

Five Year Operating Plan General Fund

Stafford County FY18 Adopted Budget

The Five Year model section presents long-range plans using assumptions about economic conditions, future spending scenarios, and other variables to help with the projection of revenues and expenditures. The long-term financial process is a collaboration of efforts between departments and government officials.

The plan is tied to the priorities of the Board of Supervisors, the Comprehensive Plan, and the Adopted Capital Improvements Plan. Debt Service and operating costs of new facilities are integrated in the County's long-range planning. The plan is a tool for proactive financial decision-making supporting the Board's goal of long-term fiscal responsibility.

Long-range financial plans are included in this section for the General Fund, Utilities Fund and Transportation Fund.



In the 19th century, copper and gold were mined in the river's upper reaches. At the time, Virginia was the largest gold-producing state in the nation until the California Gold Rush of 1849.

The Five Year Plan is a tool to help in long-range planning for the various County funds and agencies. Assumptions used in forecasting activity in future years rely heavily on past history, as well as current economic conditions. It is assumed that the County will continue to experience modest, steady growth in the planning period. This model does not anticipate a return to the level of rapid growth previously experienced in the County. The plan reflects the anticipated future needs of County agencies, contrasting those needs and requests with a revenue forecast for the same period. Revenue forecasting, based on historical trends, is intended to be responsibly conservative. Expenditure forecasts are based on projected needs and requests by individual agencies. The gap between the projected revenues and expenditures provides an opportunity to begin planning and prioritizing for future years. The County is required to present a balanced budget each year.

This model shows a balanced plan for fiscal years 2018 and 2019. For fiscal years 2019-2022, County agencies were asked to forecast their future needs, and were not directed to consider limited financial constraints. Any imbalance in the out years should not be interpreted as an expected budget shortfall.

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GENERAL FUND REVENUES

The projections for taxable real property assume a growth factor of 3.0% in FY2018, and 2.0% FY2019-22. The model assumes:

- that the Board adopts the effective rate for real estate taxes in reassessment years
- all other tax rates remain constant

Development fees are projected to continue a gradual increase through the planning period. Fees will be evaluated regularly.

Most other fee revenues are projected to grow by 2.5-3.0%.

GENERAL FUND EXPENDITURES

Operating expenditure projections are based on department's projected needs.

Personnel expenditures are projected to grow at a rate of 2.0-3.0% annually through the planning period.

Operating and capital expenditures for FY2018-19 are projected to grow at an inflation rate of 2% annually, increasing to 3% in later years.

Included in operating cost projections are:

- Continued multi-year implementation of the Public Safety staffing plan is shown in years FY2019-2021.
- Many agencies project increased staffing needs with the continued growth of the community.
- Local support for the Schools includes debt service and operating costs related to the CIP. Local Schools funding shown in the five year model is for projection purposes only and does not reflect any policy or priority in the future.
- Replacement of aging vehicles and equipment for non-public safety departments are included in the outer years. Replacement ambulances and sheriff's vehicles are funded in all years.
- Debt service is estimated using the current debt schedules and the FY2018-2027 Capital Projects Program (CIP) assuming an interest rate of 5.5% and a term of 20 years, consistent with the CIP.
- The Five-Year plan is driven by increased future debt service and operating costs associated with the CIP. Project pages within the CIP section provide more detail on the operating costs.

As directed by the Board, budgets are crafted using conservative estimates. This model assumes that all fund balance requirements are met with positive results of operations from the previous year. The model includes modest optimism that economic conditions will continue to improve in the next fiscal year, but maintains a conservative approach to revenue forecasting based on recession-based historical trends. Schools' staff did not provide information in the five-year planning process; therefore, we are not making projections on total increases to school funding from all other sources.

FY2019 PROJECTION

As directed by the Board, a balanced plan for FY2019 is included in the Five Year Projection section. Departments were asked to project future needs constrained by a 2-3% increase in revenues.

The model assumes a 3.0% increase in revenues, which would be sufficient to fund these required increases. *Not included* in the FY2019 expenditure projection: funding to meet inflationary increases, replacement of materials and equipment, full funding of agencies' requests for new personnel to meet expected challenges in public safety, courts, and development.

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The five year model does not include a contribution to OPEB above any health insurance savings which would go to the OPEB trust per the Board's financial policies. The model assumes that one half of new tax revenues and all increases in Meals Tax revenue would go to the Schools. The plan will be revised throughout the year, with an update presented to the Board in the upcoming year.

FY2019-20

In the later years, the model reflects the impact of debt service and operating costs related to the CIP as well as other projected increases needed to meet the needs of the community. Projections for the outer years reflect departments' requests without considering financial constraints. A line labeled "adjustments to be determined" has been included to show the gap between projected revenues and expenditures. This should not be considered a budget shortfall.

This table summarizes the five year projection.

	2016 Actual	2017 Adopted	2018 Adopted	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast
Property Taxes	203,851,547	207,303,784	216,157,236	222,641,000	227,094,000	231,636,000	236,269,000
Other Taxes	37,507,091	36,985,957	38,419,292	39,257,000	39,838,000	40,429,000	41,034,000
Service Charges & Other	17,613,279	15,622,985	15,867,110	16,273,000	16,584,000	16,903,000	17,230,000
Federal & State Revenues	<u>15,347,519</u>	<u>15,398,433</u>	<u>15,971,521</u>	<u>16,148,000</u>	<u>16,342,000</u>	<u>16,569,000</u>	<u>16,801,000</u>
	274,319,436	275,311,159	286,415,159	294,319,000	299,858,000	305,537,000	311,334,000
Public Safety	42,846,958	44,531,545	46,707,175	48,265,292	49,597,000	51,783,000	53,741,000
Non-Public Safety	48,917,343	49,739,375	52,682,653	53,421,802	54,786,906	57,110,676	59,359,894
Debt Service - County	12,135,753	13,649,195	15,213,129	15,802,563	15,868,148	15,841,092	21,543,299
Other	23,852,268	22,827,481	24,089,576	25,486,667	26,559,195	26,877,679	25,909,592
Schools - Local Transfer	112,142,395	113,200,804	116,406,746	119,375,540	123,156,558	127,145,891	130,209,801
Schools - Debt Service/Capital Projects	<u>30,289,714</u>	<u>31,362,759</u>	<u>31,315,880</u>	<u>31,967,136</u>	<u>30,786,618</u>	<u>29,448,785</u>	<u>29,090,875</u>
Local School Funding	142,432,109	144,563,563	147,722,626	151,342,676	153,943,176	156,594,676	159,300,676
Adjustments to be determined					(896,426)	(2,670,123)	(8,520,461)
	270,184,431	275,311,159	286,415,159	294,319,000	299,858,000	305,537,000	311,334,000



Five Year Operating Plan - Transportation Fund

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	FY2016 Actuals	FY2017 Forecast	FY2018 Adopted	FY2019 Forecast	FY2020 Forecast	FY2021 Forecast	FY2022 Forecast
Revenues							
Gasoline Sales Tax	\$2,961,265	\$2,954,838	\$3,217,641	\$3,295,629	\$3,347,535	\$3,445,075	\$3,549,777
State Recordation Tax	845,464	840,000	840,000	840,000	840,000	840,000	840,000
State/Federal	5,376,641	11,011,550	4,719,737	4,570,959	0	0	0
Bonds	4,820,350	10,318,401	0	0	0	0	0
Impact Fees	0	100,000	325,000	400,000	450,000	500,000	550,000
Proffers	666,310	215,726	0	0	0	0	0
Miscellaneous	132,300	5,000	5,000	5,000	5,000	5,000	5,000
Transfer from General Fund Brooke Road	0	2,850,000	0	0	0	0	0
Transfer from General Fund Juggins Road	0	200,000	0	0	0	0	0
Total Revenue Sources	\$14,802,330	\$28,495,515	\$9,107,378	\$9,111,588	\$4,642,535	\$4,790,075	\$4,944,777
Expenditures							
Management Services	\$13,335	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000
FRED Bus Service	473,961	471,072	485,204	499,760	514,753	530,196	546,102
VRE Subsidy	2,855,607	2,647,222	2,647,912	2,726,639	2,726,639	2,808,438	2,808,438
PRTC Subsidy	73,400	80,700	98,100	84,200	77,800	88,100	95,900
Airport Subsidy	85,714	85,714	85,714	85,714	85,714	85,714	85,714
Debt Service	384,786	621,626	608,734	593,640	574,282	557,092	539,903
Street Signs	26,805	25,000	25,000	25,000	25,000	25,000	25,000
Social Services/ Other Professional Services	27,186	40,000	40,000	40,000	40,000	40,000	40,000
Gateway	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Local Road Projects	12,014,261	14,449,779	5,779,602	7,448,284	0	0	0
Courthouse Road Widening	0	12,950,717	0	0	0	0	0
Total Expenditures	\$16,055,055	\$31,487,830	\$9,886,266	\$11,619,238	\$4,160,188	\$4,250,540	\$4,257,056
Change in Fund Balance	(1,252,725)	(2,992,315)	(778,888)	(2,507,650)	482,347	539,535	687,721
Beginning of Year Fund Balance	8,660,056	7,407,331	4,415,016	3,636,127	1,128,478	1,610,825	2,150,360
Assigned:	5,515,737	4,415,016	3,636,127	1,128,478	1,610,825	2,150,360	2,838,080
Fund Balance, end of year	\$7,407,331	\$4,415,016	\$3,636,127	\$1,128,478	\$1,610,825	\$2,150,360	\$2,838,080

Projects included in the CIP are dependent upon future funding. This schedule does not reflect all projects.

In November, 2008, Stafford County voters approved a \$70 million road bond referendum. Project schedules are under review. The five year projection will be updated as the timing of the projects and the issuance of debt is determined.

The Circuit Court has granted a two-year extension to the expiration date of the referendum. Expiration date is November, 2018 (FY2019).

Gasoline sales tax revenue projections provided by PRTC.

VRE subsidy projection provided by PRTC, reflects VRE Six-Year Plan

Five Year Operating Plan

Utilities Fund

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	FY2016 Actual	FY2017 Adopted	FY2018 Forecast	FY2019 Forecast	FY2020 Forecast	FY2021 Forecast
Rate Change: User Fees (Approved in bold)	6.0%	9.00%	9.00%	9.00%	3.00%	3.00%
Availability Fees	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400
Revenues/Sources						
Water/Sewer Fees	\$31,027,171	\$34,192,736	\$34,765,471	\$41,955,707	\$44,148,164	\$46,221,527
Availability Fees	9,020,838	7,668,750	7,668,750	7,668,750	7,668,750	7,668,750
Pro Rata Fees	2,724,676	1,533,750	1,533,750	1,533,750	1,533,750	1,533,750
Other Charges and Fees	2,008,323	1,108,000	1,489,480	1,108,000	1,108,000	1,108,000
Use of Money/Property		116,295		147,990	146,597	179,627
Revenue Bond Proceeds*	9,564,117	7,214,000	14,876,295	18,833,346	17,922,361	7,299,000
Total Sources	\$54,345,125	\$51,833,531	\$60,333,746	\$71,247,543	\$72,527,622	\$64,010,654
Uses						
Operations						
Personnel	\$11,542,208	\$11,958,636	\$12,197,809	\$12,271,817	\$12,696,677	\$13,136,246
Operating	11,687,205	14,986,589	15,836,185	16,066,747	16,868,611	17,710,496
Operating - Departmental Capital		762,405	500,000	500,000	500,000	500,000
Operating - Capital Projects	5,051,200	7,489,396	7,957,227	5,756,242	6,340,640	7,586,667
Expansion-Capital Projects						
Pro Rata Funded	2,174,750	609,500	1,897,500	4,089,000	2,267,000	265,500
Availability/Bond Funded	12,072,000	8,584,500	18,449,568	12,586,708	18,426,361	7,823,000
Debt Service						
Existing Debt Service	7,556,214	7,994,289	7,556,214	9,014,939	10,841,152	12,069,074
New Debt Service		0	1,458,725	1,826,213	1,227,922	0
Total Uses	\$50,083,576	\$52,385,314	\$65,853,228	\$62,111,666	\$69,168,363	\$59,090,983
Total Sources Over Uses	\$4,261,549	(\$551,783)	(\$5,519,482)	\$9,135,877	\$3,359,259	\$4,919,671
Debt Ratio 1	2.85	2.12	2.24	2.62	2.26	2.10
Debt Ratio 2	2.07	1.54	1.63	2.10	1.84	1.72
Debt Ratio 3	2.07	1.54	1.63	2.10	1.84	1.72
Debt Ratio 4 (Min=1.0)***	1.30	0.96	1.02	1.59	1.41	1.34

COVENANT REQUIREMENTS: (No. 1 must be met AND either 2 or 3)

1. Net Revenues: 1.50 times Senior Debt Service
2. Net Revenues less 50% of Availability Fees and Pro Rata: 1.25 times Senior Debt Service
3. Net Revenues less 50% of Availability Fees and Pro Rata plus 50% of unrestricted reserves: 1.5 times Senior Debt Service
4. Net Revenues less 100% of Availability Fees/Pro Rata: 1.0 times Senior Debt Service

Debt Ratio 4 is required to be met in FY18 and thereafter.