The FY 2017 increase in revenue was likely associated with increasing local attractions and additional marketing of tourism opportunities. As such, \$1.5 million is projected in FY 2019, a \$175,000 increase over the FY 2018 Adopted Budget.

Motor Vehicle License: The projection of revenue from motor vehicle licenses (formerly decals) is increased in FY 2019 to be consistent with the average \$3.1 million annual collection for the past three years. Revenue is projected to increase by \$100,000 in comparison with the FY 2018 Adopted Budget.

Changes in Certain Other Revenues

Interest Earnings on Cash & Investments: A combination of increased fund balance, slightly increased interest rates, and positive investment performance results in a \$200,000 increase in the projection of interest earnings for FY 2019.

Refuse Disposal Fees: Based on receipts from commercial hauler disposal at the landfill over the past three years, revenue is expected to increase by \$100,000 in FY 2019 to \$1.9 million.

Sheriff's Local Services: The Sheriff's Office provides traffic control and other services to churches, schools, and other entities on a reimbursable basis. Revenue from these activities is increased by \$100,000 to be in line with actual receipts of the past two years.

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 2019 revenue projection is decreased by about \$194,000 to \$1.8 million.

Penalties & Interest Receipts: Based on penalty and interest revenue collected in FY 2017, the FY 2019 projection is reduced by approximately \$125,000.

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 2019, we apply typical reimbursement rates to projected expenditures and arrive at an increased level of reimbursement revenue, as well. In FY 2019, State revenue for CSA is expected to increase by \$286,055 due to increases in mandated program costs while Social Services base revenues are expected to increase by \$242,641.

Funding for Constitutional Offices – The State provides funding to localities to partially fund the costs of constitutional officers (Clerk of the Circuit Court, Commissioner of the Revenue, Commonwealth’s Attorney, Sheriff and Treasurer) and certain positions within the offices of those elected officials. Additionally, the State funds a portion of the cost of the Registrar. State revenue for purposes of funding these offices is expected to increase by approximately \$266,000 in FY 2019 primarily due to State salary adjustments occurring for partial year in FY 2018 that will be full year in FY 2019.

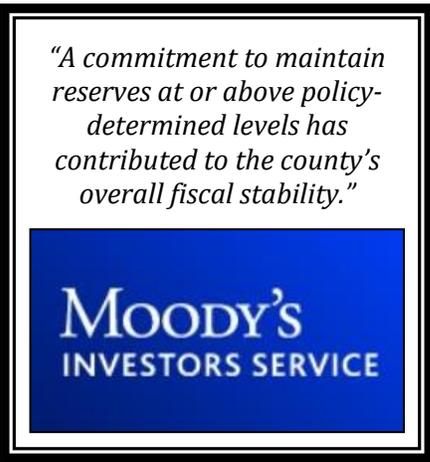
State Fire Programs – The State Fire Programs funding is derived from 1% of fire-related insurance coverage premiums and is allocated to localities based on population. The projection of revenue from the State in FY 2019 is increased by \$100,000 to be in line with receipts in recent years.

SAFER Grant: The County was awarded a two-year SAFER grant for nine Firefighter/Medic position in FY 2017 and FY 2018. In FY 2019, approximately \$450,000 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 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.

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



At the end of FY 2019:

- Fiscal Stability Reserve will be funded at 11% of FY 2020 projected revenues;
- Budget Stabilization Reserve will be funded at \$4.2 million; and
- \$5.5 million will remain in the fund balance in excess of these and other policy reserves.

In FY 2019, \$9,669,395 of the General Fund balance is budgeted for use as identified in the table below:

FY 2019 Use of General Fund Balance	
Transfer to Capital Projects Fund in excess of fiscal policy level of \$9.8M	\$8,595,000
Use of Economic Opportunities Reserve for other than tax-based incentives	270,000
One-time transfer to Schools	250,000
First year start-up and operating costs for two satellite library branches	234,524
Various Parks & Rec minor capital improvements included in operating budget	81,550
Costs associated with moving training room and network from Marshall Center	57,500
3 additional gear extractors for cleaning fire turnout gear	36,000
Towed side scan sonar system for rescues and recoveries	30,000
Use of reserved tourism revenue for wayside bases & exhibit cases	21,037
Replacement walk-in freezer for animal shelter	20,000
Use of reserved tourism revenue for a portion of museum collection expansion	15,209
Use of reserved 300 th anniv. funding for portion of museum collection expansion	14,791
Equipped trailer for Parks & Rec events	14,355
Rebuild of Sheriff's Office total station equipment	10,000
Add heater units to Sheriff's Office dispatch consoles	8,500
Temporary overfill of Deputy Treasurer position due to an upcoming retirement	6,329
Sonar system for Sheriff's Office investigations	4,600
Total Use of Fund Balance	\$9,669,395

	\$ in millions
FY 2018 Adopted Budget – Revenue (General Fund)	\$260.1

Changes in General Estimates	
Real Property Tax	\$7.1
Personal Property Tax	2.2
Local Sales Tax	0.5
DSS/CSA State Revenue	0.5
Meals Tax	0.3
State Revenue for Constitutional Offices & Registrar	0.3
Delinquent Property Taxes	0.2
Interest Earnings	0.2
Transient Occupancy Tax	0.2
State Fire Programs	0.1
Refuse Disposal Fees	0.1
Local Motor Vehicle License Fees	0.1
Sheriff's Local Services	0.1
Penalties & Interest	(0.1)
Water/Sewer Administration Fees	(0.2)
SAFER Grant	(0.5)
Miscellaneous	<u>0.1</u>
Subtotal Changes	\$11.2
Changes in Transfers	
Transfer from Code Compliance Fund	\$0.1
Transfer from Fire/EMS Service Fee Fund	<u>(0.2)</u>
Subtotal Changes	(\$0.1)
Change in Use of Fund Balance	
One-time added transfer to Capital Projects Fund	\$8.6
Use of Economic Opportunities Reserve for other than tax-based incentives	0.3
Add one-time transfer to Schools in FY 2019	0.3
First year start-up/operating costs for two satellite library branches	0.2
Various Parks & Rec minor capital improvements and equipment	0.1
Various other one-time costs in FY 2019	0.1
Remove one-time transfer to Schools in FY 2018	(0.3)
Remove other one-time uses in FY 2018	<u>(0.4)</u>
Subtotal Changes	\$8.9

	\$ in millions
FY 2019 Adopted Budget – Revenue (General Fund)	\$280.1

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

Building the Budget – Expenditures

Adjustments made to the FY 2018 Adopted Budget expenditures and transfers to yield the FY 2019 Adopted Budget can be summarized as follows for the General Fund:

Transfer to Capital Projects Fund	\$9,296,314
Base budget adjustments	5,349,539
Transfer to Schools	4,416,778
New initiatives – public safety	1,911,007
New initiatives – 2 satellite library branches.....	239,474
New initiatives – DSS.....	87,985
New initiatives – other.....	333,638
Transfers to Other Funds	424,639
Net new debt service	(234,339)
Address end-of-year expenditure savings	<u>(1,750,000)</u>
Total Change in General Fund.....	\$20,075,035

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

Base Budget Adjustments

- A total of \$1.7 million is budgeted for the County’s second year of the three-year phase in of the compensation study. This funding includes a 2.1% CPI-indexed cost of living adjustment (COLA) and a longevity adjustment of 0.5% for employees with at least 3 and 12 years of service, and 1% for 5, 10, and 15 years of service. To best align with VRS reporting dates, any approved compensation adjustments will have an effective date of July 16, 2018 and will first appear on paychecks on August 3, 2018.
- The County is accruing a liability now for future health insurance benefits current employees will have, based on current policy, when they retire. Retiree health insurance benefits are currently paid on a pay-as-you-go basis, but as more employees retire, our annual payments will continue to increase. Our current total General Fund liability is \$76.6 million. To meet this liability, actuaries have calculated the “annual required contribution (ARC)” at \$6.4 million beyond the \$1.2 million we pay annually for current retiree health insurance coverage.

For the past several years, OPEB contributions have been funded in the smaller County funds such as Code Compliance and Transportation. County policy requires that once we begin funding the OPEB contribution for the General Fund, full funding of the on-going ARC will occur within eight years. The **one-time** set-aside of \$1.9 million of the fund balance in FY 2016 for OPEB kicked off the eight year policy timeframe, leaving now five budget years to achieve an **on-going** contribution for this purpose. \$1,153,330 or nearly one-fifth of the \$6.4 million is set aside in the Adopted Budget as progress towards meeting the full ARC no later than FY 2023.

- The budget includes a \$755,000 increase in the County's contribution to the Rappahannock Regional Jail due to an increase in the County's usage at the facility and a decrease in the amount of one-time funding used to reduce locality debt service. The increase is offset by a reduction in the facility's overall operational budget, net of a 2% merit increase for Jail staff, the addition of two full-time clerical positions, and the conversion of a part-time pre-trial officer to full-time.
- Approximately \$541,000 is added to maintenance service contracts accounts, primarily in Information Services where multi-year contracts are set to be paid in FY 2019 along with maintenance contracts for additional software;
- Full year funding for six Firefighter/Medic positions added during the course of FY 2018 to pick up shifts no longer manned by Chancellor Volunteer Fire and Rescue is included in the base budget at a cost of \$336,045.
- The library's full \$4,591,049 base funding request is included in the Adopted Budget. This represents a \$204,417 increase relative to the FY 2018 Adopted Budget and funds Spotsylvania's share of an anticipated 2% salary increase for library staff, a projected 3.9% increase in health insurance costs, an increase for books and materials. In addition to the \$4,591,049 payment to the library, the County directly pays the debt service of the Salem Church Library branch which in FY 2019 will be \$167,834, and pays the utilities, insurance, and maintenance on the two library branches in the County.
- Costs related to the State-mandated Line of Duty Act increase by about \$168,000 in FY 2019.
- \$150,000 is added to the budget for CSA mandated services to be consistent with FY 2017 actual expenditures and with trends in program utilization. Nearly 60% of the full mandated service program cost of \$8.8 million is expected to stem from the Schools' Individualized Education Program (IEP) placements into private day facilities. These expenses are partially funded by the State. Additionally, DSS program costs are expected to increase by \$121,715.
- Janitorial services contracts are expected to increase by approximately \$117,000 in FY 2019 due to the additional of several locations to be cleaned by the outsourced vendor. This cost is partially offset by a reduction in part-time funding.
- State Fire Programs funding and "Four for Life" funding is increasing. \$115,000 is added to the operating budget to match to this revenue for equipment and training. This funding is restricted and if not spent in FY 2019 must be reserved and rolled forward to FY 2020 to be used for equipment and training by Fire/Rescue.
- The budget reflects full year funding of approximately \$111,400 for the Family Services Worker and Training Specialist positions in DSS that were added during the course of FY

2018. The State revenue that will be received towards these positions is included in the budget, as well.

- \$104,375 is added to the budget for Fire/Rescue training. This increase is largely due to revised State requirements for Emergency Medical Technician (EMT) certifications.
- Given our claims history and insurance reserve balances, health insurance rates are expected to remain constant in FY 2019. There is no overall change in costs, and there is no change in the employer/employee split of premium costs for the plan year.
- Several years ago, we began budgeting lump sum 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 2019, we are reducing larger amounts within each budget based on trends, netting an overall base budget decrease of \$168,000.
- Changes in personnel costs related to salary adjustments, turnover, and changes in benefits choices, unemployment insurance, and workers' compensation rates result in a decrease of about \$2.0 million in the base budget. This includes the \$1.75 million adjustment made by Finance staff to address end-of-year personnel and health insurance budget savings.

New Initiatives for FY 2019

Public safety was the focus of new initiatives funded for FY 2019 with 25.35 (72.0%) of the 35.22 net new positions allocated to the Sheriff's Office, Fire/Rescue and the Building Office to meet community safety needs and concerns.

- One day following the 2019 Recommended Budget presentation, a shooting at a high school in Parkland, Florida claimed the lives of 17 people and wounded 17 others. Soon thereafter came community and nationwide outcry for action to be taken to guard against similar tragedies. In Spotsylvania, as the conversations evolved during the budget process, the Sheriff and Superintendent reported that 15 additional deputy positions would be needed in the Sheriff's Office for each school location to have a dedicated School Resource Officer (SRO).

To accomplish this significant additional staffing, the Sheriff's Office agreed to convert four existing DARE Officers to SROs; the Board of Supervisors added four full year and three half year SROs to the FY 2019 Budget; and budgeted a local match for a grant to be applied for in an effort to fund the final four SRO positions.

- Fire/Rescue staff spent the latter half of 2017 preparing a multi-year plan for expanding 24/7 ALS and fire coverage throughout the County. To meet community expectations and service requirements, we must ensure consistent and comparable levels of service are provided by each responding station regardless of its location in the County. The plan called for 21 new personnel to be hired over three years. However, the Board of

Supervisors embraced a higher standard for the public’s safety and called for a plan to address the need in FY 2019. As such, this budget includes 11 additional staff to expand countywide 24/7 ALS and fire coverage, as well as the local match for a grant to be applied for in an effort to add 10 more Fire/Rescue staff members to meet this community need.

Following is a listing of the position changes included as new initiatives for FY 2019:

Fund/Position	Public Safety FTEs	Other FTEs
General Fund:		
Firefighter/Medic – 24/7 Advanced Life Support & Fire	11.0	-
School Resource Officers	4.0	-
School Resource Officers – half year	3.0	-
Communications Officers – half year	2.0	-
Communications Operators – half year	2.0	-
Animal Control Deputy	1.0	-
Convert 2 of 5 Animal Shelter Assistants to full-time	0.74	-
Convert 3 of 5 Animal Shelter Assistants to full-time – half year	0.24	-
Convert part-time Family Services Worker II to full-time	-	0.5
Convert part-time Bilingual Aide to full-time	-	0.37
Social Services Aide	-	0.63
Full-time ED&T Assistants in lieu of 10 part-time Counselors	-	3.37
Tourism Project Manager	-	1.0
General Fund Total	23.98	5.87
Code Compliance Fund:		
Commerical/Residential Plans Reviewer	1.0	-
Convert part-time Clerk to full-time Permit Technician	0.37	-
Code Compliance Fund Total	1.37	-
Utilities Fund:		
Electrician I	-	1.0
Utilities Field Crew Workers	-	2.0
Construction Technician	-	1.0
Utilities Fund Total	-	4.0
Total Change in Full Time Equivalent (FTEs)	25.35	9.87

Additionally, the following items are included in the budget as new initiatives:

- In addition to the base budget amount of \$4.6 million requested by the library, approximately \$239,000 is added to the budget for the first year start-up and operating costs of two satellite library branches. \$199,474 is budgeted for a library branch to be located at the Spotsylvania Towne Centre which is expected to ease overcrowding and

overuse of the Salem Church branch in addition to being a community venue for mall visitors. \$40,000 is budgeted for a satellite location in the Berkeley district to provide information access, computers, books, and homework support on a weekly basis to a part of the County lacking internet connectivity.

While these new satellite branches will have on-going costs, Spotsylvania is responsible for the full start-up and first year costs. In subsequent years, the operating costs of the satellite facilities will be subsumed in the system-wide library budget and each participating jurisdiction will share in the costs of operations. As such, the first year costs are being funded from the General Fund balance in FY 2019.

- \$78,000 is budgeted from the tourism portion of the Transient Occupancy tax to hire a Tourism Project Manager.
- \$70,000 is budgeted as an increase in law enforcement overtime.
- \$50,000 is added to the budget for text message archiving software.
- The General Fund balance is used to budget for:
 - purchase of a \$30,000 towed side scan sonar system for use during water rescues and recoveries;
 - \$14,600 for the purchase of a sonar unit and to rebuild the existing total station equipment for the Sheriff' Office;
 - \$14,355 for an event trailer stocked with tables, chairs, cones and trash cans for Parks & Recreation events;
 - \$8,500 for heater units to be added to all dispatch consoles
 - \$6,329 added to the Treasurer's Office budget to overfill a full-time Deputy Treasurer position to allow the new employee to work with the retiring employee to gain an understanding of job duties.
- \$30,000 in one-time funding is added for museum collection development items. \$14,791 of this amount is funded with money reserved several years ago for the upcoming 300th anniversary of Spotsylvania County. The remaining \$15,209 is funded by the General Fund balance.
- \$20,000 is added for median mowing along Rt. 208 from Wild Turkey Drive to Four Mile Fork; Rt. 3 from Bragg Road to Andora Drive; and the Rt. 1 corridor between Spotsylvania Parkway and the county line with Fredericksburg.

Transfers to Other Funds

Schools – The transfer to the Schools is adopted at \$128,492,093 – a net increase of \$4,416,778 over the FY 2018 transfer (a \$4.5 million increase in on-going funding, reduction of the \$333,222 in one-time FY 2018 funds, and addition of \$250,000 in one-time FY 2019 funds). This local transfer combined with additional funding from the State enabled the School Board to

provide a total 4% across-the-board pay increase for staff, with administrators receiving a 2% increase.

Capital Projects Fund – Consistent with fiscal policy guidelines, a transfer from the General Fund to the Capital Projects Fund is budgeted at \$9.8 million. To meet the County’s policy goal of cash funding capital projects at an amount equal to 5% of General Fund revenue, beginning in FY 2008, the County established the transfer from the General Fund to the Capital Projects Fund at 1%, with an additional 0.25% to be added each year thereafter. In FY 2019, the transfer is budgeted at 3.75% of General Fund revenues.

In addition to the policy level transfer, \$8.595 million is transferred from the General Fund balance to the Capital Projects Fund to cash fund additional capital projects, the single largest of which is the \$9.0 million construction of a new building in the Courthouse area to house the DSS and the Health Department. Further, the one-time \$270,000 transfer budgeted in FY 2018 for miscellaneous equipment related to new positions is removed from this budget.

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 increases by \$29,639 in FY 2019.

Economic Development Opportunities (EDO) Fund – A transfer from the General Fund to the EDO Fund occurs annually to fund the costs of previously approved incentives. Overall, the transfer to the EDO Fund increases by \$395,000 for FY 2019.

Transportation Fund – Since 2011, we have maintained vehicle license fee revenue and set-asides equaling about \$3.9 million in the General Fund as opposed to transferring those funds to the Transportation Fund as had been the practice prior to 2011. To begin to address the long-term needs of the Transportation Fund, the FY 2017 and FY 2018 budgets each included a \$700,000 transfer from the General Fund to the Transportation Fund. This \$700,000 is included in the FY 2019 Budget, as well, to plan for long-term solvency of the Transportation Fund given ongoing expenses like the FRED bus service and annual subsidies to the Virginia Railway Express plus new debt service associated with planned capital expenditures for road projects.

In addition to the transfer of the \$700,000 from the General Fund to the Transportation Fund, use of \$673,370 in accumulated and reserved set-asides residing within the Transportation Fund balance is budgeted to balance the FY 2019 Transportation Fund. This \$673,370 is one-time funding.

Based on the Adopted CIP, in addition to the \$700,000 ongoing base transfer, the Transportation Fund will need:

- another \$0.7 million from the General Fund in FY 2020 – a cumulative transfer of \$1.4 million;
- another \$0.4 million on top of that in FY 2021 – a cumulative transfer of \$1.8 million;
- another \$0.5 million in FY 2022 – a cumulative transfer of \$2.3 million; and
- another \$0.5 million in FY 2023 – a cumulative transfer of \$2.8 million.

Note that as part of the FY 2019 Budget, the County Administrator recommended and the Board voted to eliminate the special tax district set-aside process be eliminated. Though the 10% set-aside revenue has not been transferred from the General Fund to the Transportation Fund in nine years, staff continued the manual tracking of revenue from approximately 100 parcels across the four service districts. The 10% equates to about \$760,000 a year. With the base \$700,000 transfer to the Transportation Fund along with what in the very near future will be a multi-million additional transfer, we are essentially using those set-asides. As such, the County Administrator and Board were willing to discontinue what had been an overly cumbersome and burdensome tracking process.

	\$ in millions
<i>FY 2018 Adopted Budget – Expenditures (General Fund)</i>	<i>\$260.1</i>
Mandated services ¹ (39.7%)	\$103.3
Commitments ² (35.7%)	\$92.8
Other services (24.6%)	<u>\$64.0</u>
	\$260.1
Base Budget Adjustments	
Compensation adjustments to include COLA and longevity	\$1.7
OPEB on-going contribution	1.2
Contribution to Rappahannock Regional Jail	0.8
Maintenance service contracts	0.5
Full year of 6 Firefighter/Medics hired subsequent to FY 2018 budget	0.3
CSA mandated costs/DSS programs	0.3
Base contribution to Library	0.2
Line of Duty Act mandated costs	0.2
Janitorial services contracts	0.1
Match to revenue for State Fire Programs & Four for Life	0.1
Full year of DSS positions hired subsequent to FY 2018 budget	0.1
Fire/EMS training – changes in State requirements for EMT certifications	0.1
Turnover, personnel adjustments, & changes in benefit choices/rates	<u>(2.2)</u>
Subtotal Changes	\$3.4
New Initiatives	
Cost of new initiatives related to public safety	\$1.9
First year start-up and operating costs of 2 satellite library branches	0.2
Cost of new DSS initiatives	0.1
Costs of other new initiatives	<u>0.3</u>
Subtotal Changes	\$2.5
Changes in Transfers	
Transfer to Capital Projects Fund	\$9.3
Transfer to Schools	4.4
Transfer to EDO Fund	<u>0.4</u>
Subtotal Changes	\$14.1
	\$ in millions
<i>FY 2019 Adopted Budget – Expenditures (General Fund)</i>	<i>\$280.1</i>

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

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.

Budget at a Glance

The *Budget at a Glance* infographic on the following pages is a summary of the FY 2019 Budget and related data. Readers seeking further information on its components are invited to see the descriptions below.

- **Budget Focus** – A list of the central themes around which the budget is built. For further information see the *Budget Message*, pages 11 – 17.
- **Budget Highlights** – A list of noteworthy items incorporated into the budget such as changes to certain tax rates and planned new expenditures and/or programs. For further information, see the *Budget Strategy*, pages 19 – 32.
- **Operating and Capital Expenditures** – A table summarizing the operating and capital expenditures by fund for the FY 2018 and FY 2019 budgets. For further information, see the *Budget Summary - By Fund* and *Individual Fund Sheets*, pages 90 – 103, as well as information presented throughout the budget document.
- **Expenditures by Function, All Funds** – A graphical answer to the question “Where Does the Money Go?” The pie chart compares budgeted expenditures by government function. For further information, see the *Budget Summary – All Funds and Sources and Uses of Funds*, pages 87 – 89, as well as information presented throughout the budget document.
- **General Fund Forecast** – The forecast represents the costs of the FY 2019 General Fund budget over the course of the next four years. Projected costs are compared to projected revenues to arrive at an estimate of annual budget deficits or surpluses. For further information, see the *Five-Year Financial Forecast*, pages 147 – 148.
- **Breakdown of General Fund Transfer to Schools** – The table provides a breakdown of the General Fund transfer showing the required local effort, the required local match for optional programs, the required local match for federal grants, the transfer necessary to pay debt service on school capital projects, and the additional local transfer. For further information, see *Overview of Education Function*, pages 415 – 416, as well as the Schools’ budget document available at www.spotsylvania.k12.va.us.
- **Average Residential 2018 Real Estate Tax Bill** – A display of the approximate breakdown of the average residential real property tax bill. The average is derived from preliminary 2018 land book values and the adopted real property tax rate of \$0.8330 per \$100 of assessed value. The intention of the graphic is to show how a typical citizen’s real estate tax bill is used to fund various government operations and services. For further information, see *Real Property Taxes*, pages 108 – 110, as well as information presented throughout the budget document.



FY 2019 Adopted 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).
- Address continuing public safety needs, particularly providing School Resource Officers (SROs) in each school, and expanded 24/7 Advanced Life Support (ALS) and fire coverage.
- Continue three-year phased implementation of Compensation Study (FY 2019 is second year).

Budget Highlights

Schools –

- Local transfer to Schools increases by \$4.5M above the FY 2018 ongoing base transfer. The total local transfer of \$128,492,093 includes \$250,000 in one-time funding and represents 48% of total General Fund revenue. When increases in State and local funding are combined, the School Board is able to provide a total 4% pay increase for staff (administrators to receive 2%).

Public Safety –

- To provide one SRO at each public school, this budget adds 7 SROs to the existing complement of SROs and funds a local match for a grant to be applied for in an effort to hire 4 additional SROs.
- Addition of 2 Communication Officers, 2 Communications Operators, 1 Animal Control Officer, conversion of 5 part-time Animal Shelter Assistants to 4 full-time positions, and increased overtime funding for law enforcement.
- Addition of 11 Firefighter/Medics to provide expanded 24/7 ALS and fire coverage. A local match is budgeted for a grant to be applied for in an effort to add 10 more Fire/Rescue staff members.

Transportation –

- Fuel tax revenue allows suspension of transfer of vehicle license fee for the ninth year. However, as begun in FY 2017, \$700,000 in on-going funding is transferred to the Transportation Fund to help address projected out-year imbalances in that fund.
- \$673,370 in accumulated “set asides” from service districts is used to balance the Transportation Fund and “set asides” tracking is eliminated (see pages 30 - 31 for explanation).
- The local share of approved/applied for revenue sharing projects is included in the CIP along with planning figures for implementation of findings from previously budgeted corridor studies.

Tax Rates/Fees –

- Real Estate tax rate adopted at \$0.8330 – 1.66 cents above the equalized rate of \$0.8164.
- Special Service District rates are adjusted to pay debt service costs existing for improvements undertaken in those districts (see page 126 for rates).

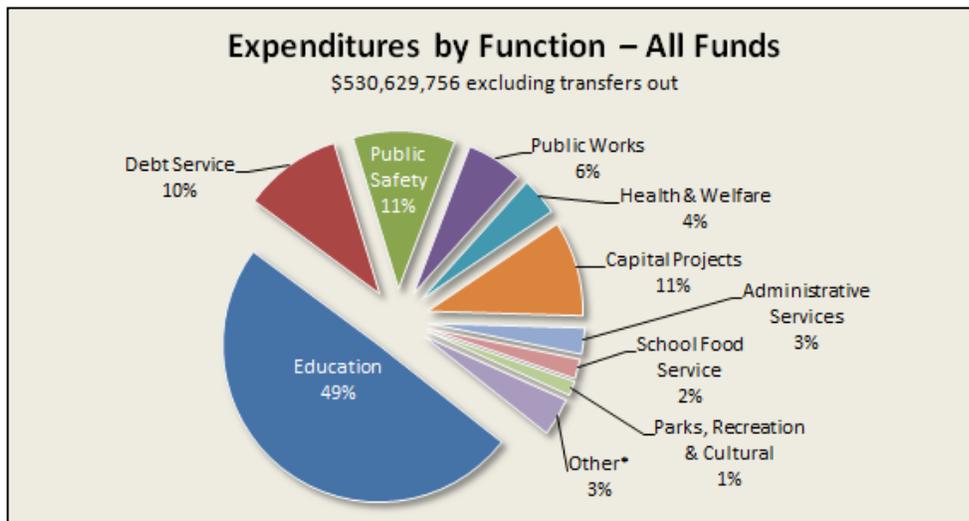
Compensation –

- Funding to implement year 2 of the County’s 3-year compensation study implementation to include a 2.1% COLA; longevity adjustments of 0.5% for employees with at least 3 and 12 years of service and 1% for 5, 10 and 15 years of service; and the second third of implementation of the classification parity.

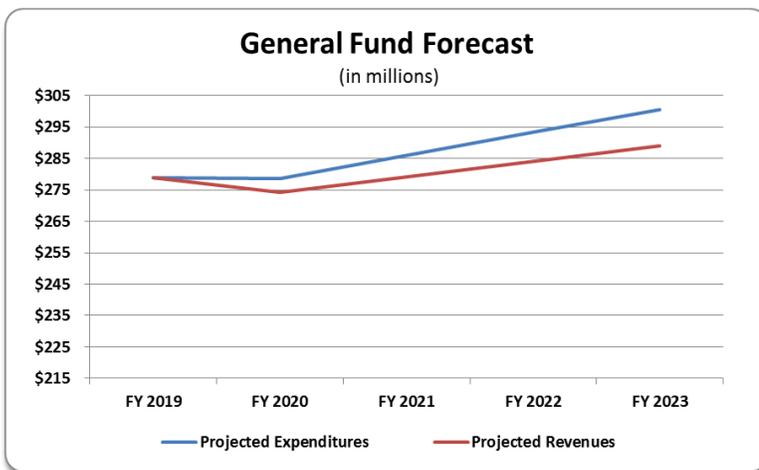
Capital Projects –

- Transfer of cash to the CIP is increased by \$1.0M to meet the 3.75% policy-level transfer. An additional \$8.595M is transferred from the fund balance for a new building for DSS and the Health Department.

	FY 2018 Adopted	FY 2019 Adopted	Difference \$	%
General Fund	\$124,562,391	\$130,499,695	\$5,937,304	4.8%
Economic Dev. Opportunities Fund	906,755	1,280,113	373,358	41.2%
Code Compliance Fund	3,993,647	4,284,767	291,120	7.3%
Transportation Fund	8,358,320	8,232,778	(125,542)	(1.5%)
School Operating	274,525,185	285,970,055	11,444,870	4.2%
School Food Service	10,199,132	11,322,972	1,123,840	11.0%
Utilities	<u>30,927,443</u>	<u>32,370,945</u>	<u>1,443,502</u>	4.7%
Sub-Total Operating Expenditures	\$453,472,873	\$473,961,325	\$20,488,452	4.5%
Capital Projects Fund	\$9,838,216	\$15,920,062	\$6,081,846	61.8%
School Capital Projects	27,361,447	30,799,918	3,438,471	12.6%
Utilities Capital Projects	<u>12,066,600</u>	<u>9,948,451</u>	<u>(2,118,149)</u>	(17.6%)
Sub-Total Capital Expenditures	\$49,266,263	\$56,668,431	\$7,402,168	15.0%
Total Budget	\$502,739,136	\$530,629,756	\$27,890,620	5.5%

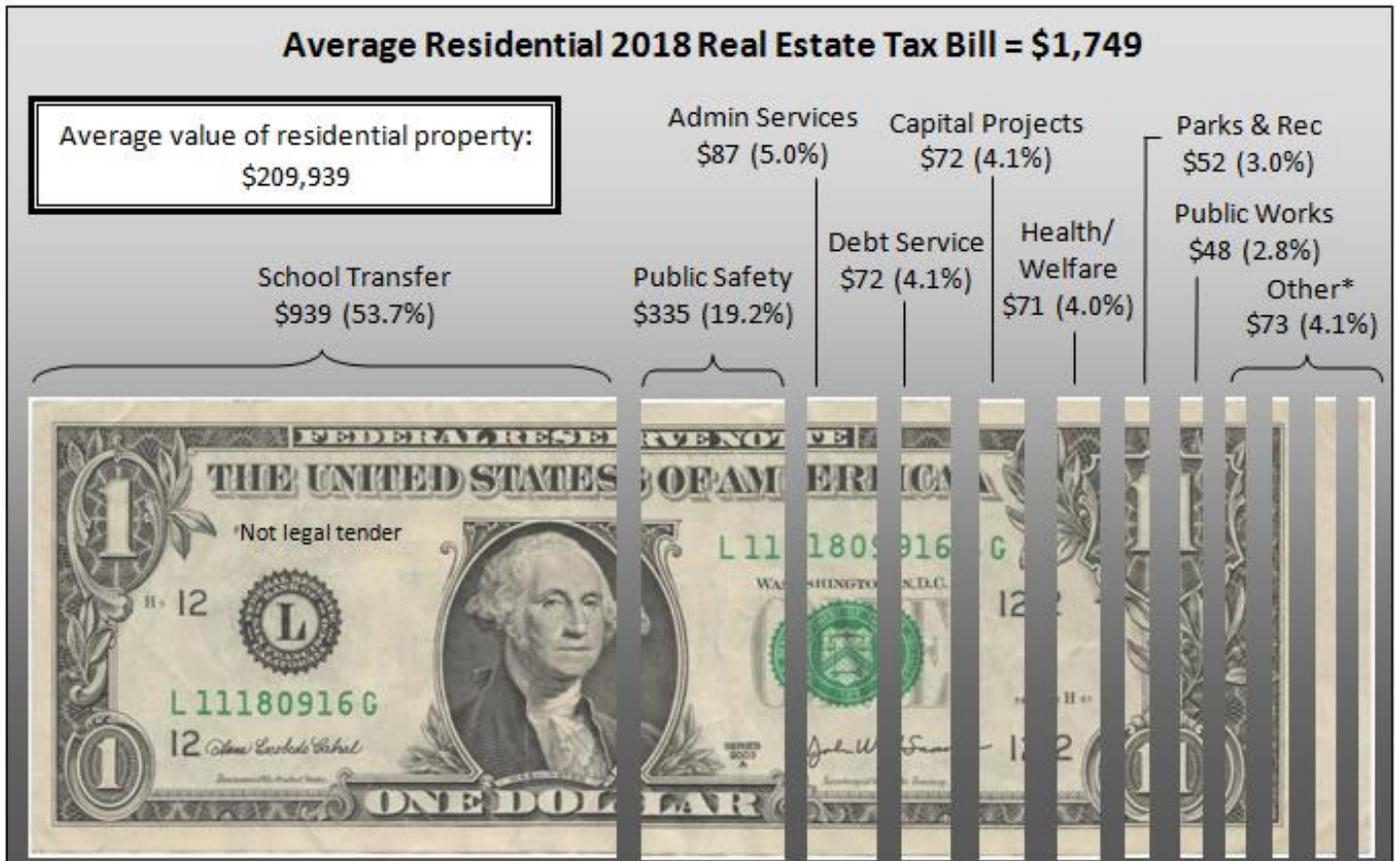


*"Other" includes Community Development, Executive Services, Judicial Administration, Transportation and Voter Services functions and tax relief.



Breakdown of General Fund Transfer to Schools

	2018 Adopted	2019 Adopted
Required Local Effort - SOQs	\$54,018,514	\$57,978,170
Required Local Match for Non-SOQ Programs	2,027,313	2,531,713
Required Local Match for Federal grants	25,110,085	27,048,808
Debt Service	25,581,896	27,016,808
Additional Local Transfer	17,337,507	14,300,803
Total Local Transfer	\$124,075,315	\$128,492,093



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



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.

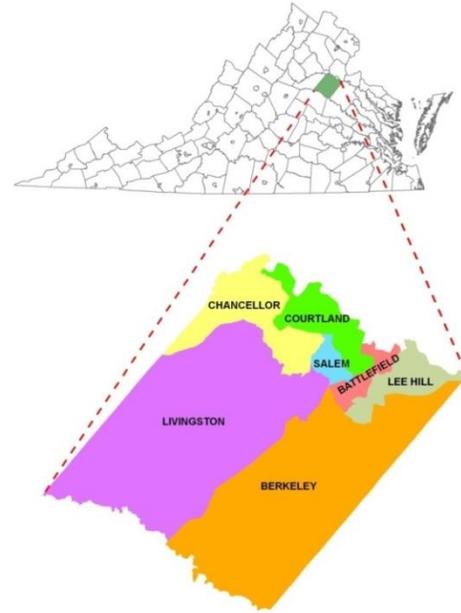
Geography

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 four current members expire on December 31, 2019, with the terms of the remaining three members expiring on December 31, 2021. The Board of Supervisors sets county policies, adopts ordinances, appropriates funds, approves land rezoning and special exceptions to the zoning ordinance, and carries out other responsibilities set forth by the State and County code.

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

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

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

The County provides general governmental services for its citizens including emergency medical services and fire protection, collection and disposal of refuse, water and sewer services, parks and recreation, libraries, and detention centers. Other services provided by the County for

which partial funding is received from the State include public education in grades preK-12 and certain technical, vocational and special education, mental health assistance, agricultural services, law enforcement, health and social services, and judicial activities.

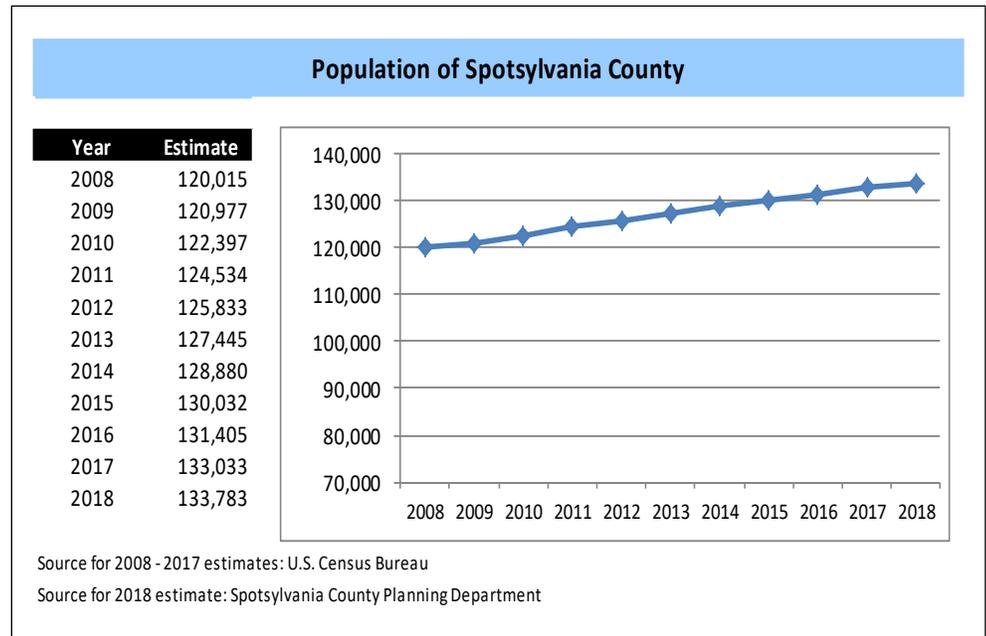
Population

The Planning Department estimates the County's 2018 population to be 133,783.

The County's population has grown each of the past ten years. Annual 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.

The rate of population growth between 2017 and 2018 is estimated at 0.6%.

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	
2015	130,032	
Year	Planning Department Projections	
Year	1% Growth Rate	2% Growth Rate
2020	137,064	141,176
2025	144,056	155,869
2030	151,404	172,092
2035	159,127	190,004
2040	167,244	209,780

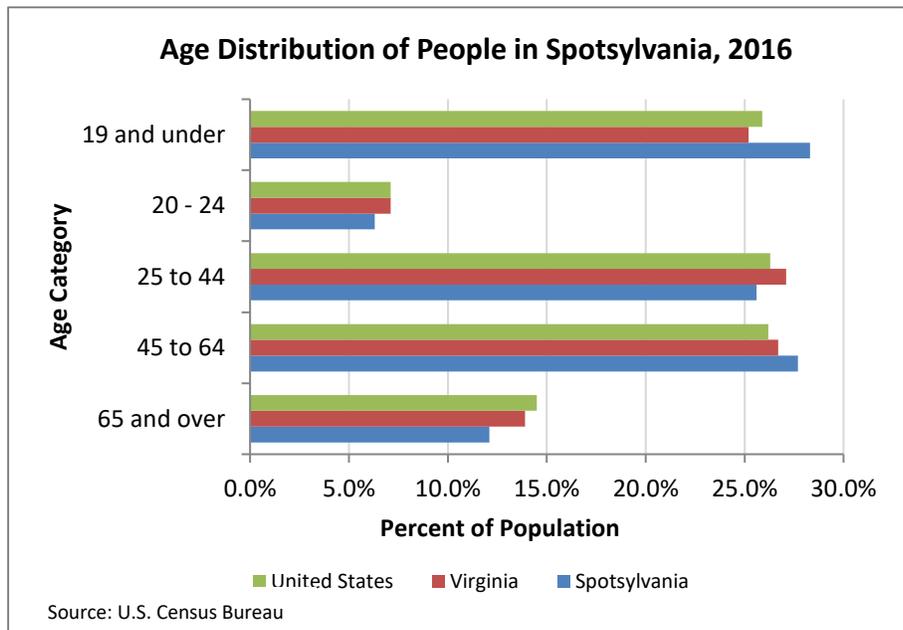
The U.S. Census Bureau estimates that in 2016 just under three-quarters of the population of Spotsylvania County was white and slightly less than one-sixth of the population was black or African-American.

2016 Population by Racial/Ethnic Group

Group	Spotsylvania	Virginia	United States
White	69.1%	62.4%	61.3%
Black or African American	16.4%	19.8%	13.3%
Hispanic or Latino	9.3%	9.1%	17.8%
Asian	2.8%	6.6%	5.7%
American Indian or Alaska Native	0.5%	0.5%	1.3%
Native Hawaiian or Pacific Islander	0.1%	0.1%	0.2%
Other	1.8%	1.5%	0.4%

The majority of the County’s population (66%) was estimated to be greater than or equal to 25 years of age, with 6% estimated between the ages of 20 and 24 and 28% 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.

2016 Household Composition

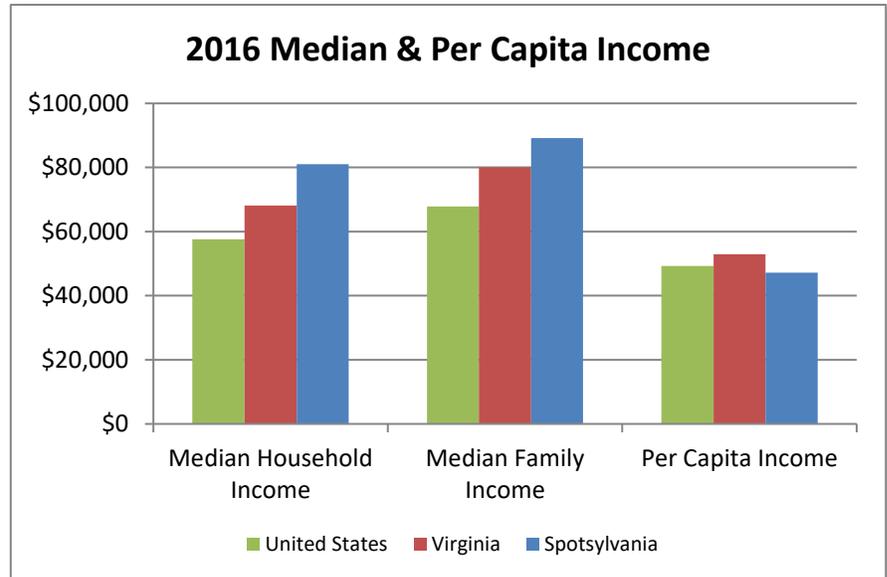
Type of Household	Spotsylvania		Virginia		United States	
Family Households	33,196	77.0%	2,067,943	66.9%	77,608,829	65.9%
With own children under 18 years	15,092	35.0%	900,882	29.2%	33,567,476	28.5%
Married-couple families	26,268	60.9%	1,557,225	50.4%	58,781,405	48.2%
Male householder; no wife families	1,812	4.2%	132,531	4.3%	5,681,312	4.8%
Female householder; no husband families	5,116	11.9%	378,187	12.2%	15,146,112	12.9%
Without children under 18 years	18,104	42.0%	1,167,061	37.8%	44,041,353	37.4%
Nonfamily Households	9,909	23.0%	1,022,235	33.1%	40,107,408	34.1%
Total Households	43,105	100%	3,090,178	100%	117,716,237	100%

Source: U.S. Census Bureau

Personal Income

According to the U.S. Census Bureau, Spotsylvania’s 2016 median household income was estimated at \$81,065 and median family income was estimated at \$89,152.

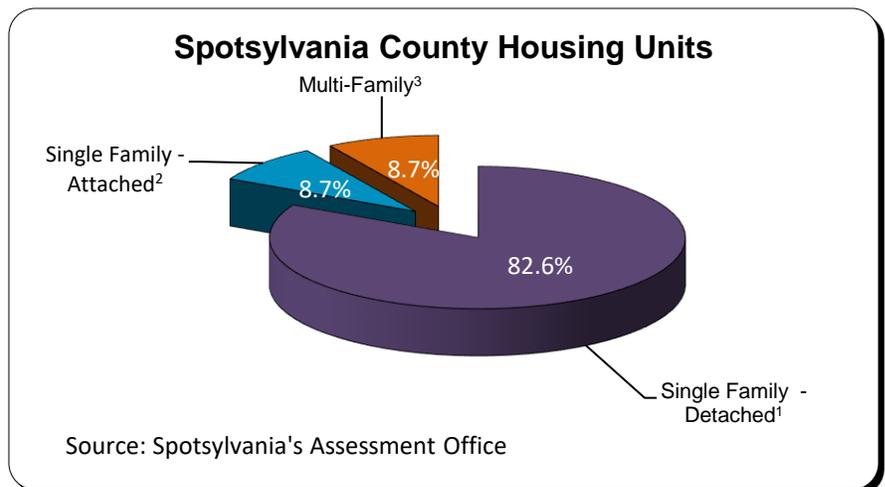
The estimated 2016 combined per capita income for Spotsylvania County and the City of Fredericksburg of \$47,230 is approximately 11% less than the state amount and approximately 4% less than the national amount.



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

Housing

As of December 31, 2017 there were 48,614 housing units in Spotsylvania County. A housing unit can be multi-family or single-family, attached or detached. The majority (82.6%) of the housing units in Spotsylvania were single-family detached units. Since 2000, the number of housing units in the County has increased by 45.9%.



Source: Spotsylvania's Assessment Office

¹ Includes trailers, manufactured homes and mobile homes

² Consists of duplexes and townhouses

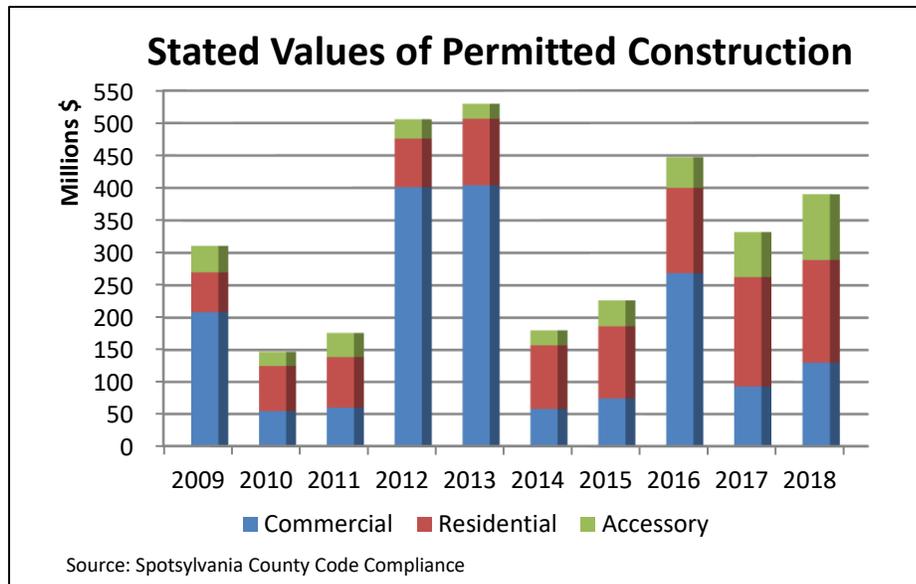
³ Consists of apartments and condominiums and assisted living housing units

Housing Units

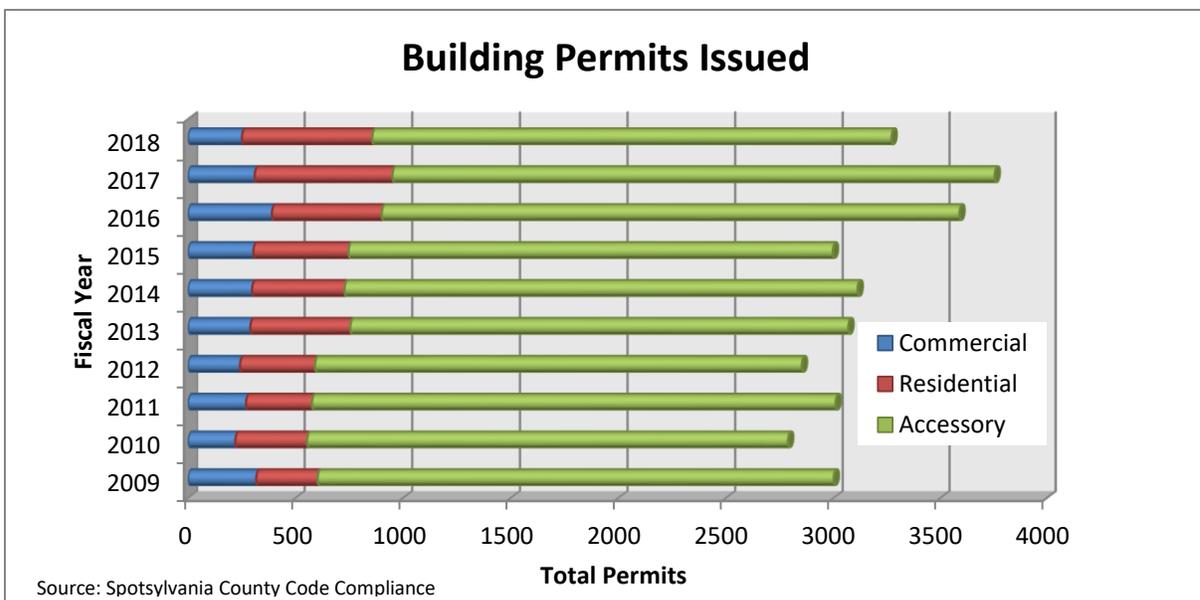
Housing Unit Type	2000	2010	2018
Single Family – Detached	28,804	37,141	40,142
Single Family - Attached	2,522	2,730	4,238
Multi-Family	1,983	3,136	4,234
Totals	33,309	43,007	48,614

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. Similar activity occurred in FY 2016 with the submission of several large commercial applications having sizeable stated values, including a substantial site plan for the 921,565 sq. ft. Lidl grocery distribution center.



Values are taken from permit applications as provided by the applicants. These values *do not* represent the value assigned by Spotsylvania's Assessment Office. The FY 2018 figures are as of April 30, 2018.



The FY 2018 building permit figures are as of April 30, 2018.

Approved Development

As of December 2017, 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	505	0	0	0	505	Ni Village	0	164	773	0	937
Estates of Chancellorsville	56	0	0	0	56	Lakeside	0	26	0	0	26
Estates of Elys Ford	231	0	0	0	231	Brooks	0	2	0	0	2
Saw Hill	43	0	0	0	43	Estates at Terry's Run	10	0	0	0	10
Estates at Buckingham	42	0	0	0	42	Spotsylvania Courthouse Village	358	198	834	50	1,440
Pelhams East	1	0	0	0	1	Crossroads Station	0	0	610	0	610
Woods of Catharpin	4	0	0	0	4	New Post	219	104	102	0	425
Whitehall	60	0	0	0	60	Fortune's Landing	45	0	0	0	45
Tanglewood Estates	2	0	0	0	2	Barley Woods	0	0	0	130	130
Estates at Kingswood	28	0	0	0	28	Heritage Woods	697	180	183	0	1,060
Breckenridge Farms	50	0	0	0	50	Courtland Park	89	0	0	0	89
Avalon Woods	98	0	0	0	98	Southpoint Landing	0	0	550	0	550
Anna Vista, Section 2	10	0	0	0	10	Legends of Chancellorsville	218	0	0	0	218
Pennington Estates	12	0	0	0	12	Wheatland	0	98	0	0	98
Pamunkey Point	20	0	0	0	20	Thorburn Estates	59	0	0	0	59
Lee's Parke	447	0	0	168	615	Jackson Village	0	596	1,289	385	2,270
Sunrise Bay	34	0	0	0	34	Retreat at Chancellorsville	0	0	0	192	192
Regency at Chancellorsville	0	0	0	128	128	Alexander's Crossing	518	971	888	230	2,607
Glenhaven/ River Glen	34	0	0	0	34	Plantation Woods	132	0	0	0	132
Reserve at Chancellorsville	98	0	0	0	98	Goodwin Cove	35	0	0	0	35
Lafayette Crossing	0	21	0	0	21	Cedar Forest	29	0	0	0	29
Mallard Landing	0	99	0	0	99	Summit Crossing Estates	70	0	0	0	70
Spring Arbor	0	0	0	6	6	Barrington	39	0	0	0	39
Summerfield	45	21	0	0	66	Afton	29	0	0	0	29
Keswick	150	90	240	184	664						
Total of all units approved but not yet built							14,029				

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

Community Facilities

- 31 Schools
- 12 Parks¹
- 1 Outdoor Amphitheatre
- 5 Community Centers
- 1 Senior Center
- 1 Visitors Center
- 1 County Museum
- 1 Swimming Pool
- 73 Multipurpose Fields²
- 46 Tennis Courts²
- 50 Baseball/Softball Diamonds²
- 43 Basketball Courts²
- 130.7 miles of Trails
- 1 Animal Shelter
- 13 Convenience Centers
- 1 Landfill
- 11 Fire/Rescue Stations
- 2 Dams and Reservoirs
- 49 Pump Stations
- 2 Water Treatment Plants (WTP)
- 3 Wastewater Treatment Plants (WWTP)
- 1,200+ miles water/sewer infrastructure

¹ Includes parks at the County’s two reservoirs

² Includes facilities at schools

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

Business, Labor & Employment

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

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

Existing Retail and Mixed Use Developments

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

Source: Spotsylvania County Economic Development Department

Number of Jobs by Sector and Wage

Industry	Average Establishments		Average Employment		Average Weekly Wage	
	YoY		YoY		YoY	
	2017	Change ¹	2017	Change ¹	2017	Change ¹
Accommodation and Food Service	187	(3)	4,108	(134)	\$323	(\$9)
Administrative and Support and Waste Management	128	3	1,445	(12)	\$591	\$34
Agriculture, Forestry, Fishing & Hunting	8	-	52	(6)	\$440	\$37
Arts, Entertainment, and Recreation	36	2	722	(67)	\$332	\$23
Construction	298	1	2,243	(8)	\$1,359	\$423
Educational Services	30	3	5,179	217	\$762	(\$2)
Finance and Insurance	94	(5)	499	(11)	\$1,036	\$88
Health Care and Social Assistance	642	(38)	4,607	(61)	\$884	\$69
Information	28	1	323	(11)	\$978	\$30
Management of Companies and Enterprises	20	-	442	25	\$1,393	\$7
Manufacturing	64	7	1,108	9	\$1,062	(\$82)
Mining, Quarrying, and Oil and Gas Extraction	3	1	37	N/A	\$1,417	N/A
Other Services (except Public Administration)	397	82	1,610	63	\$585	\$21
Professional, Scientific, and Technical Services	262	(7)	1,912	84	\$1,705	(\$22)
Public Administration	37	1	1,097	(30)	\$962	\$58
Real Estate and Rental and Leasing	117	4	568	35	\$770	\$54
Retail Trade	379	(1)	6,867	(173)	\$626	\$13
Transportation and Warehousing	70	2	1,579	90	\$875	\$65
Unclassified establishments	54	10	142	68	\$699	\$238
Utilities	8	1	N/A	N/A	N/A	N/A
Wholesale Trade	111	(5)	1,164	(19)	\$1,107	\$78
Total	2,973	59	35,791	68	\$811	\$50

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages as of 4th Quarter 2017

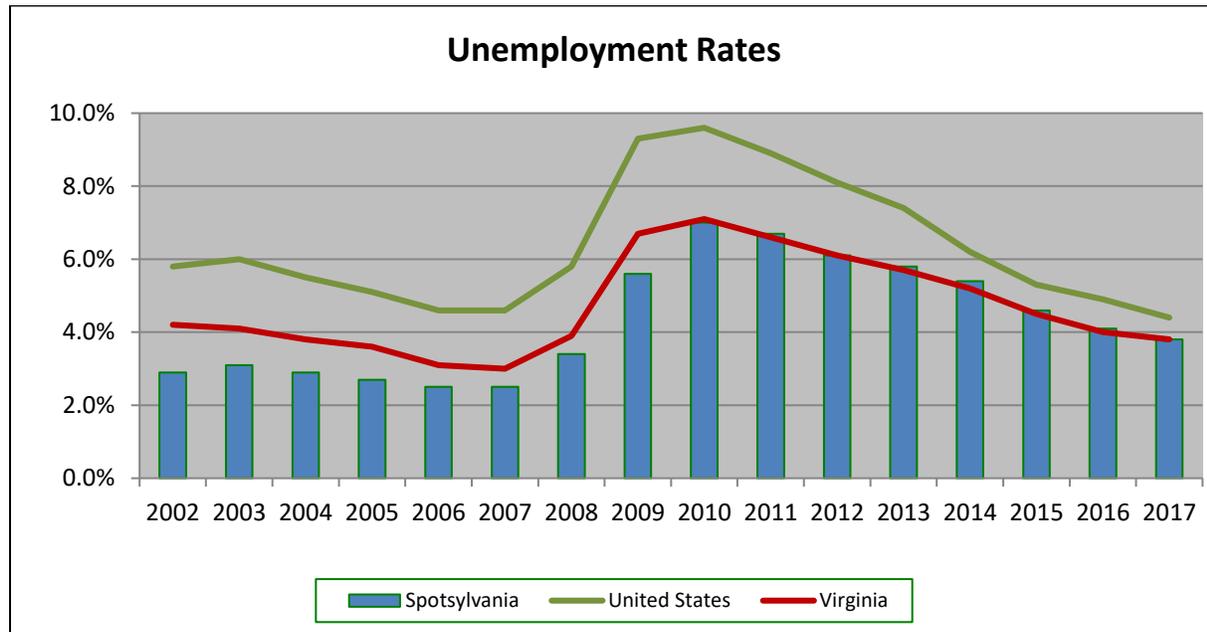
¹Represents the year over year change in amounts reported by the Virginia Employment Commission, Quarterly Census of Employment and Wages from 4th Quarter 2016 to 4th Quarter 2017.

Employment Status within Spotsylvania

Employment Status	2000	2016	% Change
Population 16 years old or older	66,138	99,814	50.9%
In labor force	47,747	67,729	41.8%
- Employed - civilian	45,651	63,469	39.0%
- Employed - armed forces	595	496	(16.6%)
- Unemployed	1,501	3,764	150.8%
Not in labor force	18,391	32,085	74.5%

Source: U.S. Census Bureau

Unemployment rates for Spotsylvania have been well below the national level and below, or comparable, to state rates in recent years. The County had the 10th best unemployment rate within Virginia in December 2017, as reported by the Virginia Employment Commission.



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

Top 20 Public & Private Employers within the County

Name	Nature of Business	Employee Range
Spotsylvania County Schools	Education	1,000+
Spotsylvania County Government	Local Government	1,000+
HCA Virginia Health System	Hospital – Spotsylvania Regional	500-999
Wal-Mart	Retail	250-499
CVS Pharmacy	Pharmacy Distribution Warehouse	250-499
Lidl US Operations	Grocery Distribution Center	250-499
Germanna Community College	Education	250-499
Weis Markets	Grocery	250-499
McDonald’s	Restaurant	250-499
United Parcel Service	Package Delivery Services	250-499
Kaeser Compressors	Air Compressor Manufacturer	100-249
Target Corp	Retail	100-249
Carmax	Automotive Dealer	100-249
Costco	Retail	100-249
Giant Food	Grocery	100-249
Rappahannock Goodwill Industries	Rehabilitation Services	100-249
A-T Solutions, Inc.	Support to Counterterrorist Activities	100-249
Radley Honda	Automotive Dealer	100-249
Simmons Bedding Company	Bedding Manufacturer	100-249
EOIR Technologies Inc	Engineering and Construction Services	100-249

Source: Virginia Employment Commission, as of 4th Quarter 2017

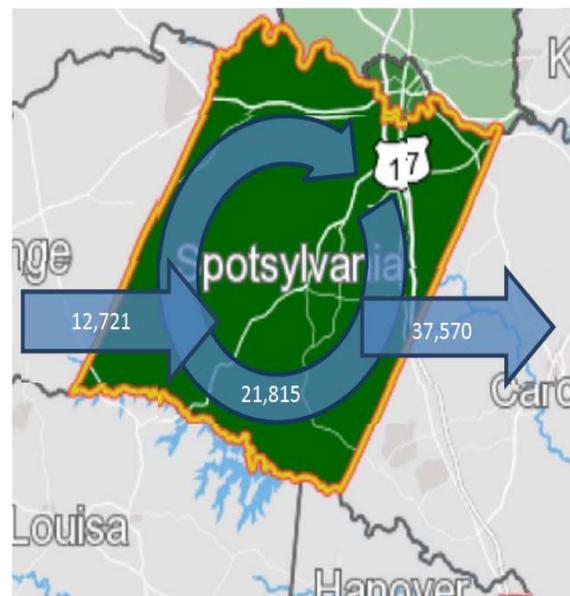
Other Major Public & Private Employers in Surrounding Area

Name	Nature of Business	Employee Range
U.S. Department of Defense	Federal Government Agency	1,000+
GEICO	Insurance Customer Service Center	1,000+
Stafford County Schools	Education	1,000+
Federal Bureau of Investigation	Federal Government Agency	1,000+
Mary Washington Hospital	Hospital	1,000+
County of Stafford	Local Government	1,000+
University of Mary Washington	Education	1,000+
McLane Mid-Atlantic	Distributor for Convenience Stores	500-999
Fredericksburg City Schools	Education	500-999
King George Schools	Education	500-999
Caroline County Schools	Education	500-999
Medicorp Health System	Healthcare	500-999
City of Fredericksburg	Local Government	500-999
YMCA	Social Advocacy Organization	500-999
Lowe's Homes Centers, Inc	Retail	500-999
Stafford Hospital Center	Hospital	500-999
Rappahannock Area Community Services Board	Social Advocacy Organization	500-999
United States Postal Service	Federal Government Agency	250-499
WaWa	Fueling Stations/Convenience Stores	250-499
Snowden Services, Inc	Healthcare Services	250-499

Source: Virginia Employment Commission, as of 4th Quarter 2017

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

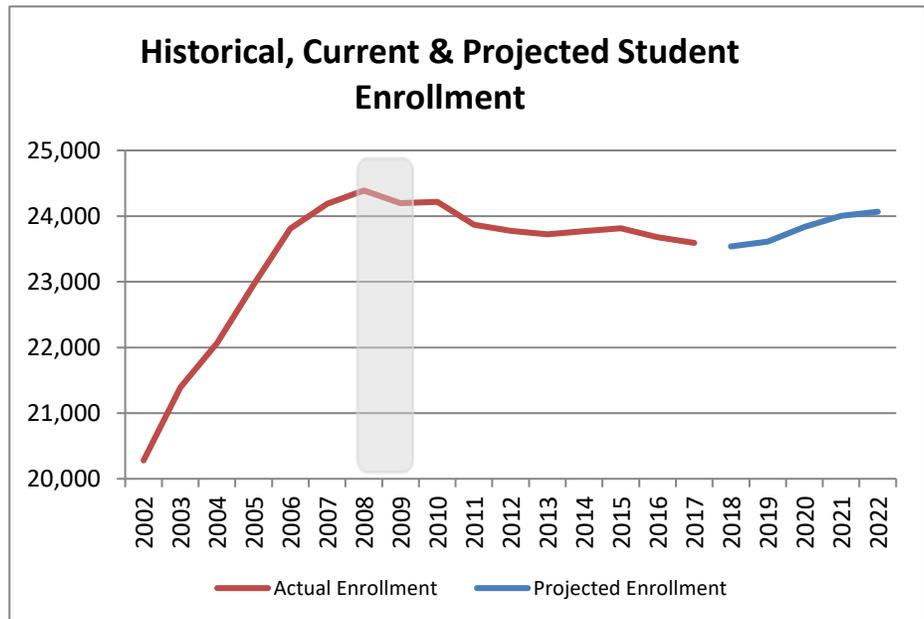
Source: U.S. Census Bureau

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 2017 - 2018 school year was 23,814. Enrollment is projected to be 24,425 by the 2022 - 2023 school year.

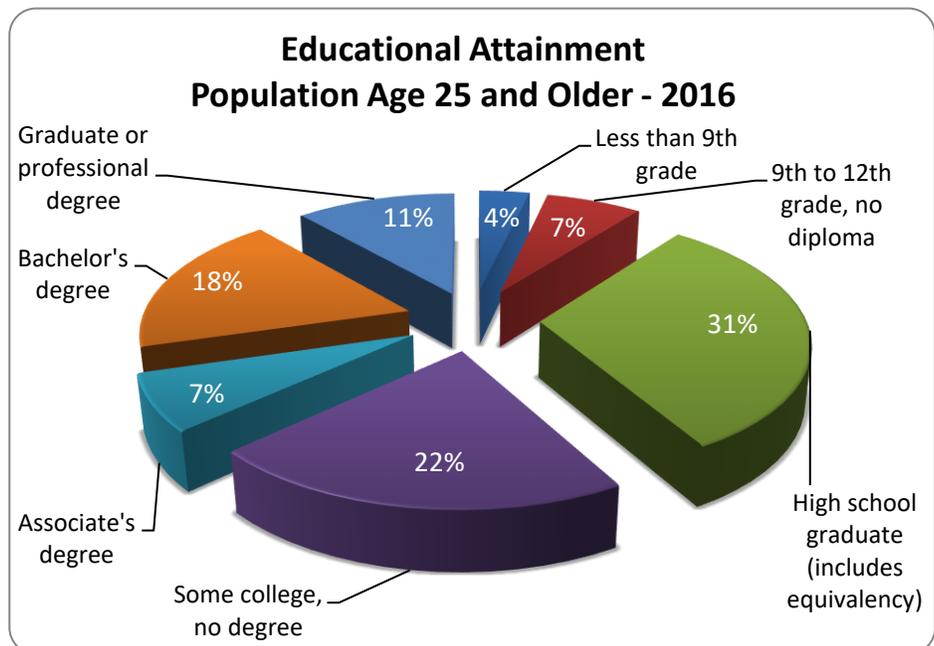
Total enrollment is projected to increase by 82 students countywide for the 2018 - 2019 school year.



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

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

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



Source: US Census Bureau

Supplemental Information

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

Real Estate Tax Rate History

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

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

General Property Tax Rates¹

Calendar Year	Real Estate & Mobile Home	Personal Property ²	Business Furniture & Fixtures	Machinery & Tools	Heavy Construction Equipment
2018	\$0.8330	\$6.55/\$6.25	\$5.95	\$2.50	\$2.00
2017	0.85	6.55/6.25	5.95	2.50	2.00
2016	0.85	6.55/6.25	5.95	2.50	2.00
2015	0.86	6.73/6.25	5.95	2.50	2.00
2014	0.86	6.78	5.95	2.50	2.00
2013	0.88	6.37	5.95	2.50	2.00
2012	0.88	6.37	5.95	2.50	2.00
2011	0.86	6.26	5.95	2.50	2.00
2010	0.86	6.26	5.95	2.50	2.00
2009	0.62	6.26	5.95	2.50	2.00
2008	0.62	5.00	5.00	2.50	2.00
2007	0.62	5.00	5.00	2.50	2.00
2006	0.62	5.00	5.00	2.50	2.00
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 2001 – 2014, the rate includes all personal property types. Beginning in 2015, there are two adopted rates, one for automobiles, campers, motor homes, motorcycles, pickups, and trucks and a second rate for boats and boat trailers.

Real Estate Tax Rates per \$100 of Assessed Value

Locality	Population ¹	Tax Year 2017 Rate	Tax Year 2018 Rate	Change
Prince William	463,023	\$1.2067	\$1.2112	\$0.0045
Richmond City	227,032	1.2000	1.2000	-
Fairfax	1,148,433	1.1610	1.1635	0.0025
Alexandria	160,035	1.1300	1.1300	-
Loudoun	398,080	1.1250	1.0850	(0.0400)
Arlington	234,965	1.0060	1.0060	-
Stafford	146,649	0.9900	0.9900	-
Fauquier	69,465	1.0390	0.9820	(0.0570)
Chesterfield	343,599	0.9600	0.9500	(0.0100)
Henrico	327,898	0.8700	0.8700	-
Spotsylvania	133,033	0.8500	0.8330	(0.0170)
Caroline	30,461	0.8300	0.8300	-
Hanover	105,923	0.8100	0.8100	-
Fredericksburg	28,360	0.8000	0.8000	-
King George	26,337	0.7000	0.7000	-
Culpeper	51,282	0.6700	0.6700	-

¹ Population figures from the U.S. Census Bureau (Estimate as of July 1, 2017).

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	\$192,794	\$1,658	\$56	3.5%
2015	\$0.86		\$192,794	\$1,658	\$0	0.0%
2016	\$0.85	\$0.8313	\$207,234	\$1,761	\$103	6.2%
2017	\$0.85		\$207,234	\$1,761	\$0	0.0%
2018	\$0.8330	\$0.8164	\$224,186	\$1,867	\$106	6.0%
					\$577	

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 \$224,687 in 2018. At the \$0.8330 rate adopted for 2018, the real estate taxes on this *example* residential property would have increased by \$577 since 2004 – an average annual increase of 2.7%.

² AV = assessed value

Principal Property Taxpayers

As of December 31, 2017

Name	Type of Business	Assessed Value ¹	Amount of Tax	Percent of Total Taxable AV ²
Spotsylvania Mall Company	Shopping Mall	\$188,296,135	\$1,616,839	1.25%
Dominion Virginia Power	Public Utility	155,976,663	1,325,802	1.03%
Spotsylvania Regional Medical Center	Hospital	80,995,791	1,102,843	0.54%
Lidl US Operations	Grocery Distribution	93,309,233	1,001,113	0.62%
Rappahannock Electric	Public Utility	71,616,354	635,126	0.47%
Comcast of VA	Public Utility	8,242,450	490,541	0.05%
CVS VA Distribution	Warehousing	6,912,988	411,323	0.05%
Verizon VA	Public Utility	44,851,026	398,226	0.30%
Columbia Gas of VA	Public Utility	42,987,892	365,397	0.28%
Lee Property Harrison Crossing	Shopping Center	32,214,100	273,820	0.21%

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.



In June 2018, subsequent to adoption of the FY 2019 Budget, the Board approved strategic plan guidance updating the mission, vision, values and long-term strategic goals. The FY 2020 Budget will be the first budget developed and adopted under the new strategic plan guidance.

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 273.

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 of 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	✓	✓		✓
• Energy management	✓			✓
• Improve landfill utilization rate	✓			✓

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 residents	✓			
• Provide sustainable recreational programs	✓			
Community Development				
• Contribute to a high quality of life	✓	✓	✓	✓
• Promote business growth and development	✓		✓	✓
• Promote tourism & farmers' markets	✓			
• Provide learning opportunities to include 4-H	✓			
Transportation				
• Partner with State and Federal governments to provide safe and appropriate means of transportation to County citizens		✓	✓	✓
• Ensure government vehicles and equipment are maintained in safe operating condition		✓	✓	✓
Education				
• Provide effective instructional services	✓			
• Promote a positive and effective learning environment	✓			
• Encourage parent engagement and dynamic community partnerships	✓			
• Ensure a supportive organizational structure	✓			
School Food Service				
• Support the learning experience	✓			
Capital Projects				
• Ensure the County maintains effective current and future levels of service and infrastructure for its citizens	✓	✓	✓	✓
Debt Service				
• Maintain compliance with adopted debt policies	✓	✓	✓	✓

FY 2019 Adopted Budget - All Funds

	FY 2017 Actual	FY 2018 Adopted	FY 2018 Amended	FY 2019 Adopted	Variance (adopt to adopt)	
					Amount	Percent
Revenues (by type)						
Property Taxes	\$166,866,873	\$168,849,377	\$171,167,101	\$178,401,725	\$9,552,348	5.7%
Other Local Taxes	\$42,563,067	\$41,646,000	\$43,152,000	\$42,735,253	\$1,089,253	2.6%
Licenses & Permits	\$315,939	\$345,200	\$366,200	\$363,200	\$18,000	5.2%
Charges for Services	\$43,974,737	\$39,875,410	\$40,418,664	\$42,687,186	\$2,811,776	7.1%
Other Local Revenue	\$24,683,398	\$24,127,876	\$28,488,144	\$29,978,051	\$5,850,175	24.2%
Debt Proceeds	\$32,318,729	\$27,361,447	\$29,510,683	\$30,799,918	\$3,438,471	12.6%
State Revenue	\$168,927,890	\$171,136,412	\$175,492,249	\$179,509,590	\$8,373,178	4.9%
Federal Revenue	\$16,753,985	\$17,482,541	\$19,862,097	\$17,254,672	(\$227,869)	-1.3%
Subtotal - Revenue	\$496,404,618	\$490,824,263	\$508,457,138	\$521,729,595	\$30,905,332	6.3%
Transfers In	\$146,112,633	\$149,550,562	\$153,787,481	\$154,297,522	\$4,746,960	3.2%
Use of Fund Balance	\$5,194,314	\$11,914,873	\$95,853,245	\$8,900,161	(\$3,014,712)	-25.3%
TOTAL REVENUE - All Funds	\$647,711,565	\$652,289,698	\$758,097,864	\$684,927,278	\$32,637,580	5.0%
Expenditures (by function)						
Executive Services	\$3,337,426	\$5,014,724	\$3,742,244	\$3,613,644	(\$1,401,080)	-27.9%
Administrative Services	\$12,095,517	\$13,451,416	\$13,813,170	\$14,270,522	\$819,106	6.1%
Voter Services	\$422,650	\$438,212	\$442,963	\$488,162	\$49,950	11.4%
Judicial Administration	\$3,881,296	\$4,182,973	\$4,358,857	\$4,411,164	\$228,191	5.5%
Public Safety	\$51,289,812	\$53,311,500	\$56,447,212	\$58,165,142	\$4,853,642	9.1%
Public Works	\$25,240,059	\$29,565,100	\$29,703,394	\$30,960,941	\$1,395,841	4.7%
Health & Welfare	\$19,687,811	\$19,621,211	\$21,175,737	\$20,332,663	\$711,452	3.6%
Parks, Recreation & Cultural	\$7,077,086	\$7,520,722	\$7,619,552	\$8,216,229	\$695,507	9.2%
Community Development	\$5,050,006	\$5,228,956	\$6,312,288	\$5,983,818	\$754,862	14.4%
Debt Service	\$50,037,323	\$51,231,916	\$51,387,476	\$52,939,597	\$1,707,681	3.3%
Capital Projects	\$61,582,332	\$49,266,263	\$141,519,782	\$56,668,431	\$7,402,168	15.0%
Transportation	\$2,204,356	\$3,673,013	\$3,673,013	\$3,049,262	(\$623,751)	-17.0%
Education	\$242,866,152	\$248,943,289	\$252,353,715	\$258,921,247	\$9,977,958	4.0%
School Food Service	\$9,845,133	\$10,199,132	\$10,599,132	\$11,322,972	\$1,123,840	11.0%
Subtotal - Appropriated Expenditures	\$494,616,959	\$501,648,427	\$603,148,535	\$529,343,794	\$27,695,367	5.5%
Tax Relief	\$1,113,904	\$1,090,709	\$1,090,709	\$1,285,962	\$195,253	17.9%
Subtotal - Recommended Budget	\$495,730,863	\$502,739,136	\$604,239,244	\$530,629,756	\$27,890,620	5.5%
Transfers Out	\$151,980,702	\$149,550,562	\$153,858,620	\$154,297,522	\$4,746,960	3.2%
TOTAL EXPENDITURES - All Funds	\$647,711,565	\$652,289,698	\$758,097,864	\$684,927,278	\$32,637,580	5.0%
Appropriated Expenditures (by category)						
Personnel (salaries & benefits)	\$290,824,287	\$302,856,376	\$307,474,330	\$319,576,065	\$16,719,689	5.5%
Operating (other than debt service)	\$91,332,531	\$97,183,643	\$105,328,606	\$100,960,896	\$3,777,253	3.9%
Debt Service	\$50,037,323	\$51,231,916	\$51,387,476	\$52,939,597	\$1,707,681	3.3%
Capital	\$62,422,818	\$50,376,492	\$138,958,123	\$55,867,236	\$5,490,744	10.9%
TOTAL APPROPRIATED EXPENDITURES - All Funds	\$494,616,959	\$501,648,427	\$603,148,535	\$529,343,794	\$27,695,367	5.5%

