

# Recommended Budget

## Spotsylvania County



FY 2017 Budget Work Session  
FY 2016 Mid-Year Report, FY 2017 Budget Updates,  
Five Year Forecast, & Reserves  
March 31, 2016

## FY 2016 Mid-Year Report

# Recommended Budget

## FY 2016 Mid-Year Budget Updates -

General Fund Budget Item	Adjustment
<b><i>Revenue:</i></b>	(\$ in millions)
Personal Property	\$0.6
Delinquent Personal Property	\$0.6
Railroad Reimbursement	\$0.4
Real Estate	\$0.3
DSS State Revenue	\$0.3
W/S Admin Fee	\$0.2
Business License	\$0.2
Public Service Corporation R.E.	\$0.2

# Recommended Budget

## FY 2016 Mid-Year Budget Updates -

General Fund Budget Item	Adjustment
<b><i>Revenue:</i></b>	(\$ in millions)
Penalties/Interest/Collection Fees	\$0.2
Bank Stock Tax	\$0.1
Transient Occupancy	\$0.1
Meals Tax	\$0.1
Recordation Tax	\$0.1
Fire & Safety Inspections	\$0.1
Insurance Recovery	\$0.1
Recycling Revenue	(\$0.1)

# Recommended Budget

## FY 2016 Mid-Year Budget Updates -

General Fund Budget Item	Adjustment
<b><i>Revenue:</i></b>	(\$ in millions)
Sale of Gov't Equipment (surplus)	(\$0.1)
Communication Sales Tax	(\$0.2)
Refuse Disposal Fees	(\$0.2)
Miscellaneous	<u>\$0.2</u>
<b>Total Revenue Projection Adjustments</b>	<b>\$3.2</b>
<b><i>Expenditures:</i></b>	
General Gov't	(\$0.5)
Judicial Administration	(\$0.1)

# Recommended Budget

## FY 2016 Mid-Year Budget Updates -

General Fund Budget Item	Adjustment
<b><i>Expenditures:</i></b>	(\$ in millions)
Public Safety	(\$0.3)
Public Works	(\$0.3)
Health & Welfare	(\$0.2)
Non-Departmental (contingency)	<u>(\$0.4)</u>
<b>Total Expenditure Projection Adjustments</b>	<b>(\$1.8)</b>
<b><i>Combined Revenue &amp; Expenditure Impact</i></b>	<b><i>\$5.0</i></b>
Fund Fiscal Policies	<u>(\$2.5)</u>
<b>Available One-Time Funding</b>	<b>\$2.5</b>

# Recommended Budget

## FY 2017 Budget Updates

# Recommended Budget

## FY 2017 Budget Updates -

General Fund Budget Item	Adjustment
<b><i>Revenue:</i></b>	(\$ in millions)
Revenue Adjustments from 3/8	\$0.6
Real Estate	\$0.3
Personal Property	\$2.1
Refuse Disposal	(\$0.2)
Recycling Revenue	(\$0.1)
Miscellaneous	<u>\$0.1</u>
<b>Total Revenue Projection Adjustments</b>	<b>\$2.8</b>

# Recommended Budget

## FY 2017 Budget Updates -

General Fund Budget Item	Adjustment
<b><i>Expenditures:</i></b>	(\$ in millions)
Expenditure Adjustments from 3/8	(\$0.5)
Add back Animal Shelter for discussion	\$0.3
Adjust fuel accounts	(\$0.2)
Transfer to Capital Projects Fund	<u>\$0.1</u>
<b>Total Exp./Transfer Proj. Adjustments</b>	<b>(\$0.3)</b>
<b><i>Combined Revenue &amp; Expenditure Impact</i></b>	<b><i>\$3.1</i></b>
\$ freed by funding fiscal policies in FY 2016	<u>\$1.0</u>
<b>Available On-Going Funding</b>	<b>\$4.1</b>

# Recommended Budget

## FY 2016 & 2017 Budget Updates -

General Fund Budget Item	Adjustment
<b><i>Available Funding for Budget Discussion:</i></b>	(\$ in millions)
One-Time Funding	\$2.5
On-Going Funding	\$4.1

### Potential Use of Funding:

- ✓ **One-Time** - Allocation to capital projects saves \$407k in on-going debt service
- ✓ **On-Going** – Fund the Recommended Budget at \$0.83 (less than the \$0.8313 equalized rate)

# Recommended Budget

## Five Year Forecast

# Recommended Budget

## Five Year Forecast -

### General Revenue Assumptions:

- ✓ Updated FY 2017 with adjustments previously mentioned (same for expenditures)
- ✓ Assumed adoption of \$0.83, given additional revenue
- ✓ New construction growth = 1.5%
- ✓ 5-yr average 1.2% growth in Personal Property AV
- ✓ Comp Board revenue same as FY 2017 in out-years
- ✓ DSS/CSA increasing as expenditures increase
- ✓ Other revenue projections driven by trends

**Revenue assumptions remain constant across all scenarios**



# Recommended Budget

## Five Year Forecast -

### Scenario 1 – Out-Year Costs of Rec. Budget & CIP:

- ✓ Assume 1.4% increase in base expenditures (ave. 3-year change in CPI)
- ✓ Changes in existing debt service
- ✓ New debt service corresponding to CIP projects
- ✓ 2% compensation adjustment in each out-year
- ✓ Transfer to Schools based on 100% of debt service + estimated CPP x estimated enrollment
- ✓ CPP based on local CPP planned in the FY 2017 Recommended Budget other than debt service
- ✓ Schools' base increased by 1.4% and comp. adj. assumed at 2% ... both factored into CPP calcs.



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## Five Year Forecast -

### Scenario 1 – Out-Year Costs of Rec. Budget & CIP:

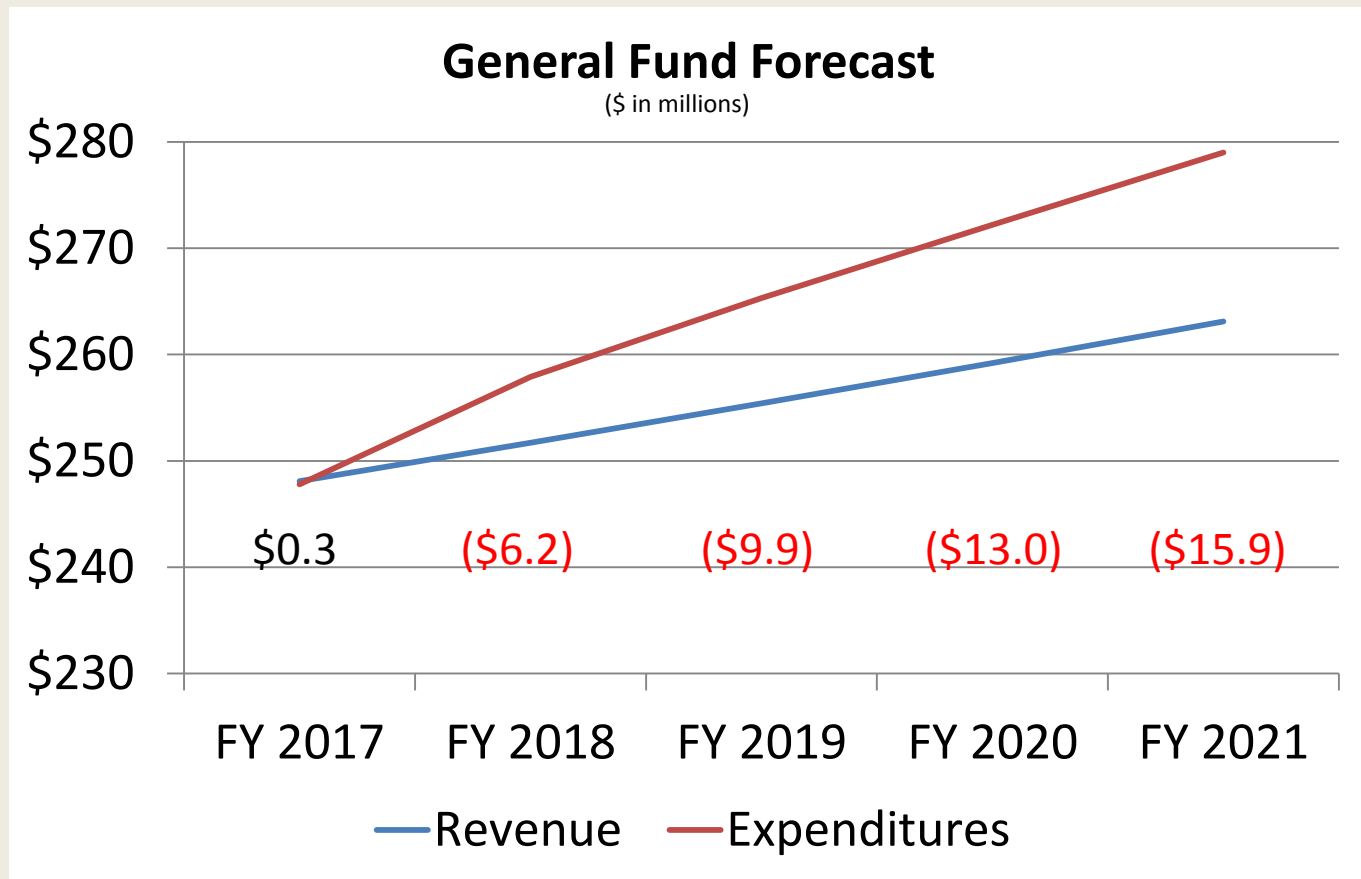
- ✓ Assumes \$1.5 million currently available for J-Ramp is allocated to Exit 118 for reduction of debt issuance in FY 2017
- ✓ \$1.5 million added to out-year need for J-Ramp to make whole
- ✓ Transfer of \$2.8M in decal revenue from GF to Transportation. \$0.7M in set asides can remain in GF for one more year.



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## Five Year Forecast -

### Scenario 1 – Out-Year Costs of Rec. Budget & CIP



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## Five Year Forecast -

Scenario 2 – Scenario 1 adjusted to exclude certain projects:

✓ Projects included:

- Facility Asset Management program
- All public safety technology projects
- Landfill development
- Replacement vehicles, heavy equipment & F/R apparatus
- Local portion of already approved Revenue Sharing projects at Hickory Ridge/Rt. 1 and Exit 118 ... apply \$1.5M J-Ramp funds to reduce

# Recommended Budget

## Five Year Forecast -

**Scenario 2 – Scenario 1 adjusted to exclude certain projects:**

✓ Projects excluded:

- Holbert & Marshall Center renovations
- Animal Shelter expanded scope of work
- Active Gas Collection Systems – Cells 3 & 4
- Convenience Center paving
- Green Waste Composting @ landfill
- All P& R projects other than fencing replacements
- Fire Training Center
- J-Ramp
- Implementation of corridor study findings
- General transportation engineering consultant

# Recommended Budget

## Five Year Forecast -

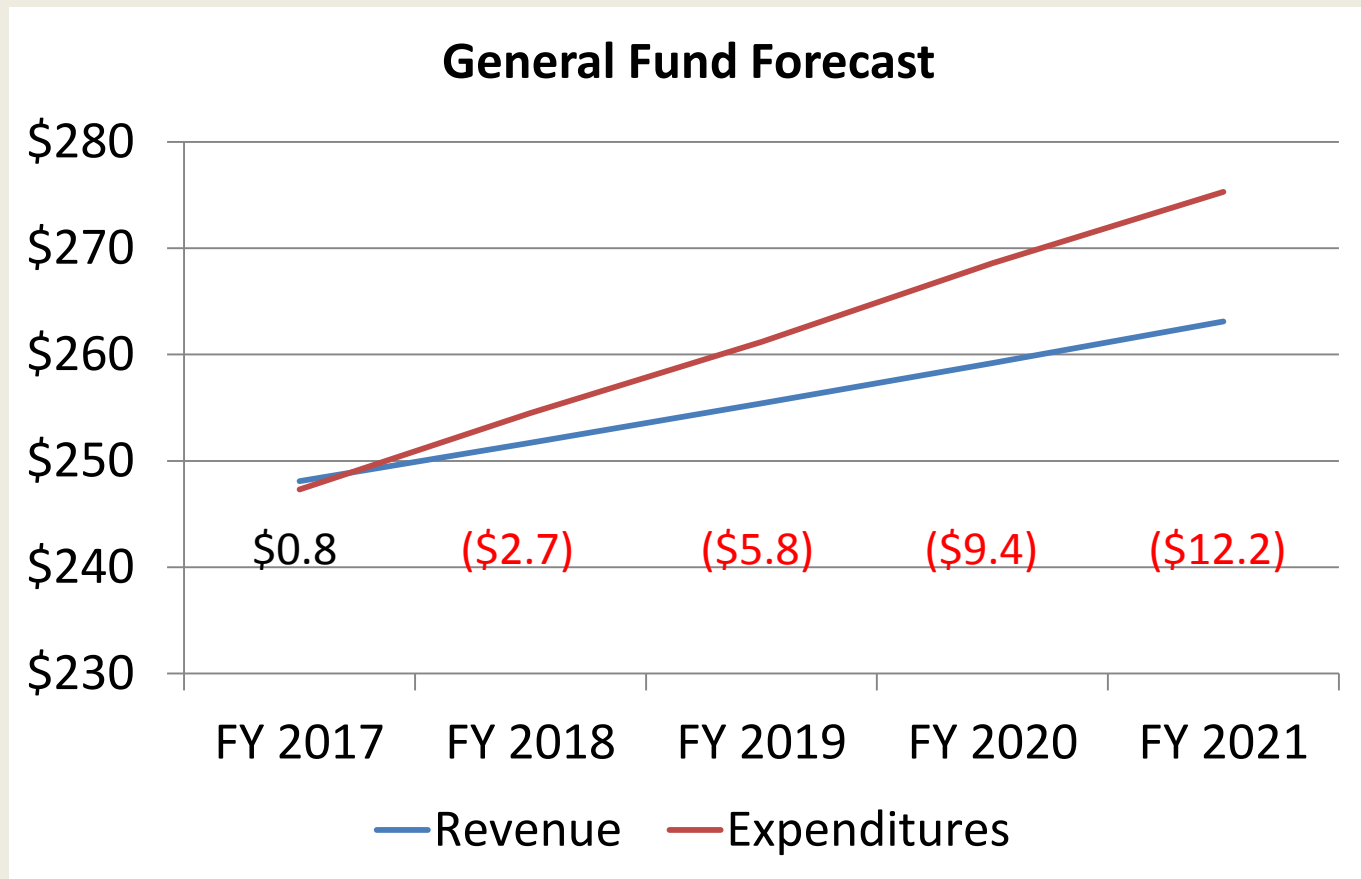
### Scenario 2 – Scenario 1 adjusted to exclude certain projects:

- ✓ Transfer of \$0.7M in set asides necessary to balance Transportation Fund in FY 2018 & FY 2019.
- ✓ Decal fee revenue to remain in GF until FY 2020 at which time \$1.8M (vs. full \$2.8M) to be transferred out to balance Transportation Fund.

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## Five Year Forecast -

### Scenario 2 – Excluding Certain Capital Projects



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## Reserves

# Recommended Budget

Government Finance Officers Association  
Recommends  
Reserve Funds Equal to  
2 Months of Expenses  
 $2/12 = 16.7\%$

# Recommended Budget

Spotsylvania County Policy called for 8 to 10% Reserve from 1992 to 2006, and set Reserve at 10% from 2007 to 2015.

# Recommended Budget

The Board of Supervisors

Adopted Revised

Spotsylvania County Fiscal Policies

October 13, 2015

Reserve Policies Now Call For

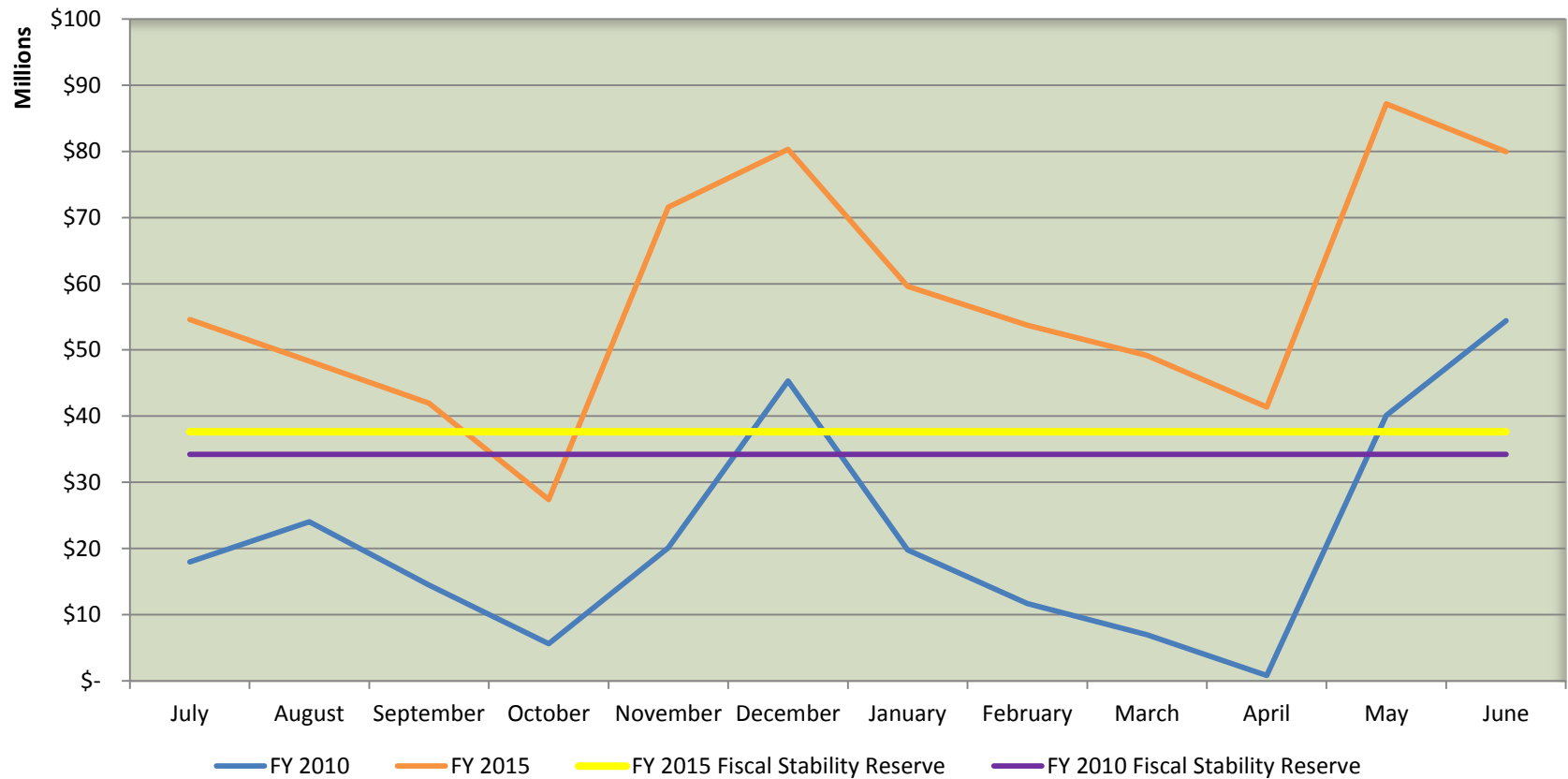
Reserves Totaling 12.25% (+ \$2M ED)

# Recommended Budget

Our New Reserve Policies Are The  
Most Conservative We've Ever Had  
Yet  
They Fall Short of GFOA Guidelines  
By About 4%

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**General Fund Cash Flow**



# Recommended Budget

## FY 2017 Monthly Expenses

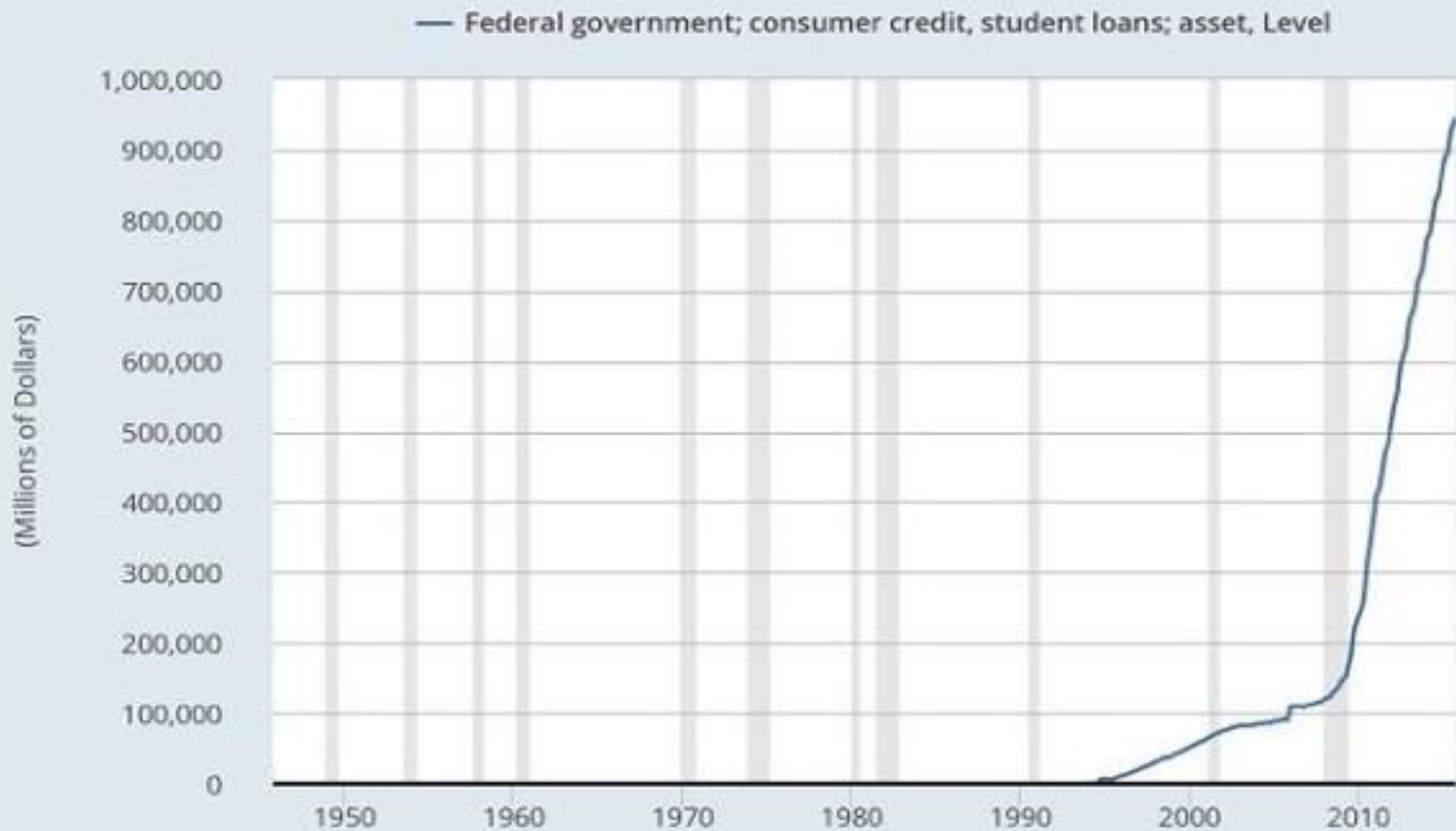
Schools	Payroll	\$17,274,371
	Other Op. Exp.	\$4,816,853
General County	Payroll	\$5,469,326
	Other Op. Exp.	\$4,471,522
Total Monthly Expenses		\$32,032,072
GFOA Guideline - 2X Total		\$64,064,144

# Recommended Budget

Why worry?

FY  
2017

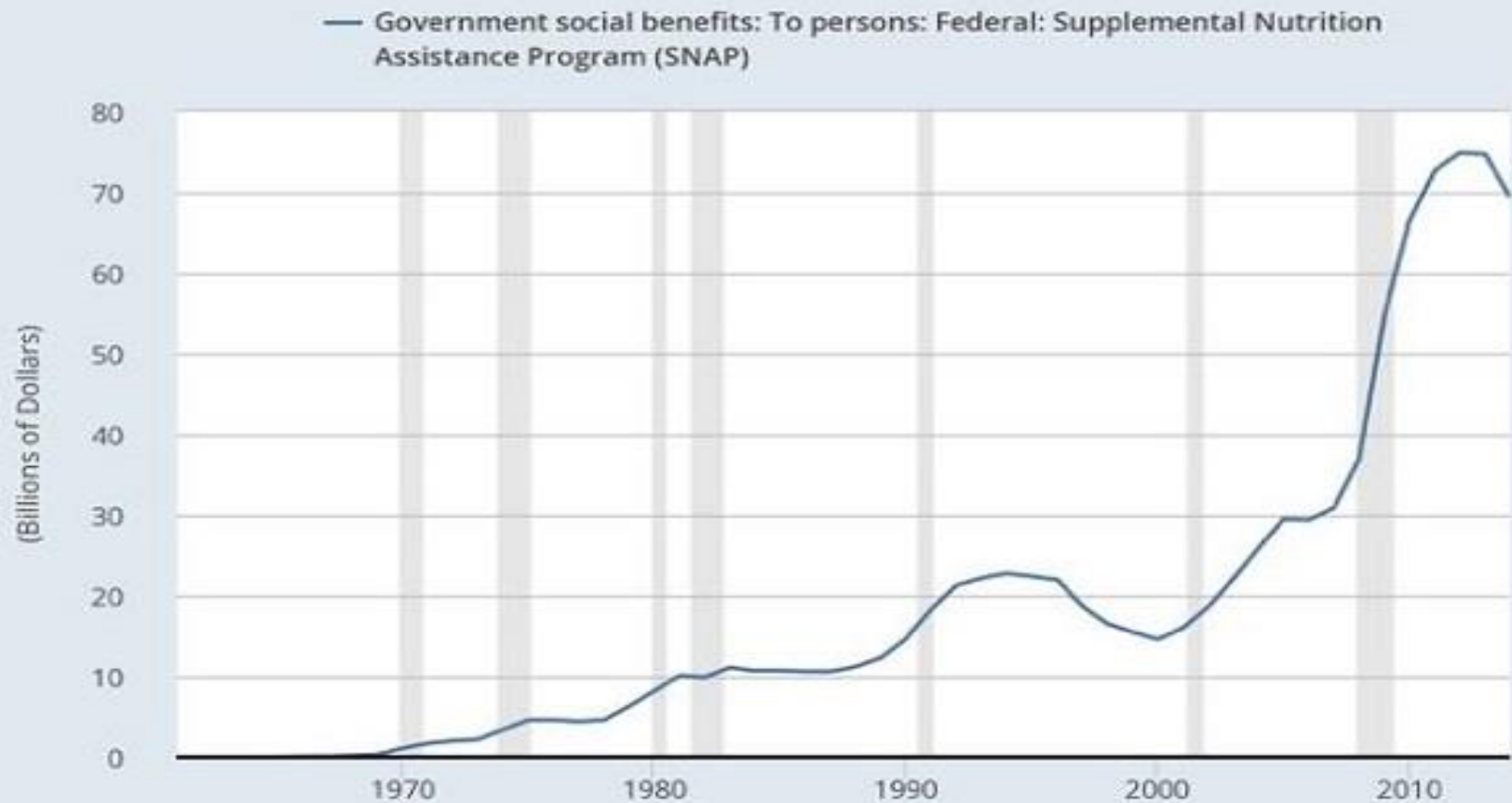
# Recommended Budget



Source: Board of Governors of the Federal Reserve System (US)

WIND

# Recommended Budget



Source: US. Bureau of Economic Analysis

WIND

FY  
2017

# Recommended Budget

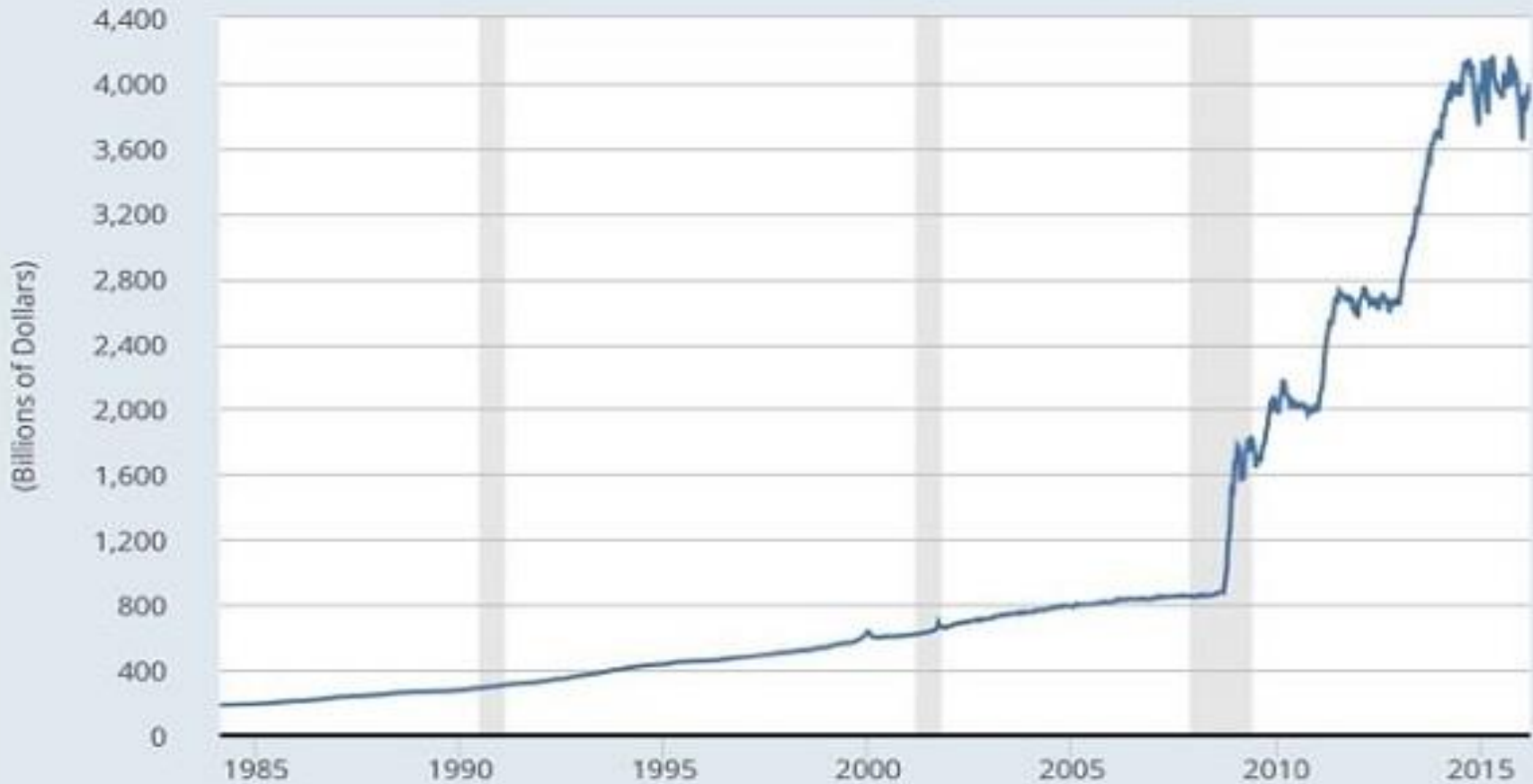


Source: US. Department of the Treasury, Fiscal Service

WIND

# Recommended Budget

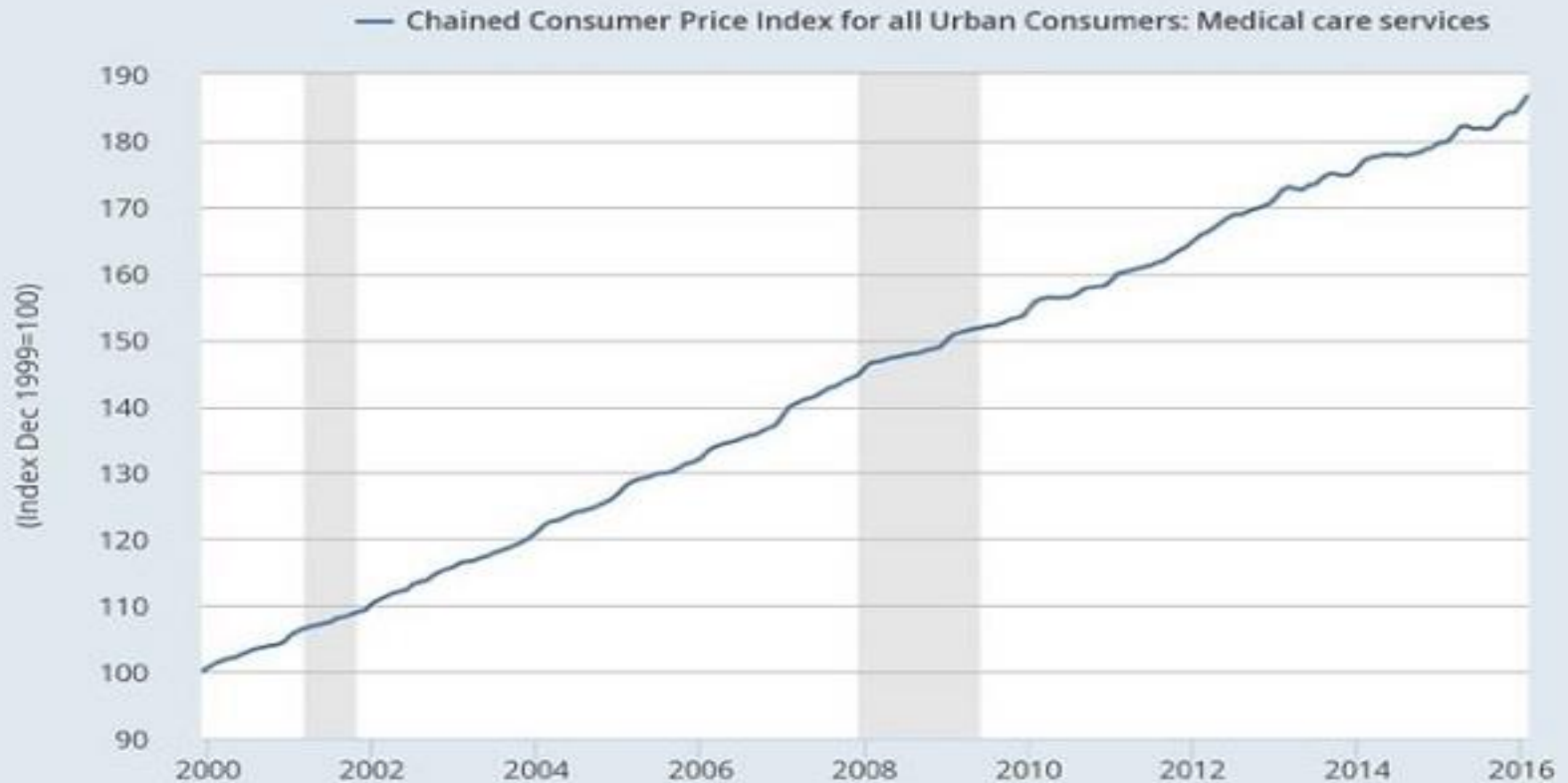
— St. Louis Adjusted Monetary Base



Source: Federal Reserve Bank of St. Louis

FY  
2017

# Recommended Budget



Source: US, Bureau of Labor Statistics

WIND

# Recommended Budget



Source: U.S. Bureau of Labor Statistics

FY  
2017

# Recommended Budget

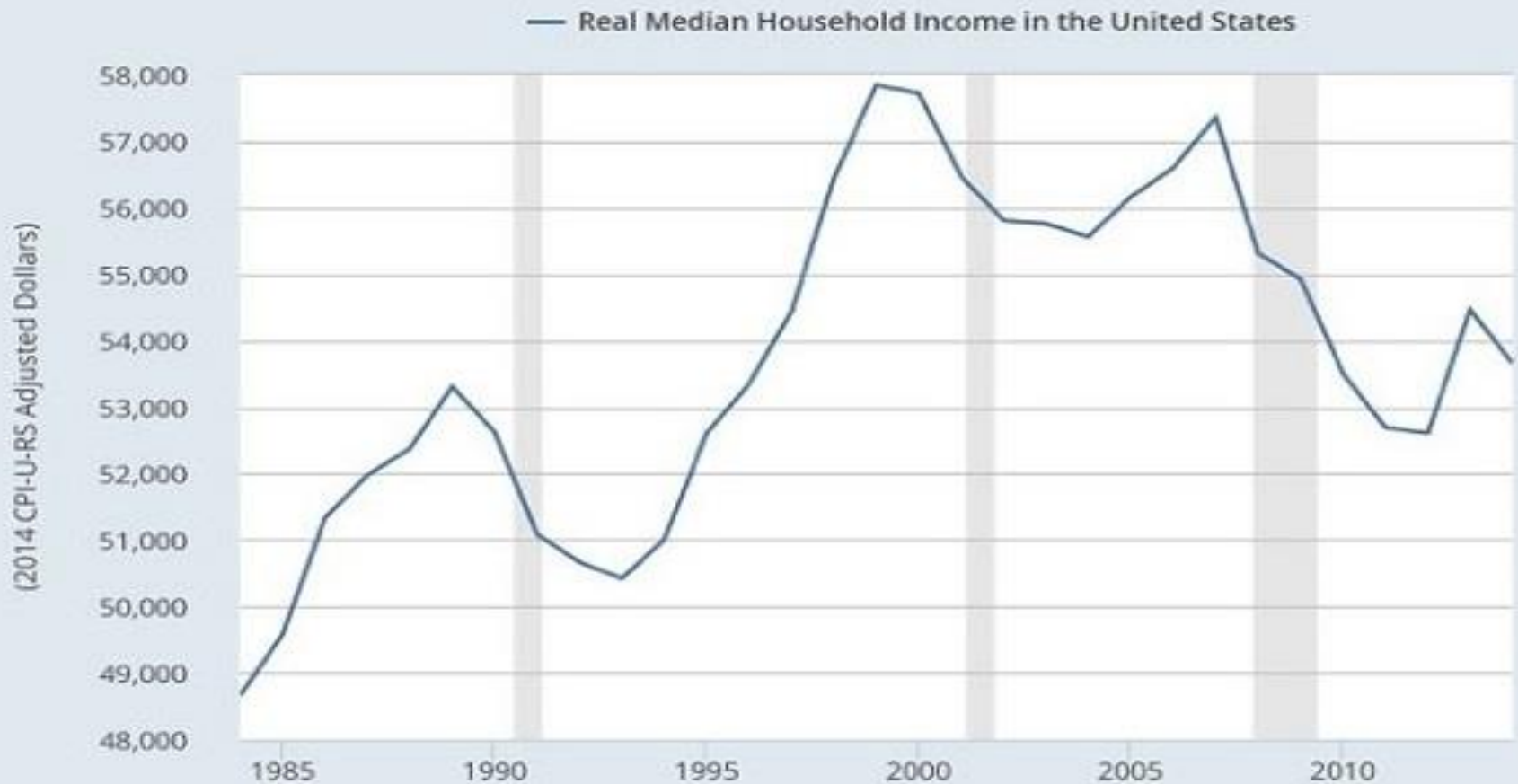


Source: US, Bureau of Labor Statistics

WIND

FY  
2017

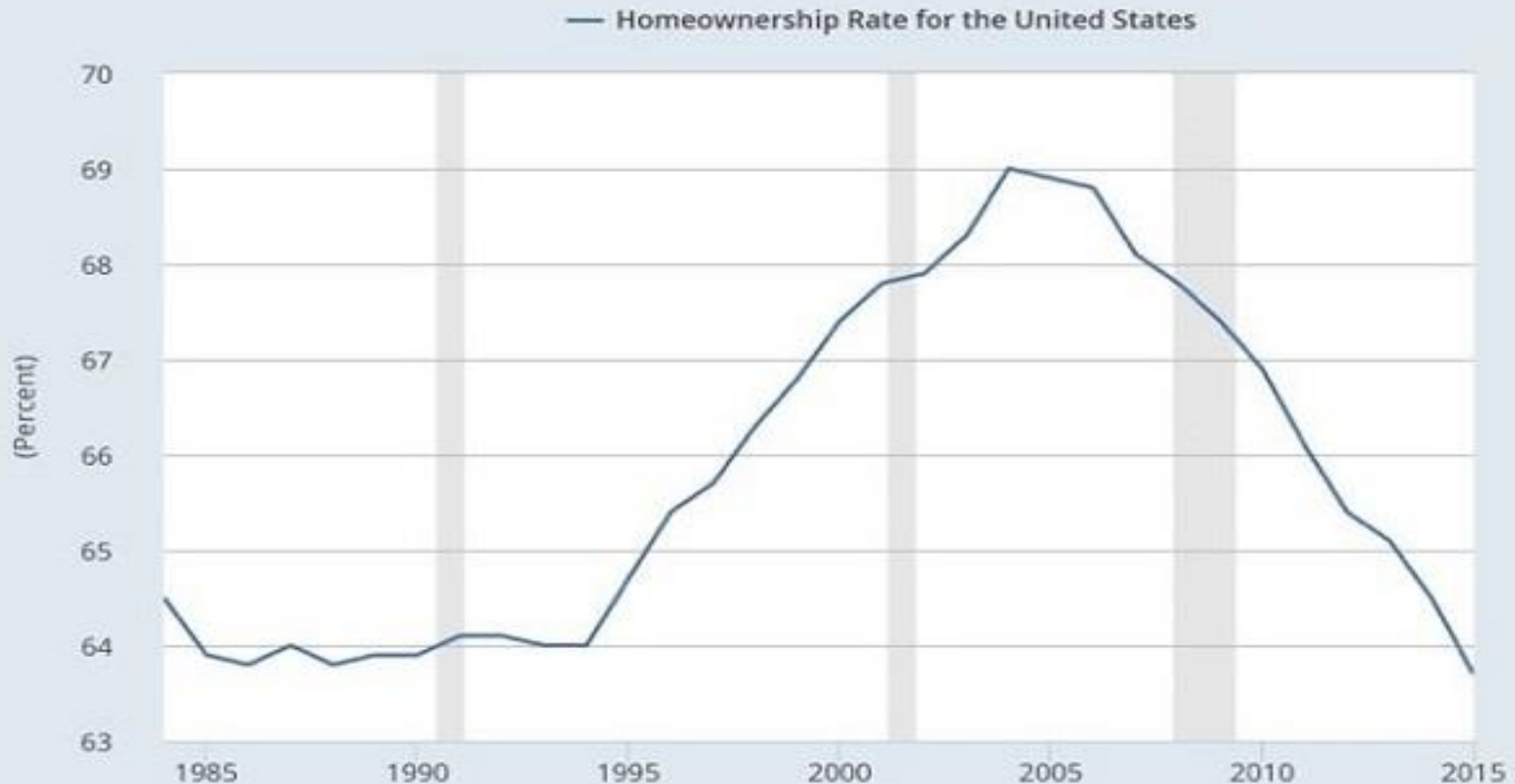
# Recommended Budget



Source: US. Bureau of the Census

WIND

# Recommended Budget






Source: U.S. Bureau of the Census

# Recommended Budget

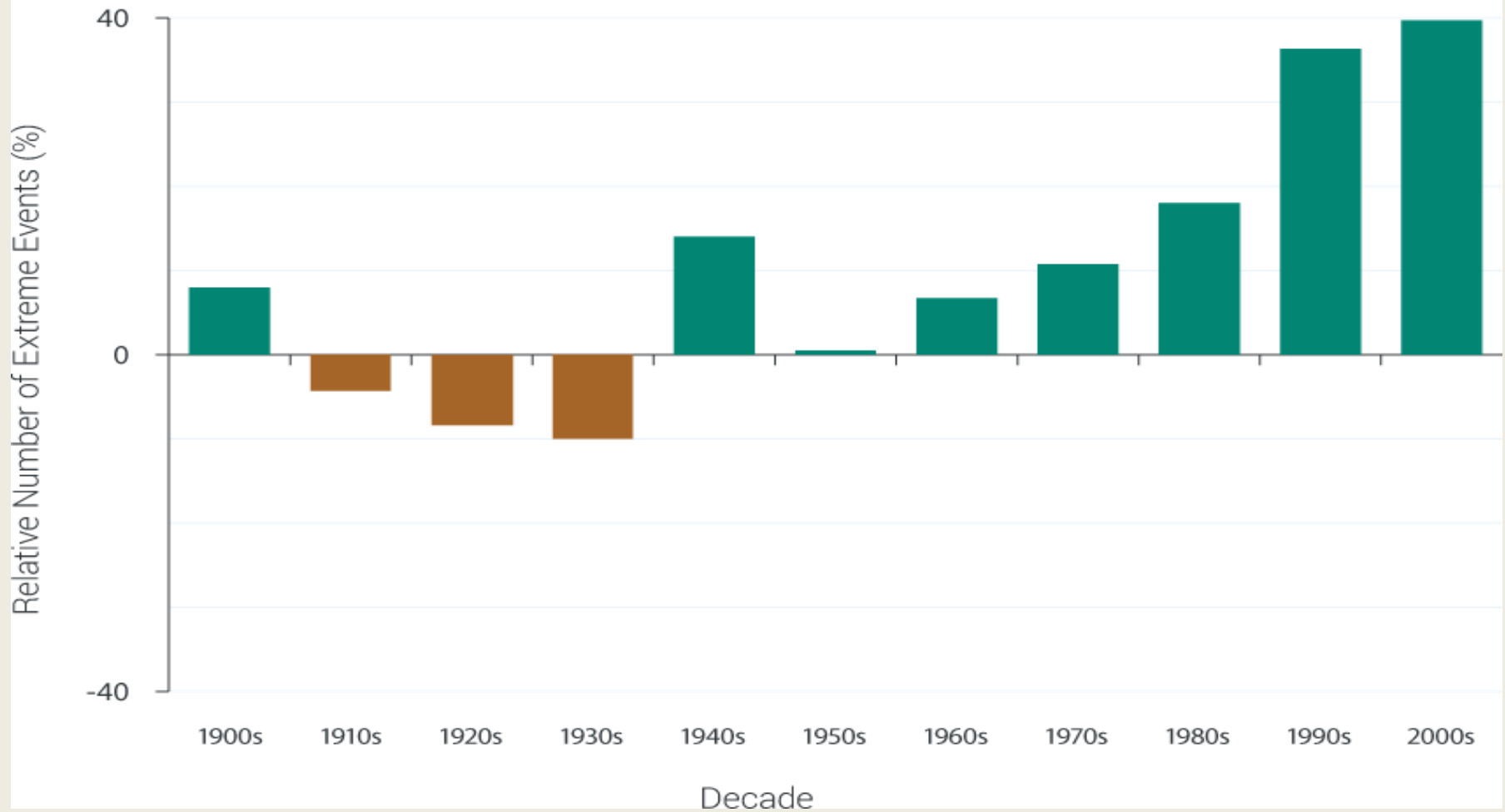
CLOSE TO HALF OF ALL VIRGINIA RESIDENTS  
RECEIVE A DIRECT PAYMENT FROM THE  
FEDERAL GOVERNMENT

- 2014 Virginia JLARC Study

	Recipients (millions)	Total spending (\$ billions)
Income assistance programs and Medicaid	 1.8	\$\$\$\$ \$8.8
Medicare and Social Security	 1.4	\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$ \$33.7
Federal or military employee pay and health care	 1.1	\$\$\$\$\$\$\$\$\$\$ \$23.5
	Total 3.8 million (unduplicated)	\$66 billion

# Recommended Budget

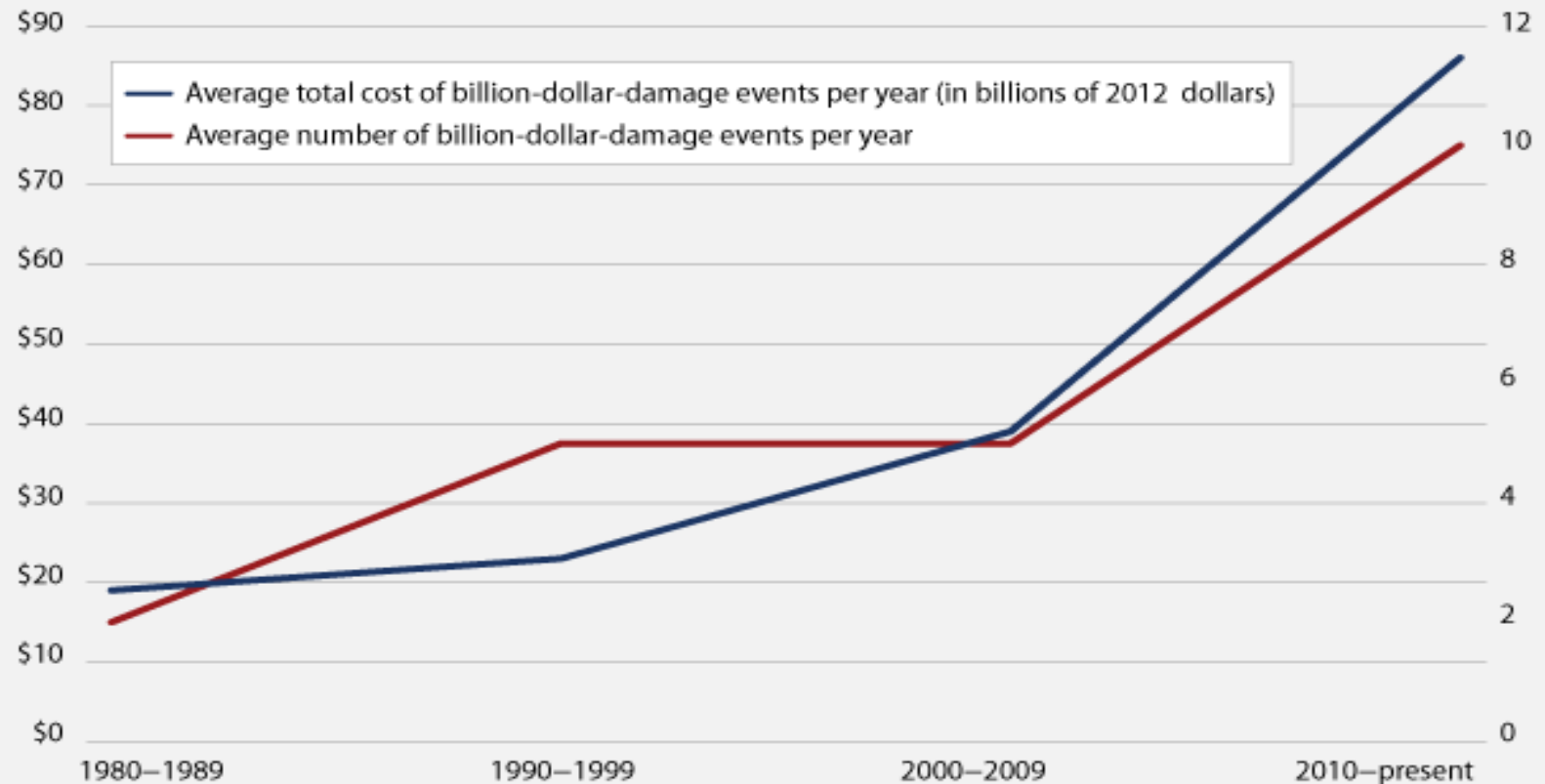
Observed U.S. Trend in Heavy Precipitation



# Recommended Budget

FIGURE 1

**Billions of dollars in damages from extreme weather events increasing in frequency, cost from 1980–2012**



Source: National Oceanic and Atmospheric Administration.

# Recommended Budget

"To hope for the best and prepare for the worst, is a trite but a good maxim."

John Jay (1813)

# Recommended Budget

Date	Next Steps
April 5	Public hearings on Budget, Tax Rates & CIP
April 7	Budget work session
April 12	Adoption of FY 2017 Budget and 2016 tax rates