

FY26 Revenues – Introduced Budget 3/18/25

- Revenues = Expenditures at **\$51,088,536**
- 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 = **\$326,652**
99.9% Value of Penny in RE Tax = **\$326,325**
 - 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 anticipated bond proceeds will be incorporated into each entity's Capital Fund budget.

FY26 Estimated Revenues by Category as Compared to FY25 Amended Budget through February 2025 and FY25 Budget Projections:

	<u>FY26 Estimated Budget</u>	<u>FY25 Amended Budget</u>	<u>FY25 EOY Projected Budget</u>	<u>\$ Change FY25 Amended Budget</u>	<u>% Change</u>	<u>\$ Change FY25 EOY Projected Budget</u>	<u>% Change</u>
Local	\$ 40,832,717	\$ 39,960,576	\$ 40,684,225	\$ 872,141	2.18%	\$ 148,492	0.36%
State	\$ 5,073,398	\$ 5,338,377	\$ 5,416,737	\$ (264,979)	-4.96%	\$ (343,399)	-6.34%
Federal	\$ 1,310,121	\$ 1,518,880	\$ 1,518,958	\$ (208,759)	-13.74%	\$ (208,837)	-13.75%
Other	\$ 0	\$ 2,436	\$ 272,437	\$ (2,436)	-100.0%	\$ (272,437)	-100.0%
YE Bal.	\$ 3,872,300	\$ 4,056,072	\$ 4,056,072	\$ (183,772)	-4.53%	\$ (183,772)	-4.53%
Total	\$ 51,088,536	\$ 50,876,341	\$ 51,948,429	\$ 212,195	0.42%	\$ (859,893)	-1.66%

FY26 Local Revenue Factors (Compared to FY25 Amended and End of Year Projections):

Overall, local revenues are expected to increase 2.18% or \$872,141 from the FY25 amended budget and 0.36% or \$148,492 from the FY25 end of year projections.

- A slight increase of 1.54% or \$321,070 in Real Estate Taxes is expected due to natural growth. **The FY26 value of the penny in Real Estate Tax at 100% collection is \$326,652 (equivalent to \$50,254,154 in Real Estate Value)**
**Note: Given that FY26 Real Estate Tax collections are comprised of the second half of the 2025 tax year collections and the first half of 2026 tax year collections, any value/tax rate adjustments made as a result of the 2026 Reassessment (effective January 1, 2026), will impact the FY26 anticipated real estate tax collection.*
- Public Service Tax has been budgeted at FY25 levels at \$1,058,861 until SCC data is received.
- An increase of 3.1% or \$187,635 in Personal Property Taxes is expected and is comprised of an anticipated slight decline in 2025 values per JD Power information and an offsetting 2026 increase in values due to anticipated impacts of Federal tariffs. The Commissioner's Office

expects to have actual 2025 data available in early April; which could necessitate an adjustment in this estimate.

- Local Sales and Use taxes are expected to increase 6.3% from budgeted or \$138,716 and \$2.62% from FY25 projections or \$59,401. These revenues may fluctuate depending on economic conditions throughout the fiscal year and will be monitored closely.
- An increase in Meals and Lodging Taxes of 14.1% and 0.2% respectively is expected or \$322,965. FY25 Meals tax projections are expected to remain flat in FY26, while FY25 Lodging Tax projections are higher than budgeted, despite the increase in tax rate from 5% to 7% effective July 1, 2024. FY26 estimates are reduced by 5% or (\$136,168) from the FY25 projections to allow for a possible decline in the number of short term rentals or overall bookings. These revenues may also fluctuate depending on economic conditions throughout the fiscal year and will be monitored closely.
 - Meals tax increase = \$3,772
 - Lodging tax increase = \$319,193
- A small increase in Building Permit Fees of 4.6% or \$15,921 is currently expected. This is a conservative estimate in anticipation of economic conditions (level or slightly declining mortgage interest rates, high costs of building materials, and labor) that in conjunction may inhibit new builds. FY25 projections are 24.38% or \$117,660 greater than budgeted due to a couple of high value projects, including NCHS renovation permitting. These projections currently do not include any permitting activity that may occur from the Renaissance Ridge development should that proceed to construction in FY26.
- A significant increase of 51.5% or \$114,287 in Court Fines and a 54.0% or \$27,000 increase in Court Fees is estimated due to an increase in overall traffic enforcement by the Sheriff's Department and a position dedicated to speed enforcement. This increase is about 25% or \$64,278 more than the FY25 estimated amount.
- A significant decrease in Interest Earnings of -18.3% or (\$245,860) is expected in comparing FY26 to the amended budget of FY25. This is only a slight change of -1.66% or (\$18,596) from the end of year projection for FY25, which is less than budgeted and is likely due to the utilization of approximately \$2.7 Million in ARPA funds held in the General Fund and transferred to the School Division for expenditure on the roof replacement project during FY24. Interest rates are expected to maintain current levels or drop slightly over the next year, and there are no anticipated significant impacts to General Fund balance during the upcoming fiscal year. These revenues may also fluctuate depending on economic conditions throughout the fiscal year and will be closely monitored.
- An increase of 8.1% or \$63,000 in EMS Revenue Recovery fees is anticipated; this is a 5.24% or \$42,000 increase from FY25 projections and is a result of an increase in the ambulance transport billing rate effective in January 2025.
- Other miscellaneous/irregular revenues:
 - (\$120,594) in funds received as overpayment to the Health Department included in expenditure refunds.
 - (\$93,000) in VA Tourism Corporation grant funds.
 - \$109,832 in anticipated Colleen Water/Sewer Connection fees related to a new service connection to occur in FY26 as part of the NCHS renovation project.

- \$11,503 in receipts related to the Sheriff's Department MOU with UVA for working Special Events. Employees are paid overtime for this through County payroll and UVA reimburses the County based on an agreed upon hourly rate.

FY26 State Revenue Factors (Compared to FY25 Amended Budget and End of Year Projections):

Overall, to begin FY26, State revenues are shown to be lower by -4.96%, or (\$264,979) from the FY25 amended budget and to be lower by -6.34% or (\$343,339) from the FY25 end of year projections. This is typical as many state grants that are received in one fiscal year are not received in the following fiscal year or are not budgeted until they are awarded or received during the fiscal year.

- The General Assembly's recommended budget includes a 3% salary increase and 1.5% bonus for State supported local offices effective July 1, 2025, which means an approximate 4.5% increase in salary and benefits reimbursements from the State Compensation Board for their proportionate share of covered positions. Additionally, the GA's recommended budget includes an additional 6% salary increase for State Compensation Board supported Public Safety Communications Operators (Dispatchers) and is included in the revenue estimated to come from the State.
- A 0% increase in State reimbursements for level budgeted expenditures related to the Children's Services Act (CSA) is expected. The State share of these expenditures is 68.68% and local share is 31.32%.
- An increase of 1.6% or \$10,979 is anticipated in reimbursement for Department of Social Services costs as provided by DSS; 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 the associated increase in expenditures.
- 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 -77.61% or (\$457,212). These grants are appropriated within the budget when awarded or received.

FY26 Federal Revenue Factors (Compared to FY25 Amended Budget and End of Year Projections):

Overall, to begin FY26, Federal revenues are shown to be lower by -13.74%, or (\$208,759) from the FY25 amended budget and similarly lower from the FY25 end of year projections. This is typical as many federal grants that are received in one fiscal year are not received in the following fiscal year or are not budgeted until they are awarded or received during the fiscal year.

- A 1.57% or \$16,788 increase is anticipated in reimbursement for Department of Social Services costs due to slightly higher overall expenditures. The non-local portion of their budget is funded by 60% Federal funds.

- Otherwise, Federal grants related to the Department of Justice Adult Recovery Court grant and Victim Witness grant funds remain the same as FY25. Net reductions in Federal Revenue are attributed to other grant reductions shown between FY25 and FY26

FY26 Other Revenue Factors (Compared to FY25 Amended Budget and End of Year Projections):

Overall, to begin FY26, Other Revenues are shown to be lower by -100%, or (\$2,436) from the FY25 amended budget and -100% or (\$272,437) lower from the FY25 end of year projections.

- Other revenues have decreased from last fiscal year primarily because revenues from cancelled checks or other non-revenue receipts are not budgeted in the coming fiscal year, but rather are appropriated as received, due to their irregular nature. Additionally, FY25 includes a transfer into the General Fund of \$270,000 from the Reassessment Fund to cover those expenses expected in FY25 & FY26.

FY26 Year Ending Balance (Compared to FY25 Amended Budget and End of Year Projections):

Overall, to begin FY26, Year Ending Balance revenues of \$3,872,300 are shown to be lower by -4.53%, or (\$183,772) from the FY25 amended and projected budgets. The Year Ending Balance fluctuates during the fiscal year as funds received from a previous fiscal year are utilized within the current year budget.

- The FY26 Year Ending Balance includes \$600,000 of General Fund Balance and FY25 Carryover funds of \$3,272,300 (FY25 Projected Revenues of \$51,948,429 > FY25 Projected Expenditures of \$48,676,129) consisting of:
 - \$2,200,213 in FY25 projected net expenditure savings include:
 - Departmental Operations: -\$553,728
 - Non-Departmental Operations: -\$237,400
 - Unspent Capital Outlay Funds: -\$359,030
 - Unused Recurring and Non-Recurring Contingency Funds: -\$1,050,055
 - 1,072,088 in FY25 projected net increases in categorical revenue anticipated include:
 - Local: \$723,649 (Public Service, Sales Tax, Recordation, Permit Fees, Fines & Forfeitures, Expenditure Refunds, Misc., and negative Interest Earnings)
 - State: \$78,360 (State Shared Expenses & Grants)
 - Federal: \$78 (Misc. Grants)
 - Other: \$270,001 (Insurance recoveries, cancelled checks, Reassessment Fund Transfer)

FY26 Year Ending Balance Utilized on the Expenditure Side of the Budget: \$3,872,300

\$2,125,109	Capital Outlay
\$341,303	NR Contingency
\$699,406	*Miscellaneous Carry forward & Non-Recurring Costs
<u>\$106,482</u>	FT 1.5% and PT \$200 Bonus
\$3,272,300	Total Use of Carryover
\$600,000	4 School Buses
<u>\$3,872,300</u>	Total YE Balance (Revenues)

***Miscellaneous Carry forward & Non-Recurring Costs Include:**

- \$100,000 unused ARPA -Local Assistance and Tribal Consistency Fund (LATCF) Funds
- \$47,699 unused balance of Direct Opioid Settlement Funds
- \$112,000 unused Solar Siting Agreement funds
- \$128,138 unused ARPA Balance after NCHS Roof Funding Transfer to School Division
- \$70,321 unused balance of Forest Sustainability Funds
- \$17,000 unused balance of Virginia Outdoors Foundation (VOF) Public Access Grant (boat landing)
- \$212,248 Lovington TAP Grant Local Match
- \$12,000 unspent FY25 Circuit Court A/V Replacement

Note: LATCF Funds of \$100,000, \$112,000 of Solar Siting Funds, and ARPA Funds of \$128,138 have no spending restrictions – LATCF and ARPA funds are both “revenue replacement” funds.

FY26 Expenditures – Introduced Budget 3/18/2025

Summary:

The introduced budget for FY26 is \$51,088,536, an increase of \$212,194 or 0.42% more than the FY25 amended budget. Revenues projected for FY26 are estimated at an equivalent increase from FY25 balancing the budget.

Employee Salaries and Benefits:

- New Part-Time Position proposed and not currently funded:
 - 1 Part-Time Shelter Attendant for Animal Control; wages and FICA at \$31,348
- 3% COLA increase to salary and benefits for FT and PT employees at \$247,948 (3% Compensation Board salary increase is included in the current biennial budget effective July 1, 2025)
- Additional 6% increase to salary and benefits for all FT dispatch employees at \$41,453 (included in the current biennial budget for Sheriff's dispatch positions effective July 1, 2025) making the total salary and benefit adjustment (including the 3% above) \$289,401
- One-Time 1.5% bonus for all FT employees plus \$200 bonus for PT employees at \$106,842 total (1.5% bonus for State-Supported Local Employees is pending approval by the Governor on March 24, 2025)
- 0% Health Insurance increase
- Overall VRS employer contribution rate and short-term disability rates are remaining the same (VRS rate of 10.77% and short-term disability rate of 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, repairs and maintenance, and equipment
- Year #3 of Adult Recovery Court expenditures covered through four-year federal Department of Justice (DOJ) grant at the direction of the Commonwealth Attorney's Office; third year funding FY26 is \$192,000
- Regional Jail operational increase of \$120,508. This includes \$58,752 in interest-only Debt Service for the Grant Anticipation Note issued to cover Architectural and Engineering services and permanent financing interest related to the renovation project. The County's 5-year average census increased from 15.87% in FY25 to 16.32% of the total. The 5-year average census determines the percentage share for each member jurisdiction.

- Paid EMS increase of \$118,297; this includes a 5% general labor cost increase of \$56,041 to salaries and wages, a 26% increase of \$56,313 to benefits, and an \$8,000 increase for repair and maintenance costs of older transport units.
- Capital Outlay of \$2,125,109 covered by Carryover Funds from Year End Balance (FY25 Revenues > FY25 Expenditures) includes \$379,000 for Emergency Services Vehicles, \$260,484 for four (4) Law Enforcement vehicles, \$40,000 and \$51,000 for Motor Pool Vehicle and Animal Control Truck, \$156,729 for Animal Shelter Repairs/Upgrades (drain, kennels, and floor), \$86,000 for Asphalt Repair at the Courthouse and Collection Sites, \$162,000 for Full Telephone System Upgrade, \$75,000 for Fire and Rescue Pager Replacement, \$60,000 for CAD & RMS Server Replacement, \$234,592 to replace Transfer Station tipping floor, and \$40,000 for Short Term Rental Software System.
- Level funding of most Agency requests in FY26; exceptions being JMRL (Regional Library) increase of \$30,949, Nelson EMS Council increase of \$55,952, Health Department increase of \$17,882, and MACAA (Monticello Area Community Action Agency) increase of \$19,000
- Level Transfer to Debt Service of \$3,325,284 as prescribed by our Debt Capacity Strategy
- Level funding of School Nurses as requested by the School Division
- Increase funding in operational budget for School Division of \$1,014,298 over the FY25 amount, totaling \$20,004,135 for FY26 as requested by the School Division
- County's ARPA carry-over funds of \$128,138, the balance of funds not required for NCHS roof project

Contingencies:

- Recurring Contingency of \$0
- Non-recurring Contingency of \$341,303
- Total all Contingency funds for FY26 = \$341,303