

Board of Supervisors
Paul V. Milde, III, Chairman
Meg Bohmke, Vice Chairman
Jack R. Cavalier
Wendy E. Maurer
Laura A. Sellers
Gary F. Snellings
Robert "Bob" Thomas, Jr.

Thomas C. Foley
County Administrator

Finance, Audit & Budget Committee Meeting Agenda

September 19, 2017 - 1:30 PM
Conference Room A/B/C - Second Floor

Committee Members: Chairman Wendy Maurer, Jack Cavalier, and Bob Thomas

Agenda Item	
1.	Finance & Budget Monthly Report
2.	Preliminary Report of Results of FY17 Operations
3.	Budget Calendar
4.	Human Resources Monthly Report

FAB09192017





To: Finance, Audit and Budget Committee
From: Maria Perrotte, Chief Financial Officer
Subject: Monthly Update
Date: Sept 14, 2017
CC: Thomas C. Foley, County Administrator

Department Activity

The County's external auditors are performing field work at the County and School offices during this month. The audit is progressing according to schedule.

Preliminary year-end financial results have been compiled and will be presented to the FAB and Board of Supervisors at this meeting. The presentation will be available prior to the meeting.

FY2017 Preliminary Financial Results

September 19, 2017



Good News

- Another year of positive results of operations builds on our history of strong financial stewardship;
- Revenues have exceeded budget, while expenditures are below budget;
- Policy-driven changes to reserves are fully funded; and,
- Funds are available for the Capital Projects Reserve.



Revenue

	FY2017 Adusted Budget	FY2017 Unaudited Actuals	Change
Real Property	\$ 154.3	\$ 154.9	\$ 0.7
Personal Property	45.6	49.0	3.4
Other Property Taxes	7.4	7.8	0.5
Rollback	0.1	0.3	0.2
Service Charges & Others	7.3	7.4	0.1
Ambulance Cost Recovery	2.5	2.0	(0.5)
Other Taxes	34.0	35.4	1.5
Recordation Taxes	3.0	3.7	0.6
State & Federal Revenue	15.7	15.2	(0.5)
Development Fees	4.7	5.9	1.2
Other	<u>0.7</u>	<u>0.8</u>	<u>0.1</u>
	\$ 275.1	\$ 282.4	\$ 7.3



- Property tax and economically driven taxes exceeded the budget.
- Permitting fees remained strong due to the increase in activity. The permitting activity is projected to continue in FY2018 and beyond and may create the need for additional staffing to maintain service levels and provide timely customer service.
- Ambulance transport fees were below the budget due to a slight decrease in transports and a new vendor billing system that caused a temporary delay in reporting. Fire and Rescue continue to monitor the timeliness and accuracy of reporting and it is expected that the delayed revenue will be received this year.



- Departmental stewardship of financial resources provided for expenditures to be below budget.
- Debt service savings due to fluctuations in interest rates and terms for FY2017 were:
 - Schools \$117,210
 - County \$ 23,310
- Budgeted vacancy savings have been achieved.
- Health Insurance savings was \$762,730 which, by Board Policy, will be held until after the audit and then sent to the OPEB Trust Fund once approved by Board resolution.



Expenditures

- The Juvenile Detention Center has a true up of an additional \$489,589 which is a result of the number of Stafford residents and the days they were housed. The first month of FY2018 is more in line with the budget. Staff will continue to monitor and advise the Board if there are challenges in FY2018.
- The Sheriff's Office had a savings of \$352,780. In keeping with past practice and consistent with the FY2018 adopted budget, upon completion of the audit, these funds will be carried forward for one-time expenditures, start up costs for the new FY18 positions, and additional replacement vehicles.



- CSA costs continue their upward trend and exceeded the original FY2017 budget by \$1,506,368.

Fiscal Year	State Funding	Local Funding	Total Expenditures	% of Local Funding
FY2014	2,126,749	1,730,743	3,857,492	45%
FY2015	2,030,531	1,922,454	3,952,985	49%
FY2016	2,353,337	2,258,825	4,612,162	49%
FY2017	3,186,934	2,909,335	6,096,269	48%
FY2018 Adopted	2,814,845	2,535,056	5,349,901	47%



- Fire and Rescue's overtime for FY2017 exceeded the budget. The department was able to offset this with underspending in other personnel lines.
- New personnel are beginning to stabilize overtime expenditures beginning in FY2018.
- Also, the FY2018 budget included an additional \$600,000 in the overtime budget.
- Staff will continue to monitor overtime and report any expected challenges to the Board.



- A portion of the funds earmarked for F&R Volunteers was unspent.
- Staff is bringing forward a recommendation regarding these funds and capital improvements for Volunteer stations.



Policy Driven Changes to Reserves

Increased to Maintain Existing Board Policies

\$ in millions

Revenue Stabilization Reserve	0.3
12% Unassigned Fund Balance	1.5
Rollback taxes reserved for PDR program	0.3
Year End funding for PDR	0.3
Health Insurance Savings OPEB Reserve	0.8
Court Fees	0.04



New Reserves

County - Courthouse

- The new Courthouse, as shown in the adopted CIP, will require a \$4.6M in cash for design in FY2020;
- The new Court Fees in FY2017 totaled \$41,774;
- In addition to annual operating increases (“ramp up”), staff recommends:
 - Inclusion of Recordation Tax above budget, projected \$643,174; and,
 - Inclusion of any County debt service savings due to timing, refunding, or positive interest rate fluctuations projected to be \$23,310.
- Note - The FY2018 Budget included \$193,000 that was set aside for a County space needs study.



Schools Capital

Projects Reserve Enhancement

- The County maintains a School's Capital Projects Reserve funded by year end School savings to reduce reliance on debt to use on items such as design costs for new buildings.
- In addition to the Board's policy for the addition of year end savings, staff recommends bolstering the reserve by:
 - Inclusion of Meals Tax above budget, projected to be \$497,544; and,
 - Inclusion of any School's debt service savings based on timing issues, refunding, or positive interest rate fluctuations, projected to be \$117,210.
- These funds would be available for future major new construction



- The Positive Results of Operations (PRO) are anticipated to be just above 1% of the budget.
- Departments have identified one-time needs that could be funded from the PRO funds.
- Additionally, projects and programs have been discussed in Board committees.



Strategic Investments

- By policy, 3% of the general fund revenues are used to cash fund capital projects.
- There are projects and emerging issues that are still unfunded.
- The Board may wish to consider that \$1,000,000 of PRO funds be added to the FY2019 cash funding for these projects to help fund emerging needs.
- Examples of these could be:
 - Replace the County's Storage Area Network \$464,000;
 - Replace the Information Systems back up \$412,000; and,
 - Transportation projects, such as Stefaniga/Mountain View Road intersection \$600,000.

No action is requested at this time. After completion of the audit, the Board could allocate funds based on priorities.



Capital Projects Reserve

Capital Projects Reserve Balance

FY17 Beginning Balance	\$6,099,038
Less: Minimum Balance	<u>(1,500,000)</u>
Available Balance	4,599,038

FY17 Actions

Loan to Landfill	(1,175,535)
Loans to Armed Services Memorial	(328,500)
Cash Financed Capital Improvement	(2,625,654)
Repayment Armed Services Memorial	211,500
Repayment for Hansen	<u>95,000</u>
Capital Projects Reserve Balance	775,849
FY17 PRO Additional Funding	<u>1,572,365</u>
FY18 Beginning Balance	<u><u>\$ 2,348,214</u></u>



School's Capital Projects Reserve

School's Capital Projects Reserve

Balance	\$ 1,773,025
Less: Minimum Reserve per Board Policy	<u>(1,500,000)</u>
Available Balance	273,025
 <u>Proposed Additions</u>	
Year end Meals Tax Revenue in excess of adopted budget	497,544
Year end debt service savings in excess of adopted budget	<u>117,210</u>
Total Projected	<u><u>\$ 887,779</u></u>

*This projection does not include any year end unspent School funding allocated to the School's Capital Projects Reserve through Board action.



Board's Bond Enhancement Strategy

- Continued history of Positive Results of Operation, reflecting conservative budget practices and strong financial management
- Increased focus on long term financial strategies
- Building reserves to reduce reliance on debt for capital needs



- Revenues came in higher than the budget.
- User fees are slightly above the projection.
- Availability fees came in strong from a one time funding sources from the Abberly and Celebrate Virginia complexes.
- As a result, we are in full compliance with all bond covenants and financial policies



- Revenue is slightly higher than the budget;
- Gas Tax was \$408,645 above budget;
- Recordation Tax was \$234,337 above budget;
and,
- As a result, the fund has a small positive fund balance.



Financial Results: Schools

- Schools are finalizing year-end numbers in accordance with the audit schedule.



Budget Preparation

- A long term financial plan is being developed and will be shared with the Board in November.
- The Joint CIP Process is underway and will be presented to the Oversight Committee in November.
- A budget calendar is presented to the Board for their consideration and action today on Proposed Resolution 17-253.



Conclusion

- The audit is underway.
- Audit results and final numbers will be presented to the Board at the conclusion of the audit.
- Questions?



BOARD OF SUPERVISORS
Agenda Item

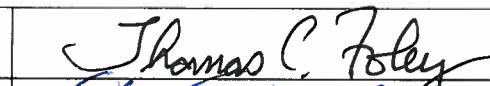
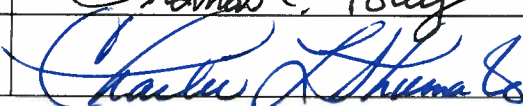
Meeting Date:	September 19, 2017
Title:	Adopt the FY2019 Budget Calendar
Department:	Finance and Budget
Staff Contact:	Maria Perrotte, Chief Financial Officer
Board Committee/ Other BACC:	N/A
Staff Recommendation:	Approval
Fiscal Impact:	N/A
Time Sensitivity:	See Background Report

ATTACHMENTS:

1.	Background Report	2.	Proposed Resolution R17-253
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<input checked="" type="checkbox"/>	Consent Agenda	<input type="checkbox"/>	Other Business	<input type="checkbox"/>	Unfinished Business
	Discussion		Presentation		Work Session
	New Business		Public Hearing		Add-On

REVIEW:

X	County Administrator	
X	County Attorney <i>(legal review only)</i>	

DISTRICT:	N/A
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BACKGROUND REPORT

At its November 21, 2017 meeting, staff will present a Five-Year Financial Projection (Projection) to the Board. This is a new process and work sessions with the Board will be important to understanding the basis and the results of the Projection. Staff believes this is an important component of the County's annual financial planning process and will put us in a better position to address community challenges and achieve Board priorities. This enhanced multi-year look is also consistent with the new Joint Capital Improvement Program (CIP) to provide for a community needs-based CIP.

Staff recommends approval of Proposed Resolution R17-253, which adopts the proposed budget calendar including meetings and milestones to accommodate and adopt the FY2019 Budget, CIP, and Five-Year Financial Projection.

PROPOSED

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the 19th day of September, 2017:

MEMBERS:

- Paul V. Milde, III, Chairman
- Meg Bohmke, Vice Chairman
- Jack R. Cavalier
- Wendy E. Maurer
- Laura A. Sellers
- Gary F. Snellings
- Robert "Bob" Thomas, Jr.

VOTE:

On motion of , seconded by , which carried by a vote of , the following was adopted:

A RESOLUTION ADOPTING THE FY2019 BUDGET CALENDAR

WHEREAS, the Budget Calendar includes new processes for the Board and County staff; and

WHEREAS, the Board and the School Board have adopted a Joint Capital Improvement Program (CIP); and

WHEREAS, staff is preparing a Long Term Financial Projection to be presented to the Board in November, and is scheduling follow up work sessions;

NOW, THEREFORE, BE IT RESOLVED by the Stafford County Board of Supervisors on this the 19th day of September, 2017, that it be and hereby does adopt the FY2019 Budget Calendar as follows:

August

Friday, August 11, 2017

All requests for County CIP projects due (bond funded projects)

Thursday, August 31, 2017

Schools submit CIP conformation/adjustments based on final review by the School Board

September

Tuesday, September 19, 2017

Present FY2017 year-end projections to the Board of Supervisors

October

Monday, October 2, 2017 CIP Technical Review Committee (TRC) meeting –
Receives Projects

Tuesday, October 10, 2017 CIP TRC meeting – Initial projects review

Tuesday, October 17, 2017 1st Quarter Review (FY2018 and preliminary FY2019
overview/FAB meeting)

Monday, October 23, 2017 CIP TRC meeting to rank projects

November

Week of November 6, 2017 CIP Oversight Committee (OSC) Meeting #1
(Project overviews/reviews)

Week of November 11, 2017 CIP OSC Meeting #2 (revenues, affordability,
and final recommendations)

Tuesday, November 21, 2017 Present 5-year Financial Projection to the Board of
Supervisors; work session during meeting/dinner break
– General Fund revenue and expenditure assumptions
including local support for Schools

December

Week of December 4, 2017 CIP OCS Meeting #3 (Finalize recommended CIP)

Tuesday, December 5, 2017 5-year Financial Projection (Board of Supervisors
work session continuation (2:00 p.m. to 4:00 p.m.)
Transportation, Utilities, and CIP

Tuesday, December 19, 2017 FY2017 Presentation of the CARF and audit results

Tuesday, December 19, 2017 Presentation of the OSC recommended CIP to the
Board of Supervisors and School Board (during
meeting/ dinner break)

January

Saturday, January 20, 2017 Work session 5-year Financial Projection at the Board
of Supervisors annual retreat

Tuesday, January 23, 2018 FY2018 Mid-year review

March

Tuesday, March 6, 2018	Presentation of the proposed FY2019 budget
Tuesday, March 13, 2018	Full Board of Supervisors budget work session – General Fund revenue and expenditures
Tuesday, March 20, 2018	Joint budget work session with the School Board (during meeting/dinner break)
Tuesday, March 20, 2018	Board of Supervisors authorize budget public hearings
Tuesday, March 27, 2018	Full Board of Supervisors budget work session – debt, financial policy limitations/affordability, CIP

April

April dates TBD	Budget work sessions (scheduled as needed)
Tuesday, April 3, 2018	Budget public hearings – FY2019 budget, CIP, and CY2018 tax rates
Tuesday, April 17, 2018	FY2018 Third Quarter budget review
Tuesday, April 17, 2018	Adopt FY2019 budget, CIP, and CY2018 tax rates

Memorandum Human Resources

To: Finance, Audit and Budget Committee

From: Shannon Wagner
Director of Human Resources

Subject: Human Resources Update

Date: September 19, 2017

CC: Thomas Foley

2017 Service Awards

Each year the County recognizes the great service of our employees at the service awards luncheon. Employees with 3 years of service, 5 years of service, and every 5 year milestone thereafter are invited to the event. We invite department heads, County leadership and the Board to this event to help us say thank you to these employees for their time and dedication to the organization.

This year, 208 employees will receive an invitation to the service awards ceremony. Five of these employees will be recognized for 30 years of service, one for 35 years of service, and one for 45 years of service!

The event will be held on October 13th at the Rowser building at 12:00. Lunch will be provided and then each employee in attendance will be recognized. We will also take this time to recognize the recipients of the BEST and Make a Difference awards for 2017.

Annual Health Fair

On October 11th, we will host our annual health fair for employees at the Rowser building. Anthem and representatives from the region will be present with information on health and financial fitness. We will provide free flu shots at the event to employees as well as a light lunch.

In August, the summer wellness event was a success with 89 total health screenings provided! Each of these events support the organization's desire to promote health and wellness in the workplace.

