

## FY27 Revenues – Introduced Budget 3/10/26

- Revenues = Expenditures at **\$56,454,295**
- Tax rates & Fees incorporated include:
  - **Real Estate/Mobile Home Tax Rate - \$.57/\$100 value** (Adjusted rate that retains 16% of the Reassessment increase in values) **Tax rates will be set by the Board following a public hearing in April**
  - 100% Value of Penny in RE Tax Equivalent = **\$426,540**
  - 99.9% Value of Penny in RE Tax Equivalent = **\$426,113**

### **Unchanged from 2026:**

- Personal Property Tax Rate - \$2.79/\$100 value
- Machinery & Tools Tax Rate - \$1.25/\$100 value
- Transient Occupancy Tax – 7%
- Food & Beverage Tax – 4%
- VA Sales Tax – 5.3%
- Groceries - 5% (non-food) 2.5% (food)
- Business License - \$30 Flat Fee

### **FY27 Estimated Revenues by Category as Compared to FY26 Amended Budget through February 2026 and FY26 Budget Projections:**

	<b>FY27 Estimated Budget</b>	<b>FY26 Amended Budget</b>	<b>FY26 EOY Projected Budget</b>	<b>\$ Change FY26 Amended Budget</b>	<b>% Change</b>	<b>\$ Change FY26 EOY Projected Budget</b>	<b>% Change</b>
<b>Local</b>	<b>\$ 45,458,289</b>	\$ 41,064,754	\$ 43,470,617	\$ 4,393,535	10.70%	\$ 1,987,672	4.57%
<b>State</b>	<b>\$ 5,373,116</b>	\$ 5,229,577	\$ 5,301,634	\$ 143,539	2.74%	\$ 71,482	1.35%
<b>Federal</b>	<b>\$ 1,272,003</b>	\$ 1,405,103	\$ 1,382,592	\$ (133,100)	-9.50%	\$ (110,589)	-8.00%
<b>Other</b>	<b>\$ 0</b>	\$ 0	\$ 21,138	\$ 0	0.00%	\$ (21,138)	-100.0%
<b>YE Bal.</b>	<b>\$ 4,350,888</b>	\$ 4,734,712	\$ 4,734,712	\$ (383,824)	-8.11%	\$ (383,824)	- 8.11%
<b>Total</b>	<b>\$ 56,454,295</b>	<b>\$ 52,434,146</b>	<b>\$ 54,910,693</b>	<b>\$ 4,020,150</b>	<b>7.67%</b>	<b>\$ 1,543,603</b>	<b>2.81%</b>

### **FY27 Local Revenue Factors (Compared to FY26 Amended and End of Year Projections):**

Overall, local revenues are expected to increase 10.70% or \$4,393,535 from the FY26 amended budget and 4.57% or \$1,987,672 from the FY26 end of year projections.

- An increase of 16.6% or \$3,521,977 in Real Estate Taxes is incorporated due to retention of 16% of 2026 reassessment growth in values and slight natural growth estimated in 2027. Under this premise, **the FY27 value of the penny in Real Estate Tax at 100% collection is \$426,540**

*\*Note: Given that FY27 Real Estate Tax collections are comprised of the second half of the 2026 tax year collections and the first half of 2027 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. **Retention of 16% of the 2026 increase in values at a tax rate of \$.57/\$100 provides a one-time collection of additional Real Estate tax in FY26 of \$1,531,956 over what was budgeted and an estimated increase in Real Estate tax of \$3,521,977 in FY27.***

- **Public Service Tax** has been budgeted at FY26 levels at \$1,246,446 until SCC data is received.
- An increase of 4.6% or \$287,598 in **Personal Property & Mobile Home Taxes** over the budgeted FY26 amount is expected; however, a lesser increase of 1.69% or \$107,654 over the FY26 projected budget amount is anticipated. 2026 Tangible Personal Property values are expected to remain flat overall; the Commissioner's Office expects to have actual 2026 vehicle valuation data available in early April; which could necessitate an adjustment in this estimate.
- **Local Sales and Use** taxes are expected to increase 7.9% from budgeted or \$184,487 and remain flat when compared to FY26 projections. 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 1.8% and 5.2% respectively is expected or \$164,382 compared to the FY26 budget; however, FY27 maintains a level estimate as compared to the projected collection in FY26. While anecdotal evidence suggests a decline in short-term rental bookings, collected TOT revenues continue to be strong. These revenues also fluctuate depending on economic conditions throughout the fiscal year and will be monitored closely.
  - **Meals tax increase = \$28,762**
  - **Lodging tax increase = \$135,620**
- No increase in **Building Permit Fees** has been incorporated into the FY27 budget with FY26 projections remaining at \$365,000. This is a conservative estimate due to continued economic conditions (level or slightly declining mortgage interest rates, high costs of building materials, and labor) that in conjunction may inhibit new builds overall. These projections currently do not include any permitting activity that may occur from the Renaissance Ridge development should that proceed with the first phase of construction in FY27 or adjustments to the permitting fee schedule.
- A decrease of -21.1% or (\$70,464) in **Court Fines & Forfeitures** is estimated in FY26 due to an overestimation of these revenues. For FY27, a slight increase of 5.6% or \$14,000 from the FY26 projections of Court fines from traffic enforcement has been budgeted at \$264,000.
- A conservative estimate of **Interest Earnings** of \$1,276,000 reflects an expected increase in invested fund balance due to the incorporation of a 16% increase in real estate taxes from the reassessment expected in FY27 as compared to FY26 budgeted, and an 8% increase or \$88,000 from the FY26 projected collection. Interest rates are uncertain over the next year, and declines may offset the increase to the General Fund balance expected 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 19.1% or \$161,098 in **EMS Revenue Recovery** fees for ambulance transports is anticipated in FY26 as compared to the FY26 budget; this is expected to remain at the same level of \$1,005,098 in FY27. New ambulance transport billing rates became effective in January

2025 and this revenue helps to offset the costs associated with having two 24/7 career EMS services crews who work in conjunction with volunteer services.

- **Other miscellaneous/irregular revenues:** These vary widely from year to year and include grants and other accounts that are typically appropriated into the budget after its initial adoption.

**FY27 State Revenue Factors (Compared to FY26 Amended Budget and End of Year Projections):**

**Overall, to begin FY27, State revenues are shown to be higher by 2.74%, or \$143,539 from the FY26 amended budget and 1.35% or \$71,484 higher than the FY26 end of year projections. This is typical as many state grants that are received in one fiscal year are received or not received in the following fiscal year or are not budgeted until they are awarded or received during the fiscal year.**

- The proposed FY27 budget includes a 2% salary increase and \$1,500 bonus for full-time employees of State supported local offices effective July 1, 2026, which means an approximate equivalent increase in **salary and benefits reimbursements from the State Compensation Board** is expected for their proportionate share of covered positions.
- 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%.
- A slight decrease of -5.0% or (\$34,964) in FY27 is anticipated in reimbursement for **Department of Social Services** costs as provided by DSS however, this is a -0.1% decrease or (\$956) from the projected FY26 expenditures. The non-local portion of their budget is funded by 40% State funds. A 2% salary increase for State supported local offices is included in the FY27 budget; the State reimbursement for this salary increase 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 are typically appropriated within the budget when awarded or received. At the beginning of the new fiscal year budget for FY27, an increase is shown from FY26 budgeted of \$200,821 or a 69.7% and \$9,513, or a 2% increase from FY26 projected amounts, due to expected VA E911 PSAP grant funds of \$150,000 that have not yet been received/appropriated and \$350,000 in these same funds is estimated to be received in FY27.

**FY27 Federal Revenue Factors (Compared to FY26 Amended Budget and End of Year Projections):**

**Overall, to begin FY27, Federal revenues are shown to be lower by -9.4%, or (\$133,100) from the FY26 amended budget and similarly lower from the FY26 end of year projections. This is typical as many federal grants that are received in one fiscal year are received or not received in the following fiscal year or are not budgeted until they are awarded or received during the fiscal year.**

- A -5.0% or (\$53,876) decrease is anticipated in federal reimbursement for **Department of Social Services** costs due to slightly less estimated overall expenditures in FY27 as provided by DSS. A slight increase of 0.14% or \$1,473 is estimated in FY27 as compared to FY26 projected reimbursements. 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 FY26. Net reductions in Federal Revenue are

attributed to other grant reductions shown between FY26 and FY27 that may or may not be appropriated within the FY27 fiscal year.

**FY27 Other Revenue Factors (Compared to FY26 Amended Budget and End of Year Projections):**

**Overall, to begin FY27, Other Revenues are shown to be lower by 0%, or \$0 from the FY26 amended budget and -100% or (\$21,138) lower from the FY26 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, FY26 and FY27 do not include a transfer into the General Fund from other funds such as the Reassessment Fund, due to the conclusion of the 2026 reassessment.

**FY27 Year Ending Balance (Compared to FY26 Amended Budget and End of Year Projections):**

**Overall, to begin FY27, Year Ending Balance revenues of \$4,350,888 are shown to be lower by -8.11% or (\$383,824) from the FY26 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 **FY27 Year Ending Balance** includes \$878,733 of General Fund Balance and FY26 Carryover funds of \$3,472,155 (FY26 Projected Revenues of \$54,910,693 > FY26 Projected Expenditures of \$51,438,538) consisting of:
  - **\$995,605 in FY26 projected net expenditure savings include:**
    - Departmental Operations: -\$189,193
    - Non-Departmental Operations: -\$305,558
    - Unspent Capital Outlay Funds: -\$296,808
    - Unused Recurring and Non-Recurring Contingency Funds: -\$204,046
  - **2,476,546 in FY26 projected net increases in categorical revenue anticipated include:**
    - Local: \$2,405,863 (\$1,990,021 is attributed to incorporation of 16% of the increase in 2026 reassessment revenue.) Others include increases in Personal Property & Mobile Home Tax, Late Tax Penalty & Interest, and Interest Earnings and notable declines expected in Recordation Taxes, Real Estate Tax Sale Proceeds, and other irregular revenues.
    - State: \$72,056 (State Shared Expenses & Grants)
    - Federal: -\$22,511 (Misc. Grants)
    - Other: \$21,138 (Insurance recoveries, cancelled checks, Reassessment Fund Transfer)

**FY26 Year Ending Balance Utilized on the Expenditure Side of the Budget: \$4,356,354**

\$2,441,673	Capital Outlay
\$300,000	Non-Recurring Contingency
<u>\$730,482</u>	Miscellaneous Carry forward Revenue & Non-Recurring Costs
<b>\$3,472,155</b>	<b>Total Use of FY26 Carryover</b>
\$190,541	FT Employee Bonus \$1500 & PT Employee Bonus \$500
<u>\$688,192</u>	Portion of EMS Vehicles Cost from Fund Balance
<b>\$884,199</b>	<b>Total Use of Fund Balance</b>
<b><u>\$4,350,888</u></b>	<b>Equivalent Total YE Balance (Revenues)</b>

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

- \$100,000 unused ARPA -Local Assistance and Tribal Consistency Fund (LATCF) Funds
- \$66,386 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
- \$111,710 unused balance of Forest Sustainability Funds
- \$212,248 Lovington TAP Grant Local Match to be billed in FY27

***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. Solar Siting Funds of \$112,000 will be available to benefit the Gladstone Community at the Board’s discretion.***

## **FY27 Expenditures – Introduced Budget 3/10/2026**

### **Summary:**

The introduced budget for FY27 is \$56,454,295, an increase of \$4,020,152 or 7.67% more than the FY26 amended budget. Revenues projected for FY27 are estimated at an equivalent increase from FY26 balancing the budget.

### **Employee Salaries and Benefits:**

- New Part-Time Positions proposed and funded:
  - 1 Part-Time Childcare Coordinator, 2 Part-Time Site Directors, and 2 Part-Time Group Leaders for New Parks and Recreation After School Program; wages and FICA at \$68,955
- 2% COLA increase to salary and benefits for FT and PT employees at \$170,055 (2% Compensation Board salary increase is included in the current biennial budget effective July 1, 2026)
- One-Time \$1,500 bonus for all FT employees plus \$500 bonus for PT employees at \$190,541 total (\$1,500 bonus for State-Supported Local Employees is pending approval by the Governor)
- 7% Health Insurance increase for Key Advantage 250, Key Advantage 500, and High Deductible Health Plans at \$71,184
- Overall VRS employer contribution rate is increasing from 10.77% to 10.87%; short-term disability rates are increasing from 0.74% to 0.79%; group life insurance rates are decreasing from 1.18% to 1.06%.
- \$6,105 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 #4 of Adult Recovery Court expenditures covered through four-year federal Department of Justice (DOJ) grant at the direction of the Commonwealth Attorney's Office; fourth year funding FY27 is \$192,000
- Regional Jail operational increase of \$286,820. This includes an increase of \$252,478 in Debt Service for the renovation project. For FY27, total operational cost is \$1,746,800 and total debt service is \$311,230. The County's 5-year average census decreased from 16.32% in FY26 to 15.88% of the total. The 5-year average census determines the percentage share for each member jurisdiction.

- Paid EMS increase of \$123,658; this includes a cost of living increase as well as \$6,000 to support the Community Paramedic Program (increase to salaries & wages totaling \$82,522), a 7% increase of \$21,456 to benefits, an \$8,000 increase to ambulance repairs, and a \$10,000 increase for medical supplies, as NEMS will no longer have access to free oxygen.
- Capital Outlay of \$2,676,290 covered by Carryover Funds from Year End Balance (FY26 Revenues > FY26 Expenditures) includes \$262,000 for four (4) Law Enforcement Vehicles, \$27,107 for Building Inspections Vehicle, \$74,000 for Skid Steer, \$115,650 for McGinnis Building Structural Repairs, \$180,000 for replacement of ECC Furniture and Raised Floor Tiles, \$130,500 for the Larkin Water & Sewer Capacity Study, \$95,000 for Replacement for Sheriff's Office Mobile Data Computers, and \$885,309 for Emergency Services Vehicles (\$688,192 of this to come from Fund Balance).
- Level funding of most Agency requests in FY27; exceptions being JMRL (Regional Library) increase of \$31,442, Region Ten Community Services Board increase of \$66,479, Health Department increase of \$24,619, and MACAA (Monticello Area Community Action Agency) increase of \$15,000
- Level Transfer to Debt Service of \$3,325,284 as prescribed by our Debt Capacity Strategy
- Transfer to Reassessment Fund of \$105,000 for next reassessment
- Level funding of School Nurses as requested by the School Division
- Level funding in operational budget for School Division of \$19,918,914; additional request of \$2,729,215 not included
- County's ARPA carry-over funds of \$128,138, the balance of funds not required for NCHS roof project

**Contingencies:**

- Recurring Contingency of \$4,121,977
- Non-recurring Contingency of \$300,000
- Total all Contingency funds for FY27 = \$4,421,977