

Preliminary Revenue Outlook for FY2027 General Government Fund Operating Revenues and Budget Issues

Board of Supervisors Budget Work Session
January 13, 2026

Introduction

- These estimates are preliminary and **WILL Change**
- Projections are preliminary as data is incomplete for many large revenue sources such as BPOL, sales tax, and personal property
- As additional data is received these projections will be revised: for example we do not yet have December sales tax information
- **Key Take Away: Revenue growth appears to be returning to more normal levels**

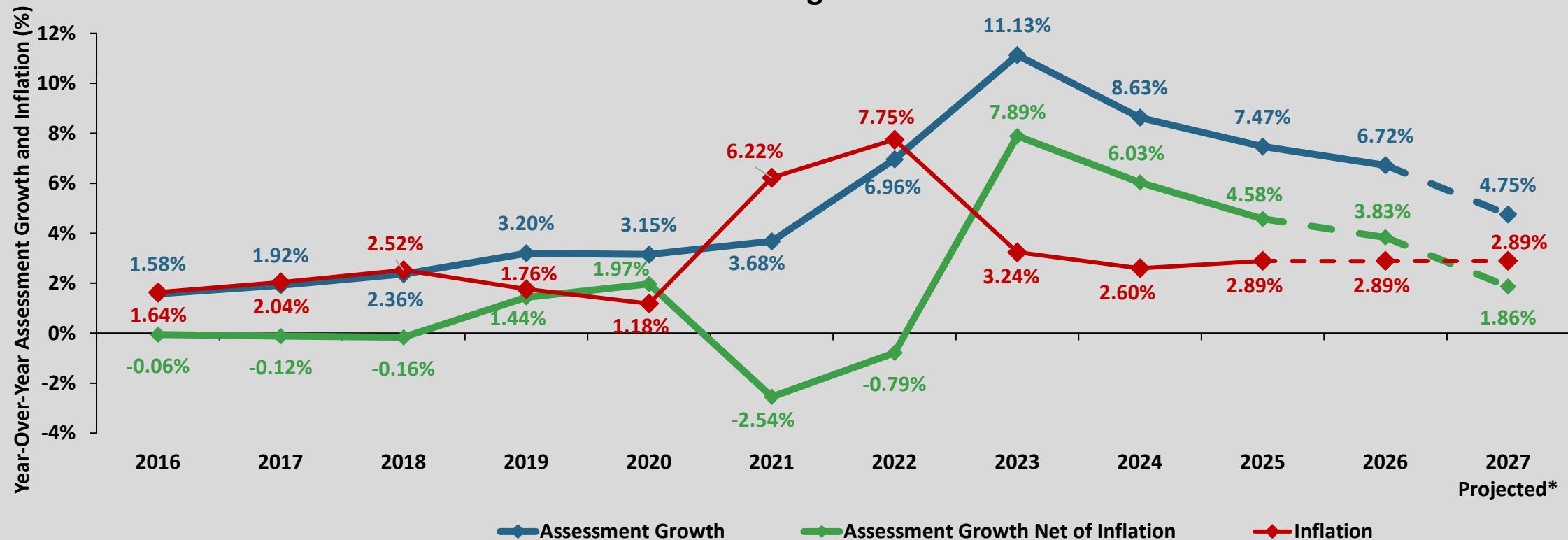
Initial Projection 01-13-2026: Subject to revision

FY 2027 Projected General Government Revenue

Category	FY 2025 Actual	FY 2026 Amended	FY 2027 Projection	FY 2026 Amended to FY 2027 Projection Change	Percent Change
Real Estate Taxes	\$ 130,040,169	\$ 135,025,000	\$ 143,950,000	\$ 8,925,000	6.61%
Personal Property Taxes	47,085,323	48,000,000	49,000,000	1,000,000	2.08%
Business License Taxes	9,130,924	9,614,000	9,614,000	---	0.00%
Sales Tax	16,113,058	17,242,500	16,750,000	(492,500)	-2.86%
Other Local Taxes	29,337,755	29,210,000	31,685,000	2,475,000	8.47%
Other Fees & Revenue	12,768,157	11,250,000	11,286,293	36,293	0.32%
Intergovernmental	21,476,343	22,121,008	22,141,008	20,000	0.09%
Total Revenue Projections	\$ 265,951,729	\$ 272,462,508	\$ 284,426,301	\$ 11,963,793	4.39%

Real Estate Assessment Growth History With Inflation and Net of Inflation

Assessment Growth With Inflation and Net of Inflation 2016 through 2026

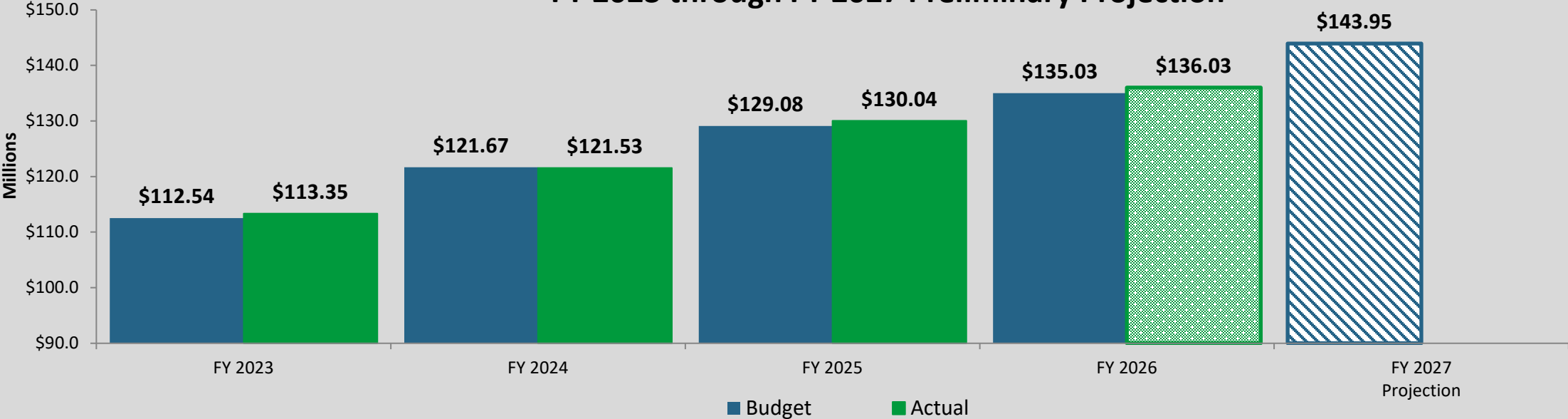


*As of November 7, 2025

*Inflation calculated based Consumer Price Index data from the US Bureau of Labor Statistics for October of each year.

Real Estate Revenue

FY 2023 through FY 2027 Preliminary Projection



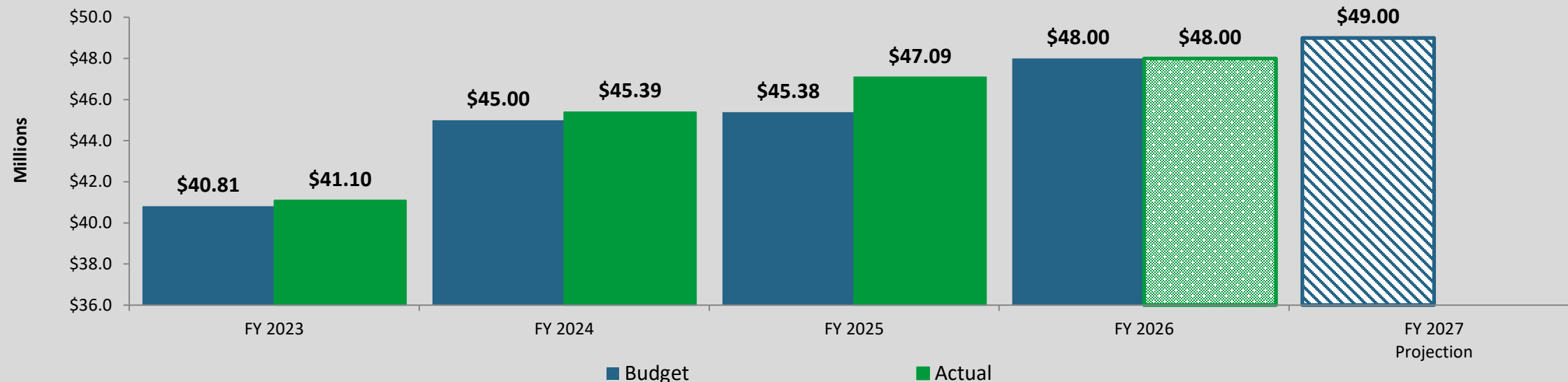
- Assessment growth projected at 6.72% for CY 2026 (Base growth of 6.07%, new construction 0.65%)
- Projected to exceed budget at FY 2026 year end due to increase in CY 2026 assessment

Through 6 months			
FY 2025	FY 2026	\$ Change	% Change
\$62,196,021	\$65,849,754	\$3,653,733	5.87%

Fiscal Year	% Inc/Dec Over Prior Year Actuals
FY 2023	7.30%
FY 2024	7.21%
FY 2025	7.00%
FY 2026 (Projected)	4.60%
FY 2027 (Projected)	5.83%

Personal Property Revenue

FY 2023 through FY 2027 Preliminary Projection



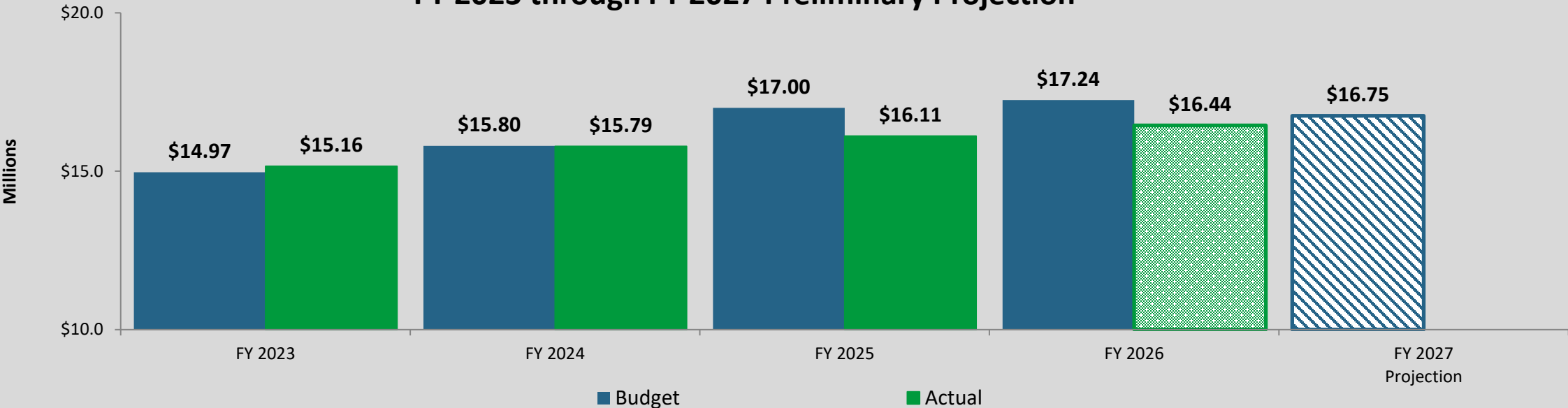
- Roughly 90% of this revenue source is collected in May and June
- Used vehicle values continue to decrease but are somewhat offset by higher prices for new vehicles

Through 6 months			
FY 2024	FY 2025	\$ Change	% Change
\$3,522,775	\$3,680,764	\$157,989	4.48%

Fiscal Year	% Inc/Dec Over Prior Year Actuals
FY 2023	11.64%
FY 2024	10.45%
FY 2025	3.73%
FY 2026 (Projected)	1.94%
FY 2027 (Projected)	2.08%

Sales Tax Revenue

FY 2023 through FY 2027 Preliminary Projection



- Inflation impacting growth with consumer spending slowing
- Preliminary information for the 2025 Holiday Season indicates modest growth which we will see in February as revenue is two months delayed

Through 5 months			
FY 2024	FY 2025	\$ Change	% Change
\$6,584,909	\$7,061,550	\$476,642	7.24%

Fiscal Year	% Inc/Dec Over Prior Year Actuals
FY 2023	7.11%
FY 2024	4.14%
FY 2025	2.08%
FY 2026 (Projected)	2.04%
FY 2027 (Projected)	1.87%

Budget Issues

Revenue Increase over FY 2026 Amended Budget	\$ 11,963,793
Transfer to Schools: Very Preliminary Estimate (Current Rev. Sharing Formula)	4,346,150
Contribution to Fund Balance and Contingency to Meet Financial Policy	2,179,242
Children's Services Act (CSA)	1,000,000
Transfer to Capital per Debt Model	530,000
School Resource Officers (4)	250,000
Visit Virginia's Blue Ridge (Share 42.9% of Hotel/Motel Tax Revenue)	107,143
Blue Ridge Behavioral Health	35,472
Subtotal	\$ 3,515,786
Pay increases for employees (approx. \$1.6 million per 1%)	TBD
Health insurance increase	TBD
VRS Rate Increase	TBD
Public Safety Staffing	TBD
Balance remaining	\$ -

Budget Issues

- Site Development for Economic Development
- Capital Contribution for CIP
- Fleet Replacement
- Tax Relief for Elderly and Disabled and Veterans
- Other Regional Program Increases
- Public Safety Overtime Cost Increases
- Vehicle Maintenance Costs
- Public Safety Staffing Operational Costs (Training, Equipment, Uniforms, etc.)
- Department Operating Requests

Summary

- Revenue appears to be returning to a more historical rate of growth
- Board will have more limited flexibility for new initiatives and / or tax rate changes than were available over the past several budget cycles
- Still early in the process and revenue estimates **will change** (up or down)
- We will continue to receive information and refine estimates as additional information is available

Next Steps

Item	2026 Date
FY 2025 – 2026 Mid-Year Revenue and Expenditure Update	January 27
Work Session – FY 2026 – 2027 Revenue Outlook; County Fees & Charges Compendium	February 10
Work Session – FY 2027 – 2036 Capital Improvement Program	February 24
Public Hearing on Effective Tax Rate	March 10
Briefing – County Administrator’s Proposed FY 2026 – 2027 Operating Budget and Capital Improvement Program	March 24
Public Hearing to Adopt 2026 Tax Rates Work Session – Proposed FY 2027 Operating Budget (first of two) <i>if necessary</i>	April 7
Public Hearing: Operating and Capital Budgets (first of two) Work Session – Proposed FY 2027 Operating Budget (second of two) <i>if necessary</i>	April 28
Public Hearing: Operating and Capital Budgets (second of two) First Reading of FY 2026-2027 Operating and Capital Budget Ordinances	May 12
Second reading of FY 2026-2027 Operating and Capital Budget Ordinances Resolution to approve Operating and Capital budgets, Revenues and Expenditures for County and Schools	May 26

Comments