

Five Year Operating Plan General Fund

Stafford County FY16 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 2016 and 2017. For fiscal years 2018-2020, 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.

Five Year Operating Plan

General Fund

Stafford County FY16 Adopted Budget

GENERAL FUND REVENUES

The projections for taxable real property assume a growth factor of 2% in FY2017, 2.5% FY2018-20. The model assumes:

- that real estate taxes are equalized in reassessment years
- all other tax rates remain constant

Personal property revenues have proven to be sensitive to the economy. During the recession, new cars sales dropped dramatically. During the early years of the recovery, there was a shortage in supply in used vehicles, which kept depreciation low. With the return to normal depreciation and a leveling, but still healthy sales activity, growth in personal property is expected to be less robust than we have recently experienced. The Board reduced the personal property tax rate on vehicles from \$6.89 to \$6.61 in 2014. It is conservatively projected to increase by 2% in the planning period.

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 2-2.5%.

GENERAL FUND EXPENDITURES

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

Personnel expenditures are projected to grow at a rate of 2-3% annually through the planning period. Virginia Retirement System updates rates every other year. Preliminary reports are that recent gains in investments will allow for a slight decrease in rates for FY2017 and FY2018. Actual rates will be announced in November 2015.

Operating and capital expenditures for FY2017-18 are projected to grow at an inflation rate of 2% annually, increasing to 3% in later years.

Included in operating cost projections are:

- The adopted budget includes 8 new public safety positions. Full multi-year implementation of the Public Safety staffing plan is shown in years FY2018-2020.
- Many agencies project increased staffing needs with the continued growth of the community.
- The School operating transfer increases by one-half of new revenue less the increase to Schools debt service. This 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 FY2016-2025 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. These charts show the estimated increased costs in fiscal years 2017-20. Increased costs for the current year are included in the adopted budget. Project pages within the CIP section provide more detail on the operating costs.

Five Year Operating Plan General Fund

Stafford County FY16 Adopted Budget

Projected CIP Debt Service

Project	FY2017	FY2018	FY2019	FY2020
Fire & Rescue Training Center	0	0	0	15,000
Fire & Rescue Station 14	0	547,000	547,000	547,000
Fire & Rescue Station New	0	0	0	0
Park at Embrey Mill - Phase 3	0	228,000	476,000	476,000
Duff McDuff Green Park	0	0	0	626,000
Patawomeck Park Phase 2	0	0	0	0
New and Renovated Park Amenities	0	112,000	224,000	336,000
Animal Shelter	0	448,000	448,000	448,000
Courthouse Addition	0	0	0	197,000
Library	0	0	0	0
Transportation	393,000	393,000	1,189,000	1,189,000
Stafford High School	335,000	335,000	335,000	335,000
Moncure Elementary Rebuild	67,000	793,000	1,937,000	2,021,000
Ferry Farm Elementary Rebuild	0	0	84,000	1,068,000
Elementary School #18	0	0	0	0
Middle School #9	0	0	0	0
High School #6	0	0	0	0
Brooke Point HS Addition	566,000	566,000	566,000	566,000
Mt. View HS Addition	38,000	650,000	650,000	650,000
Colonial Forge HS Addition	546,000	546,000	546,000	546,000
Harwood ES Renovation	0	0	0	0
Fleet Services	0	0	0	0
Infrastructure	310,000	649,000	892,000	1,160,000
New Debt Service	\$2,255,000	\$5,267,000	\$7,894,000	\$10,180,000

Master Lease Impacts	FY2017	FY2018	FY2019	FY2020
Replacement Apparatus	182,000	470,000	680,000	928,000
Public Safety Communication System Update	279,000	279,000	279,000	279,000
Cardiac Equipment Replacement	0	0	0	305,534
Aquia Station Rehab	0	0	0	115,000
New Master Lease	\$461,000	\$749,000	\$959,000	\$1,627,534

Projected CIP Operating Costs

Project	FY2017	FY2018	FY2019	FY2020
Fire & Rescue Training Center	0	0	0	0
Fire & Rescue Station 14	0	1,778,000	1,641,000	1,689,000
Fire & Rescue Station New	0	0	0	0
On-line Permitting	175,000	175,000	175,000	175,000
Voting Machines	0	8,000	9,000	9,000
Park at Embrey Mill - Phase 3	0	446,679	205,047	208,847
Duff McDuff Green Park	0	0	0	0
Patawomeck Park Phase 2	0	0	0	0
New and Renovated Park Amenities	0	0	0	0
Animal Shelter	0	108,000	46,000	47,000
Courthouse Addition	0	0	0	0
Belmont Ferry Farm Trail	82,000	54,000	56,000	57,000
Stormwater	38,000	75,000	113,000	150,000
Stafford High School	0	0	0	0
Moncure Elementary Rebuild	0	0	0	0
Ferry Farm Elementary Rebuild	0	0	0	0
Elementary School #18	0	0	0	0
Middle School #9	0	0	0	0
High School #6	0	0	0	0
Brooke Point HS Addition	893,000	916,000	951,000	990,000
Mt. View HS Addition	0	1,066,000	1,129,000	1,153,000
Colonial Forge HS Addition	873,000	895,000	931,000	969,000
Harwood Elementary Renovation	0	0	0	0
Fleet Services	0	0	0	0
	\$2,061,000	\$5,521,679	\$5,256,047	\$5,447,847

Five Year Operating Plan General Fund

Stafford County FY16 Adopted Budget

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.

FY2017 PROJECTION

As directed by the Board, a balanced plan for FY2017 is included in the Five Year Projection section. Departments were asked to project future needs constrained by a 2-3% increase in revenues.

FY2017 CIP Debt Service and Operating Costs - Planning for FY2017 will be heavily influenced by debt service and operating costs associated with the CIP. Estimated net change in debt service for FY2017: General Government: \$1.8 million; Schools: \$3.0 million. Embrey Mill Park is expected to be open only part of FY2016. The added costs for a full year of operations are \$200K.

Bond Strategy - The County's financial advisors have suggested that the County continue to reduce reliance on debt. One strategy to achieve this goal is to increase cash capital expenditures to 3% of the General Government budget by FY2018. Bringing cash capital to 2.5% in FY2017 adds \$340k to the budget.

The model assumes a 2.5% increase in revenues, which would be sufficient to fund these required increases. *Not included* in the FY2017 expenditure projection: funding to meet inflationary increases, replacement of materials and equipment, agencies' requests for new personnel to meet expected challenges in public safety, courts, and development.

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 revenues would go to the Schools. The plan will be revised throughout the year, with an update presented to the Board in the upcoming year.

FY2017-19

In the later years, the model shows 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.

	FY2014 Actual	2015 Adopted	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast
Property Taxes	195,042,829	198,144,436	200,900,736	205,276,000	210,405,000	215,664,000	221,053,000
Other Taxes	32,234,707	34,272,500	34,975,292	35,669,000	36,557,000	37,466,000	38,398,000
Service Charges & Other	23,396,632	15,654,772	14,815,072	15,103,000	15,435,000	15,775,000	16,123,000
Federal & State Revenues	14,299,116	14,668,200	14,843,785	15,148,198	15,073,000	15,266,000	15,485,000
	264,973,284	262,739,908	265,534,885	271,196,198	277,470,000	284,171,000	291,059,000
Public Safety	39,678,540	40,697,340	41,177,227	41,549,000	48,767,000	50,146,000	52,509,000
Non-Public Safety	47,646,431	47,906,816	47,481,692	48,118,000	50,586,000	51,705,000	53,274,000
Debt Service - County	11,119,790	12,291,100	12,488,770	13,414,016	14,858,899	15,682,232	16,617,480
CIP - New Operating Costs				295,000	2,644,679	2,245,047	2,335,847
Other	30,253,852	20,705,646	20,668,940	21,288,000	22,151,000	22,744,000	23,249,000
Schools - Local Transfer	108,746,728	111,947,456	113,254,828	113,020,000	114,105,062	115,917,979	118,738,962
CIP - New Operating Costs	0	0	0	1,766,000	2,877,000	3,011,000	3,112,000
Schools - Debt Service/Capital Projects	26,847,817	29,191,550	30,463,428	31,746,183	32,351,571	31,887,092	32,402,109
Local School Funding	135,594,545	141,139,006	143,718,256	146,532,183	149,333,633	150,816,071	154,253,071
Adjustments to be determined					(10,871,212)	(9,167,351)	(11,179,399)
	264,293,158	262,739,908	265,534,885	271,196,198	277,470,000	284,171,000	291,059,000

Five Year Operating Plan - Transportation Fund

Stafford County FY16 Adopted Budget

	FY2014 Actual	FY2015 Estimated	FY2016 Forecast	FY2017 Forecast	FY2018 Forecast	FY2019 Forecast	FY2020 Forecast
Revenues Sources							
Gasoline Sales Tax	\$4,946,890	\$3,820,834	\$3,554,926	\$3,636,297	\$3,719,947	\$3,916,789	\$3,996,869
State Recordation Tax	851,060	693,000	693,000	693,000	693,000	693,000	693,000
Federal Revenue	300,436	1,562,707	3,418,527	7,080,000	5,022,000	3,738,000	0
State Revenue	1,316,504	3,564,720	11,410,804	2,632,738	1,149,663	3,018,305	0
Interest Revenue	7,395	2,000	5,000	1,000	1,000	1,000	1,000
Miscellaneous/Other	12,633	150,000	0	0	0	0	0
Bonds	0	0	4,706,189	0	9,507,743	0	0
Transfer from Other Funds	0	200,000	638,177	0	1,110,966	0	0
Other EDA Funding- Tech Center Drive	0	0	0	0	300,000	0	0
Capital Project Reserve- Tech Center Drive	0	0	0	0	2,275,000	0	0
Impact Fees	0	60,000	100,000	100,000	1,515,500	1,600,000	1,600,000
Proffers	1,850,058	613,388	725,416	0	25,000	0	0
Total Sources	\$9,284,976	\$10,666,649	\$25,252,039	\$14,143,035	\$25,319,819	\$12,967,094	\$6,290,869
Expenditures							
VRE Subsidy	\$2,529,281	\$2,689,391	\$2,855,607	\$2,996,689	\$2,720,619	\$2,906,287	\$2,697,045
FRED Bus Service	444,871	457,299	473,961	485,149	499,703	514,694	530,135
Management Services	6,833	76,998	13,410	16,000	16,000	16,000	16,000
Airport Subsidy	85,714	85,714	85,714	85,714	85,714	85,714	85,714
Debt Service Transfer to General Fund	0	237,532	233,155	626,154	621,179	1,410,892	1,404,605
PRTC Subsidy	93,400	89,300	73,400	74,900	80,800	87,500	92,900
Architect/Engineering	3,119	4,000	4,000	4,000	4,000	4,000	4,000
Street Signs	18,164	56,525	50,000	50,000	50,000	50,000	50,000
Social Services	0	40,000	40,000	40,000	40,000	40,000	40,000
Gateway	0	100,000	100,000	100,000	100,000	100,000	100,000
Local Road Projects	290,674	290,675	162,468	0	0	0	0
Airport Loan	0	65,000	0	0	0	0	0
CIP Projects	7,985,756	9,339,162	23,641,094	13,076,913	22,433,909	8,150,068	3,000,000
Total Expenditures	\$11,457,812	\$13,466,596	\$27,732,809	\$17,555,519	\$26,651,924	\$13,365,155	\$8,020,399
Change in Fund Balance	(\$2,172,836)	(\$2,799,948)	(\$2,480,771)	(\$3,412,484)	(\$1,332,105)	(\$398,061)	(\$1,729,530)
Beginning of Year Fund Balance	\$14,595,018	\$12,422,182	\$9,622,234	\$7,141,464	\$3,728,980	\$2,396,875	\$1,998,814
Fund Balance, end of year	\$12,422,182	\$9,622,234	\$7,141,464	\$3,728,980	\$2,396,875	\$1,998,814	\$269,284

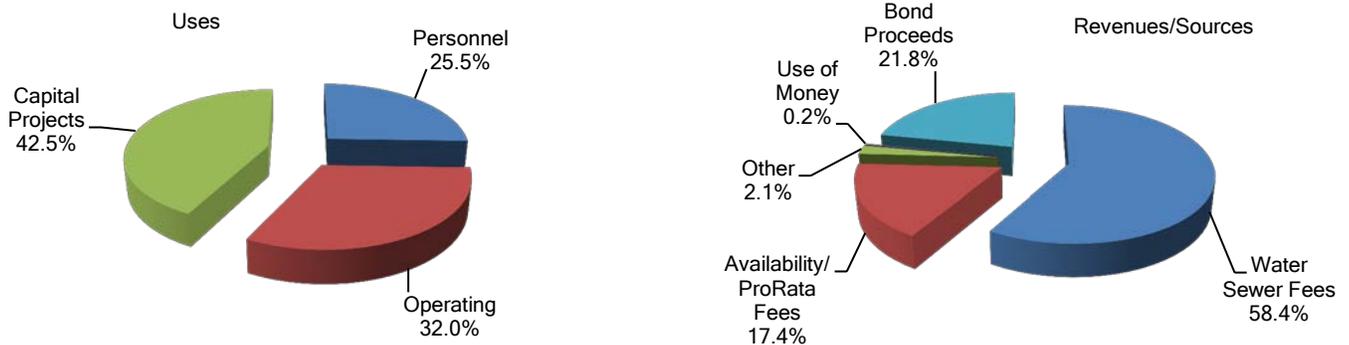
* The Transportation Bond Referendum expires November 2016 (FY2017). Circuit Court's order to grant a two-year extension must be entered before the initial eight-year period expires.

** 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

Stafford County FY16 Adopted Budget



UTILITIES FUND - WATER & SEWER SERVICES FINANCING SOURCES, USES & BALANCE - 5 YEAR PROJECTIONS

The Utilities Fund Projection Model is designed to serve as a tool to assist in long range planning for operating and capital costs. It includes a number of outer year assumptions that are examined and evaluated annually as part of the budgeting process. The Fiscal Year 2014 data reflects actual amounts and the Fiscal Year 2015 data reflects year-end estimates based on revenues and expenses to date. Projections for Fiscal Year 2016 through 2020 include estimates for specific programs where adequate information is available and other assumptions are noted below:

Water and Sewer Charges

Assumes a 3.0% growth in billed customer accounts throughout the planning period. Projections assume rate increases to cover anticipated capital improvements to the existing system and increasing costs associated with treatment chemicals, electricity and fuels. Although customer accounts are increasing, actual usage is level or declining due to industry-wide declines in per capita consumption.

Availability Fees

Assumes an average of 700 additional equivalent dwelling units (EDUs) for water and 665 for sewer service in 2016-FY20, reflecting recent trends. Effective July 1, 2010, availability fees are \$6,900 for water and \$3,500 for sewer per EDU. Availability fees are used to pay for system expansions, changes in regulations, or changes in technology.

Pro Rata Fees

Assumes developers will contribute 100% of their proportionate share of project costs. Rates are provided separately for each water pressure zone and sewer drainage shed, based on the estimated cost impacts of development projects on the appropriate water pressure or sewer drainage zone.

Revenue Bond Proceeds

In September 2013, the Board of Supervisors approved \$45 million of water and sewer revenue bonds. Bond proceeds from the approved bond program will fund \$29 million of projects from FY15-FY18. Future bond authorizations are expected to fund projects in FY18-FY19.

Personnel & Operating Expenditures

Utilities personnel costs are projected to increase on average 4% per year during FY16-FY20. Operating and maintenance costs are projected to increase on average 5% per year.

Use of Money and Property

Interest earned on the Utilities Fund Balance is expected to stabilize after declining as cash balances were spent down relative to the construction of large capital projects, particularly the construction of the Lake Mooney Reservoir and Water Treatment Plant.

Debt Service

Assumes future debt is issued at a 5.5% interest rate for the major CIP projects.

Capital Projects

Includes all capital projects included in the five-year capital improvement plans.

Five Year Operating Plan

Utilities Fund

Stafford County FY16 Adopted Budget

	FY2014 Actual	FY2015 Estimated	FY2016 Adopted	FY2017 Forecast	FY2018 Forecast	FY2019 Forecast	FY2020 Forecast
Rate Change: User Fees (Approved in bold)	8.0%	7.0%	6.0%	9.00%	9.00%	9.00%	3.00%
Availability Fees	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400
Revenues/Sources							
Water/Sewer Fees	\$26,160,971	\$28,000,000	\$30,870,885	\$34,136,350	\$37,821,371	\$41,892,218	\$44,084,352
Availability Fees	8,687,779	5,900,000	7,668,750	7,157,500	7,157,500	7,157,500	7,157,500
Pro Rata Fees	3,704,192	900,000	1,533,750	1,431,500	1,431,500	1,431,500	1,431,500
Other Charges and Fees	1,271,040	1,600,000	1,108,000	1,108,000	1,108,000	1,108,000	1,108,000
Use of Money/Property	327,112	254,000	116,295	127,473	115,154	167,000	214,000
Revenue Bond Proceeds*	17,240,766	0	11,528,821	13,366,900	9,186,208	17,922,361	7,299,000
Total Sources	\$57,391,860	\$36,654,000	\$52,826,501	\$57,327,723	\$56,819,733	\$69,678,579	\$61,294,352
Uses							
Operations							
Personnel	\$11,430,007	\$11,100,000	\$11,568,890	\$11,604,188	\$12,142,997	\$12,560,470	\$12,995,323
Operating	10,070,778	11,400,000	13,757,634	13,757,634	14,364,425	15,079,173	15,831,749
Operating - Departmental Capital	291,781	800,000	763,448	500,000	500,000	500,000	500,000
Operating - Capital Projects	1,364,238	0	5,051,200	4,692,855	5,756,242	6,340,640	7,586,667
Expansion-Capital Projects							
Pro Rata Funded	5,895,734	13,620,000	2,174,750	1,897,500	4,089,000	2,267,000	265,500
Availability/Bond Funded	26,081,923	425,000	12,072,000	17,038,400	12,586,708	18,426,361	7,823,000
Debt Service							
Existing Debt Service	6,272,352	6,707,417	6,622,942	7,556,214	7,556,214	8,255,233	9,505,980
New Debt Service	0	0	933,272	0	699,019	1,250,747	861,918
Total Uses	\$61,406,813	\$44,052,417	\$52,944,135	\$57,046,791	\$57,694,605	\$64,679,624	\$55,370,137
Total Sources Over Uses	(\$4,014,953)	(\$7,398,417)	(\$117,634)	\$280,932	(\$874,872)	\$4,998,955	\$5,924,215
Equity-Cash & Invest.- Year End	\$58,520,168	\$51,121,751	\$51,004,117	\$51,285,049	\$50,410,177	\$55,409,132	\$61,333,348
Designated - Escrow	(4,742,718)	(5,533,737)	(5,500,000)	(5,500,000)	(5,000,000)	(5,500,000)	(5,500,000)
Designated - Encumbrances	(10,930,659)	(12,880,635)	(14,473,463)	(16,540,129)	(16,823,963)	(13,517,001)	(11,756,375)
Restricted Cash and Investments*							
Bond Proceeds	\$11,252,857	\$3,840,201	\$11,528,821	\$13,366,900	\$9,186,208	\$17,922,361	\$7,299,000
Restricted - Debt Service	2,045,622	2,045,622	4,247,712	4,757,967	4,777,560	5,737,868	6,285,025
Restricted - Advance Payments	2,477,994	2,477,994	2,477,994	1,853,352	2,492,862	2,530,394	2,553,168
Committed - Operating Reserve	4,688,038	4,688,038	3,860,639	3,860,639	3,893,524	3,936,470	3,964,025
Designated - Repair/Replacement	3,835,667	3,835,667	4,718,559	4,718,559	4,758,752	4,811,241	4,844,919
Restricted Cash & Investments*	\$24,300,179	\$16,887,522	\$26,833,725	\$28,557,417	\$25,108,906	\$34,938,333	\$24,946,137
Unreserved Cash	\$18,546,612	\$15,819,858	\$4,196,930	\$687,504	\$3,477,309	\$1,453,799	\$19,130,836
Debt Ratio 1	2.93	1.99	2.30	2.40	2.73	2.86	2.60
Debt Ratio 2	1.94	1.48	1.60	1.83	2.16	2.34	2.14
Debt Ratio 3	3.42	2.66	1.92	1.87	2.39	2.43	3.15
Debt Ratio 4 (Min=1.0)***	0.95	0.98	0.91	1.26	1.59	1.82	1.69

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 (must be met by FY18)

