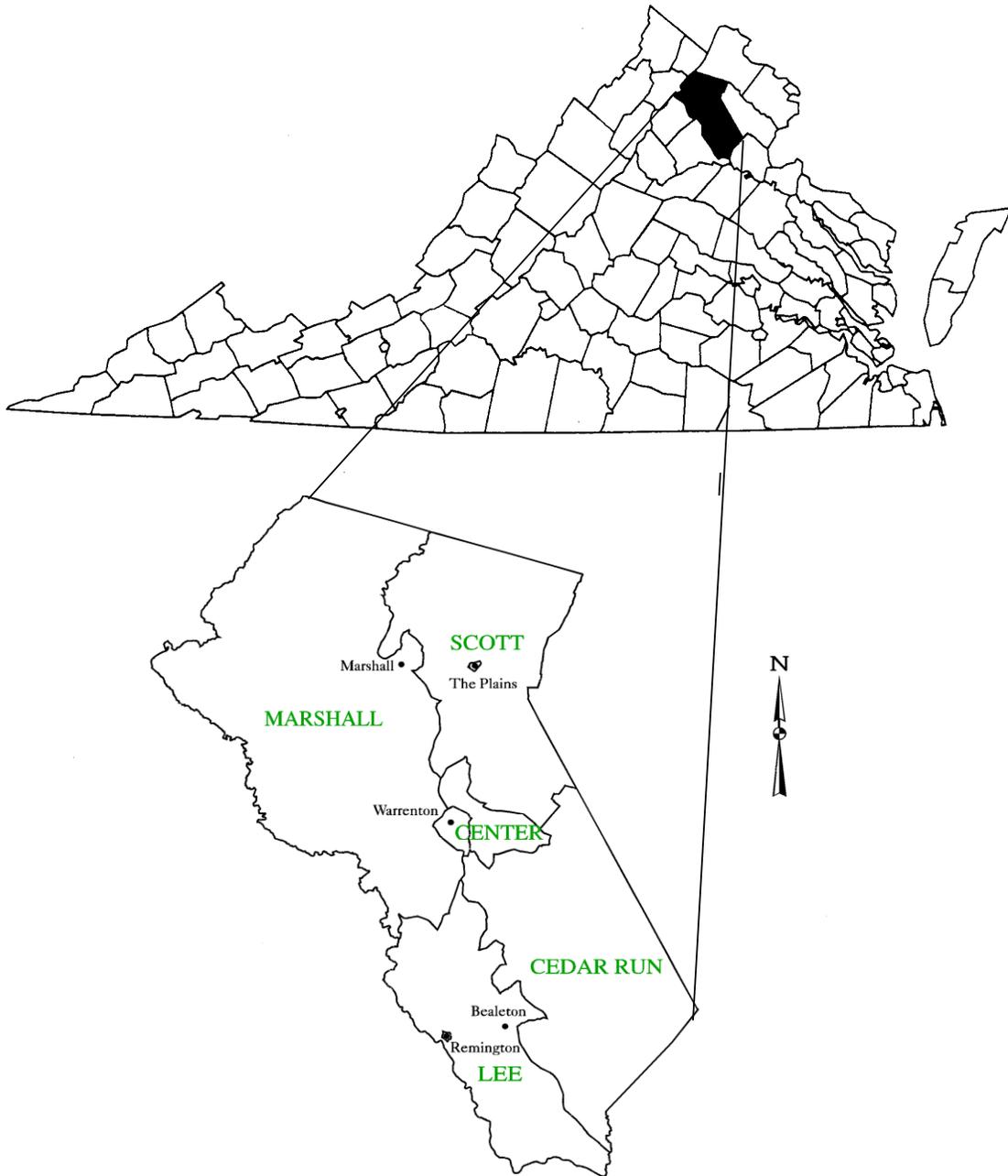


Background Information

County of Fauquier, Virginia



Background Information



The County of Fauquier is located in the north central Piedmont region of Virginia, approximately 40 miles southwest of the nation's capital and approximately 80 miles northwest of Richmond, the state's capital. The County encompasses a land area of approximately 660 square miles. Fauquier County is bordered by the counties of Prince William, Stafford, Culpeper, Warren, Clarke, Loudoun and Rappahannock. The Rappahannock River forms the county's Western border. Interstate 66 runs East-West through the northern portion of the County. In addition, five U.S. primary routes and two state primary routes traverse the County.

Once part of the Northern Neck Proprietary, a vast English land grant held by the 6th Lord Fairfax, Fauquier County was created in 1759 from Prince William County and named for Sir Francis Fauquier, the Colonial Lieutenant Governor at that time.

Originally populated by the Manohoacs, Sioux tribe, and later used as a hunting ground by the Iroquois, Fauquier's first immigrants were of German and English ancestry. Brent Town, the first settlement, was established in 1686 in Southern Fauquier. The first settlement in Northern Fauquier was near The Plains in 1726.

During the American Revolution, many County citizens served in the Continental Army, including Captain John Marshall who would later serve the country as Chief Justice of the U.S. Supreme Court.

During the Civil War the county was frequently traversed by both Northern and Southern armies. The history of the war in Fauquier County is dominated by tales of the escapades of Colonel

Background Information

John S. Mosby, a Partisan Ranger whose unorthodox and highly effective maneuvers would now be called guerrilla warfare. Significant Civil War sites and activities within Fauquier County are included in the Virginia Civil War Trails.

Recovery from devastation to the agricultural economy following the war was helped by the arrival in the early 1900s of several prosperous Northern businessmen who came to fox hunt during the winter months. Their enthusiasm and investments, combined with Virginia's long history of fine horses, established the area as the Hunt Country capital of Virginia. Today, Fauquier County continues those traditions with the annual Upperville Colt and Horse Show, the oldest horse show in the United States, and Virginia Gold Cup races.

The Fauquier County government is organized under the traditional form of government as defined under Virginia law. The governing body of the County is the Board of Supervisors, which makes policies for the administration of the County. The Board of Supervisors consists of five members representing the five Magisterial Districts in the County: Center, Lee, Scott, Marshall, and Cedar Run. The Chairman of the Board of Supervisors is elected from within the Board of Supervisors and serves generally for a term of one year in addition to being a District Supervisor. The Board of Supervisors appoints a County Administrator to act as the administrative head of the County, who serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board, and directs business and administrative procedures in the County government. An organizational chart of Fauquier County government may be found on page A-14.

In Virginia, cities and counties are distinct units of government and do not overlap. Fauquier County includes the Towns of Warrenton, Remington, and The Plains. The towns provide additional services within their corporate limits as authorized by Virginia General statutes. Property in these towns is subject to County taxation.

Because of its proximity to Washington, D.C., the County has experienced consistent population growth rates over the past ten years. Despite the population growth, the County remains primarily rural in nature.

Background Information

Description	Indicator
General	
Area	647.5 miles ²
Population (2010 Census)	65,203
County Seat	Town of Warrenton
Median Age (April 2009)	41.2
Unemployment Rate (March 2011)	5.1%
County Civilian Labor Force (March 2011)	38,386
Average Gross Income (2007)	\$44,376
Median Household Income (2009)	\$88,305
Registered Voters (March 2011)	44,682
Towns and Villages	
Number of Incorporated Towns	3 – Warrenton, Remington, The Plains
Number of Villages	21
Households	
Total Number of Households	23,953
Family Households	17,435
Non-Family Households	6,518
% of All Households with own children under 18 years	34%
Fauquier County Public School System	
Number of Elementary Schools	11
Number of Middle Schools	5
Number of High Schools	3
Number of Alternative Education Schools	1
Number of Regional Governor's School Affiliations	1
Fall Membership Enrollment (December 2010)	11,292
Fauquier County Library System	
Number of Facilities	5
Number of Patrons Registered (June 2010)	36,588
Sheriff's Office	
Average Response Time (July 2009-June 2010)	18.11 minutes
Fire, Rescue, and Emergency Services	
Number of Fire-only Stations	1
Number of Rescue-only Stations	1
Number of Combined Fire & Rescue Stations	9
Parks and Recreation	
Number of State Parks and Forests	2
Number of County Parks and Recreation Facilities	35
Number of Wildlife Management Areas	3
Total Acres Maintained (Land and Water)	~1,045 acres

Background Information

Fauquier County's Top 10 Employers

1. Fauquier County School System	6. Food Lion
2. Fauquier Hospital System	7. Buccaneer Computer System, Inc.
3. Fauquier County Government	8. Town of Warrenton
4. US Department of Transportation	9. Oak Springs Nursing Home
5. Wal-Mart	10. General Excavation, Inc.

Source: Virginia Employment Commission.

Fauquier County's Major Industries

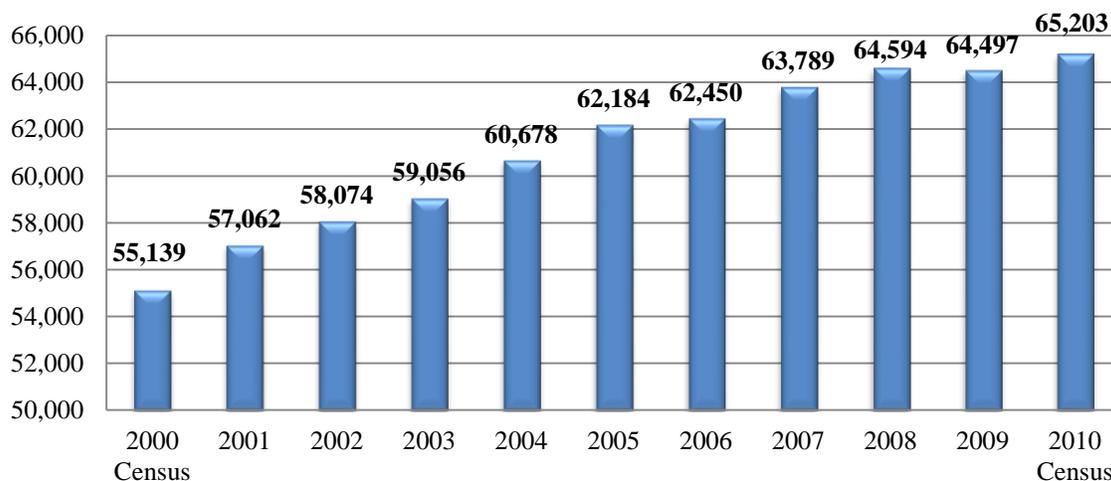
1. Educational services, health care, and social assistance
2. Professional, scientific, management, administrative and waste management services
3. Public administration
4. Retail trade
5. Construction
6. Other services, except public administration
7. Finance and insurance, real estate, rental, and leasing services
8. Transportation, warehousing, and utilities
9. Manufacturing
10. Arts, entertainment, and recreation and accommodation/food services
11. Agriculture, forestry, fishing and hunting, and mining
12. Information
13. Wholesale trade

Source: United States Census 2009 American Community Survey. Based on civilian employed population 16 years and over.

Population

The County's population increased on average 1.7% annually since the 2000 Census. Growth has slowed since the recession with the decline of new housing starts and home sales.

Fauquier County Population



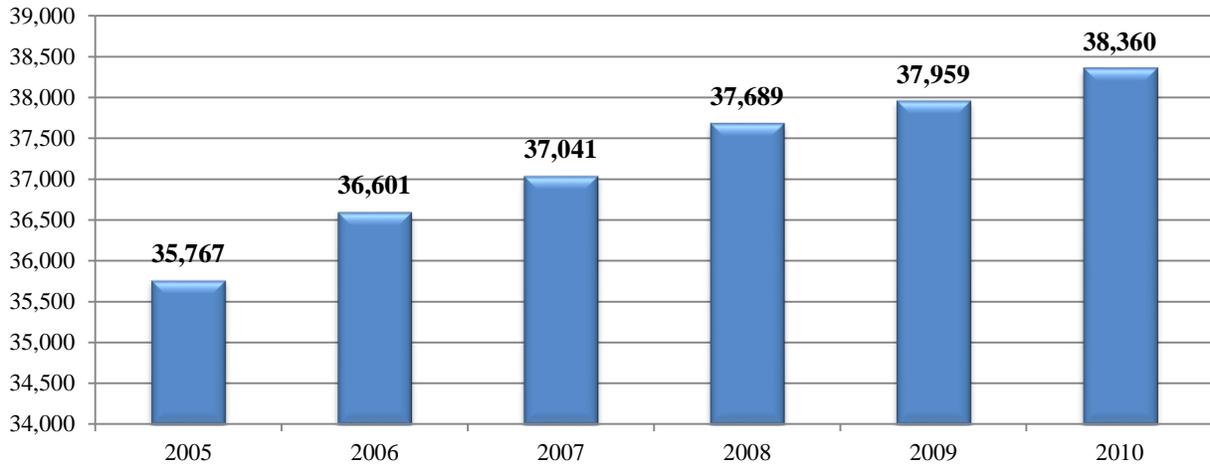
Source: Weldon Cooper Center for Public Service. University of Virginia. Values as of July 1 per year.

Background Information

Employment

The civilian labor force increased by 7.25% between 2005 and 2010. While it has slowed in recent years, the pace of growth has been similar or slightly ahead of population growth.

Civilian Labor Force

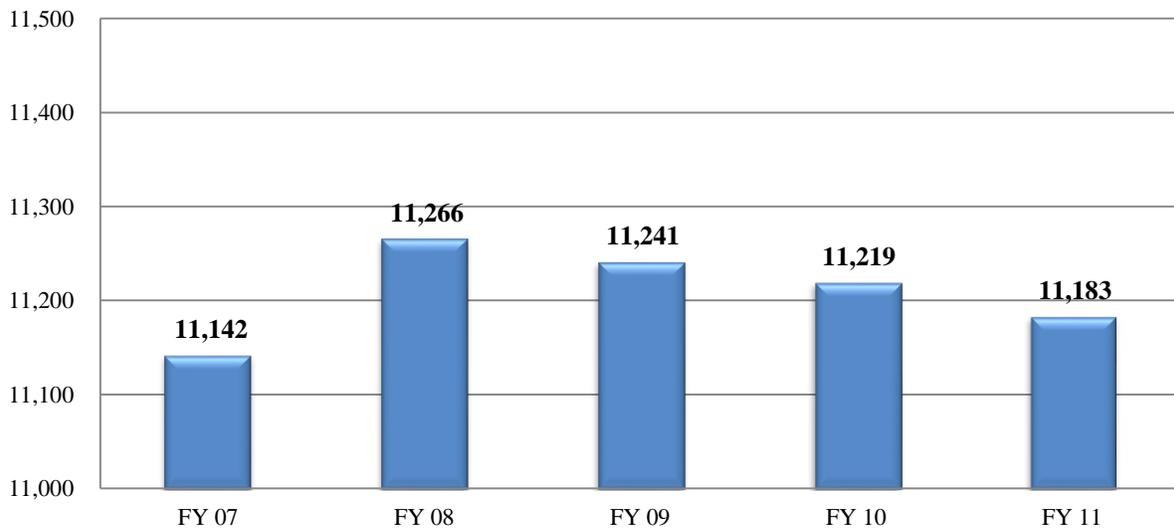


Source: Virginia Employment Commission.

Public School Enrollment

Public school enrollment has remained relatively stable since Fiscal Year 2008, largely reflective of declines in residential construction.

Public School Enrollment



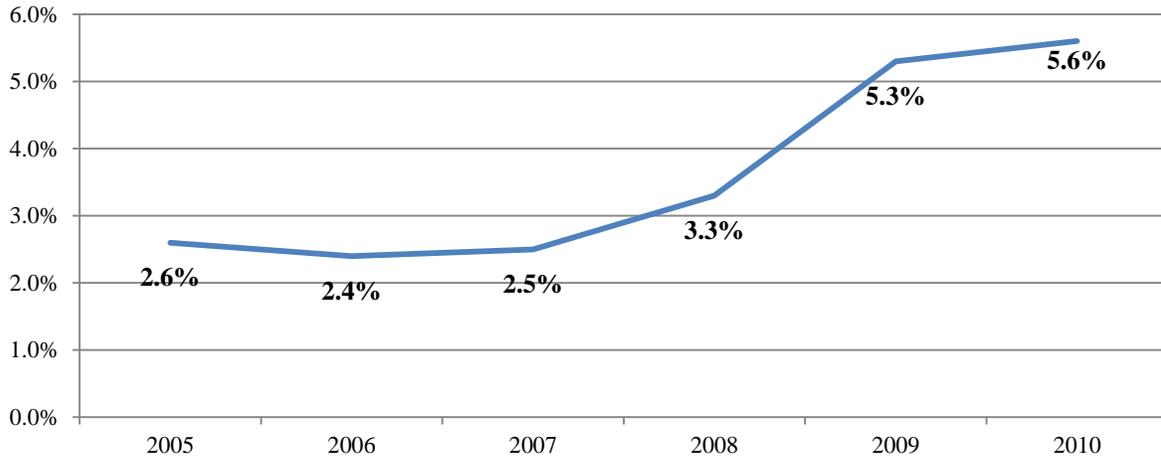
Source: Fauquier County Public Schools Annual Reports. Figures based on annual fall membership as of September 30th.

Background Information

Unemployment

Fauquier County's unemployment rates have increased significantly over the last four years. While they have stabilized over the last 12-18 months and have been below the national and state average since the recession, unemployment remains near historical highs.

Annual Unemployment Rates

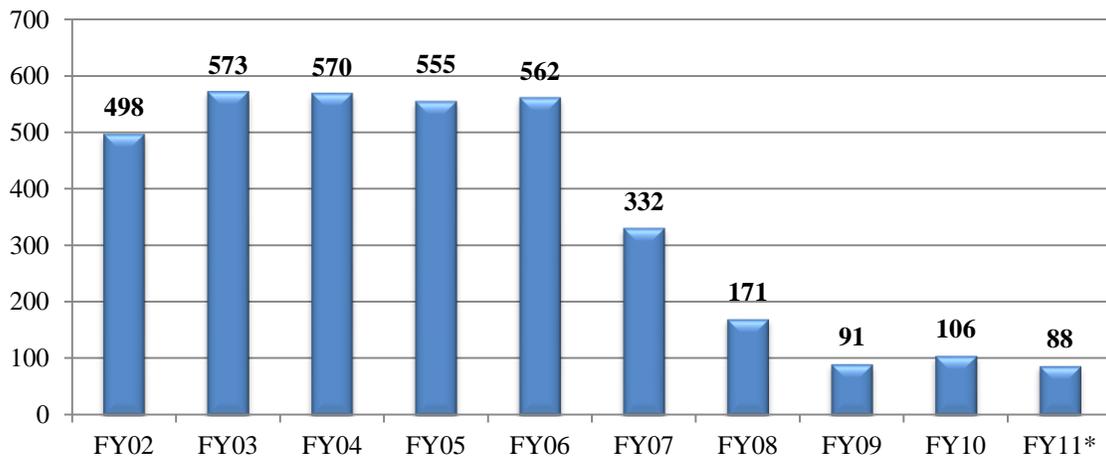


Source: Virginia Employment Commission.

New Housing Starts

New housing starts reached historical highs between Fiscal Year 2003 and 2006, and declined by an annual average of 45% beginning in Fiscal Year 2007. While Fiscal Year 2010 and 2011 showed some signs of moderate recovery, monthly totals have remained unstable.

New Housing Starts

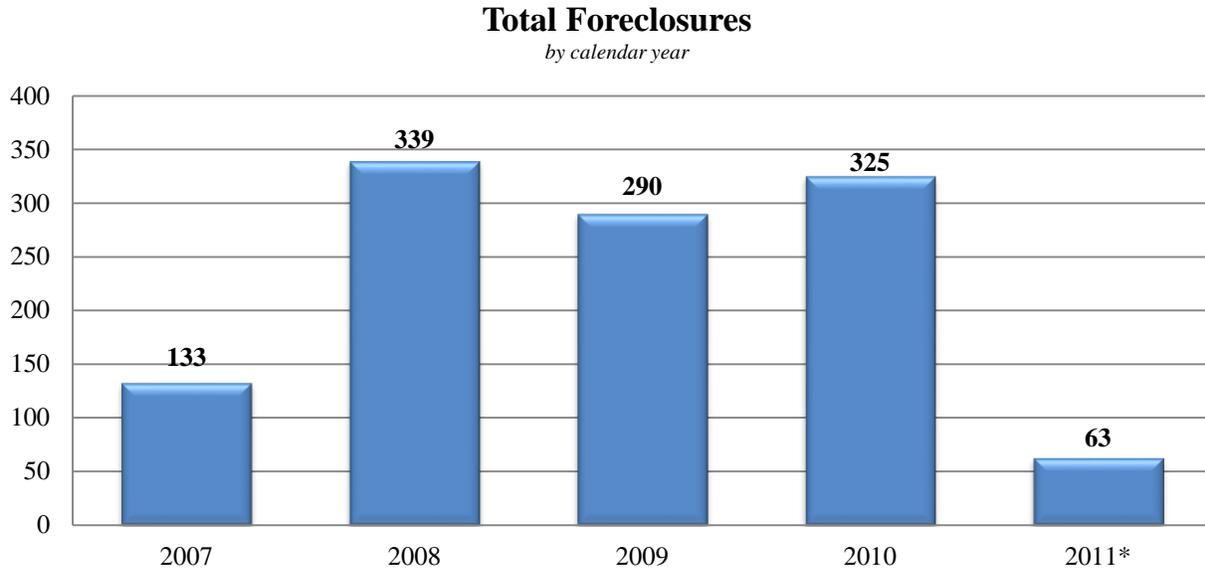


* Fiscal Year 2011 data through March 2011. Source: Fauquier County Department of Community Development.

Background Information

Foreclosures

Foreclosure filings have declined steadily since 2010. April 2011 experienced the lowest monthly level of filings since September 2007.

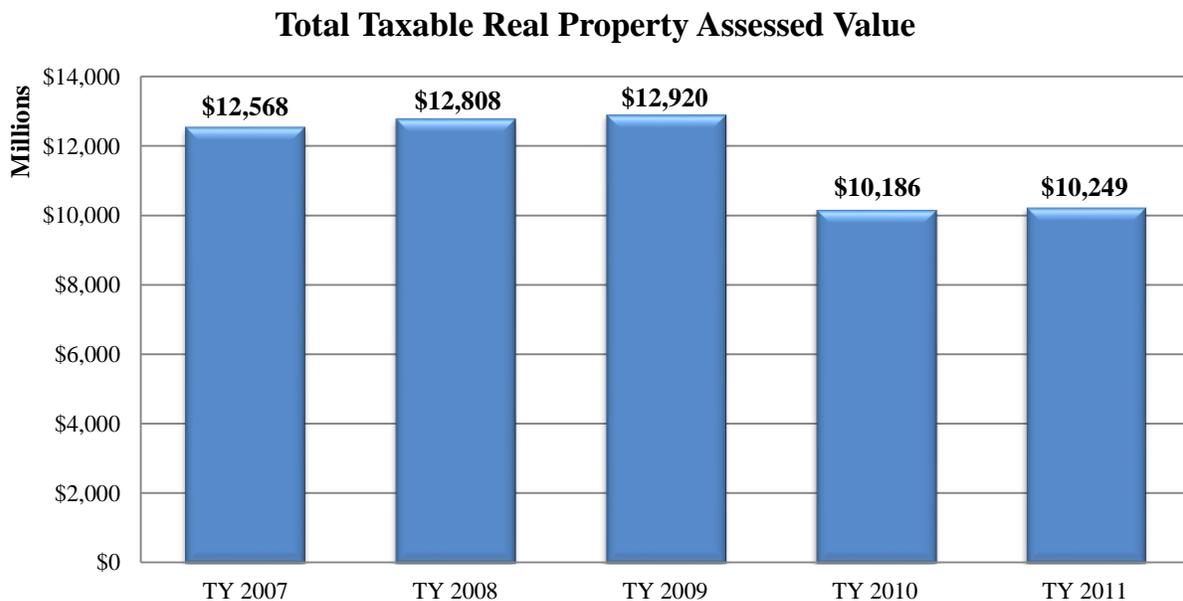


Source: Clerk of the Circuit Court.

*2011 as of April 30, 2011

Real Property Assessed Values

Fauquier County reassesses real property on a quadrennial basis. The latest reassessment, effective January 1, 2010 or tax year 2010, exhibits the recession's impact on property values. Increases from Tax Year 2010 to 2011 are reflective of adjustments to tax exempt property, minimal residential development, and the recent addition of new utility lines.

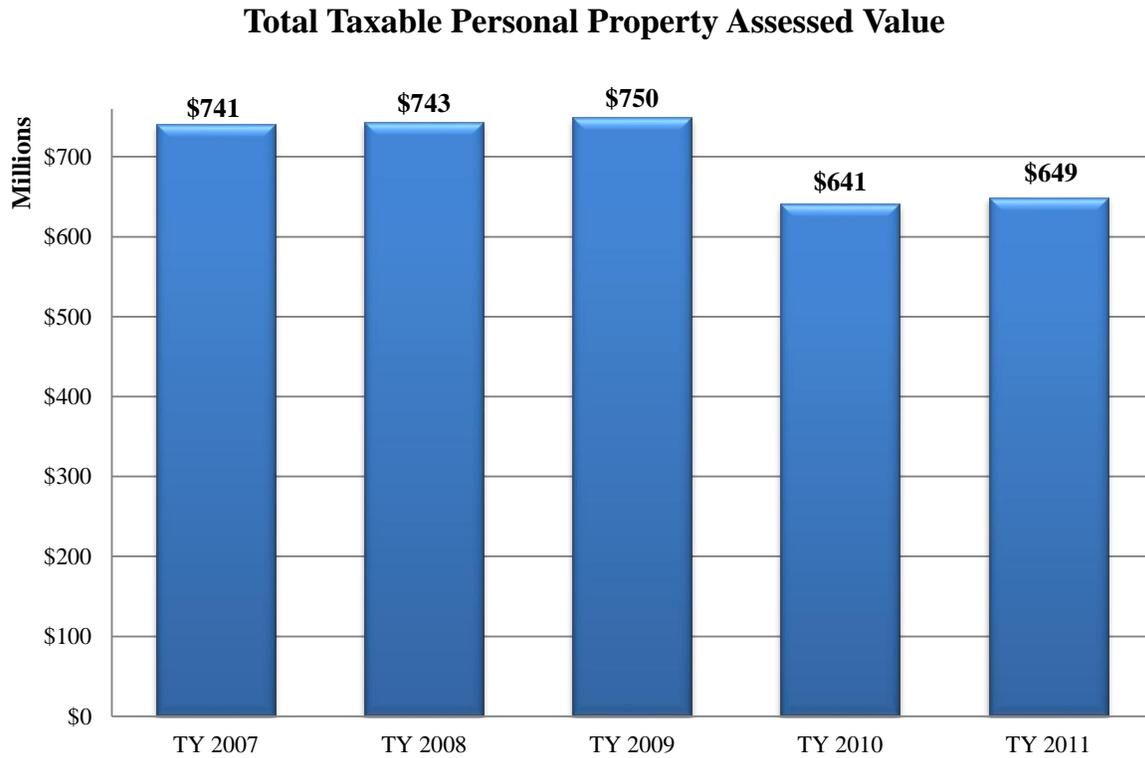


Source: Fauquier County Commissioner of the Revenue. Assessed Values includes residential, commercial, agricultural, and public service.

Background Information

Personal Property Assessed Values

Fauquier County reassesses personal property on an annual basis. Personal property values declined between Tax Year 2009 and Tax Year 2010 due to limited new vehicle purchases and declining assessment values for truck and SUV vehicle classes. Minimal growth of 1.25% is projected for Tax Year 2011 as assessment values for truck and SUV vehicle classes have increased.



Source: Fauquier County Commissioner of the Revenue.

Board of Supervisors' Mission Statement, Strategic Goals, and Priorities

Fauquier County Mission Statement

Working within the theme of “Progress with Reverence for Heritage” and with a strong commitment to the accomplishment of meaningful improvements to the efficient, effective, and open conduct of the County government, and to the public health, safety, and welfare and educational opportunities, the Fauquier County Board of Supervisors seeks, within the bounds of fiscal integrity, to preserve the physical beauty, historical heritage and environmental quality of the county while ensuring that population growth and development is a positive force on the general welfare of the community.

In late FY 2002, the Board of Supervisors approved the development of objectives and measures to achieve three primary strategies based on the County's Vision Statement.

Strategies

1. Balance Quality Service with Fiscal Integrity.
2. Manage Growth in a Manner which Protects the County's Agriculture, Environment, Quality of Life, and Historic Resources.
3. Conduct County Government Openly.

Additionally, in 2007 the Board of Supervisors approved a number of short and long range priorities, most of which directly impacted the adopted strategies.

Priorities

1. Work closely with the School system to jointly plan County and School facilities.
2. Reduce the overall County growth rate from 3 percent to 1 percent by recommending strategies that are based on an evaluation of the Comprehensive Plan, Zoning Ordinance and the build-out.
3. Continue to improve the process for approving and expediting industrial and commercial development.
4. Continue collaboration efforts with Fauquier Housing and Fauquier Habitat and identify opportunities for affordable building lots. Implement recommendations of Affordable Housing Task Force.

Board of Supervisors' Mission Statement, Strategic Goals, and Priorities

5. Continue refinements to the Purchase of Development Rights (PDR) program and focus on establishing a hard edge of open land around service districts.
6. Economic Development will work closely with the Vint Hill Economic Development Authority and the Town of Warrenton to encourage promotion of local business.
7. Enhance relations with the Town of Warrenton.
8. Work closely with Virginia Department of Transportation and neighboring jurisdictions to meet the strategic transportation needs of the County.
9. Work to ensure the security of all County facilities.

The Board's mission statement and strategic goals provide a guiding framework for the county government to align activities and resources in response. Departments and offices track their progress toward management objectives through the use of performance measurement and operational feedback mechanisms. The management objectives serve as the focal point for the allocation of resources throughout the year and during budget development. Combined with the County's performance measurement regime, these data have proved instrumental in managing the County's operations during the current economic recession.

Legislative Priorities

The Board of Supervisors adopted the following legislative goals on October 14, 2010, as part of its 2011 package for the General Assembly:

Education Funding:

- ✓ Fauquier County supports fair-share state funding for public education to include the full funding of the Standards of Quality.
- ✓ Fauquier County encourages recognition by the Commonwealth that its current policy of using full assessed value in the calculation of the Composite Index penalizes localities that employ land use valuation, and is inconsistent with its land preservation goals and policies.
- ✓ Fauquier County seeks the establishment of an appeals process for local governments to challenge the computation of their Composite Indexes.
- ✓ Fauquier County seeks continued and increased state funding to assist localities with school-related capital costs.
- ✓ Fauquier County supports continued implementation of Cost-of-Competing funding.

Unfunded Mandates

- ✓ Fauquier County strongly opposes the continued imposition of unfunded state mandates upon local governments—particularly in the areas of the Standards of Quality, teacher salaries, increases in the local share of road maintenance, state and federally-imposed environmental mandates and costs related to the Comprehensive Services Act.

Board of Supervisors' Mission Statement, Strategic Goals, and Priorities

Local Government Revenue, Land Use and Zoning Authority

- ✓ As a general policy position, Fauquier County opposes any measure that would eliminate or reduce any local government zoning, land use or revenue authority.
- ✓ Fauquier County strongly supports equal taxing authority for cities and counties and supports an expansion of local government taxing authority—particularly to generate revenue to fund necessary capital projects and infrastructure.
- ✓ Fauquier County supports enabling legislation which would provide for the ability to choose either a proffer policy or an impact fee system at the local level. The County believes that local governing bodies are in the best position to determine which tools will work most effectively for each situation they face.

Criminal Justice

- ✓ Fauquier County (in conjunction with the Virginia Association of Counties and the Virginia Municipal League) opposes any attempt to legislatively restrict the placement of pretrial defendants under the supervision of a qualified local pretrial services agency as such a restriction would result in excessive overcrowding in local jails and significantly increased costs to localities.

Purchase of Development Rights and Conservation

- ✓ Fauquier County supports increased State funding for the purchase of conservation easements and other land conservation needs.

Water Resources

- ✓ Fauquier County supports a comprehensive, state-funded study of the Commonwealth's surface and groundwater resources.

Libraries

- ✓ Fauquier County opposes any reduction in state aid to public libraries beyond across-the-board cuts proposed by the Governor. In FY 2011, state aid is funded at 50% of the level mandated by the Code of Virginia. Any additional cuts in state aid to public libraries represents a serious threat to a program which the Joint Legislative Audit and Review Committee (JLARC) found in 2001 to be effective in leveraging local spending and achieving cost efficiencies.
- ✓ Fauquier County supports development of a partnership between local public libraries, K-12 public schools, and the Commonwealth of Virginia to adequately fund the Find It Virginia electronic databases. The federal funds currently used to support this important program are losing their buying power as prices from publishers increase. New approaches need to be developed to infuse state funding into this important and cost-saving program.

Transportation Priorities

- ✓ Fauquier County encourages the Commonwealth to address the annual shortfall of road maintenance funding, which continues to negatively effect capital funding for secondary roads and streets.

Board of Supervisors' Mission Statement, Strategic Goals, and Priorities

- ✓ Fauquier County supports adjustments to the formula for distribution of road construction funding statewide to reflect the disproportionate burden on faster-growing areas.
- ✓ Fauquier County supports increased levels of funding for the Revenue Sharing Program.
- ✓ Fauquier County supports State funding for the following top three transportation priorities:
 - a. Completion of design, funding and construction of a “Florida” or “Power T” option for the Route 215 and Route 15/29 intersection which would allow free flow southbound traffic;
 - b. Spot safety adjustments and intersection improvements (including turn lanes and signalization) in the Route 28 corridor between Route 15/29 and the Prince William County border;
 - c. Work with VDOT and Norfolk Southern to accomplish reopening and modernization of the railroad crossing at Whiting Road (Route 622) in Marshall.

Long-range Financial Plan

The Fiscal Year 2012 adopted budget incorporates assumptions regarding financial planning beyond the current fiscal year. Long-range planning is essential for several reasons:

- Assumptions regarding the use of fund balance must be assessed to determine their feasibility over multiple years.
- Revenue projections are central to determining the impact of the FY 2012-2017 Capital Improvement Program on debt service and compliance with the Board of Supervisors' financial policies.
- The impact of policy decisions and economic factors on projected revenue and expenditures provide an early indication of potential decision points for County policymakers over the next several years.

The development of a long-range forecast can be somewhat problematic. Such projections rely upon numerous variables that are subject to a combination of revision as a result of deliberate policy decisions, as well as the impact of economic circumstances that are frequently not anticipated in advance. A long-range forecast is therefore most useful as a model to forecast the impact of current decisions over time.

General Fund Long-range Forecast *FY 2012 - 2017*

Description	FY 2012 Adopted	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate
Beginning Fund Balance	\$25,871,040	\$24,685,436	\$22,699,157	\$20,653,290	\$20,969,331	\$21,294,854
Revenue	\$153,021,350	\$156,846,884	\$161,552,290	\$168,822,143	\$173,886,808	\$179,103,412
Expenditures	\$154,206,954	\$158,833,163	\$163,598,157	\$168,506,102	\$173,561,285	\$178,768,124
Ending Fund Balance	\$24,685,436	\$22,699,157	\$20,653,290	\$20,969,331	\$21,294,854	\$21,630,142

FY 2012 Budget Process

Fauquier County's Fiscal Year 2012 begins on July 1, 2011 and ends on June 30, 2012. The County initiated its budget process in September 2010 with a formal budget kickoff. The County Administrator held meetings with individual departments to discuss their submissions in December and January. The Board of Supervisors was fully engaged in the budget process, providing preliminary direction through its Finance and Facilities Planning and Implementation committees.

The FY 2012 Proposed Budget was presented to the Board of Supervisors on February 24, 2011. The Board conducted a series of work sessions and a public hearing in March, culminating with the adoption of the FY 2012 Adopted Budget on March 29, 2011.

Date	Action
September 22, 2010	FY 2012 Budget Kickoff.
November 5, 2010	FY 2012 Budget Submissions to Management & Budget.
December 13, 2010	Superintendent's Proposed Capital Improvement Program Presented to School Board.
January 27, 2011	County Administrator's Proposed FY 2012-2017 Capital Improvement Program Presented to Planning Commission and Board of Supervisors.
February 14, 2011	Superintendent's Proposed FY 2012 Operating Budget presented to School Board.
February 24, 2011	County Administrator's Proposed FY 2012 Budget Presented to Board of Supervisors.
March 8 – 22, 2011	Board of Supervisors' Budget Work Sessions.
March 17, 2011	Board of Supervisors' Public Hearing on FY 2012 Proposed Budget, Capital Improvement Program, and Tax Rates.
March 29, 2011	Board of Supervisors' Adoption of FY 2012 Budget, Tax Rates and Capital Improvement Program.
April 11, 2011	FY 2012 School Division Final Appropriated Budget Adopted by School Board.
July 1, 2011	Beginning of FY 2012 and Implementation of FY 2012 Adopted Budget.

Fund Structure and Uses

Fauquier County's budget is organized on a fund basis, with each fund considered a separate accounting and reporting entity. Fund types consist of the Governmental Funds (General Fund, School Division Operating Fund, Capital Improvement Fund, Debt Service Fund, and Non-major Governmental Funds) and the Proprietary Funds (Fleet Maintenance, Landfill, Airport and Health Insurance).

Governmental Funds

Governmental funds are accounted for using modified accrual accounting and are budgeted on the same basis. Under modified accrual accounting, revenue is considered available when deemed collectible during the current period. Similarly, expenditures are recorded at the time liabilities are incurred. The modified accrual basis is consistent with generally accepted accounting principles (GAAP).

Most of the County's financial activities are financed through the governmental funds. The County's budget contains eleven distinct governmental funds. These funds embody appropriation decisions regarding the allocation of resources among programs and expenditure type (personnel, operating, capital, and debt service). Some of the funds are attached to specific revenue sources and designated for a specific purpose, while others are more wide-ranging. Each fund is specifically reviewed and appropriated by the Board of Supervisors during its annual budget process.

The following funds are categorized as governmental funds:

General Fund

The General Fund is the primary operating fund for all non-education governmental activities. The General Fund is supported by a combination of local tax revenue, fees, charges for service and outside grant funding. Most other governmental functions, such as education, are supported by a transfer from the General Fund.

School Division Operating Fund

The School Division Operating Fund is the primary fund for all education-related governmental activities. The majority of revenue to the School Division Operating Fund comes from a transfer from the County's General Fund. In addition, the School Division Operating Fund is supported by aid from the State and Federal governments, as well as various charges for service. The School Board has direct control over the allocation of resources within this fund, as well as the non-major educational funds. The Board of Supervisors provides a lump sum appropriation to the fund to finance the School Division's operations.

Capital Improvement Fund

The Capital Improvement Fund provides for the acquisition, construction or total replacement of physical facilities using a combination of cash funding and debt financing. The Capital Improvement Fund, along with the Utility Fund, provides the mechanism for implementing the Board of Supervisors' adopted Capital Improvement Program.

Fund Structure and Uses

Debt Service Fund

The Debt Service Fund was established in FY 2011 to provide for the payment of debt service on municipal debt issued to construct facilities. The Debt Service Fund is appropriated by the Board of Supervisors as part of the annual budget process, representing the long-term financing costs resulting from the policy decisions made by the Board of Supervisors and the School Board as expressed by the Capital Improvement Program.

Non-major Governmental Funds

This category consists of funds that are dedicated for a specific purpose and generally minor in scale compared with the larger major governmental funds. The Non-major Governmental Funds category includes the following:

1. Affordable Housing Fund – This fund supports the County’s efforts to increase opportunities for work force housing. The Affordable Housing Fund is supported by a transfer from the General Fund.
2. Ambulance Billing Fund – This fund was established by the Board of Supervisors in FY 2008 to implement the County’s ambulance revenue recovery program. Revenue generated from the County’s ambulance fee supports career and volunteer emergency medical service expenses.
3. Asset Replacement Funds - The asset replacement funds were established by the Board of Supervisors in FY 2011. The County maintains separate asset replacement funds for the General Government and the School Division. The Asset Replacement Funds provide for the financing of major maintenance and systems replacement, renovations and major asset replacements, principally through the accumulation of cash funding and various grants.
4. Conservation Easement Service District Fund – This fund was established by the Board of Supervisors to administer the County’s purchase of development rights program. The PDR program is funded by a dedicated real estate tax levy.
5. Volunteer Fire and Rescue Association Fund (VFRA) – This fund supports expenditures for the County’s volunteer fire and rescue system. The VFRA Fund is supported by a dedicated real estate tax levy. Revenue from the levy is transferred to volunteer companies to subsidize the cost of operations and to the Capital Improvement Fund to support ongoing facility improvement needs.
6. Non-major School Division Funds – The School Nutrition Fund, Textbook Fund, and Regional Governor’s School have been established as separate entities for accounting purposes, and are subsidized by a combination of outside grants, fees and a transfer from the School Operating Fund.

Fund Structure and Uses

Proprietary Funds

The proprietary fund category includes four funds that either account for specific self-funded business enterprises or the provision of internal services to other governmental units. The proprietary funds employ a full accrual accounting method, where revenue is recognized on the date of occurrence and expenditures in the accounting period during which a liability is incurred. All proprietary funds are reviewed and appropriated by the Board of Supervisors during the annual budget process. The following funds are categorized as proprietary funds:

1. Internal Service Funds – Internal service funds are used to account for goods or services provided by one department or agency to another governmental unit on a cost reimbursement basis. The County maintains two internal service funds: Fleet Maintenance and Health Insurance.
2. Enterprise Funds – Enterprise funds house activities that are financed and operated as self-supporting activities. The County maintains enterprise funds for the landfill and the Warrenton-Fauquier Airport.

Basis of Budgeting

Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles, as applied to governmental units. Annual appropriation resolutions and budgets are adopted for the governmental and proprietary funds discussed in the preceding section. Governmental accounting activities are directed toward ensuring effective expenditure control and budgetary compliance. All appropriations are legally controlled at the department level for the General Fund and County proprietary funds, while School Division funds are appropriated at the fund level and allocated by the School Board. All annual appropriations, aside from the Capital Improvement Fund and the Utility Fund, lapse at the end of the fiscal year. The annual appropriations resolution also specifies that grant appropriations and certain projects may be continued into the following year until the expiration of the grant or completion of the project. Consistent with State requirements and County policy, the Board of Supervisors adopts an annual budget that balances overall expenditures with projected revenue. The County employs the same financial principles for budgeting and accounting purposes.

Budget Process

The Board of Supervisors adopts an annual appropriations resolution that sets the funding levels for each fund. The Board's fiscal policies authorize the County Administrator to approve transfers of appropriations and estimated revenues between departments and agencies as long as aggregated appropriations or estimated revenues at the fund level do not change. Approval by the Board of Supervisors is required for changes to aggregated appropriations or estimated revenues.

Changes to appropriations are accomplished through the budget adjustment process. Budget adjustments that do not revise overall appropriations are approved by the Director of Management and Budget and the County Administrator, subject to sufficient justification. The

Fund Structure and Uses

County Administrator submits budget adjustments that change appropriations or estimated revenues at the fund level to the Board of Supervisors' Finance Committee for consideration. The Board of Supervisors takes action on budget adjustments subject to the Finance Committee's recommendation.

