STAUNTON™
VIRGINIA

School Board/City Council Joint Budget Work Session

April 10, 2025

STAUNTON VIRGINIA

Overall Proposed Budget

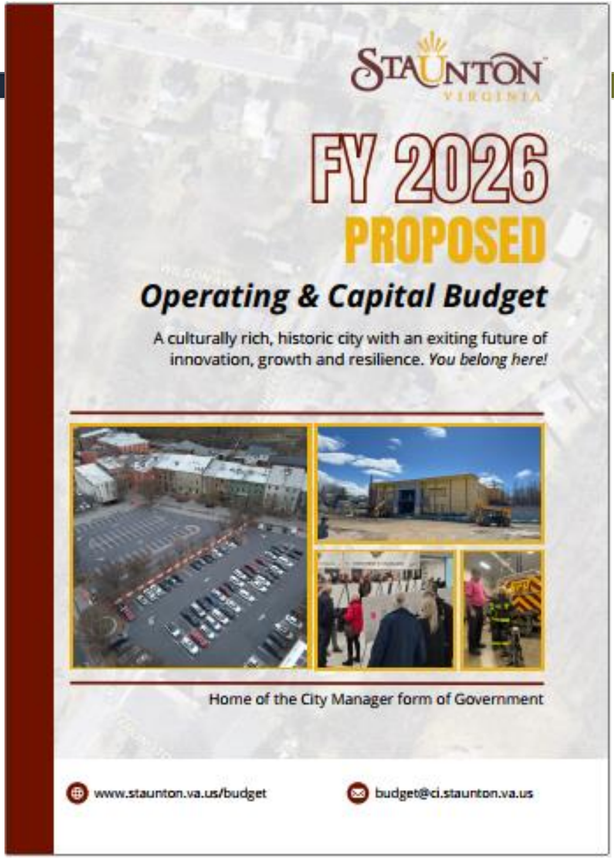
July 1, 2025—June 30, 2026

Total proposed budget is **$164,037,707** for all funds

- ❖ $15.4 million (or 10.4%) increase over FY 2025

General Fund proposed budget is **$79,613,013**

- ❖ $6.1 million (or 8.31%) increase over FY 2025



Total Proposed Budget – All Funds

What's behind the 10.4% increase in the total budget?

The total budget increase can be misleading, as it includes capital expenditures and transfers between funds

- 5% = related to capital improvements, primarily for water, sewer, and stormwater utility and infrastructure projects
- 2.2% = increase in the local contribution to City Schools
- 2.0% = increase in state and federal funding, most of which is restricted use
- 1.2% = all other operating increases

General Fund Revenues

General Property Taxes

- Real estate tax revenue increase by $4,469,075
- Personal property tax revenue increase by $278,000

Other Local Taxes

- No material changes in Sales and Transient Occupancy (Lodging) tax revenue
- Meals tax revenue increase by $90,000
- Business license tax revenue increase by $100,000

Restricted for specific expenditures

State Funding

- Virginia Department of Transportation reimbursable funds increase by $1.1 million
- State revenue increase of $513,800 for Children's Services Act

Recovered Cost

- Loss of Harrisonburg/Rockingham Jail Buy-in ($665,000)

Real Estate Tax Rate Increase Proposal

Proposed Real Estate Tax Rate **$.91/$100 assessed value to provide most flexibility to address critical and essential infrastructure investments**

FY 2018 2-cent rate increase for Staunton High School renovation

"Recent events have demonstrated that those additional funds are more critical than ever and can build a path to address ongoing city infrastructure maintenance needs, starting with work that is required in the tunnels that run underneath downtown."

"Longer term, this is an opportunity for the city to consider and plan for more aggressive and proactive flood mitigation efforts as it relates to the creeks and tunnels that are underneath a core economic and business district."

Where Is the New Money in the General Fund Going Exactly?

$ 1,647,852

Staunton City Schools

- Per the school funding formula
- 9.55% increase

$ 372,770

Juvenile & Domestic Relations District Courthouse

- New FY 2026 Expenditures
- $275,985 Salaries and Benefits
- $96,785 Operating Expenditures

$ 657,030

Capital Improvements Funding

- For Critical Infrastructure Repairs and Improvements

Where Is the New Money in the General Fund Going Exactly?

$ 1,117,397

Salaries and Benefits

- $707,707- 3% cost of living increase for FT/PT employees
- $147,572 – 1.5% bonus Const. Officers/staff, Structural Adjustments, Other
- $201,676 - 10% increase in health insurance due to high claims
- $60,442 – Unfreeze Traffic Position

$ 305,830

Other Expenses

- $76,000 Expand Real Estate Tax Relief
- $16,500 Police K-9 Replacement
- $39,760 New StauntonBusiness.com website
- $173,570 Other City Dept. Increases
    - ($64,500 of this amount is funded with offsetting revenues, including DMV fees, recreation trips, economic development agreements, state aid books)

Where Is the New Money in the General Fund Going Exactly?

$981,964

Outside Agency & SAW Partnerships

- $714,763 Department of Social Services & CSA (local portion only) - ⬆15%
  - $433,776 State & Federal Grant Funded
  - $280,987 Locally Funded Portion - ⬆15%
- $119,400 Animal Shelter – ⬆68.0%
- $136,773 Valley Community Services Board – ⬆50%
- $43,846 Middle River Regional Jail – ⬆1.3%
- $29,051 Office on Youth – ⬆15.6%
- $8,988 Health Department – ⬆2.8%
- $8,871 SDDA – ⬆4.27%
- $35,000 Valley Children's Advocacy Center - ⬆233%
- $1,700 Talking Book Center - ⬆ 74%
- $(81) *Shenandoah Valley Partnerships - ⬇ .3%
- $(1,503) *Central Shenandoah Planning District Commission - ⬇1.1%
- $(109,844) *Juvenile Detention Center - ⬇32.6%
- $(5,000) Staunton Community Capital Fund - ⬇25%

*These agencies are fully funded. Reductions based on their FY26 application.

$ 1,026,786 - ⬆ 52%

VDOT Reimbursable Funds

- Funded with state VDOT funds
- For qualified expenditures only
- Increase due to the state raising the reimbursement per lane mile over the last two years

Budget Balancing

Budgets are all about choices and making difficult decisions and are based on Council priorities, sound financial and management principles and experience

- $430,000 in operating expenditures, across city departments, were reduced or realigned allowing a portion of new budget requests to be funded without having to identify additional funds
- FY 2026 CIP funding to be funded with projected FY 2025 carryover = $3.6 million
- Many new department requests remain **unfunded**:
  - **<u>$1.5 million</u> in new/upgraded positions and enhanced benefits**
  - **More than <u>$2.4 million</u> in operational and equipment expenditures**
- $146,250 in new outside agency requests remain unfunded
- Budgeted attrition (position vacancy) savings = $300,000
- Budgets $.9 million from Debt Service Sinking Fund balance to cover FY 2026 annual debt service

Expenditure Details—Education

SCS Ranking	Year
43rd	2024
▲ 45th	2023
▲ 55th	2022
▲ 68th	2021
▲ 100th	2019
▲ 105th	2018

- Proposed transfer from the city totaling **$18.9 million** equals 23.7% of the city's General Fund budget
  - **Increase of $1.65 million** over FY 2025 (9.55%)
- School Board FY 2026 Proposed Budget = $51.4 million, $3.0 million increase over FY 2025
- Outstanding General Fund Debt service for schools = $42.3 million (**64%** of total General Fund debt)

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Juvenile & Domestic Relations District Court

Total Annual Budget for J&DR District Court=$2,269,653

$1,597,194 – FY 2026 Annual Debt Service

$505,507 - Sheriff’s Department Annual Budget

- $457,113 - 6 Full-time Positions
- $29,109 - 1 Part-time Position
- $19,285 – Body Worn Cameras, Training & Travel, Wearing Apparel, and Dues

Unfunded Requests – 2 full-time positions ($148,360), 6 new vehicles ($383,538)

$166,952 - Building Maintenance Department Annual Budget

- $58,737 - 1 Full-time Position
- $20,715 - 1 Part-time Position
- $62,000 - Utilities
- $25,500 - Cleaning Supplies & Uniform Rentals

Unfunded Request – 1 full-time custodian position ($58,737)

School Funding Formula

- Current funding formula signed in August 2022, first used for FY2024 local contribution
- Based on audited data for the two fiscal years prior
- Key Components
  - Property Taxes (not including downtown tax) 53.118% over two years
    - 26.559% Fiscal Year 1
    - 26.559% Fiscal Year 2
  - Other Local Taxes (not including Meals, Sales, & Occupancy Tax due to EDA/Tourism agreements) 12.01% over two years
    - 6.005% Fiscal Year 1
    - 6.005% Fiscal Year 2
- Contributions increases since inception
  - FY2024 Increase of $904,934 or 6.01% (first year of the formula)
  - FY2025 Increase of $1,286,439 or 8.06% (first half of 2023 assessment increase recognized)
  - FY2026 Increase of $1,647,852 or 9.55% (second half of 2023 assessment increase recognized)

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- FY2024 Contribution
  - FY2021 Audited Figures
  - FY2022 Audited Figures
- FY2025 Contribution
  - FY2022 Audited Figures
  - FY2023 Audited Figures
- FY2026 Contribution
  - FY2023 Audited Figures
  - FY2024 Audited Figures

Staunton City Schools Funding Formula for FY2026

	2022	2023	2024
Property Taxes	29,012,709	33,278,054	35,194,157
Downtown Tax	(132,460)	(140,410)	(141,759)
Net Property Taxes	28,880,249	33,137,645	35,052,398
Other Local Tax Revenue	18,939,371	20,149,504	20,541,718
Meals Tax	(5,809,981)	(6,253,785)	(6,659,420)
Sales Tax	(5,484,719)	(5,962,604)	(6,023,555)
Transient Occupancy Tax	(1,208,260)	(1,292,457)	(1,279,279)
Net Other Local Tax Revenue	6,436,411	6,640,657	6,579,463
School Calculation			
% of Property Taxes	26.559%	26.559%	26.559%
% of Other Local Tax Revenue	6.005%	6.005%	6.005%
Appropriation for Education Fund			
Property Tax Revenue	7,670,305	8,801,027	9,309,566
Other Local Tax Revenue	386,506	398,771	395,097
	8,056,812	9,199,799	9,704,663
	FY2024	**FY2025**	**FY2026**
SCS Funding Formula Calculation	$15,970,171	$17,256,610	$18,904,462
	$ 904,934	**$ 1,286,439**	**$ 1,647,852**
	6.01%	**8.06%**	**9.55%**

Total Local School Funding

- *Represents approximately 28% of the General Fund budget.*

	Local Contribution per Funding Formula	City Capital Funding for Schools	City Funded Debt Service for Schools	Total Local School Funding
FY2024	$ 15,970,171	$ 100,000	$ 3,383,117	$ 19,453,288
FY2025	$ 17,256,610	$ 100,000	$ 3,362,084	$ 20,718,694
FY2026	$ 18,904,462	$ 170,000	$ 3,145,799	$ 22,220,261

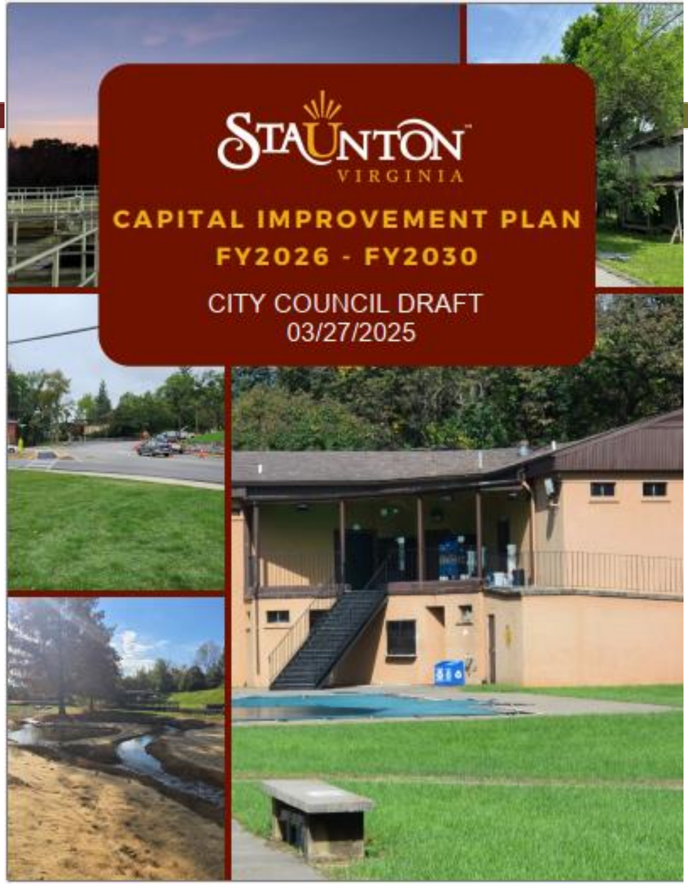
City General Fund Debt

City of Staunton
Summary of debt
Annual Debt Requirements

	CITY GF DEBT PRINCIPAL	INTEREST	TOTAL		SCHOOL DEBT PRINCIPAL	INTEREST	TOTAL	
2026	2,321,900	1,118,326	$	**3,440,226**	1,568,100	1,577,699	$	**3,145,799**
2027	2,439,860	996,750	$	**3,436,610**	1,625,140	1,496,151	$	**3,121,291**
2028	2,569,167	868,309	$	**3,437,476**	1,685,833	1,412,148	$	**3,097,981**
2029	1,484,423	762,090	$	**2,246,513**	1,755,577	1,327,105	$	**3,082,682**
2030	1,495,000	732,478	$	**2,227,478**	1,145,000	1,206,880	$	**2,351,880**
2031	1,570,000	653,938	$	**2,223,938**	1,205,000	1,147,543	$	**2,352,543**
2032	1,650,000	571,425	$	**2,221,425**	1,270,000	1,085,049	$	**2,355,049**
2033	1,735,000	487,634	$	**2,222,634**	1,330,000	1,026,049	$	**2,356,049**
2034	1,815,000	403,590	$	**2,218,590**	1,375,000	978,148	$	**2,353,148**
2035	1,270,000	328,512	$	**1,598,512**	1,420,000	935,524	$	**2,355,524**
2036	1,335,000	261,759	$	**1,596,759**	1,470,000	884,101	$	**2,354,101**
2037	1,405,000	191,547	$	**1,596,547**	1,525,000	831,077	$	**2,356,077**
2038	1,480,000	117,619	$	**1,597,619**	1,570,000	783,879	$	**2,353,879**
2039	1,555,000	39,847	$	**1,594,847**	1,620,000	734,219	$	**2,354,219**
2040	-	-	$	-	1,670,000	681,990	$	**2,351,990**
2041	-	-	$	-	1,725,000	628,094	$	**2,353,094**
2042	-	-	$	-	1,785,000	571,257	$	**2,356,257**
2043	-	-	$	-	1,840,000	512,595	$	**2,352,595**
2044	-	-	$	-	1,900,000	453,222	$	**2,353,222**
2045	-	-	$	-	1,965,000	390,637	$	**2,355,637**
2046	-	-	$	-	2,030,000	324,720	$	**2,354,720**
2047	-	-	$	-	2,100,000	256,575	$	**2,356,575**
2048	-	-	$	-	2,170,000	186,120	$	**2,356,120**
2049	-	-	$	-	2,240,000	113,355	$	**2,353,355**
2050	-	-	$	-	2,315,000	38,198	$	**2,353,198**
	26,490,104	8,737,798	$	**35,227,902**	44,004,896	21,244,173	$	**65,249,069**

City & School CIP Funding

- There are many similarities between city and school capital improvements planning:
  - Funding relies heavily on carry over funds being available
  - Aging infrastructure
  - Large unfunded lists
  - Reactive instead of proactive



Unfunded School Capital Requests
Five-Year Total **$48,405,088**

FY 2026 - $10,250,000

- Shelburne Collaborative Space $7,500,000
- Shenandoah Valley Center for Advanced Learning Phase II $2,750,000

FY 2027 - $7,200,000

- Shenandoah Valley Center for Advanced Learning Phase III $7,200,000

FY 2029 - $30,955,088

- SHS Track Bathroom/Storage Building $200,000
- Chromebook Replacements $755,088
- Operations Facility $30,000,000

Unfunded City Capital Requests
Five-Year Total **$134,582,680+**

- Staunton Police Station design and construction - $23,431,427
- Fire Station #1 design and construction - $18,141,382
- Fire Station #2 addition design and construction - $6,198,291
- Frontier Drive Improvements - $10,375,000
- Streetscapes including Middlebrook, Frederick, New St, Coalter St, Central Ave, North Augusta, Lewis St, and Johnson St - $23,986,580
- North River Tunnel & Pipeline - $41,500,000
- New Raw Water Source - $7,950,000
- Parking Lot/Garage Improvements - $3,000,000
- Johnson St/Byers St Tunnel Repairs - Unknown

How to Participate

FY 2026 Budget at www.ci.staunton.va.us/budget

Hardcopies of the budget can be viewed in the City Manager's Office and the Library

Contact City Council at CityCouncil@ci.staunton.va.us or 540.332.3810

Budget Work Sessions

April 10 and 24

Public Hearings

April 10 – Overall Budget Ordinance

Scheduled Budget Adoption

April 24

www.ci.staunton.va.us/budget

CityCouncil@ci.staunton.va.us