

# THREE YEAR FORECAST OF REVENUES AND EXPENDITURES

**The information that follows constitutes the forecast of the County's cost of operations for FY24 through FY26. All projections assume current tax rates remain unchanged.** The FY24 data represents the budget adopted by the Board of Supervisors, while FY25 and FY26 are estimated for projective purposes. This data is presented by fund and includes a description of major revenue and expenditure assumptions used to develop each forecast. Henrico County has opted to project revenues and expenditures of each fund, as opposed to simply projecting the County's General Fund requirements. The actual forecasts, showing the relationship between revenues and expenditures and the predicted effects on fund balance, are presented in a schedule at the end of the narrative.

The revenue and expenditure forecasts for each fund are formulated using a combination of statistical forecasting techniques, regional economic data, and local government operating experience. Preliminary estimates for the subsequent fiscal year are initiated in August of each year using a variety of forecasting models. In the late Fall the County's annual financial audit is finalized. The previous year's revenue and expenditure forecasts are compared against audited financial statements to determine if revenue model refinements are necessary. At that point, refined forecasts are prepared for the upcoming fiscal year.

Revised estimates are analyzed against a variety of forecasted economic data with special emphasis on consumer and wholesale prices, local population, retail sales, building and construction activity, employment, wages, interest rates, Federal and State funding, and general economic conditions to ensure the forecast is consistent with future economic expectations. Refinements are made until the budget is adopted by the Board of Supervisors annually.