

The cover page features a white central area with green geometric shapes on the left and right sides. The text is centered in a green, sans-serif font. The main title is 'Nelson County Budget Overview', followed by the date 'May 9, 2023' and the event type 'Public Hearing'. Below this, in a smaller font, is the fiscal year information: 'Fiscal Year 2023/2024' and 'July 1, 2023 - June 30, 2024'.

Nelson County Budget Overview May 9, 2023 Public Hearing

Fiscal Year 2023/2024
July 1, 2023 - June 30, 2024

FY24 Budget

- ▶ The presented FY24 Budget is based upon budgetary information at the time of the advertisement.
- ▶ State budgetary decisions are still pending which will affect the final General Fund budget and the School Division operating budget presented for the Board's approval. The School Division Budget presented is based upon the House of Representatives' budget proposal.

Tax Year 2023 Tax Rates

- ▶ All tax rates are levied per \$100 of assessed value
- ▶ Real Estate and Mobile Home tax rate \$0.65
- ▶ Personal Property tax rate \$2.79
- ▶ Machinery & Tools tax rate \$1.25
- ▶ *Transient Occupancy Tax revenue budgeted is currently at a rate of 5% pending a decision by the Board of Supervisors on whether to increase the rate by 2% prior to final budget approval.*

All tax rates shown except for the Transient Occupancy Tax are levied per \$100 of assessed value.

Real Estate and Mobile Home Tax rate is \$0.65 per \$100 assessed value - unchanged from 2022; The per penny tax rate equivalent is based on FY24 projected RE tax revenue of **\$20,604,678/65 cents = \$316,995.**

Tangible Personal Property Tax rate is \$2.79 - per \$100 of assessed value; is unchanged from 2022. Yields anticipated revenue of \$6,085,699 for FY24; an anticipated decrease of 1.9% below the FY23 amended budget due largely to a decrease in vehicle values over last year.

Machinery & Tools tax rate is \$1.25 - per \$100 of assessed value; remains unchanged from 2022

The advertised budget for public hearing contains Transient Occupancy Tax revenue based upon the current rate of 5%. Also advertised for public hearing is a proposed 2% increase in the Transient Occupancy Tax pending final decision by the Board of Supervisors.

Budget Funds

- ▶ General Operating Fund
- ▶ School Operating, Textbook & Cafeteria Funds
- ▶ Debt Service Fund
- ▶ Capital Fund
- ▶ Piney River Water/Sewer Enterprise Fund

The County's fund accounting system tracks budgetary and financial activity. The Board is considering proposed budgets for each of the funds listed. I will briefly overview the 2 largest of these funds... the General fund and the School Fund.

(The General Fund often supports other funds as is the case with the School Fund and the Debt Service Fund.)

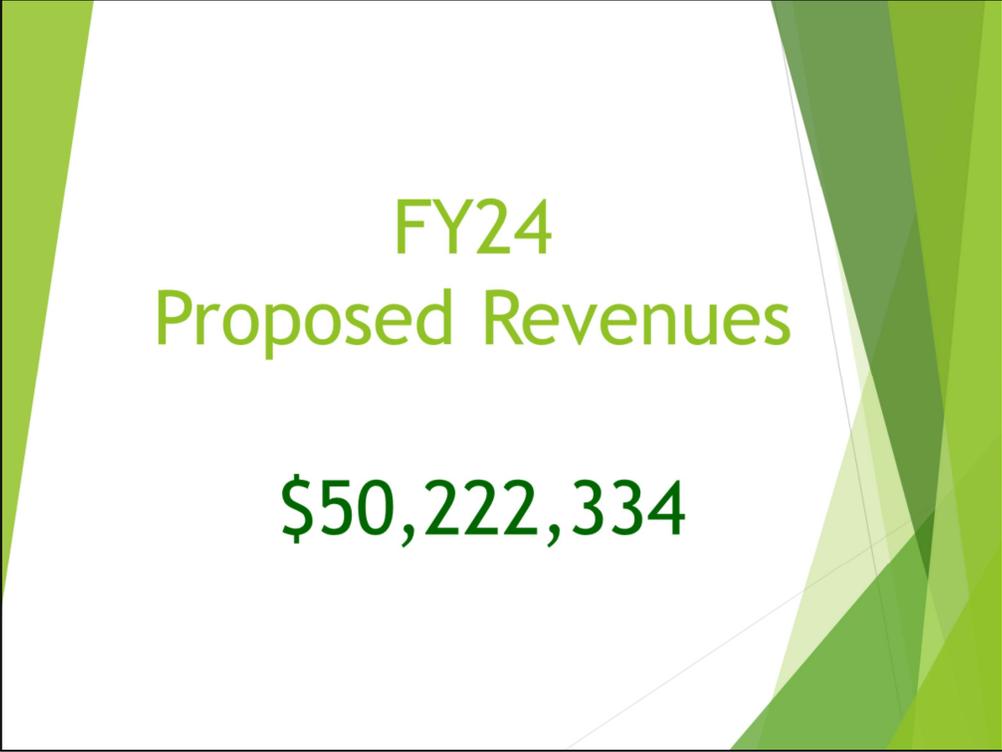
(The remaining funds are generally project oriented or related to an enterprise operation such as the Piney River Water & Sewer operations.)

FY23-24 GENERAL FUND BUDGET
COMPARED TO FY22-23 AMENDED
BUDGET AS OF FEBRUARY 2023

▶ FY22-23	\$52,935,713
▶ FY23-24	<u>\$50,222,334</u>
Decrease	(\$ 2,713,379)
% Change	- 4.18%

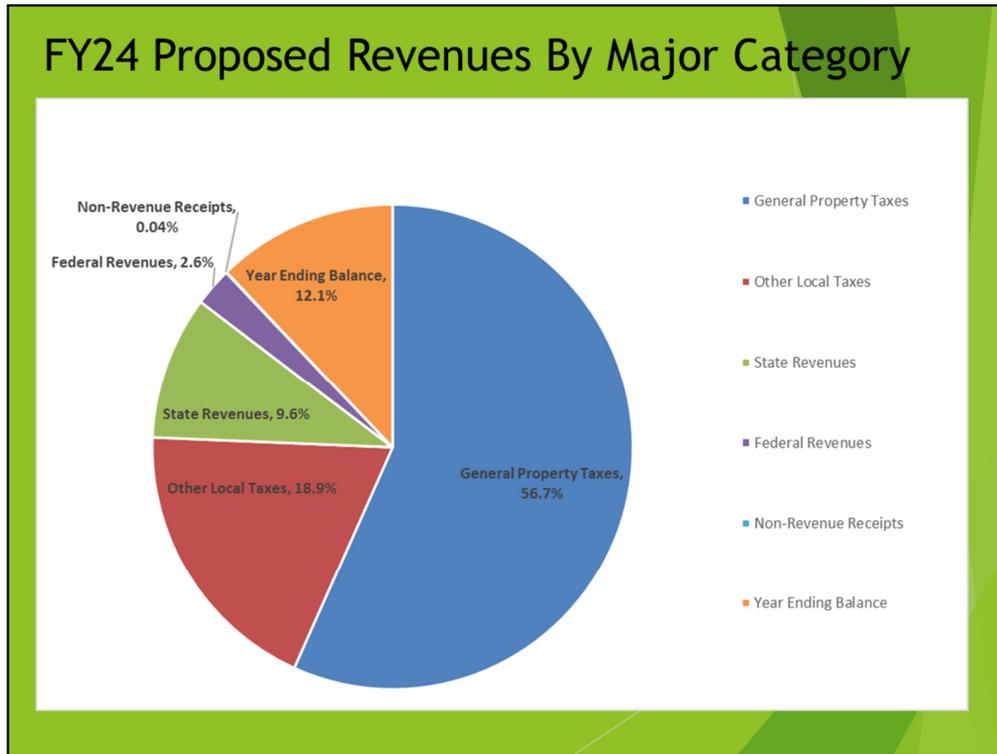
Compared to the current year budget as amended (through February 2023), the proposed General Fund budget reflects a decrease of (\$2,713,379), or -4.18%. The budgeted revenues and expenditures are balanced at \$50,222,334.

Budgetary decreases from FY23 to FY24 are primarily due to budget reductions in Capital Outlay, Capital Projects, and recurring and non-recurring Contingency reserves.



FY24
Proposed Revenues

\$50,222,334



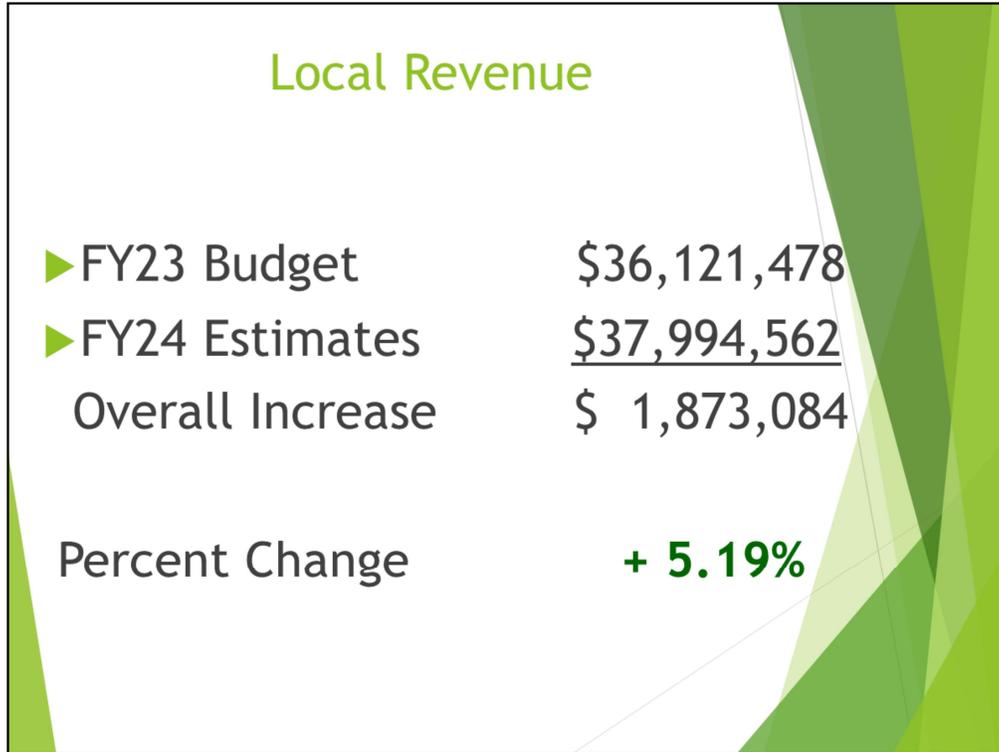
Local Revenue consisting of General Property taxes and other Local Taxes make up 75.7% of the overall budgeted revenue.

Total Anticipated Local Revenues are \$37,994,562

State Revenues account for 9.6% at \$4,825,215

Federal 2.56% at \$1,286,560

Non-revenue receipts of \$20,000 are 0.04% of the total, and \$6,095,997 in Year Ending Balance makes up 12.1% of the total. The Year Ending Balance is comprised of \$3,723,268 in FY23 Carryover funds which includes \$2,894,977 in ARPA funds not spent, \$828,291 in General Expenditure savings, a net increase in FY23 revenues of \$2,212,813, in addition to \$159,916 decline in Debt Service Fund year ending balance.

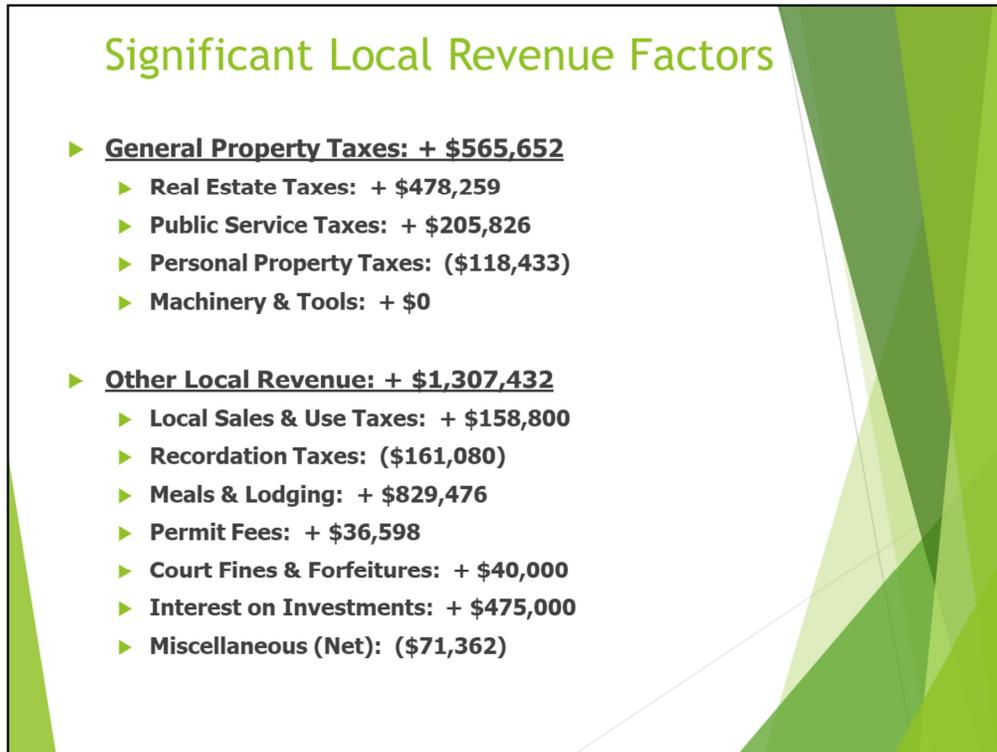


FY24 local revenue makes up about **75.7% of the total General Fund budget of \$50,222,334** at just under \$38 million dollars.

The **general property taxes** of \$28,484,240 accounts for **75% of all local revenue**.

Of all local revenues, personal property, mobile home tax, recordation tax, and other recovered costs are each anticipated to decrease in FY24 while most other revenue categories anticipate increases.

FY24 interest on investments is projected at \$500,000, an increase of 1900% over FY23, largely due to increased interest rates.



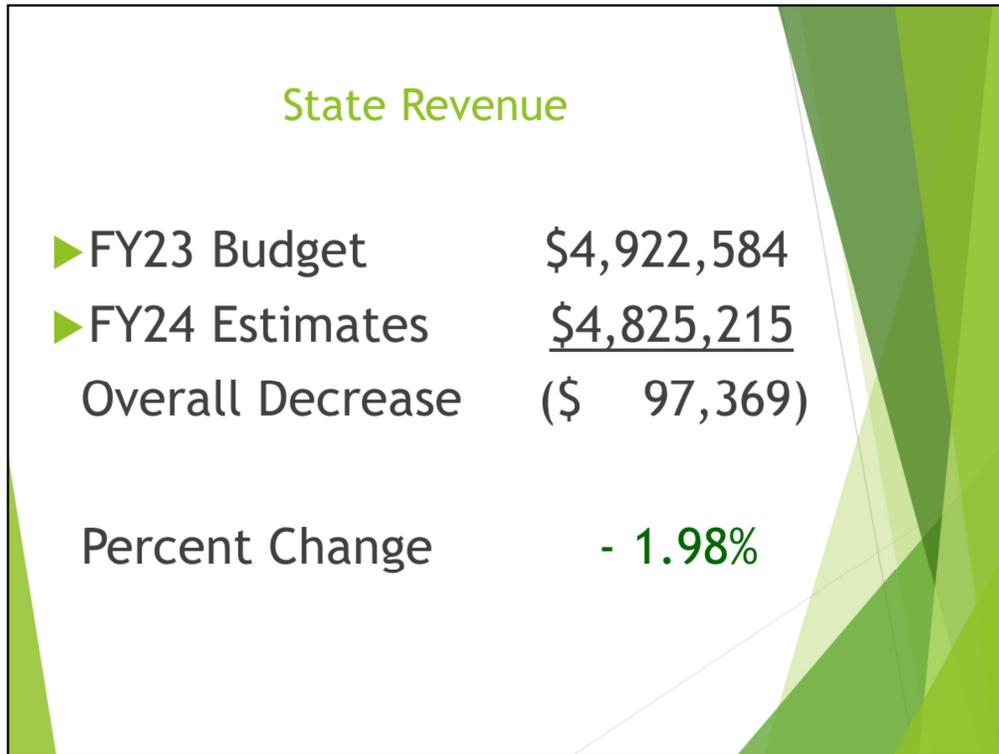
Significant Local Revenue Factors are as shown:

General Property Taxes:

- Increase in General Property Tax revenue projection is due to an increase in real estate and public service taxes.
- Personal Property tax projections are estimated to decrease due to an 11.8% decrease in vehicle values over last year.

Other Local Revenue:

Local Sales and Use Taxes (including utility and bank franchise taxes, business and motor vehicle licenses) are expected to increase by \$158,800 overall from last fiscal year. Recordation Taxes have been decreasing due to increased interest rates on borrowing. Meals tax revenue is expected to increase by about 15% while lodging tax is anticipated to generate an increased 56.5% in revenue for FY24 projecting an \$829,476 overall increase. Permit fees and miscellaneous revenue are expected to increase by \$36,598. These increases are expected to offset declines in overall miscellaneous revenues at (\$71,362). Interest on investments is expected to increase by \$475,000 over last fiscal year. Investment interest projections are directly affected by and fluctuate with the economy.



Estimated State revenue is currently **9.6% of the total General Fund budget in FY23**. The General Assembly is still completing their work on the State budget which affects revenues the County receives from the state. The proposed budget contains best estimates and may be adjusted once the State finishes its work. The overall decrease is primarily due to a -54.6% at (\$394,942) decrease in Other Categorical State Aid, which primarily consists of grant funds. FY24 State Grant funds will be appropriated as they are received in FY24. This includes Asset Forfeiture proceeds, Four for Life Grant funds, Fire Program Funds, and various other grants.

The budget includes State reimbursements of shared local expenses for constitutional offices reflecting the state’s share of a 5% salary increase that has been proposed for those offices.

Federal Revenue	
▶ FY23 Budget	\$ 1,231,901
▶ FY24 Estimates	<u>\$ 1,286,560</u>
Overall Increase	\$ 54,659
Percent Change	+ 4.4%

Federal revenue makes up 2.6% of the total FY24 General Fund budget. Generally, federal sources include social services funding, Children’s Services Act Funding, the payment in lieu of taxes relative to national forestland located in Nelson (from the U.S. Bureau of Land Management) and various federal grants.

The increase reflected here is primarily due to the addition of the Adult Drug Court Grant funding of \$172,000, revenues beginning FY24 through the DOJ for services over a four (4) year grant period.

All Sources of FY24 Revenue

▶ Local	\$37,994,562
▶ State	\$ 4,825,215
▶ Federal	\$ 1,286,560
▶ Non-Revenue Sources	\$ 20,000
▶ Year Ending Balance	<u>\$ 6,095,997</u>
Total	\$50,222,334

Local, state, and federal revenues, and non-revenue sources together with prior year ending balance make up all projected revenue supporting the FY24 proposed General Fund expenditures.

FY24 Non-Revenue Sources includes \$20,000 in anticipated insurance recoveries.

The year ending fund balance of \$6,095,997 for FY23 Includes: FY23 Revenues exceeding FY23 expectations by \$2,212,813, FY23 expenditure savings of \$3,723,268 (includes unspent ARPA funds of \$2,894,977 to be used to fund the NCHS roof project), and decline of \$159,916 in Debt Service revenue.

The \$610,000 originally planned as part of the County’s annual debt capacity strategy in order to finance capital projects for the County and School Division is on “hold” for this budget cycle in order to allow funding for other immediate budgetary needs in FY24.



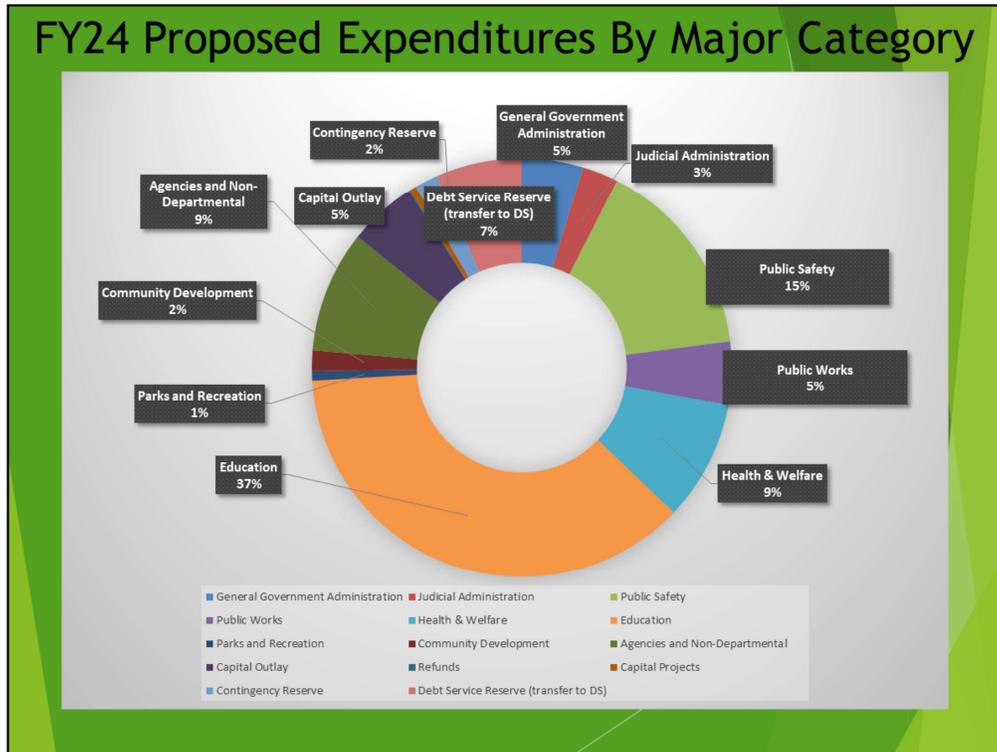
FY24
Proposed Expenditures

\$50,222,334

FY23-24 GENERAL FUND BUDGET
COMPARED TO FY22-23 AS OF
February 2023

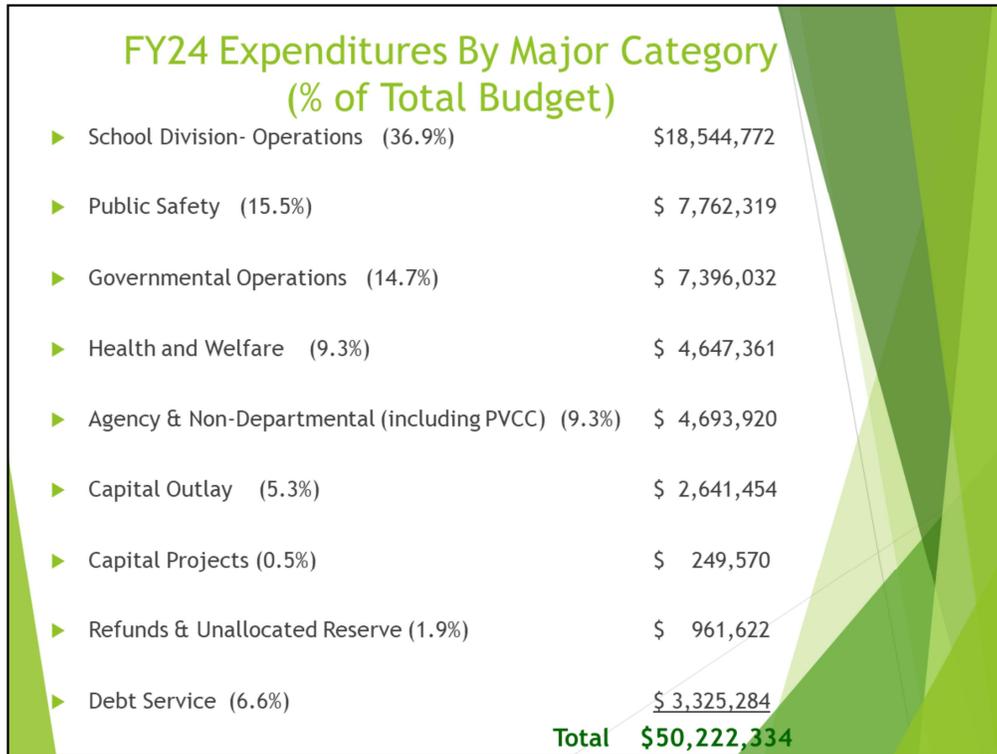
▶ FY22-23	\$52,935,713
▶ FY23-24	<u>\$50,222,334</u>
Decrease	(\$ 2,713,379)
% Change	- 4.18%

Compared to the current year budget as amended (through 2/23), the proposed General Fund budget reflects a decrease of (\$2,713,379) or - 4.18%. This change is primarily due to FY24 budget reductions in Capital Outlay, Capital Projects (such as the Larkin property purchase of \$2.6 Million in FY23), and recurring and non-recurring Contingency reserves.



Total FY24 General Fund Expenditures equal revenues at \$50,222,334. In looking at how revenue dollars are spent, this graph shows major categories of expenditures as a % of the total budget.

The largest category of expenditures shown is Education at 37% representing \$18,962,138 Million in addition to debt service payments of \$1,972,858 for a total of \$20,934,996. This total does not include funding for four (4) School Resource Officers that is included in the Public Safety category of the County’s General Fund budget. The approximate cost of salaries and benefits for the SRO positions is \$280,000.



Following the largest GF expense of \$18.5 Million (36.9% of total budget) for the School Division is:

Public Safety operations will cost \$7.7 million or about 15.5% of total budget.

Next is Governmental Operations at just under \$7.4 million or 14.7% of budget. This includes General Government and Judicial Administration, Public Works, Parks and Recreation, and Community Development. Next are Health and Welfare and Agency and Non-Departmental both at 9.3% each. Agency and Non-Departmental includes the 2021-2022 COVID-19 American Rescue Plan funding of \$2,894,977 carryover expenditure funds slated for use in combination with School Division funding to repair the failing roof at the High School.

Capital Outlay is budgeted at 5.3% or \$2,641,454 and will be covered by some of the FY23 year-ending balance . The budget includes refunds and an unallocated Contingency Reserve of \$961,622 or 1.9%. The Capital Projects allocation of \$249,570 is for anticipated A&E fees related to the planned new office building for the Department of Social Services and Building

Inspections/Planning & Zoning departments.

Lastly, a Debt Service transfer of \$3.3 Million will be used to cover Debt Service expenditures and to accelerate and increase the County's debt capacity for financing additional capital projects for the County and School Division. This \$3.3 Million transfer will cover all debt payments due in FY24 and add \$159,916 of FY23 declining debt to the reserve fund increasing future debt capacity for capital projects for the County and Schools.

Expenditure Highlights:

Personnel:

- ▶ 5% Salary & Benefit Adjustment Included
 - ▶ Adjust Salaries to Minimum on MAG Pay Study Scale
 - ▶ 9.9% Increase in Health Insurance Premiums
 - ▶ No increases to employee premium cost from FY23 rates
- ▶ New Positions Included:
 - ▶ Full-time Chief Deputy Registrar
 - ▶ Full-time Sheriff's Dept. Office Assistant/Evidence Technician
 - ▶ Full-time Building Inspections/Planning and Zoning Administrative Assistant
 - ▶ Full-time Animal Control Shelter Manager
 - ▶ Part-time Recreation Aid
- ▶ 4 Full-time School Resource Officers (Includes State SRO Grant Position)

A comprehensive pay study was completed by Management Advisory Group in FY23. Staff is in the final steps of vetting study results prior to final Board review and approval. The proposed FY24 budget addresses an across-the-board salary increase to all employees at 5%. Thereafter, if any employee is below the minimum pay range on the pay study scale for their position, they will receive additional pay to be raised to meet that minimum (pending Board approval of the proposed pay scales from the pay study).

Expenditure Highlights:

Public Safety & Emergency Services:

- ▶ 17.95% increase in Regional Jail Costs
- ▶ Emergency Services Vehicle - Nelson EMS Ambulance and Equipment
- ▶ County/EMS Radio Subscriber Upgrade and Installation
- ▶ Emergency Communications Center VESTA 911 and Call Handling Upgrades
- ▶ ECC/911 and Tower UPS Replacements
- ▶ Additional Funding for Local EMS Council As Requested
- ▶ 3 Sheriff's vehicles and equipment

Regional Jail cost increases are due to higher utilization; Albemarle-Charlottesville Regional Jail (ACRJ) uses a 5 year average prisoner population to help smooth out annual increases; however with annual utilization on the rise, average annual costs will also increase. Plans to renovate the existing jail and begin financing steps are anticipated within the next fiscal year. Nelson County's obligation for FY24 is anticipated to be interest only with construction costs to begin by FY25.

The budget includes operational funding to provide an ambulance and equipment to NEMS, Emergency Communication Center VESTA Next Generation (NG) 911 and Call Handling upgrades, replacement of ECC/911 and Tower UPS units. Upgrading the County/EMS radios is slated for completion in FY24 at \$1.4 million as well as purchasing 3 Sheriff's vehicles and equipment. All of the aforementioned costs continue to increase sharply while deliveries are delayed.

Other Highlights:

- ▶ Increases to Agency Contributions
- ▶ Capital Project Funding of \$249,570
- ▶ Miscellaneous Capital Outlay - Total \$2,641,454
- ▶ Transfers to Other Funds of \$24,066,135
 - ▶ Reassessment Fund - \$85,000
 - ▶ DSS- \$2,111,079
 - ▶ School Nurses and Operational Funding - \$18,544,772
 - ▶ Debt Service -\$3,325,284
- ▶ Contingency Reserves of \$909,622
 - ▶ Recurring \$509,702
 - ▶ Non-Recurring \$399,920

The budget also includes increases to some Agency contributions going to Nelson County Health Department, Nelson Local EMS Council, Nelson County Extension Service, PVCC, Foothills Child Advocacy Center, JABA, JAUNT, Shelter for Help in Emergency, Jefferson Madison Regional Library, MACAA, OAR/Community Corrections, and Thomas Jefferson Planning District Commission.

Additionally, \$249,570 in carry over funds is budgeted for A&E expenses related to the planned office building to house the Department of Social Services and Building Inspections/Planning and Zoning.

Miscellaneous Capital Outlay aside from those included for Public Safety and Emergency Services mentioned previously includes: continuance of the Comprehensive Plan update, and Sturt Park Development. Total Capital Outlay funding is \$2,641,454.

Transfers are the transfer of General Fund monies for other purposes, such as funding set aside for the next reassessment, for the Department of Social Services (VPA Fund), for School Nurses and School Operations, for the Debt

Service Fund, etc. totaling \$24,066,135. The Transfer to Debt Service includes \$159,916 in declining debt savings from the County VRA Radio Project loan payments completed in FY23.

Also included are Contingency Reserves of \$909,622 with \$509,702 generated from recurring revenue and \$399,920 from non-recurring revenue (carry-over). Non-recurring contingency funds are best used for one-time expenditures. Recurring contingency funds can be used for one-time expenditures without impacting future operations.



FY24 School Fund

\$34,694,395

**FY23-24 Proposed SCHOOL FUND
BUDGET COMPARED TO FY22-23
Approved Budget**

FY22-23	\$36,986,935
FY23-24	<u>\$34,694,395</u>
Decrease	(\$ 2,292,540)
% Change	- 6.2%

The FY23 School Fund approved budget based upon an enrollment of 1454 compared to the FY24 advertised budget based on an enrollment of 1396 reflects an overall decrease of (\$2,292,540) or – 6.2%. The decrease is largely due to \$1.17 Million decrease in state, federal, and other funding sources. In FY22 the state also included \$1.2 Million one-time funding for School Facilities. In FY23, \$1 Million of those funds will be used for the NCHS roof repairs.

Increased expenditures include a 5% pay increase for all school employees including .5% for step increases. The requested additional local funds requested by the schools for FY24 is \$1,582,639. Of this amount, \$1,243,150 is included in the total local funding proposed for FY24 which is 78.5% of the total difference requested. This total does not include the portion of \$2,894,977 in County ARPA carryover funds from FY23 obligated for NCHS roof repair costs to be expensed in FY24.

FY24 School Fund Revenue

▶ Local:	\$18,544,772 +\$1.2M
▶ State:	\$ 9,445,763 - \$1.1M
▶ *Federal:	\$ 6,286,494 - \$ 64K
▶ Other:	<u>\$ 417,366</u>
Total School Fund	\$34,694,395

*** Federal Funding includes \$3.8 Million in Covid-19 Stimulus Funding Carried Over from FY23**

In addition to local operational funding of \$18,544,772, an increase of \$1.2M over FY23, the School Division also receives revenues from other sources: State, Federal, and Other which is comprised of reimbursements for field trips, dual enrollment, and telecommunications rebates etc. projected at \$417,366. State funding included here reflects an anticipated decrease of \$1.1 Million and is based upon the House recommended budget with anticipated student enrollment of 1,396. Regular Federal funding decreased by \$64K. The number shown here includes Covid-19 stimulus funding of \$3,884,299 carried forward from FY23.

FY24 Local Contribution to Schools

▶ School Operations	\$18,379,837 + \$1.2M
▶ School Nurses	\$164,935 no change
▶ 4 SRO's (General Fund)	\$280,000 + \$72K
▶ Reserve for Capital	\$ 0.00 no change
▶ Transfer to School Capital	\$ 0.00 no change
Total Contribution	\$18,824,772
▶ School Debt	<u>\$ 1,972,858</u>
* TOTAL SUPPORT	\$20,797,630

*100% of FY24 local Real Estate Taxes + 1.0% of other tax revenue supports the Total Local Contribution to Schools above; the equivalent of \$.65 cents out of every \$.65 cents in Real Estate Tax Rate + \$193K other revenue.

As noted previously, one of the largest components of the General Fund budget is the local contribution to schools.

Including debt, about 54.7% of local funds within the general fund budget are allocated to schools which equates to 41.4% of total GF budget.

The local contributions to School Operations and the School Nurses for FY24 is presently funded at \$1.2M more than in FY23 versus the School Division request of \$1.5M in new local funding. 4 School Resources Officers are funded at \$280K, \$73K above the FY23 amount allocated within the General Fund budget. Additionally, the Board authorized the transfer of FY22 School Division year ending balance of \$264,402 to the FY23 School Capital fund for their use. The county also funds \$1,972,858 in school related debt.

Given the Total Contribution, not including debt, approximately 91.4% or \$.59 cents out of every \$.65 cents in Real Estate tax rate supports the Schools. Including School Debt, this % increases to 100% or \$.65 cents out of every \$.65 cents in RE Tax rate + \$193K from other tax revenue.

With estimated FY24 school enrollment of 1396, this level of local funding provides

a per pupil local expenditure amount of \$13,485. FY24 Local Education funding of \$20,797,630 coupled with State, Federal, and other funding for schools of \$16,149,623, yields a total expenditure amount of \$36,947,253 or \$26,467 per pupil.

Local Contribution to Schools Additional Funding

In Recent Fiscal Years the BOS Approved Additional Funding For:

- ▶ Replacement of NCHS Tennis Courts and Track and Other Capital Projects
- ▶ 4 School Resource Officers (continued in FY24)
- ▶ FFA National competition travel and championship jackets/rings
- ▶ NMS and NCHS FFA Teaching/Advising Positions
- ▶ Elementary School Destination Imagination Team(s) National competition travel
- ▶ Matching funds for grants
- ▶ Use of end of year savings for capital needs.

Throughout the year, the Board considers requests for additional funding for school-related needs. In recent years, additional funding has been provided for replacement of NCHS Tennis Courts and track, for 4 School Resource Officers, for FFA national competition travel and championship jackets/rings, for maintenance of 12 months contracts NMS and NCHS FFA Teaching/Advising positions. for Elementary School Destination Imagination Team national competition travel, and matching funds for a School grants. Additionally, in recent history, the Board has allowed the School Division to use end of year savings for its capital needs.

Required Local Contribution to Schools Based on Enrollment of 1,396 and House of Representatives' Budget

- ▶ Local Composite Index (LCI) - The formula by which the State determines the percentage split between State and Local Funding for education.
- ▶ Nelson County's LCI for 2023-2024 is 0.5888
- ▶ Based on enrollment of 1,396 students, the County's required local contribution to Schools for FY24 is **\$8,929,570**.
- ▶ FY24 Local Contribution for operations (\$18,544,772) exceeds the required local contribution by **\$9,615,202** or **107.7%**.
- ▶ Board of Supervisors provides the local contribution to the School Division; however the School Board and Administration decide how to budget and spend those funds.

The Local Composite Index is the State's formula for determining a locality's ability to pay; the higher the index, the lower the amount of funds received from the State. An LCI of 0.5888 means that the County pays 58.88% and the State Share is 41.12% for Standards of Quality (SOQ) Programs, Incentive Programs, Categorical Programs, and Lottery-Funded Programs. Enrollment also contributes to the amount of total funds received which from FY17 – FY24 has declined by 403 students; with the largest drop being at the elementary school level.

Nelson County Schools continue to be well funded. Operational funding for Schools including the nurses program is proposed at \$18,544,772 (\$18,379,837 for operations and \$164,935 for nurses). For student enrollment of 1396, this funding exceeds the required Virginia Department of Education funding (Required Local Share) of \$8,929,570 by \$9,615,202 or 107.7% which equates to \$30.3 cents in Real Estate Taxes.

The Board of Supervisors provides the local contribution to the School Division; however the School Board and Administration decide how those funds are allocated for expenditure within the School division budget.

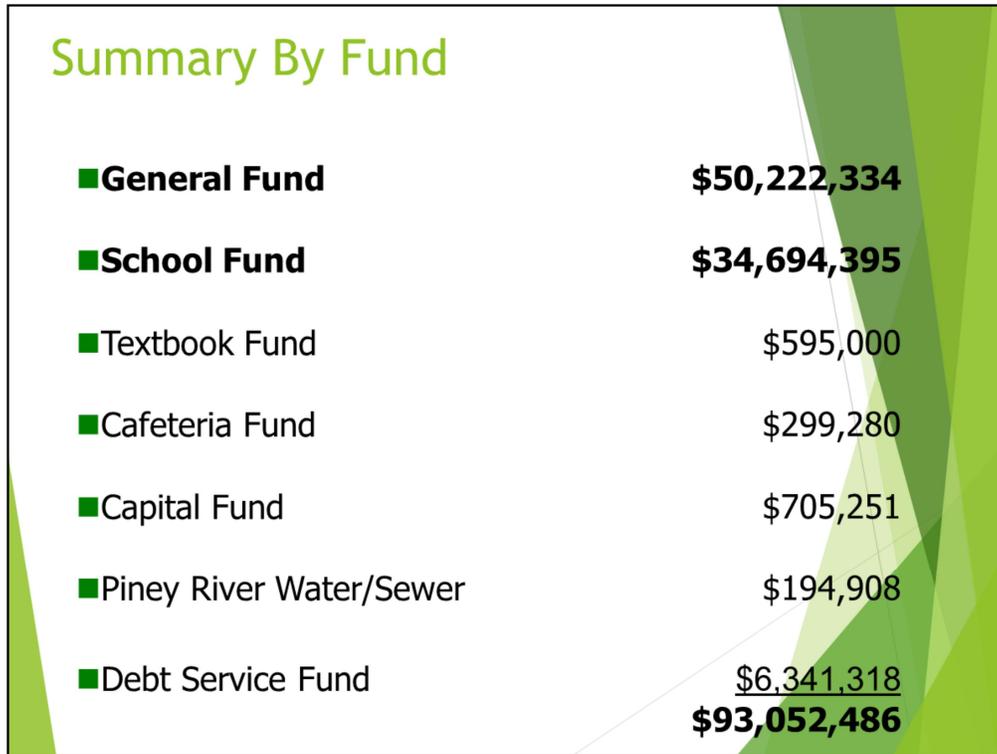
Proposed School Fund Expenditures by Major Category As Requested

▶ Instruction	\$20,339,023	+ \$1,416,488
▶ Administration	\$1,623,578	+ \$105,764
▶ Transportation	\$3,036,066	- \$790
▶ Maintenance	\$2,983,197	+ \$20,248
▶ Food Services	\$1,320,929	+ \$75,762
▶ Facilities	\$ 0	- \$1,235,686
▶ Debt Service	\$192,182	+ \$5,598
▶ Technology	\$1,469,807	+ \$31,484
▶ Fund Transfer	\$184,803	- \$7,678
*Total:	\$31,149,585	+ \$411,191 +1.34%

*** Excludes \$3,884,299 in Covid-19 Stimulus Funding**

The major categories of expenditures shown here are based upon state funding as provided for in the House of Representatives' recommended budget – an overall increase of **\$411,191** or 1.34% above the FY23 budget of \$30,738,394 with an increase of **\$1,582,639** in local funding requested. In addition to this operational funding request, the School Division has provided Immediate Capital Improvement Concerns to the Board of Supervisors totaling **\$26,885,632** with recommendation that these improvements be completed during the next three (3) years.

The General Assembly has not yet finished its work on the FY24 State budget and to date, the Board of Supervisors has allocated \$1.2 Million in new local funding for School Division operations. Additionally, capital funding has been designated by the Board to assist the School Division in covering the most immediate need which is Roof Replacement and Building Envelope Repair at the High School at an estimated cost of \$5.5 Million dollars. County ARPA (American Rescue Plan Act) carryover funds of \$2,894,977 are slated for this purpose.



To conclude, all the funds that make up the county budget are denoted here totaling about \$93 million.

Additional information regarding each fund has been provided in the handouts, but should you have questions or want further information, we will be glad to provide that to you. Per State Code, the Board must wait a minimum of seven (7) days following the public hearing before adopting the budget.

This concludes the FY24 Budget Presentation. Thank you.