



# FRANKLIN COUNTY

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FY 2025-2026  
BUDGET WORK SESSION  
JANUARY 21, 2025



# FY24-25 Budget Recap

- \$1.4 million new, recurring funding to Schools
- \$500K one time additional money for school bus replacement
- \$1.3 million in County Capital additional recurring funding
- \$2 million in one time money to restore capital funding and balance CIP
- COLA 3% \$825K
- Health Insurance premium increase \$412K



# State Revenue Outlook FY 26

- Through December 2024, State revenue grew 4.4% driven by individual income taxes – withholding (+5.2%) and sales and use taxes (+1.6%)
- \$2.1 billion in additional revenue expected in FY 2025 and \$1.1 billion in FY 2026
- Virginia unemployment steady at 3%



# Governor's Proposed Budget

## Local Analysis

- ❑ Includes tax reductions or exemptions that impact state revenue, i.e. no tax on tips and making permanent the increase in the standard deduction for income taxes
- ❑ Includes \$1.1 billion to fund 3 years' worth of income tax credits for certain taxpayers to offset the cost of personal property taxes on motor vehicles
- ❑ Increases funding for School Construction Assistance Program and Virginia Business Ready Sites Program
- ❑ Provides additional funding for CSA and Medicaid
- ❑ Does not include funding for K-12 education recommended in the JLARC study



# Local Budget Climate

- Revenue growth appears to be moderating and returning to more historical norms
- Inflationary pressures continue to persist
- State funding to Schools is minimal \$160K
- Minimal State funding to localities



# Budget Pressures

- ❑ Departmental operating requests: \$3.7 Million above current Fiscal Year
- ❑ COLA to match State Proposal: 3%
- ❑ Structurally Imbalanced Capital Fund
- ❑ Contractual Commitments – Increased Costs
  - ❑ Phase-in SRO funding \$80K in FY 26; \$325K+ in FY 27; \$325K in FY 28
  - ❑ WVWA Debt Service Increase \$160K
  - ❑ Health Insurance Renewal (TBD)
  - ❑ Maintenance Service Contracts & Professional Services
  - ❑ Heating, Electrical, and Water
  - ❑ Youth Detention
  - ❑ Repair and Maintenance Inflation
  - ❑ CSA and Social Programs
  - ❑ Operating Costs of Additional Facilities



# FY 26 Budget Revenue Outlook

Category	FY 2024 Actual	FY 2025 Adopted	FY 2026 Projection	FY 2025 Adopted to FY 2026 Projection Change	Percent Change
General Property Taxes	\$69,446,820	\$69,813,454	\$69,456,607	\$(356,847)	-0.51%
Other Local Taxes	16,306,142	15,541,945	15,875,698	333,753	2.15%
Other Fees and Revenue*	10,564,822	8,627,660	8,928,924	301,264	3.49%
Intergovernmental (State and Federal)	23,699,118	24,493,580	26,165,729	1,672,149	6.83%
Total Revenue Projections	\$120,016,902	\$118,476,639	\$120,426,958	\$1,950,319	1.65%

Revenue of approximately \$278K projected at this time, when taking out state and federal dollars

\*Includes Permits and Licenses, Fines and Forfeiture, Use of Money & Property, Charges for Services, Miscellaneous, and Recovered Costs

Disclaimer: Revenue Projections are Early and are Subject to Change



# FY 26 Budget Revenue Outlook

- ❑ No new discretionary revenue is projected at this time
- ❑ Real Estate and Personal Property are trending under budget for current year
- ❑ Other local taxes are normalizing
- ❑ Any conservative revenue projections are from nominal, annual growth
- ❑ If there is any new funding, such dollars allocated between County and Schools will likely dictate new revenue and /or possible budget reductions



# FY 26 Budget Balancing Challenges

- ❑ Departmental Operating requests: \$3.7 Million above current Fiscal Year
- ❑ Short of additional revenue, staff will be challenged to maintain existing service levels and provide any COLA
- ❑ Departmental Capital requests total \$16 million with annual recurring local funding of \$3,776,288 creating ongoing imbalance
- ❑ Current and prior fiscal year(s) CIP were balanced with one-time, year-end surplus where such surplus is NOT projected for next fiscal year
- ❑ Future Challenges Ahead: FY 27 Reset of LCI and Continued SRO costs phase in through FY 28



# Summary

- ❑ Maintenance of Effort Budget
- ❑ Revenues are Flat
- ❑ Inflationary Impacts are uncertain
- ❑ Balancing FY 26 Budget will be quite Challenging



Questions?