

FY25 Revenues – Introduced Budget 3/12/24

- Revenues = Expenditures at **\$49,487,653**
- No changes in tax rates or fees have been incorporated:
 - Real Estate/Mobile Home Tax Rate - \$.65/\$100 value
100% Value of Penny in RE Tax = **\$321,707**
 - Personal Property Tax Rate - \$2.79/\$100 value
 - Machinery & Tools Tax Rate - \$1.25/\$100 value
 - Transient Occupancy Tax – 7% as of July 1, 2024
- High School renovation and DSS building project Bond Anticipation Note proceeds and expenditures have not yet been incorporated into the budget.

FY25 Revenues by Category Compared to FY24 Amended Budget through February 2024 and FY24 Budget Projections:

	<u>FY24 Amended Budget</u>	<u>FY24 Projected Budget</u>	<u>FY25 Estimated Budget</u>	<u>\$ Change FY24 Amended Budget</u>	<u>% Change</u>	<u>\$ Change FY24 Projected Budget</u>	<u>% Change</u>
Local	\$ 38,070,221	\$ 39,246,797	\$ 39,668,527	\$ 1,598,306	4.20%	\$ 421,730	1.07%
State	\$ 5,273,382	\$ 5,293,188	\$ 4,895,240	\$ (378,142)	-7.17%	\$ (397,948)	-7.52%
Federal	\$ 1,731,120	\$ 1,742,236	\$ 1,346,459	\$ (384,661)	-22.22%	\$ (395,777)	-22.72%
Other	\$ 6,690,916	\$ 6,982,439	\$ 3,577,427	\$ (3,113,489)	-46.53%	\$ (3,405,012)	-48.77%
Total	\$ 51,765,639	\$ 53,264,660	\$ 49,487,653	\$ (2,277,986)	-4.40%	\$ (3,777,007)	-7.09%

FY25 Local Revenue Factors (Compared to FY24 Amended Budget):

- A slight increase of 1.39% in Real Estate Taxes is expected due to natural growth = \$285,390.
The FY25 value of the penny in Real Estate Tax at 100% collection is \$321,707
- A decrease of -22.7% in Public Service Tax is expected due to a decrease in the assessed values of Public Service Corporations including rolling stock between tax year 2022 and 2023 = (\$295,291)
- A decrease of -1.2% in Personal Property Taxes is utilized due to a decline in overall vehicle values from tax year 2023 to 2024 (PP Book as of March 7th as compared to April 17th) = (\$71,902); \$100,000 in tax revenue was added in anticipation of some increase between now and April. 2025 tax year Personal Property Taxes are estimated including an increase of 1%.
- Local Sales and Use taxes are included at no change and have not yet been provided by the State; this should be received sometime in March.
- An increase in Meals and Lodging Taxes of 17.7% and 26.0% respectively is expected = \$707,026, FY24 Meals tax projections are higher than budgeted and the Lodging tax rate was increased from 5% to 7% effective July 1, 2024. A 10% reduction factor was applied to anticipated collections to allow for a possible decline in short term rentals or overall bookings.
 - Meals tax increase = \$239,026
 - Lodging tax increase = \$468,000

- An increase in Building Permit Fees of 26.3% is anticipated by the Building Inspections department = \$72,726
- A significant increase in Interest earnings of 169.2% is expected in comparing FY25 (\$1,345,860) to the amended budget of FY24 (\$500,000), due to the low estimate budgeted in FY24 and inflationary economic conditions precipitating the persistence of higher interest rates over the past year = \$845,860. The FY24 projection for interest earnings is \$1,373,610 which is slightly higher, by 2.06% than the estimate for FY25. These rates are expected to maintain current levels or drop slightly over the next year (-2.06% or -27,750).

FY25 State Revenue Factors (Compared to FY24 Amended Budget):

- A 3.7% increase in salary and benefits reimbursements from the State Compensation Board for their proportionate share of covered positions is included and includes a full year of the 2% salary increase provided in December 2023. The General Assembly's recommended budget contains a 3% salary increase for State supported local offices; the State reimbursement for this salary increase is TBD and will offset an associated increase in expenditures to some degree.
- A 6.0% increase in State reimbursements for expenditures related to the Children's Services Act (CSA) is expected = \$77,600. The State share of these expenditures is 68.68% and local share is 31.32%.
- An increase of 3.9% is anticipated in reimbursement for Department of Social Services costs due to a higher level of staffing expected in FY25 = \$39,934. The non-local portion of their budget is funded by 40% State funds. The General Assembly's recommended budget contains a 3% salary increase for State supported local offices; the State reimbursement for this salary increase is TBD and will offset an associated increase in expenditures to some degree.
- Other Categorical Aid from the State includes grants received during the year which fluctuates between fiscal years. These include Fire Funds, Four-for-Life funds, State appropriated project funds, Tourism and Economic Development grants, Library of Virginia grants, and other Sheriff's Department grants; which at the beginning of the new fiscal year show a decrease of -74.6% = (\$579,357). These grants are appropriated within the budget when awarded or received.

FY25 Federal Revenue Factors (Compared to FY24 Amended Budget):

- A significant reduction of -22.2% in ARPA Grant funds from FY24 to FY25 = -\$424,000
- A 5.9% increase is anticipated in reimbursement for Department of Social Services costs due to higher overall expenditures related to an anticipated higher level of staffing = \$59,899. The non-local portion of their budget is funded by 60% Federal funds.

FY25 Other Revenue Factors (Compared to FY24 Amended Budget):

- Other revenues have decreased from last fiscal year -46.53% = -\$3,113,489. This is primarily because FY24 utilized a higher level of Year Ending Balance or Carry Over funds, consisting of \$2.8 Million in ARPA funds carried forward for the NCHS Roof Project, \$2.6M in Capital Outlay and funding of \$399,920 of Non-recurring contingency plus other appropriations throughout the fiscal year. Additionally, the Broadband Authority transferred \$300,000 to the General Fund during FY24, which is not being utilized and is carried forward to FY25.

- The FY25 Year Ending Balance (FY24 Revenues > Expenditures) utilizes \$3,577,427 consisting of:
 - \$1,533,840 in FY24 net expenditure savings anticipated including:
 - Departmental Operations: -\$381,006
 - Non-Departmental Operations: -\$291,323
 - Unspent Capital Outlay: -\$63,887
 - Capital Projects: -\$149,570
 - Contingencies: -\$648,054
 - \$1,499,021 in FY24 net revenue increase anticipated including:
 - Local: \$1,176,576 (Recordation Tax, Meals Tax, Court Fines, & Interest Earnings)
 - State: \$19,806 (State Shared Expenses & CSA Reimbursement)
 - Federal: \$11,116 (CARES Act, SCAAP, Misc.)
 - Other: \$291,523 (Insurance recoveries, cancelled checks, NCBA Transfer)
 - On the expenditure side, these funds are the balance of ARP funds from the NCHS Roof project which can be used with no restrictions, funding of Capital Outlay expenditures, carry forward of unspent FY24 miscellaneous funds, non-recurring costs and non-recurring contingency. Additionally, \$350,000 in fund balance is proposed to be used for replacement of the Piney River pump station.

FY25 Expenditures – Introduced Budget 3/12/2024

Summary:

The introduced budget for FY25 is \$49,487,637, a decrease of \$2,277,984 or 4.40% less than the FY24 amended budget. Revenues projected for FY25 are estimated at an equivalent decrease from FY24 balancing the budget.

Employee Salaries and Benefits:

- New Full-Time Positions proposed and funded:
 - Assistant Director of Special Projects for Tourism and Economic Development salary & benefits at \$82,417
 - Family Services Specialist IV, Senior Worker salary and benefits at \$79,143 (state funding requires a 76% local match of \$60,149)
- 2% COLA increase to salary and benefits for FT and PT employees at \$176,716
- Implement third and final stage of (MAG) Pay Study, equity adjustments of salaries and benefits at \$76,768
- 11.0% Health Insurance increase for Key Advantage 500 & Key Advantage 250 plans with an estimated budget of \$90,000 (TBD); option to add a High Deductible Health Plan included in rate projections to offer lower rates for employees and County
- Overall VRS employer contribution rate is decreasing from 11.47% to 10.77%; short-term disability rates are decreasing from 0.85% to 0.74%
- \$15,669 earmarked for estimated increase in Worker's Comp Premium (TBD)

Other Expenditures:

- Incremental increases in utilities, fuel, mileage, postage, telecommunications, maintenance service contracts, and repairs and maintenance, and equipment
- Year #2 of Adult Drug Court expenditures covered through four-year federal Department of Justice (DOJ) grant at the direction of the Commonwealth Attorney's Office; second year funding FY25 is \$171,794
- Regional Jail operational increase of \$229,018, includes \$31,740 in Debt Service for the Bond Anticipation Note issued to cover Architectural and Engineering services related to the renovation project. The County's 5-year average census increased from 14.74% in FY24 to 15.87% of the total. The 5-year average census determines the percentage share for each member jurisdiction.
- Paid EMS increase of \$216,609; this includes the additional \$195,000 required in salaries and benefits due to transitioning to 24/72 shift scheduling changes presented to the Board at the January 9, 2024 meeting, \$25,000 for increasing mileage costs, \$15,000 for

increased medical supply costs, and \$10,000 for repair and maintenance costs of older transport units; one option for potential increase in revenue recovery to offset these costs is to increase transport rates

- Capital Outlay of \$2,247,243 covered by Carryover Funds from Year End Balance (FY24 Revenues > FY24 Expenditures) includes \$391,511 for Emergency Services Vehicles, \$256,000 for four (4) Law Enforcement vehicles, \$40,000 and \$72,500 for Motor Pool and County EMS Response Vehicle, \$292,900 for IT Microwave Network Upgrade (replacement of 2 antennas), \$196,000 to improve Emergency Services radio communications with Wintergreen, \$260,000 to replace Transfer Station tipping floor, \$140,000 for Parks and Recreation Master Plan, and \$151,200 to replace Voting Machine Equipment
- Level funding of most Agency requests in FY25; exceptions being JMRL (Regional Library), Nelson EMS Council, and Community Investment Collaborative
- Transfer to Debt Service of \$3,935,284 includes \$610,000 toward the County's debt capacity building strategy not included in FY24
- Level funding of School Nurses; formal request is pending from the School Division
- Level funding in operational budget for School Division of \$18,379,837; additional request TBD once state budget is resolved and Schools submit a formal request
- County's ARPA carry-over funds of \$128,138, the balance of funds not required for NCHS roof project
- Increase in Transfer to VPA Fund (Social Services Departmental Costs) of \$79,143 for additional cost to add a Family Services Specialist IV, Senior Worker (state funding requires a 76% local match of \$60,149)
- Transfer to Reassessment Fund of \$100,000 for next reassessment

Contingencies:

- Recurring Contingency of \$482,693
- Non-recurring Contingency of \$441,288
- Total all Contingency funds for FY25 = \$923,981