

# Nelson County Budget Overview May 13, 2025 Public Hearing

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FISCAL YEAR 2025/2026  
JULY 1, 2025 - JUNE 30, 2026

## FY26 Budget

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The presented FY26 Budget is based upon budgetary information at the time of the Public Hearing advertisement.

State and Federal budgetary decisions may 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 original General Assembly recommended budget proposal.

## Tax Year 2025 Tax Rates

All tax rates are levied per \$100 of assessed value

### **Real Estate and Manufactured Housing (Mobile Home)**

tax rate \$0.65

**Personal Property** tax rate \$2.79

**Machinery & Tools** tax rate \$1.25

**Transient Occupancy** tax rate 7%

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

**Real Estate and Manufactured Housing (Mobile Home) Tax rate is \$0.65 per \$100 assessed value** - unchanged since 2022; The per penny tax rate equivalent is based on FY26 projected RE tax revenue of **\$21,211,138/65 cents = \$326,325**.

**Tangible Personal Property Tax rate is \$2.79** - per \$100 of assessed value; also unchanged since 2022. Yields anticipated revenue of \$6,201,403 for FY26; an anticipated increase of 3.1% above the FY25 amended budget due to an anticipated slight decline in 2025 values and an offsetting 2026 increase in values due to anticipated impacts of Federal tariffs.

**Machinery & Tools tax rate is \$1.25** - per \$100 of assessed value; remains unchanged since 2022. Revenue yield is estimated at \$75,000, which is unchanged from what was budgeted in FY25.

**Transient Occupancy Tax rate is 7%** - this is unchanged from FY25. Revenue yield is estimated at just over \$2.5 million for FY26; an anticipated decrease of 5% below the FY25 projected budget due to a possible decline in the number of short term rentals or overall bookings.

## Budget Funds

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

The County's fund accounting system tracks budgetary and financial activity. The Board is considering proposed budgets for each of the funds listed. The General Fund often supports other funds as is the case with the School Fund and the Debt Service Fund. A brief overview of the 2 largest funds, the General fund and the School Fund, will follow later in the presentation.

The Capital Fund is reserved for capital projects. Funding for Construction expenses of one (1) such project is included in the FY26 Capital Fund budget: 1) the Department of Social Services Building Project funded at \$7,157,643. This amount is for the remaining project costs, primarily construction.

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

**FY25-26 GENERAL FUND BUDGET  
COMPARED TO FY24-25  
AMENDED BUDGET**

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(AS OF FEBRUARY 2025)

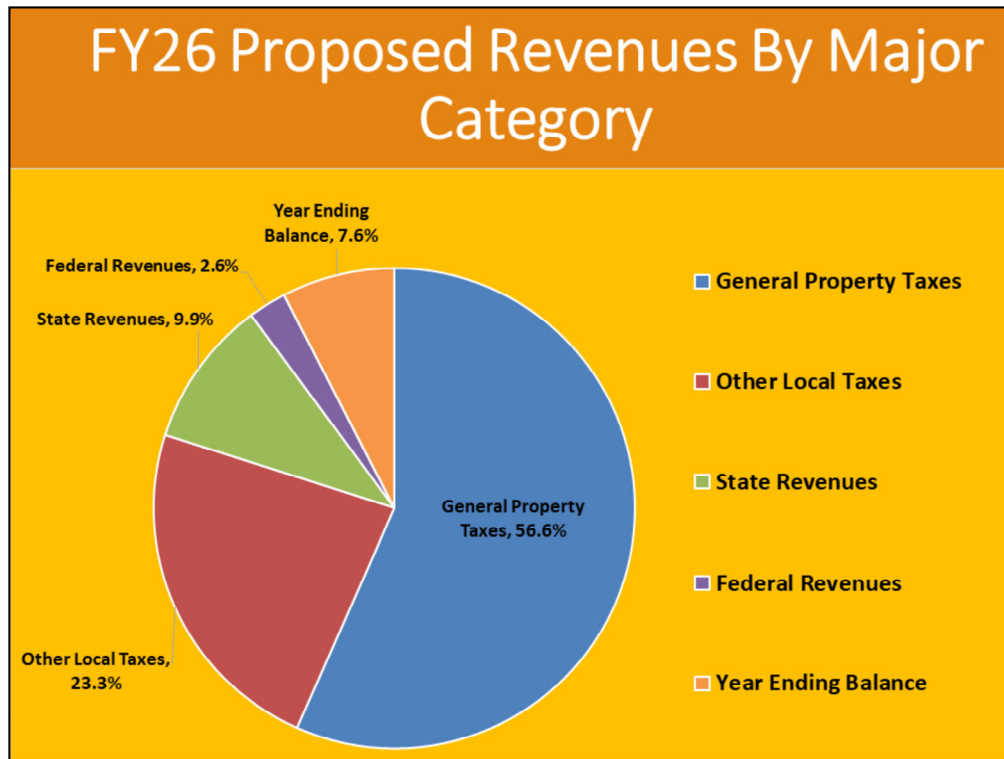
<b>FY24-25</b>	<b>\$50,876,341</b>
<b>FY25-26</b>	<b><u>\$51,088,536</u></b>
<b>Increase</b>	<b>\$ 212,195</b>
 <b>Percentage Change</b>	 <b>+ 0.42%</b>

**Compared to the current year budget as amended (through February 2025), the proposed General Fund budget reflects an increase of \$212,195, or 0.42%. The budgeted revenues and expenditures are balanced at \$51,088,536.**

# FY26 Proposed Revenues

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\$51,088,536



- Local Revenue consisting of General Property taxes and other Local Taxes make up 79.9% of the overall budgeted revenue.

- Total Anticipated Local Revenues are \$40,832,717

- State Revenues account for 9.9% at \$5,073,398

- Federal 2.6% at \$1,310,121

- Year Ending Balance of \$3,872,300 in FY25 makes up 7.6% of total revenues for FY26. It includes FY25 carryover funds of \$3,272,300 consisting of \$2,135,448 in Capital Outlay, \$330,964 in Non-Recurring Contingency, \$699,406 in miscellaneous carry forward and non-recurring costs, and \$106,482 in bonus costs for full-time and regular part-time employees. The remaining \$600,000 is planned for the purchase of 4 school buses.

## Local Revenue

FY25 Budget	\$39,960,576
FY26 Estimates	<u>\$40,832,717</u>
Overall Increase	\$ 872,141
Percentage Change	+ 2.18%

FY26 **local revenue** makes up about **79.9% of the total General Fund budget of \$51,088,536** at just over **\$40.8** million dollars. This is a 2.18% increase over FY25 local revenue of \$39,960,576 representing a total increase of \$872,141 in additional FY26 revenue.



**General Property Taxes: + \$559,566**

- Real Estate Taxes: + \$321,070
- Public Service Taxes: + \$50,861
- Personal Property Taxes: + \$187,635
- Machinery & Tools: + \$0

**Other Local Revenue: + \$312,575**

- Utility Taxes: + \$19,112
- Recordation Taxes: + \$15,000
- Transient Lodging Tax: + \$319,193
- Meals Tax: + \$3,772
- Permit Fees: + \$15,921
- Court Fines & Forfeitures: + \$141,287
- Interest on Investments: (\$245,860)
- Expenditure Refunds: (\$120,594)
- Miscellaneous (Net): \$164,744

**General property taxes** of \$28,934,312 accounts for **70.9% of all local revenue**. Of these revenues, real estate tax, public service tax, personal property tax, and mobile home tax are each anticipated to increase in FY26. The result for this category is \$559,566 overall more revenue in FY26.

- Real Estate tax is anticipated to increase by \$321,070 in FY26 due to natural growth.
- Public Service tax is anticipated to increase by \$50,861 over the FY25 amended budget but remain the same as the FY25 projected budget.
- Personal Property taxes are projected to increase by \$187,635 due to an overall increase in vehicle values.
- Machinery & Tools tax is estimated to remain the same.

**Other Local Revenue:**

Most other local revenue categories anticipate increases, or at a minimum, level funding. Utility taxes are expected to increase by \$19,112 and Recordation Taxes are projected to increase by \$15,000. Meals tax is expected to increase by \$3,772 or 0.2% while lodging tax is anticipated to generate an increased 14.1% in revenue for FY26 projecting a \$319,193 overall increase due in part to higher than budgeted FY25 projections. Permit fees, court fines and forfeitures are expected to increase by a total of \$157,208, and overall miscellaneous revenues are expected to increase by \$164,744. These increases help to offset a decrease of \$120,594 in expenditure refunds as well as \$245,860 in anticipated decreases to interest on investments. The decrease in interest on investments is 18.3% lower than the FY25 amended budget, however, it is only 1.66% lower than the end of year projection for FY25.

## State Revenue

FY25 Budget	\$5,338,377
FY26 Estimates	<u>\$5,073,398</u>
Overall Decrease	(\$ 264,979)
Percentage Change	- 4.96%

**Estimated State revenue** is currently **9.9% of the total General Fund budget in FY26.**

The overall decrease in State revenue is due to a -77.6% at (\$457,212) decrease in Other Categorical State Aid, which primarily consists of grant funds. FY26 State Grant funds will be appropriated as they are received in FY26. 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 3% salary increase that has been approved for those offices as well as a 6% approved salary increase for Sheriff's Office Dispatch positions.

## Federal Revenue

FY25 Budget	\$ 1,518,880
FY26 Estimates	<u>\$ 1,310,121</u>
Overall Decrease	(\$ 208,759)
Percentage Change	- <b>13.74%</b>

Federal revenue makes up 2.6% of the total FY26 General Fund budget. Generally, federal sources include social services funding, Children's Services Act (CSA) 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 decrease reflected here is primarily due to a -10.1% reduction in Federal Categorical Aid in the form of ARPA grant funds (American Rescue Plan Act economic stimulus funds) available through FY25 making the overall decrease -13.74%

## All Sources of FY26 Revenue

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Local	\$40,832,717
State	\$ 5,073,398
Federal	\$ 1,310,121
Year Ending Balance	<u>\$ 3,872,300</u>
<b>Total</b>	<b>\$51,088,536</b>

Local, state, and federal revenues, and non-revenue sources together with prior year ending balance make up all projected revenue supporting the FY26 proposed General Fund expenditures.

Year Ending Balance of \$3,872,300 in FY25 makes up 7.6% of total revenues for FY26. It includes FY25 carryover funds of \$3,272,300 consisting of projected FY25 expenditures being \$2,200,213 less than budgeted and projected FY25 revenues being \$1,072,088 greater than budgeted.

# FY26 Proposed Expenditures

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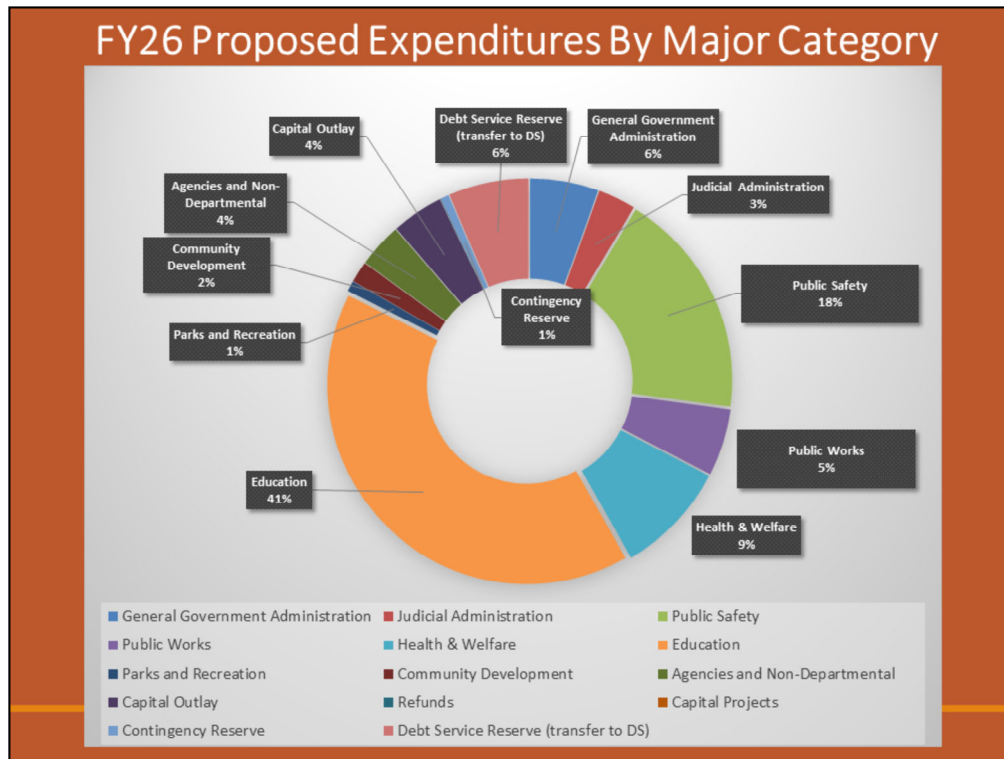
\$51,088,536

## FY25-26 GENERAL FUND BUDGET COMPARED TO FY24-25 AS OF February 2025

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FY24-25	\$50,876,341
FY25-26	<u>\$51,088,536</u>
Increase	\$ 212,195
Percentage Change	+ 0.42%

**Compared to the current year budget as amended (through Feb. 2025), the proposed General Fund budget reflects an increase of \$212,195 or +0.42%. This change is primarily due to FY26 budget additions in Agency Requests, Transfers, and Salary/Benefit Costs.**



Total FY26 General Fund Expenditures equal revenues at \$51,088,536. In looking at how revenue dollars are spent, this graph shows major categories of expenditures as a percentage of the total budget.

The largest category of expenditures shown is Education at 41% representing \$20,771,194 (including \$2,124 for PVCC and \$600,000 as a transfer to School Capital for the purchase of four buses). In addition to the \$20,769,070 allocated to NCPS funding in FY26, the County will contribute debt service payments for schools in FY26 in the amount of \$1,542,790 for a total of \$22,311,860. This total has been increased from the FY25 total by the first interest payment on the VPSA bond for the NCHS renovation project. This interest payment is currently estimated at \$696,067 due in January 2026.

The FY26 County support for NCPS includes funding for four (4) School Resource Officers from the General Fund budget. This cost is included in the Public Safety category at approximately \$317,409, of which the County will receive partial state grant revenue funding in FY26 at \$23,345. The balance of \$294,064 for SRO salaries and benefits is fully County funded.

## FY26 Expenditures By Major Category (% of Total Budget)

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School Division- Operations (41%)	\$20,769,070
Public Safety (18%)	\$ 9,464,535
Governmental Operations (17%)	\$ 8,509,053
Health and Welfare (9%)	\$ 4,675,058
Agency & Non-Departmental (includes PVCC) (4%)	\$ 1,847,124
Capital Outlay (4%)	\$ 2,135,448
Refunds & Unallocated Reserve (1%)	\$ 362,964
Debt Service (6%)	<u>\$ 3,325,284</u>
<b>Total</b>	<b>\$ 51,088,536</b>

- The largest expense within the General Fund is \$20.8M (41% of total budget) for the School Division.
- Next is Public Safety operations at just under \$9.5M or about 18% of total budget. This category includes the Sheriff's Office, Public Safety & Emergency Services (Dispatch), the EMS Council, E911 Program, Forest Fire Service, Paid EMS, the Regional Jail, Building Inspections, Animal Control, and the Medical Examiner.
- Third is Governmental Operations at just over \$8.5M or 17% of budget. Included are General Government and Judicial Administration, Public Works, Parks and Recreation, and Community Development.
- Next are Health and Welfare at 9% and Agency/Non-Departmental at 4%. Agency and Non-Departmental includes the remainder of the FY25 COVID-19 American Rescue Plan Act funds of \$128,138, which are unrestricted and can be used for any purpose.
- Capital Outlay is budgeted at 4% or just over \$2.1M. Refunds and unallocated contingency reserve of about \$363,000 make up roughly 1% of the General Fund budget.
- Debt Service transfer: \$3.3M covers debt service payments in FY26.



## Expenditure Highlights:

### Personnel:

- **3% Salary & Benefit Adjustment Included (FT and Regular PT employees)**
- **Additional 6% Salary & Benefit Increase for all FT Dispatch employees (included in the current biennial budget for Sheriff's Dispatch positions effective July 1, 2025)**
- **One-Time 1.5% Bonus for all FT employees and \$200 bonus for PT employees (1.5% Bonus for State-Supported Local employees has been approved by the Governor)**
- **0% Increase in Health Insurance Premiums**
- **No new Positions Included**
- **4 Full-Time School Resource Officers (Includes 1 State SRO Grant Position)**

- A 3% Cost of Living increase to salary and benefits for Full-Time and Regular Part-Time employees is included. A 3% Compensation Board salary increase for Constitutional Officers is included in the current biennial budget effective July 1, 2025.
- An additional 6% salary and benefit increase for all Full-Time Dispatch employees is also included. This increase was also included in the current biennial budget.
- Additionally, a one-time 1.5% bonus for all Full-Time employees and a \$200 bonus for all Regular Part-Time employees is included. The 1.5% bonus for state-supported local employees has been approved by the Governor. These bonuses will be calculated based on salaries as of June 30<sup>th</sup>, 2025.
- Health Insurance premiums for FY26 are remaining the same.
- No new positions are included in the FY26 budget.
- The FY26 budget includes 4 School Resource Officers; one (1) is partially state grant funded.

## Expenditure Highlights:

### **Public Safety & Emergency Services:**

- 7.6% increase in Regional Jail Costs
- Emergency Services Vehicle – 2026 Ambulance for NEMS with Power Cot and Load System
- IT & Network: Full Telephone System Upgrade, CAD & RMS Server Replacement, Fire and Rescue Pager Replacement, Remote Site Network Switch Replacement, Circuit Court Audio/Visual System Replacement
- Full Funding for Local EMS Council As Requested
- 4 Sheriff's vehicles and equipment
- ECC First Response vehicle

- 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. The FY26 contribution is based on a 5-year average utilization rate of 16.32%. Nelson County's obligation for the ACRJ Renovation construction costs is anticipated to begin in FY26.

- The budget includes operational funding to: 1) Provide for the cost of a 2026 Ambulance for NEMS with Power Cot and Load System 2) IT and Network expenses (including: full telephone system upgrade, CAD & RMS server replacement, fire and rescue pager replacement, remote site network switch replacement); and Circuit Court Audio/Visual system replacement.

- Full funding to Nelson County Emergency Services Council as requested.

- Purchasing 4 Sheriff's vehicles and equipment.

- Purchasing 1 ECC First Response vehicle.

## Other Highlights:

- **Increases to Agency Contributions of \$114,469**
- **Capital Project Funding of \$7,458,143**
- **Miscellaneous Capital Outlay - Total \$2,135,448**
- **Transfers to Other Funds of \$26,205,589**
  - DSS- \$2,111,235
  - School Nurses and Operational Funding - \$20,769,070
  - Debt Service - \$3,325,284
- **Contingency Reserves of \$330,964**
  - Recurring \$0
  - Non-Recurring \$330,964

The budget also includes contribution increases to the following Agencies: Nelson County Health Department, Nelson Local EMS Council, Thomas Jefferson Soil & Water Conservation District, Jefferson Madison Regional Library, Foothills Child Advocacy Center, MACAA (Monticello Area Community Action Agency), Shelter for Help in Emergency, OAR/Community Corrections, Community Investment Collaborative (Central VA Small Business Development Center), and the Nelson County Economic Development Authority.

Capital Project Funding includes \$300,500 reserve for Schools and \$7,157,643 in estimated construction costs for the DSS Building project.

Miscellaneous Capital Outlay, aside from those items included for Public Safety and Emergency Services previously mentioned, includes: 1) Sturt Property set-aside 2) Short Term Rental Software System, 3) Animal Shelter repairs/upgrades (drain, kennels, floor), and 4) Replacing the Transfer Station Tipping Floor. Total Capital Outlay funding is \$2,135,448.

Transfers are the transfer of General Fund monies for other purposes. Transfer funds include funding set aside for the Department of Social Services (VPA Fund), for the Debt Service Fund, and for School Nurses, School Buses, and School Operations. FY26 Transfers total \$26,205,589.

Also included are Contingency Reserves of \$330,964 generated from non-recurring revenue (carryover). 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.

## FY26 School Fund

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\$33,879,480

**FY25-26 Advertised SCHOOL  
FUND BUDGET COMPARED TO  
FY24-25 Approved Budget**

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<b>FY24-25</b>	<b>\$32,119,224</b>
<b>FY25-26</b>	<b><u>\$33,879,480</u></b>
<b>Increase</b>	<b>\$ 1,760,256</b>
 <b>% Change</b>	 <b>+ 5.48%</b>

The FY25 School Fund approved budget based upon an enrollment of 1430 compared to the FY26 advertised budget based on an enrollment of 1417 reflects an overall increase of \$1,760,256 or + 5.48%.

## FY26 School Fund Revenue

Local:	\$20,769,070	+\$1,614,298
State:	\$ 9,996,424	+\$402,065
Federal:	\$ 2,467,682	-\$430,576
Other:	<u>\$ 646,304</u>	-\$71,883
<b>Total School Funds</b>	<b>\$33,879,480</b>	

In addition to local operational funding of \$20,769,070, an increase of \$1,614,298 over FY25, 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 \$646,304). State funding included here reflects an anticipated increase of \$402,065 and is based upon the original General Assembly recommended budget proposal. Regular Federal funding included here reflects an anticipated decrease of \$430,576 for FY26.

## FY26 Local Contribution to Schools

School Operations	\$20,004,135	+ \$1,014,298
School Nurses	\$164,935	(no change)
4 SRO's (General Fund)	\$294,064	+ \$72,770
Reserve for Capital	\$ 0.00	(no change)
Transfer to School Capital (Buses)	\$600,000.00	+\$600,000
<b>Total Contribution</b>	<b>\$21,063,134</b>	
Existing School Debt	\$ 846,723	
New School Debt	719,302	(NCHS Renovation Project)
<b>*TOTAL SUPPORT</b>	<b>\$22,629,159</b>	

\*99.3% of FY26 local Real Estate Tax revenue supports the Total Local Contribution to Schools as shown above.

This is the equivalent of \$.69 cents out of every \$.65 cents in Real Estate Tax revenue.

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

**Including debt, total support for schools is about 55.4% of local funds within the general fund budget, which equates to 44.3% of total GF budget.**

The local contributions to School Operations, transfer to school capital for buses, and the School Nurses for FY26 is funded at \$1,614,298 more than in FY25. Four (4) School Resources Officers are funded at just over \$317K, with \$23K in state grant funding as allocated within the General Fund budget. The county will also fund \$846,723 in existing school related debt and an estimated \$719,302 in new debt associated with the NCHS renovation.

Given the Total Contribution, not including debt, approximately 99.3% or \$.64 cents out of every \$.65 cents in Real Estate tax revenue supports the Schools. Including Existing and New School Debt, this percentage exceeds 100% of estimated RE Tax revenue in FY26.

With estimated FY26 school enrollment of 1417, the proposed level of local funding of \$20,769,070 provides a per pupil local expenditure cost of \$14,657. FY26 Local Education funding of \$20,769,070 coupled with State, Federal, and other funding for schools of \$13,110,410 yields a total cost of \$33,879,480 or \$23,909 per pupil in FY26.

## Required Local Contribution to Schools Based on Enrollment of 1,417 and Original General Assembly Recommended 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 2025-2026 is **0.6645**

Based on enrollment of 1,417 students, the County's required local contribution to Schools for FY26 is **\$13,256,834**.

FY26 Local Contribution for operations at **\$20,169,070** exceeds the required local contribution by **\$6,912,236** or **52.1%**.

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 **0.6645** means that the County pays **66.45%** and the State Share is **33.55%** for Standards of Quality (SOQ) Programs, Incentive Programs, Categorical Programs, and Lottery-Funded Programs. Enrollment also contributes to the amount of total funds received. Enrollment for FY25 was 1430 while FY26 is projected at 1417, a decrease of 13 students.

Nelson County Schools continue to be well funded. Operational funding for Schools including funding nurses for the schools is proposed at \$20,169,070 (\$20,004,135 for operations and \$164,935 for nurses). For student enrollment of 1417, this funding exceeds the required Virginia Department of Education funding (Required Local Share) of \$13,256,834 by \$6,912,236 or 52.1%.



## FY26 Proposed School Fund Expenditures by Major Category As Requested

Instruction	\$21,760,809	+	\$ 732,104	
Administration	\$ 1,685,381	+	\$ 55,112	
Transportation	\$ 3,917,010	+	\$ 915,333	
Maintenance	\$ 3,284,210	+	\$ 162,035	
Food Services	\$ 1,387,539	+	\$ 37,163	
Facilities	\$ 0		(no change)	
Debt Service	\$ 0		(no change)	
Technology	\$ 1,617,613	-	\$ 139,408	
Fund Transfer	\$ 226,918	-	\$ 2,083	
<b>*Total:</b>	<b>\$33,879,480</b>	<b>+</b>	<b>\$ 1,760,256</b>	<b>+5.48%</b>

The major categories of expenditures shown here are based upon state funding as provided for in the original General Assembly's FY26 recommended budget compared to the FY25 requested budget. This is an overall increase of **\$1,760,256** or 5.48% above the FY25 budget request of \$32,119,224. The FY26 proposed School Division budget includes a request for an increase of **\$1,614,298** in local funding due primarily to increased expenditure projections and decreased State and Other funding sources. The increased expenditure projections include salary enhancements, Virginia Retirement System auto escalations, a 12% health insurance increase, and increases in technology/security services. The Board of Supervisors has allocated \$600,000 in new local funding for the purchase of 4 buses in FY26, included in the Transportation expenditure category, funding total expenditures of \$33,879,480. 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.

In addition to this operational funding request, all short and long term Debt Service costs associated with the NCHS Renovation Project will be fully funded through the Debt Service Fund. The total remaining project cost is estimated at approximately \$22M and is accounted for in the School Division Capital Fund Budget.

Summary By Fund	
■ General Fund	\$51,088,536
■ School Fund	\$33,879,480
■ School Capital Fund	\$22,065,327
■ Textbook Fund	\$556,868
■ Cafeteria Fund	\$391,628
■ Capital Fund	\$7,458,143
■ Piney River Water/Sewer	\$513,033
■ Debt Service Fund	\$6,784,074
■ VPA Fund	\$2,111,135
■ Broadband Fund	<u>\$273,638</u>
	<b>\$125,121,862</b>

To conclude, all the funds that make up the county budget are denoted here totaling just over \$125.1M.

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 being May 13<sup>th</sup>, the Board may adopt the FY26 budget as early as May 20, 2025, however, this is currently planned for the June 10<sup>th</sup> Regular Board of Supervisors meeting.

This concludes the FY26 Budget Presentation. Thank you.