












COUNTY OF AUGUSTA, VA FIVE-YEAR FINANCIAL PLAN Executive Summary

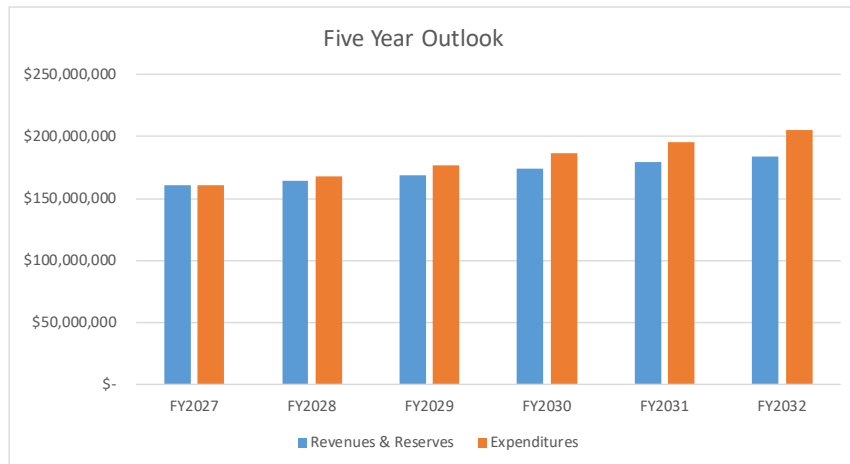
The County’s Five-Year Financial Plan supports the Board of Supervisors’ strategic initiative to provide an annual multi-year projection of revenues and expenditures. This sixth iteration is intended to identify future funding needs, guide long-term decision-making, and support the development of sustainable revenue, savings, and operational strategies.

The Board has identified the following strategic priorities to guide Augusta County’s future:

 PUBLIC SAFETY	 LAND USE/AGRICULTURAL PRESERVATION	 STAFF RECRUITMENT, DEVELOPMENT, & RETENTION
 EDUCATION	 ECONOMIC DEVELOPMENT	 REGIONAL COOPERATION
 UTILITIES – BROADBAND, WATER/SEWER	 FINANCE & BUDGET	 GOVERNMENT PERFORMANCE

This plan provides a forward-looking framework to evaluate how these priorities can be funded while maintaining fiscal stability.

A key finding of the forecast is that **expenditures are projected to outpace revenue growth** over the next five years. Without corrective action, the gap between revenues and expenditures is projected to increase from approximately **\$4 million in FY 2027–28 to \$21 million by FY 2031–32.**



	FY2027		FY2028		FY2029		FY2030		FY2031		FY2032
Revenues & Reserves	\$ 160,456,699	\$	164,041,997	\$	168,462,262	\$	174,284,653	\$	179,215,193	\$	184,191,394
Expenditures	\$ 160,456,699	\$	168,249,028	\$	177,044,913	\$	186,948,607	\$	195,356,990	\$	205,414,423

Recent Board Actions

The FY 2025 budget included a real estate tax adjustment that funded courthouse debt service, supported public safety staffing, restored capital funding, and advanced compensation initiatives. One item that was left unfunded in the FY 2025 budget discussion was the courthouse operating costs as the Board decided to not further tax citizens until the time of the courthouse opening. The courthouse operating costs are included in the recommended FY 2027 budget as the building will open in June 2026.

In the FY 2026 budget, \$2 million in County capital funding restoration was diverted to increase the annual debt service limit for the next phase of the school capital improvement plan. Reinstating funds into the County capital fund is a priority.

Financial Outlook

Total General Fund expenditures are projected to grow by **\$45 million (28%)** over the five-year period, driven by:

- Personnel costs (wages and benefits), increasing from \$46 million to \$64 million
- Rising costs for materials, supplies, and contracted services
- Increased contributions and interfund transfers
- Continued capital investment needs

At the same time, General Fund revenues are projected to grow by **\$24 million (15%)**, based on moderate economic growth and current tax policy assumptions. Projections do not assume additional tax rate increases or reassessment gains.

A key contributor to expenditure growth is the reduced ability to rely on reserves to balance the budget, which is an approach used in recent years but not sustainable long term. For example, in the proposed FY 2027 budget, \$1.25 million in reserves are used to fund 1% of General Fund-supported services.

See page 8 for more details.

Major Cost Drivers

- **Personnel:** Salaries and benefits represent the largest and fastest-growing expenditure category, projected to increase approximately 39% over five years.
- **Operating Costs:** Inflation, software subscription models (SaaS), and service contracts continue to increase baseline costs.
- **Debt:** While relatively stable, ongoing obligations include courthouse debt and school capital financing.

- **Contributions & Transfers:** Growth in support for regional services, public safety, and schools adds pressure to the General Fund.
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Capital Investments

Major capital priorities over the next five years include:

- Implementation of the Fire & Rescue Strategic Plan
- Implementation of the Economic Development Strategic Plan
- Implementation of Comprehensive Plan initiatives
- Landfill infrastructure improvements
- Replacement of aging vehicles and equipment

Many replacement costs are supported through dedicated capital reserve (or depreciation) accounts; however, additional strategic investments will require future funding decisions.

Revenue Overview

The County's revenue base remains heavily dependent on property taxes, which account for more than two-thirds of General Fund revenues. Current projections assume modest growth based on historical trends, without changes to tax rates.

- Property taxes are estimated to increase by 2% per year.
 - Each component of local taxes was estimated to increase by its respective historical average increase, for an overall increase of 4%.
 - Interest revenue is the most volatile source of funds, therefore it is forecast as flat, as the continued growth in investment income is undetermined as the Fed continues to monitor rates.
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Fiscal Strategy and Policy Considerations

Maintaining fiscal stability will require a combination of strategic actions, including:

- Reducing reliance on reserves for operating expenditures
- Aligning service levels with sustainable revenue
- Phasing in funding for major capital and operational needs
- Evaluating revenue adjustments within legal and policy constraints
- Maintaining appropriate fund balance levels

Additional revenue considerations include:

- Potential adjustments to real estate and personal property tax rates
- Implementation of a fire tax district to support fire and rescue services
- Maximizing allowable local taxes under Virginia law
- Potential voter-approved local sales tax for school capital funding
- Continued pursuit of state and federal grants

Early action is critical. Decisions made in the near term will significantly influence the magnitude of future budget gaps and the County's ability to maintain service levels.

See page 8 for more detail.

Key Budget Drivers (FY 2027 and Beyond)

The plan provides the following Financial Summary to assist in decision making surrounding the FY 2027 budget and beyond. Items included in the summary will be an investment in growing the tax base, and meeting the expectation of providing quality services and service delivery throughout the County. It is worthy to mention that not all requests in the budget are included in the summary. Key drivers in the plan include:

- Implementation of Fire & Rescue strategic plan to include capital investments in Hub stations and addition of personnel
- Economic Development strategic plan to include site readiness, purchase of land and addition of personnel
- Additional school debt service limits as cost of construction limits opportunity for capital projects in the ten-year capital plan
- State funding changes for the school composite index negatively affect school operational requirements
- Comprehensive Plan implementation for Parks and Recreation Master Plan, buildout analysis, partnering on expansion of water and sewer services, and small area plans
- Workforce investment to include additional staffing and enhanced benefits

Sources in the Financial Summary include use or reallocation of existing capital funding, potential grant funding, and estimated additional real estate taxes.

The plan provides approaches for this revenue, but assumes that policy makers will select and implement one or more actions from the options available to them under the constraints of State law, local policies and public hearing requirements.

See page 14-18 for more details.

Financial Summary	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
See Future Budget Considerations on pages 15-17.						
USES						
Fire & Rescue Strategic Plan:						
Capital	2,000,000	4,566,667	4,466,667	2,466,667	1,300,000	2,600,000
Personnel	612,647	757,364	1,043,755	1,106,381	2,165,448	2,295,375
Total	2,612,647	5,324,030	5,510,422	3,573,047	3,465,448	4,895,375
Economic Development Strategic Plan:						
Capital	2,825,786	3,675,786	2,000,000	2,000,000	0	0
Personnel	83,657	88,676	93,997	181,668	192,568	204,122
Total	2,909,443	3,764,462	2,093,997	2,181,668	192,568	204,122
Reinstate Capital Funding	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
School Debt Service Funding	0	0	1,717,145	4,112,028	6,510,208	8,900,664
School Composite Index Shortfall	1,944,823	1,944,823	1,944,823	1,944,823	1,944,823	1,944,823
Total Uses	9,466,913	13,033,316	13,266,387	13,811,567	14,113,046	17,944,983
SOURCES						
Capital funding adjustments	-650,000	-650,000	-650,000	-650,000	-650,000	-650,000
Allocation of reinstated capital funding	0	0	0	0	0	0
One-time use of MRRJ Reserve		-1,000,000	-1,000,000	-1,000,000	-1,000,000	
FY25 Economic Development capital funding	-800,000	-800,000	-800,000	-800,000	-800,000	-800,000
Mill Place Industrial Park tax base	-600,000	-600,000	-600,000	-600,000	-600,000	-600,000
Economic Development capital grant match	-2,525,786					
Economic Development grant		-2,525,786				
Total - sources to offset one time capital expenditures	-4,575,786	-5,575,786	-3,050,000	-3,050,000	-3,050,000	-2,050,000
Revenue needed from other sources	4,891,127	7,457,530	10,216,387	10,761,567	11,063,046	15,894,983
Estimated one-cent on real estate tax	1,226,000	1,226,000	1,226,000	1,226,000	1,226,000	1,226,000
Estimated tax increase	\$ 0.04	\$ 0.06	\$ 0.08	\$ 0.09	\$ 0.09	\$ 0.13

Final Note

Multi-year forecasting enables the County to look beyond the annual budget cycle, reduce financial volatility, and plan responsibly for future service demands and infrastructure needs. This plan is intended to inform, not prescribe, future decisions. It provides a framework for evaluating options and understanding long-term financial implications. Ongoing updates will refine projections and incorporate changing conditions, emerging priorities, and policy direction from the Board of Supervisors.

The Five-Year Financial Plan demonstrates that, under current conditions, the cost of maintaining and delivering County services will continue to grow faster than revenues. Without action, this structural imbalance will place increasing pressure on the County’s ability to sustain service levels.

By proactively addressing this gap through a combination of revenue strategies, expenditure management, and long-term planning, Augusta County can maintain fiscal stability while continuing to meet the needs of its citizens.



COUNTY OF AUGUSTA, VA FIVE-YEAR FINANCIAL PLAN Addendum

Purpose of the Plan

The Five-Year Financial Plan is a key component of the County's long-range financial management strategy. It enhances the County's ability to:

- Anticipate financial challenges
- Align resources with strategic priorities
- Plan for capital investments
- Maintain consistent and reliable service delivery

The County supports this effort through established practices including:

- **Annual Balanced Budget:** The County follows the guidelines set forth in the Code of Virginia in preparing the annual budget. County departments, the School Board, Constitutional offices and Regional agencies draft a spending plan relative to their needs. County Administration and Finance balances the budget utilizing existing revenue sources and reserves. The Board of Supervisors seeks public input and determines if additional funding sources are required to meet service demands.
- **Capital Planning:** The Capital Improvement Plan offers a systematic approach to planning and financing capital improvements. A minimum general fund appropriation has been established over time by the Board of Supervisors for annual capital funding. Revenue sources are earmarked for capital, including local taxes such as consumer utility, business license and meals, and property tax rate or assessed value increases. Other revenue sources include year-end fund balance, state and federal grants and debt service. The appropriation is allocated to savings for replacement of apparatus, computers, and vehicles, as well as construction and regional projects.
- **School Revenue Sharing and Debt Service Funding:** Annual school funding is calculated through growth in non-categorical general fund revenues. School Debt Service funding is provided by the general fund and capped at an established amount. School capital improvements are planned within the annual debt service funding available.
- **Formal Financial Policies:** The County has adopted Finance Policies to assist the Board of Supervisors in maintaining fiscal stability and accountability in the use of its resources to provide services to the citizens. Policies provide guidance on investments, budget, audit, debt, grants and fund balance allocations.
- **Pay & Reclassification Analysis:** The County prepares an analysis of pay grades in relation to the local market every few years. Job duties are taken into consideration. The budget will reflect the adjustments needed.

Economic and Forecast Assumptions

Revenue projections assume steady, moderate growth in property values and economic activity. Local economic indicators remain stable, with low unemployment and continued demand in the housing market.

- Revenue projections assume a steady growth in the local economy.
- Expenditure projections reflect inflationary growth in operating costs and known contractual and capital obligations.
- Interest rates on earnings increased in early 2023, but have dropped only slightly as the Fed adjustments to the rate have been minor.
- December 2025's unemployment rate was 2.9%, a slight increase from 2.2% in December 2024, and less than the State average of 3.6%.
- The housing market shows high values continuing, partly due to lack of inventory.
- The war in Iran has negatively affected the economy, particularly in fuel costs

While some costs—such as fuel, healthcare, and retirement contributions—are inherently uncertain, projections are based on the best available data and historical trends.

Base Case Summary

The base case projection starts with what the County's spending looks like as of the proposed FY2027 budget and estimates the significant changes that are known in the coming five-year time horizon. From today's public service levels, the projection adds known revenue and expenditure changes in all areas where there is reasonable information or basis for a projection.

Under the base case scenario, which assumes continuation of current policies and service levels:

- Revenues grow steadily but modestly
- Expenditures increase at a faster rate due to structural cost drivers
- The funding gap expands significantly over the planning period

Addressing this imbalance will require a combination of policy decisions, operational adjustments, and potential revenue enhancements.

A substantial proportion of budget-balancing efforts have been made by baselining current expenditures and limiting the addition of new requests. Due to revenue constraints, the underlying problem of not funding new or more improved services has not been fully addressed.

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Master Financial Schedule	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
SOURCES						
Property Taxes	\$ 98,573,055	\$ 100,423,843	\$ 102,361,392	\$ 105,792,944	\$ 107,844,307	\$ 109,996,887
Local Taxes	27,236,900	28,328,446	29,472,404	30,671,329	31,927,899	33,244,930
Licenses, Permits & Fees	850,300	884,312	919,684	956,472	994,731	1,034,520
Fines, Forfeitures & Penalties	365,250	390,818	418,175	447,447	478,768	512,282
Interest & Investment Income	4,325,000	4,325,000	4,325,000	4,325,000	4,325,000	4,325,000
Rents & Sale of Surplus	348,700	359,161	369,936	381,034	392,465	404,239
Charges for Services	3,620,674	3,874,121	4,145,310	4,435,481	4,745,965	5,078,183
Miscellaneous	235,303	235,303	235,303	235,303	235,303	235,303
Recovery of Government Costs	174,573	174,573	174,573	174,573	174,573	174,573
State Revenue	13,968,285	14,806,382	15,694,765	16,636,451	17,634,638	18,692,716
Federal Revenue	1,174,369	1,174,369	1,174,369	1,174,369	1,174,369	1,174,369
Total Revenues	\$ 150,872,409	\$ 154,976,327	\$ 159,290,911	\$ 165,230,403	\$ 169,928,018	\$ 174,873,002
Transfers-In						
Revenue Recovery	1,750,000	1,925,000	2,117,500	2,329,250	2,562,175	2,818,393
Capital	84,290	86,819	-	-	-	-
Total General Fund Resources	\$ 152,706,699	\$ 156,988,146	\$ 161,408,411	\$ 167,559,653	\$ 172,490,193	\$ 177,691,394
Fund Balance	\$6,500,000.00	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
Reserves	1,250,000	553,851	553,851	225,000	225,000	-
Grand Total Sources	\$ 160,456,699	\$ 164,041,997	\$ 168,462,262	\$ 174,284,653	\$ 179,215,193	\$ 184,191,394
USES						
Salaries & Wages	\$ 33,929,771	\$ 36,304,855	\$ 38,846,195	\$ 41,565,428	\$ 44,475,008	\$ 47,588,259
Fringe Benefits	11,921,716	12,637,019	13,395,240	14,198,955	15,050,892	15,953,945
Other Charges	4,759,719	4,997,705	5,247,590	5,509,970	5,785,468	6,074,742
Professional & Contractual Services	6,397,296	6,736,115	7,606,254	9,053,234	8,439,229	8,861,190
Materials & Supplies	4,967,435	5,464,179	6,010,596	6,611,656	7,272,822	8,000,104
Capital Outlay	198,492	206,432	214,689	223,277	232,208	241,496
Capital	4,931,648	5,406,143	6,162,826	6,166,148	6,162,852	6,170,575
Debt Service (General Fund)	13,422,286	12,963,869	12,204,382	12,201,611	12,204,028	12,198,647
Contributions	9,107,668	10,018,435	11,020,278	12,122,306	13,334,537	14,667,990
Transfers Out						
Revenue Recovery	160,000	160,000	160,000	160,000	160,000	160,000
Shenandoah Valley Social Services	2,050,213	2,296,239	2,571,787	2,880,402	3,226,050	3,613,176
Children's Services Act	3,100,000	3,255,000	3,417,750	3,588,638	3,768,069	3,956,473
School Fund	57,314,586	59,607,169	61,991,456	64,471,114	67,049,959	69,731,957
School Capital Improvement	1,695,869	1,695,869	1,695,869	1,695,869	1,695,869	1,695,869
Fund Balance	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
Grand Total Uses	\$ 160,456,699	\$ 168,249,028	\$ 177,044,913	\$ 186,948,607	\$ 195,356,990	\$ 205,414,423
Surplus/(Shortfall)	\$ -	\$ (4,207,031)	\$ (8,582,651)	\$ (12,663,954)	\$ (16,141,797)	\$ (21,223,029)

Approaches for Fiscal Stability

Acting now to meet future needs: The plan notes approaches for effect, but assumes that policy makers will select and implement one or more actions available to them under the constraints of State law, local policies and public hearing requirements. Investment over time will assist in meeting expenditure needs in later years.

Property taxes: Property taxes are the primary source of government funding. Real estate and personal property account for over two-thirds of general fund revenues. In order to gain traction on matching revenues and expenditures in future years, changes in these tax rates will need to be considered. The following reflect the revenue generated for one cent of tax:

Real estate	\$.52/\$100	\$1,226,200
Property – vehicles	\$2.60/\$100	\$ 96,000
Property - business	\$2.00/\$100	\$ 20,000

Property taxes are incorporated into the School funding formula and any deviations from the formula will need to be determined by the Board of Supervisors.

Fire tax: In 2023, the Board requested the General Assembly to amend the state code to allow Augusta County to participate in the establishment of fire tax districts. Prior to the law change, Augusta was the only locality in Virginia that was not allowed to utilize fire tax districts. Revenue from a fire tax would specifically cover expenses related to the Fire Department. Further General Assembly action is needed to allow tax districts for EMS services. Implementation of a fire tax is a potential solution to funding portions of the Fire and Rescue Strategic Plan.

Local taxes: Many local taxes are set at the maximum rates set by Virginia Code. The Board has considered many of these sources of funding to meet maximum allowable amounts to raise revenue to offset future costs.

Type	Derived
Local Sales Type	1% of State collections
Consumer Utility Tax (electric)	Varies by customer type - max
Business License Tax	Varies by customer type - max
Utility License Tax (telephone)	.5% max
Bank Franchise Tax	80% of State Tax (max)
Recordation Tax	8.3% max
Wills & Administrative Tax	3.3% max
Cigarette Tax	\$.40 per pack (max)
Lodging Tax	6% max (3% tourism)
Meals Tax	6% max (3% tourism)

General Assembly actions in 2026 through HB334 proposes allowing localities to impose an additional 1% local sales tax via referendum to fund school construction and renovation. The bill now lies with the budget conference committee, which is tasked with reconciling differences between the House and Senate spending plans. The bill removes limitations on the tax's expiration date.

Grants: Departments make the best effort to apply for grants available to improve services and are cognizant of long-term costs associated with the program supported by the grant. State and federal funding included in the Five-Year Financial Plan are static from year to year and have been in place for many years.

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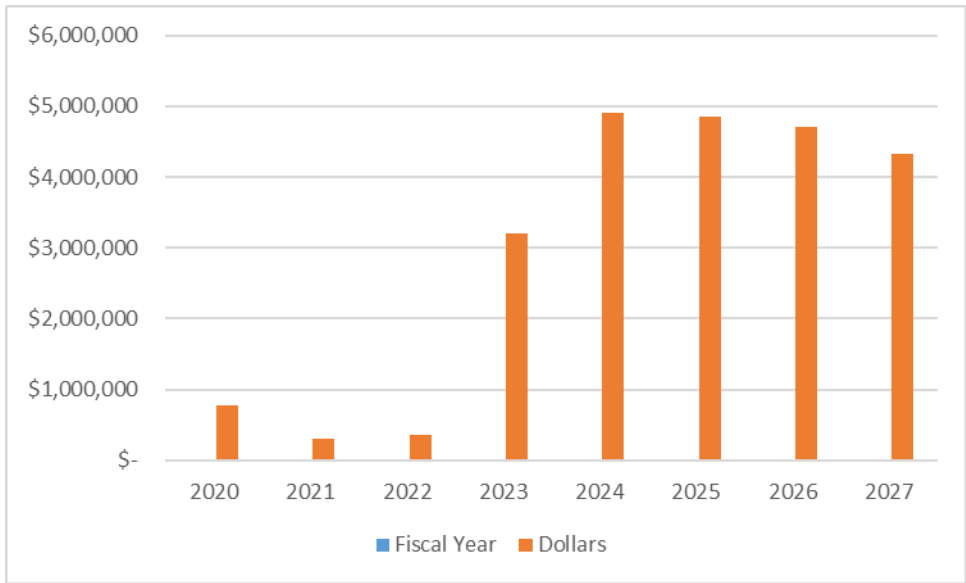
Detail of Base Case Countywide Revenue Projections:

Assumptions of Percentage Change in Major General Fund Revenues						
	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	5yr average
	Forecast	Forecast	Forecast	Forecast	Forecast	
Property Taxes	2%	2%	2%	2%	2%	2%
Local Taxes	4%	4%	4%	4%	4%	4%
Licenses, Permits & Fees	4%	4%	4%	4%	4%	4%
Fines & Forfeitures	7%	7%	7%	7%	7%	7%
Interest & Investment Income	0%	0%	0%	0%	0%	0%
Rents & Sale of Surplus	3%	3%	3%	3%	3%	3%
Charges for Services	7%	7%	7%	7%	7%	7%
State Revenue	6%	6%	6%	6%	6%	6%
Federal Revenue	0%	0%	0%	0%	0%	0%
Recovery of Government Costs	0%	0%	0%	0%	0%	0%
Transfer from Revenue Recovery	10%	10%	10%	10%	10%	10%

Source: Master Financial Schedule

- Property Taxes:** The base case projections assume the property tax assessments will grow an average of 1.2% for real estate, 5.5% for vehicles and 5% for other business personal property. These averages are based on historical experience from 2016 as a base tax year to 2025, the last completed tax year. Historic property value assessment increases are used in lieu of property tax collections, as any change in the tax rate in past years would generate an average increase that is overstated. Public service corporation real estate is assessed by the State Corporation Commission and follows the annual sales assessment ratio percentage, which declines as the assessment moves away from the fair market value. Overall, property taxes are estimated to increase by 2% per year in the financial plan, barring any further actions by the Board of Supervisors to add revenue.
- Local taxes:** Taken together, this group of locally generated revenues is projected to increase by 4% per year. Each component of local taxes was estimated to increase by its respective historical average increase. Sales tax revenue has grown 42% over the last five years, tracking significant CPI increase in 2021 and 2022 and leveling off in recent years.
- Licenses, Permits and Fees:** These locally-controlled revenues are projected to grow by 4% per year based on historical averages. The fees are volatile from year to year, as large construction projects may come and go from year to year.

- Interest & Investment Income:** Interest earned on bank deposits for County investments increased significantly due to investment rate changes in 2023. The proposed forecast for the next 5 years is flat, as the continued growth in investment rates is undetermined as the Fed continues to monitor rates with the expectation that they will be lowered. Revenue has varied from -210% to +89% over a historical five-year period, so it is hard to predict. The following chart shows the significance of the change, which allows for service growth in high yield years, but service retraction in years when rates drop.



- State and Federal Revenues:** State revenues have increased due to action in the General Assembly to increase funding for the Compensation Board. Communications tax has stabilized after years of decline. Federal revenues are assumed to be roughly flat or declining during the period, as the School Resource Officer (SRO) and Comprehensive Opioid, Stimulant, and Substance Use Program (COSSUP) Grant are set to expire and requests for continuation are pending. Payment in-lieu of taxes for Federal lands within the County has been fully funded by the Federal government in recent years and is estimated to continue in the forecast.

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Detail of Base Case Countywide Expenditure Projections:

Assumptions of Percentage Change in Major General Fund Expenditures						
	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	5yr average
	Forecast	Forecast	Forecast	Forecast	Forecast	
Salaries & Wages	7%	7%	7%	7%	7%	7%
Fringe Benefits	6%	6%	6%	6%	6%	6%
Other Charges	5%	5%	5%	5%	5%	5%
Professional & Contractual Services	5%	13%	19%	-7%	5%	7%
Materials & Supplies`	10%	10%	10%	10%	10%	10%
Capital Outlay	4%	4%	4%	4%	4%	4%
Capital	10%	14%	0%	0%	0%	5%
Debt Service	-3%	-6%	0%	0%	0%	-2%
Contributions	10%	10%	10%	10%	10%	10%
Transfers	4%	4%	4%	4%	4%	4%

Source: Master Financial Schedule

- Salary & Wage Costs:** This report projects General Fund supported salary and fringe benefits to increase from \$34 million in FY 2027 to \$48 million in FY 2032, an increase of \$14 million or 40%. This growth reflects the annualization of positions added in prior fiscal years, vacancies, pay and reclassification adjustments and employee raises or bonuses. The annual increase for salaries and wages is projected to be 7% for each year of the plan.
- Fringe Benefits:** Fringe benefits include employer contributions for taxes for social security and Medicare, VRS, and health insurance. VRS rates are calculated on a bi-annual basis and are affected by actuarial studies for the pool of employees as well as the strength of investment earnings. The Virginia Retirement System (VRS) rate for all Defined Benefit employees decreased from 11.02% in FY25 and FY26 to 9.73% in FY27 and FY28. VRS separated the employer contribution into Defined Benefit and Defined Contribution components effective for contribution rates beginning July 1, 2024. The Defined Contribution rate for FY26 continues at an was an additional 2.13% for employees in the Hybrid VRS Plan and this rate increase to 2.32% in FY27. Defined contributions to VRS will increase as new employees enter the Hybrid VRS Plan and former employees leave VRS Plans 1 and 2. Per VRS, the alternative amortization scheduled increased rates in the short term but moderates rates in the long term. As an example of volatility, rates have fluctuated from as high as 12.55% in FY 2016 to as low as 9.73% in FY 2027.

The County is part of the SAW Health Insurance consortium and is self-insured, whereby all claims are paid from premiums with the exception of those that meet stop-loss thresholds. Health insurance increases have fluctuated from 0% in FY 2025 to upwards of 17.1% in FY 2017. Estimated health insurance increases in the FY 2027 budget are 7.3% . A health insurance reserve account for dependent care is held within the general fund, and assists in leveling the effect of premiums in the budget. The proposed FY 2027 budget includes the use of the reserve by \$750,000.

The annual increase for fringe benefits is projected to be 6% for each year of the plan, or \$4 million (34%) over five years.

- **Baseline Requirements:** Non-employee and non-capital costs to operate government are included in the plan. Other charges consist of insurance, utilities, postage, dues and training. Professional and contractual services consist primarily of maintenance service contracts, audit services, solid waste and recycling hauling and reassessment services. Materials and supplies include office supplies, vehicle fuel and maintenance, and supplies specific to departmental functions. Software as a subscription (Saas) continues to drive up annual operating costs as most technological assets are no longer purchased but accessed through a maintenance service contract. Capital outlay is nominal, and includes new capital purchases, some of which will be added to depreciation for future replacement. Historical averages for these groups are used to predict future growth in the expenditures and will capture the potential changes in costs due to the bettering of equipment over time. Baseline expenditures showed an increase due to inflation over the last few years. Cost of operations will increase \$6.8 million in the five-year period, or 42%. An adjustment for the future reassessment contract was added in the plan in FY29 and FY30 for the 1/1/29 reassessment.
 - **Contributions:** This category includes support of volunteer fire and rescue agencies, juvenile detention home and regional jail. Jail contributions stabilized in FY 2024 and the County took corrective action in FY2025 to alleviate the use of reserve funding in the original budget for the jail contribution on the general fund. The plan designates contribution expenditures at an estimated increase of 10% per year, based on historical data.
 - **Capital and Debt Service:** The capital transfer in the forecast is held at the current Board of Supervisors approved appropriation adjusted for the school debt service funding formula. Debt service in the plan is based on amortization schedules for debt funded by the general fund. Capital and debt service is fairly static from year to year.
 - **Transfers:** Funds for revenue recovery are set by policy and the school capital transfer is for annual school bus purchases. Transfers to Shenandoah Valley Social Services and Children’s Services Act are increased by historical averages and without the use of reserves. The School Fund transfer is based on historical average increases, but will be affected by any changes in revenue per the funding formula.
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Future Budget Considerations - Detail

Personnel: The requests from Departments in this budget year were focused on "people", primarily for recruitment, retention and succession planning. It is of critical importance to invest in the County's workforce as employees are the foundation of every service we provide, and sustaining a high level of performance requires a budget that reflects both current demands and future needs.

Requests included:

- Addressing compensation adjustments that recognize years of service. Long-tenured employees bring invaluable institutional knowledge, stability, and mentorship to our organization. Ensuring that pay structures appropriately reward experience not only supports retention but also reinforces a culture of commitment and professionalism across all departments. Rewarding employees at key milestone years of service (5, 10, 15, etc.) would set a goal for their loyalty to the County, while also providing a retention tool for the County as their employer.
- Enhanced benefits for public safety personnel must remain a priority. These employees operate in high-risk, high-stress environments, and competitive benefits are necessary to recruit and retain qualified individuals. Strengthening these offerings demonstrates our commitment to their well-being and acknowledges the vital role they play in protecting our community. The addition of the 1.85% VRS multiplier was requested by the Sheriff and Fire & Rescue departments, and was identified in the Fire & Rescue Strategic Plan as a priority.
- Transition to a 24/72 work schedule for Fire and Rescue personnel represents a strategic investment in workforce stability, operational efficiency, and fiscal responsibility. The anticipated reduction in overtime expenditures, combined with improved recruitment and retention outcomes, positions Augusta County to deliver sustainable, high quality services while maintaining prudent stewardship of County resources.
- The County provides a health insurance premium subsidy to retirees up to \$2,500 per year. Several neighboring localities currently provide retiree health insurance benefits at a higher subsidy amount. Budget requests from public safety included increasing the subsidy amount. This is not only a recruitment tool, but also a matter of honoring long-term service and commitment to the citizens of Augusta County.
- Finally, we must account for the need to add new positions across County departments. Population growth, increased service demands, and evolving regulatory requirements continue to place pressure on existing staff. Without strategic personnel expansion, we risk service delays, employee burnout, and diminished effectiveness. Investing in additional staffing ensures that we can meet community expectations both efficiently and responsibly. Twenty-six full time position requests are unfunded in the proposed budget, but many have merit and should be contemplated in budget discussions.

County Capital Improvement Funding: A County Capital Fund can also serve as a "rainy day" fund for operating budgets in times of fiscal stress. There have been times that County Capital Funds have been used to offset operating budget expenditure needs, for a reduction of \$4,462,024 in previously committed Capital funding. The Board allocated re-occurring capital funding of \$1.7 in the FY19 budget,

an additional \$1.1 million with the FY20 budget and \$1.6 million in the FY25 budget to offset capital funds previously used for operating. In the FY26 budget, \$2 million of this restoration was diverted from Capital funding to School Debt funding. This figure is noted in the Financial Summary as “Reinstate Capital Funding”.

Comprehensive Plan: One of Vision and Key Priority of the Plan is Quality of Life: Augusta County provides residents with a variety of housing, employment, and recreational opportunities. A Parks and Recreation Master Plan will be procured in 2026 utilizing existing capital funding. The Small Area Plan for Greenville is partially funded in the FY2027 recommended operating budget. Staff is undertaking a build out analysis for housing. Future partnerships with Augusta Water are necessary to increase water and sewer services in areas of the County.

The above items were not included in the Five-Year Plan Financial Summary but are listed for the Boards consideration. The following tables represent the detail for the Financial Summary.

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Future Budget Considerations as Summarized in Financial Summary

Fire & Rescue Strategic Plan	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Capital:						
Crimora Station	-	1,400,000	1,300,000	1,300,000	1,300,000	2,600,000
Churchville Station	2,000,000	2,000,000	2,000,000	-	-	-
Preston L. Yancey Renovation		1,166,667	1,166,667	1,166,667	-	-
Total Capital	2,000,000	4,566,667	4,466,667	2,466,667	1,300,000	2,600,000
Personnel:						
Year 1 (FY25): EMS Only - 11 (Churchville & Stuarts Draft Rescue) - Funded FY25	-	-	-	-	-	-
Year 1 (FY25): Firefighters (Weyers Cave) -3 - Funded	-	-	-	-	-	-
Year 1 (FY25): Training - 2 - Funded FY25	-	-	-	-	-	-
Year 2 (FY26): Firefighters - 3 (Churchville Hub) moved to FY29	-	-	240,950	255,407	270,731	286,975
Year 2 (FY26): EMS Only - 8 (Riverheads Hub) - Funded FY26	-	-	-	-	-	-
Year 2 (FY26): Training Lieutenant - 1 - Partially funded in FY27 VCTC	40,795	43,243	45,837	48,587	51,503	54,593
Year 3 (FY27): EMS Only - 8 (Preston L. Yancey) - Funded FY26	-	-	-	-	-	-
Restore 8 Dual Trained Firefighter/EMT positions PLY	571,852	606,163	642,533	681,085	721,950	765,267
Year 4 (FY28): Fire Marshal - 1	-	107,958	114,435	121,302	128,580	136,294
Year 5 (FY29): None	-	-	-	-	-	-
Year 6 (FY30): Firefighters - 3 (Crimora), moved to FY31	-	-	-	-	270,732	286,976
Year 6 (FY30): EMS Only - 8 (Crimora), moved to FY31	-	-	-	-	721,952	765,269
Total Personnel	612,647	757,364	1,043,755	1,106,381	2,165,448	2,295,375
Grand Total	2,612,647	5,324,030	5,510,422	3,573,047	3,465,448	4,895,375

The Fire & Rescue Strategic Plan implementation will involve issues of how to deliver services with a combined volunteer and career system, and includes significant capital expenditures for equipment, apparatus, and facilities.

The above is based on F&R Budget requests and the Fire & Rescue Strategic Plan.

Personnel above assumes reorg of staff to save 12 additional positions - 3 Middlebrook, 3 Dooms, 6 New Hope. If these positions remain at the respective station, an additional 12 positions will be needed.

Economic Development Plan	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Capital:						
Site Identification Study and Site Evaluation, Prioritization and Development Timeline (1)	150,000	-	-	-	-	-
New Site Purchase (2)	-	1,000,000	2,000,000	2,000,000	-	-
Grade Pad-Site in Mill Place (3)	2,525,786	2,525,786	-	-	-	-
Develop marketing approach for core sectors	150,000	-	-	-	-	-
Comparative Incentive Review for Target Sector	-	150,000	-	-	-	-
Total Capital	2,825,786	3,675,786	2,000,000	2,000,000	-	-
Personnel:						
Business Retention and Expansion Specialist (4)	83,657	88,676	93,997	99,637	105,615	111,952
Additional Position	-	-	-	82,031	86,953	92,170
Total Personnel	83,657	88,676	93,997	181,668	192,568	204,122
Grand Total	2,909,443	3,764,462	2,093,997	2,181,668	192,568	204,122
Implementation of the action matrix from the strategic Economic Development Action Plan.						
Capital:						
(1) Included as a recommendation in Strategic Economic Development Action Plan; Price based on Timmons Proposal; Includes Site Identification Study and Site Evaluation, Prioritization and Development Timeline; Would prepare five-year written strategy for bringing all viable acreage to optimal status and targeted needs for properties. Would determine which of the County's target sectors are best for each site and ROI model.						
(2) Included as a recommendation in Strategic Economic Development Action Plan; Price based off \$50,000/acre for 100 acres; Choice of site would be based off Timmons's site evaluation; would give County its second publicly-owned property. Site could be identified through capital request #1 Site Identification and Site Evaluation process						
(3) A pad ready site in Mill Place will be key in landing the next project. Prospects have 18-24 month timelines to locate or relocate a business. Providing a pad ready site will make the County owned park more attractive to business. Plan is to grade the largest lot, which has topographical challenges. Grant funding through VBRSP will be pursued, but if not obtained, funding for a pad ready site is still a priority.						
Personnel:						
(4) The Strategic Economic Development Action Plan (SEDAP) recommends additional business retention and expansion action items to serve the over 4,000 businesses in Augusta County. The first and fifth recommendations within Year 1 include "Make manufacturing a priority sector for both attraction and BRE efforts. Within the general BRE program, implement BRE activities specifically for businesses within the recommended target sectors," and "Create a written and more formal BRE plan and diligently implement it." This includes developing and implementing a yearly BRE visit and event plan to include the County's four current sectors and the recommended three aspirational sectors. A Business Retention and Expansion Specialist would also allow us to address recommended Action Matrix item #3 under Year 1, "Consider including "Tourism" as a sector addressed like other key sectors." This will be key as we also explore additional outdoor recreation marketing (additional SEDAP recommendation) as a workforce development tool. This position could assist on development obstacles, business attraction projects to include site development and monitoring project performance agreements. Having three full-time economic development and tourism positions could include additional grant application and management and additional business attraction activities to include travel in addition to giving more resources to other recommendations within the SEDAP.						
Debt service for the water tank in Mill Place has been funded through the growth in the tax base in Mill Place.						
Note: The summary shows the continuation of this resolution to recoup funds for improvements in Mill Place in the amount of \$600,000.						

School Debt Service Funding	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Estimated impact on School CIP balance due to required increase in debt service	-	-	1,717,145	4,112,028	6,510,208	8,900,664
	2006	2026	2027	2028	2029	2030
Approved debt service limit	7,256,250	7,256,250	9,256,250	9,256,250	9,256,250	9,256,250
Annual debt service payments	5,992,000	10,737,530	10,558,412	10,791,847	12,225,918	16,053,644
Ratio	1.21	0.68	0.88	0.86	0.76	0.58
Increase over prior year				233,435.00	1,434,071.00	3,827,726.00
				Add SDMS	Add SMS	Add VCTC
Sales tax referendum for school construction (1%) - FY2027 budget estimate			10,946,000			
Potential increase over approved debt service amount, but remember based on consumer spending			1,689,750			
School staff has noted that the new debt service limit will not cover costs in next 10 year plan. Price of construction is too high.						
HB334 proposes allowing localities to impose an additional 1% local sales tax via referendum to fund school construction and renovation. The bill now lies with the budget conference committee, which is tasked with reconciling differences between the House and Senate spending plans. The bill removes limitations on the tax's expiration date.						
Reference:						
School Debt Service funding is provided by the general fund and capped at an established amount (\$9,256,250).						
School capital improvements are planned within the annual debt service funding available.						
Transfer from general fund to debt fund for school annual debt service payments (principal and interest on loans). This amount is static at \$9,256,250. Last increase in maximum amount was in 2026 budget.						
History – Board of Supervisors in the early 1990's established a budget/funding plan for school construction. Plan included establishing a meals tax. School debt service allocation was established in 1994 at \$2,435,000						
1998 increased to \$3,690,000 (+\$1,255,000)						
1999 increased to \$4,832,250 (+\$1,142,250)						
2006 increased to \$7,256,250 (+\$2,424,000, 1/2 of 2005 reassessment growth)						
2026 increased to \$9,256,250, (+\$2,000,000 reduction in county capital improvement transfer)						
Note: School CIP account is in County Capital Improvement Fund						
School Composite Index Shortfall	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Negative change the composite index formula	1,944,823	1,944,823	1,944,823	1,944,823	1,944,823	1,944,823
The School Composite Index for Augusta County changed from .3888 to .4040, a decrease in State funding of \$1,944,823.						
State revenues are based upon a State biennial budget and incorporate at composite index rate. The composite index is a representation of a localities ability to pay or fund education and due to increases in real estate values, the County state funding has dropped. The index is comprised of a weighted formula that compares three local measures of wealth - real property values, adjusted gross income, and local option sales taxes - to statewide averages and adjusts these indicators by student population and total population. The sum of two-thirds of the student population component and one-third of the population component is then multiplied by a local nominal share of the Standard of Quality. The product of this formula - the local composite index (LCI) is then applied to the established SOQ costs, less the estimate sales and use tax revenues returned to the locality on the basis of its school age population, to determine required local expenditures to meet the SOQ.						

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