

Five Year Financial Outlook Stafford County FY19 Adopted Budget

Stafford County has engaged in a more robust five year financial planning process than in previous years. This outlook highlights long term implications of financial decisions and more closely links the 10 year CIP with the annual budget process. It creates a framework within which the fiscal year's budget development takes place. The planning process connects Board priorities to resources and provides direction to staff.

The following joint guiding principles developed in the Board's annual planning meeting will guide our planning processes in the future.

Guideline	Description
School's Operational Funding from County Revenue	The Schools' operating transfer will be developed to maintain a per pupil transfer. The needs of the Schools will be reviewed and analyzed and a basis for increase will be proposed to meet mandates and changes in service level.
Sheriff's Department adding Full Time Employees	The addition of Sheriff's Deputies will maintain current deputies per 1,000 citizens to keep up with changes in population. Staff is also charged with the consideration of adding deputies above this minimum as part of the budget development process.
Social Services Staffing	The Five-Year Financial Outlook included an increase of 10 Social Services employees to catch up with increasing case load and population. In FY2019: (1) Family Services Specialist III, (1) Office Associate II, (1) Benefit Programs Specialist II, and (2) Family Services Specialist II. In FY2020: (1) Benefit Programs Specialist II and (1) Family Services Specialist II. In FY2021: (1) Family Services Specialist III and (1) Office Associate II. In FY2022: (1) Benefit Programs Specialist II. In FY2023: (1) Family Services Specialist II.
Employee Compensation	A 2% compensation increase is supported to keep up with inflation in the market.
Market Pay	The Five-Year Financial Outlook included market pay equal to 1% of payroll to be earmarked to catch up with market pay. The Outlook also directed a portion of this funding to be used to catch up Benefits Service Specialist with similar positions in the Spotsylvania County and the City of Fredericksburg. Funding was also directed to reduce compression and to provide increase for the Family Services Specialist so positions with increasing responsibilities are paid accordingly.
Real Estate Tax Rate	The Board gave direction to limit the Real Estate Tax rate to be in line with assumptions underlying Scenario 2 in the Five Year Financial Outlook.
Transportation Funding	Staff will leverage alternative funding for Transportation projects and review the Impact Fee process to ensure the matching of revenues and project expenditures are maximized.
Utilities Fund	Through the FY2019 budget development process consider the impact of adding additional full time staffing to promote preventive measures that impact the sustainability of our water and sewer systems.
Children's Services Act	Through the FY2019 budget process consider cost sharing the local match for private day school placements with the school division. The five year financial outlook includes an increase of 2% annually to meet the continued rising costs associated with private day school placements. Consider a shared position with the school division to create additional transparency, assist in identifying measurable outcomes, and bridging the gap.

The Board engaged in several five year financial outlook planning work sessions. The first work session, held on November 21, 2018 focused on the General Fund revenues and expenditures. Staff presented five-year outlook assumptions and reviewed the major drivers with the Board of Supervisors. The outlook indicated that service levels that address catching up and keeping up with growth outpace the projection of revenue increases.

On December 5, 2017, the Board engaged in the second work session that focused on Transportation, Utilities and the Capital Improvement Program. Transportation continues to project diminishing operating revenues, particularly fuels tax, that was not projected to be sufficient to meet operating needs. The Utilities Fund presented balanced future projections of revenues and expenditures that support capital improvements and preventive maintenance. The Capital Improvements Program reviewed the Joint CIP process and the need for meeting an increasing school population as well as a new courthouse.

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The final work session was conducted during the Board’s annual planning meeting on January 19, 2018. This work session provided a discourse on fiscal stressors and the impact of the projections. During this work session, the Board developed the guiding principles, previously listed, to focus and direct staff’s work in the future preparation and delivery of the five year financial outlook.

The resulting outcomes of this year’s process serviced the as basis for the development of the FY2019 Adopted Budget.

	FY2017 Actual	FY2018 Adopted	FY2019 Adopted	FY2020 Forecast	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
Revenues							
Real Estate Property Tax	\$ 154,921,257	\$ 160,500,000	\$ 168,773,272	\$ 177,809,000	\$ 185,598,000	\$ 193,881,000	\$ 202,381,000
Property Tax	44,577,608	43,364,974	45,716,005	45,424,000	46,606,000	47,825,000	49,082,000
Other Taxes	38,163,493	37,469,292	38,974,420	41,836,000	43,020,000	44,283,000	45,620,000
Other Local Revenue	12,513,969	11,739,702	13,000,315	13,635,000	13,892,000	14,159,000	14,446,000
State and Federal Funding	28,053,671	27,895,894	30,251,141	29,287,000	29,599,000	29,897,000	30,202,000
Miscellaneous	7,455,283	6,775,417	8,413,801	4,794,000	4,815,000	4,836,000	4,857,000
Total Revenue	\$ 285,685,281	\$ 287,745,279	\$ 305,128,954	\$ 312,785,000	\$ 323,530,000	\$ 334,881,000	\$ 346,588,000
Expenditures							
School Operating Transfer	\$ 112,590,288	\$ 116,406,746	\$ 123,120,574	\$ 128,229,000	\$ 133,496,000	\$ 139,102,000	\$ 144,855,000
Public Safety	55,111,504	58,564,395	60,805,518	63,005,000	64,803,000	66,647,000	68,540,000
Other County Department	72,783,601	66,245,129	75,595,449	78,425,267	82,148,758	85,046,393	88,303,978
Debt Service	44,665,779	46,529,009	45,607,413	43,125,733	43,082,242	44,085,607	44,889,022
Total Expenditures	\$ 285,151,172	\$ 287,745,279	\$ 305,128,954	\$ 312,785,000	\$ 323,530,000	\$ 334,881,000	\$ 346,588,000

Five Year Operating Plan - Transportation Fund

Stafford County FY19 Adopted Budget

	FY2017 Actuals	FY2018 Adopted	FY2019 Adopted	FY2020 Forecast	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
Operating Revenue							
Gasoline Sales Tax	\$3,363,483	\$3,217,641	\$3,548,400	\$3,498,100	\$3,465,800	\$3,445,600	\$3,465,300
State Recordation Tax	927,337	840,000	814,000	840,000	840,000	840,000	840,000
Miscellaneous	18,591	5,000	9,888	5,000	5,000	5,000	5,000
Transfer from General Fund	0	0	523,098	829,550	805,955	782,360	758,765
Total Operating Revenue Sources	\$4,309,411	\$4,062,641	\$4,895,386	\$5,172,650	\$5,116,755	\$5,072,960	\$5,069,065
Operating Expenditures							
VRE Subsidy	\$2,647,222	\$2,647,912	\$2,475,127	\$3,597,200	\$4,000,100	\$4,283,400	\$4,764,800
PRTC Subsidy	80,700	98,100	107,500	104,600	114,200	134,900	143,000
Financial Management	16,961	16,000	16,000	16,000	16,000	16,000	16,000
FRED Bus Service	471,072	485,204	494,816	509,660	524,950	540,699	556,920
Airport Subsidy	85,714	85,714	85,714	85,714	85,714	85,714	85,714
Gateway	64,270	100,000	100,000	100,000	100,000	100,000	100,000
Street Signs	14,563	25,000	25,000	25,000	25,000	25,000	25,000
Social Services	23,833	40,000	32,000	32,000	32,000	32,000	32,000
Debt Service ⁽¹⁾	731,068	608,734	1,559,229	1,403,832	1,363,047	1,322,263	1,281,479
Transfer to Capital	174,008	0	0	0	0	0	0
Total Operating Expenses	\$4,309,411	\$4,106,664	\$4,895,386	\$5,874,006	\$6,261,011	\$6,539,976	\$7,004,912
Capital Revenues							
Transfer From Operating	\$174,008	\$0	\$0	\$0	\$0	\$0	\$0
State/Federal Revenue	1,878,343	4,719,737	2,005,045	3,283,810	4,646,300	0	0
Bond Proceeds	10,427,842	0	0	0	0	0	0
Proffers	0	0	0	0	0	0	0
Impact Fees	100,000	325,000	600,000	630,000	661,500	694,575	729,304
Transfer from General Funds	3,055,000	0	0	0	0	0	0
Transfer from Wadewater CDA	1,107,953	0	0	0	0	0	0
Transfer from School Funds	200,000	0	637,500	0	0	0	0
Misc. Revenue	34,295	0	0	0	0	0	0
Total Capital Revenue Sources	\$16,977,441	\$5,044,737	\$3,242,545	\$3,913,810	\$5,307,800	\$694,575	\$729,304
Capital Expenditures⁽²⁾							
Local Road Projects	5,555,790	5,779,602	3,674,125	6,434,517	4,734,517	600,000	100,000
Total Capital Expenses	5,555,790	5,779,602	3,674,125	6,434,517	4,734,517	600,000	100,000
Fund Balance, Beginning of Year	\$7,406,455	\$18,828,106	\$18,049,218	\$17,617,638	\$14,395,575	\$13,824,601	\$12,452,160
Revenues	21,286,852	9,107,378	8,137,931	9,086,460	10,424,555	5,767,535	5,798,369
Expenditures	(9,865,201)	(9,886,266)	(8,569,511)	(12,308,523)	(10,995,528)	(7,139,976)	(7,104,912)
Fund Balance, End of Year	\$18,828,106	\$18,049,218	\$17,617,638	\$14,395,575	\$13,824,601	\$12,452,160	\$11,145,617
Committed/Assigned							
Courthouse Road Widening	9,650,717	9,650,717	9,650,717	9,650,717	9,650,717	9,650,717	9,650,717
Encumbrance/Commitments	1,494,900	1,494,900	1,494,900	1,494,900	1,494,900	1,494,900	1,494,900
Total Undesignated Fund Balance	\$7,682,489	\$6,903,601	\$6,472,021	\$3,249,958	\$2,678,984	\$1,306,543	(\$0)

⁽¹⁾ FY2018 Adopted Budget does not include the total debt. The FY2018 total debt will be paid out of the Transportation Fund.

⁽²⁾ FY2019 Adopted Capital Expenditures: Belmont Ferry Farm Trail 6, Brooke Road, Route 1 & Courthouse Intersection, Juggins Road (School), and Personnel.

Notes:

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

FRED Bus Service projections a 3% increase

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 FY19 Adopted Budget

	FY2019 Adopted	FY2020 Forecast	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
Rate Change: User Fees (Approved in bold)	9.0%	1.5%	1.5%	1.5%	1.5%
Operating Revenue Forecast					
User Fees	\$42,628,721	\$44,184,395	\$45,455,253	\$46,696,182	\$47,901,159
Other Charges and Income	1,352,370	1,352,370	1,352,370	1,352,370	1,352,370
Interest Income	76,923	94,136	113,837	134,030	155,413
Total Revenue	\$44,058,014	\$45,630,901	\$46,921,460	\$48,182,582	\$49,408,942
Operating Expenditure Forecast					
Personnel	\$13,074,186	\$13,515,663	\$14,014,368	\$14,485,508	\$15,028,382
Operating	15,108,643	16,385,174	16,877,661	17,384,498	17,907,116
Transfer to Capital Projects Fund	7,079,439	7,274,655	7,284,481	6,947,124	6,233,651
Debt Service:					
Existing Debt Service	7,981,196	7,185,117	7,182,336	7,186,269	7,184,172
New Debt Service	814,550	1,270,291	1,562,615	2,179,183	3,055,620
Total Operating Expenditures	\$44,058,014	\$45,630,901	\$46,921,460	\$48,182,582	\$49,408,942
CIP Revenue Forecast					
Transfer From Operating Revenue	\$7,079,439	\$7,274,655	\$7,284,481	\$6,947,124	\$6,233,651
Availability Fees:					
Water Availability Fees	5,740,800	4,974,900	4,595,400	4,215,900	3,829,500
Sewer Availability Fees	2,730,000	2,359,000	2,184,000	2,009,000	1,813,000
Water and Sewer Pro Rata Fees	1,694,160	1,466,780	1,355,880	1,244,980	1,128,500
Future Bonds	10,800,000	5,783,664	3,554,139	7,496,396	10,655,949
Use of Fund Balance	2,572,801	0	0	0	0
Total Capital Revenues	\$30,617,200	\$21,858,999	\$18,973,900	\$21,913,400	\$23,660,600
CIP Expenditure Forecast					
Water Projects	\$8,457,200	\$7,559,000	\$6,040,000	\$7,600,000	\$6,600,000
Sewer Projects	19,463,000	11,153,000	10,705,200	12,235,200	14,882,800
Other Projects and Capital Outlay	2,697,000	3,147,000	2,228,700	2,078,200	2,177,800
Total Capital Expenditures	\$30,617,200	\$21,859,000	\$18,973,900	\$21,913,400	\$23,660,600
Debt Ratio 1	3.16	2.9	2.76	2.54	2.27
Debt Ratio 2	2.52	2.38	2.3	2.14	1.94
Debt Ratio 3	406	3.83	3.7	3.44	3.13
Debt Ratio 4 (Min=1.0)***	1.89	1.86	1.83	1.74	1.61

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.