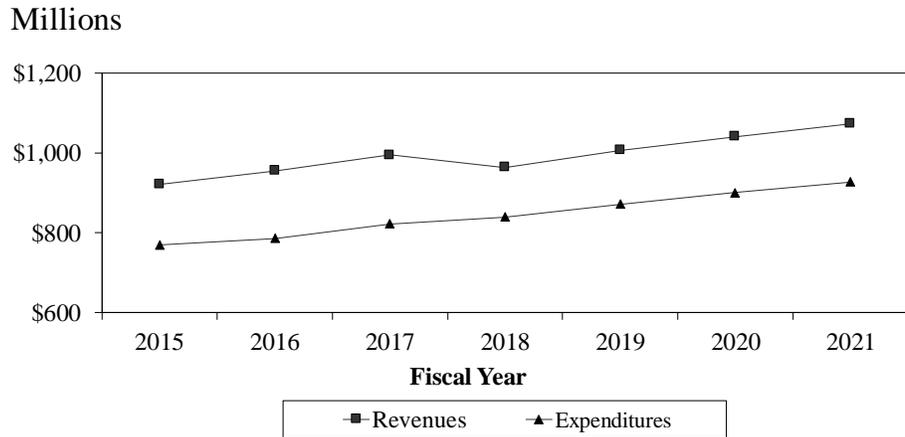


## Three Year Forecast Revenues and Expenditures General Fund



Fiscal Years 2018 through 2021 are estimated. Revenues depicted are prior to transfers to other funds.

### GENERAL FUND

#### (Fund 01)

The General Fund reflects all revenues and expenditures of the County not required to be accounted for in another fund. Local revenues are primarily derived from Real and Personal Property Taxes, Business License Taxes, Local Sales Tax, Charges for Services, and Use of Money and Property. Revenues are received from the State for educational purposes, public safety, constitutional officers, and road maintenance. Revenues from the Federal Government are largely for social services and education.

Major expenditures include the cost of general government services such as education, public safety, streets and roadways, health and social services, recreation and libraries, and transfers to other funds, primarily to fund the County's debt service requirements and capital projects.

#### Revenues

##### Assumptions

Total estimated General Fund revenue for FY2019, prior to transfers to other funds, is \$1,006,796,305. This reflects an increase of \$42,633,218, or 4.4 percent above FY2018 estimates. General Fund revenues for the County of Henrico are categorized into three broad categories: Local Tax Revenue, Other Local Revenue, and State and Federal Revenue. The table below summarizes General Fund revenue by category. Following is a brief discussion of the revenue components in each of these categories, including graphs depicting the historical trends of these revenue sources as compared with future projections.

<u>Description</u>	<u>FY17 Actual</u>	<u>FY18 Original</u>	<u>FY19 Approved</u>	<u>Increase (Decrease)</u>
Local Tax Revenue	\$ 578,179,469	\$ 590,623,000	\$ 621,385,000	\$ 30,762,000
Other Local Revenue	33,266,225	26,812,520	27,524,305	711,785
State and Federal Revenue	382,978,494	346,727,567	357,887,000	11,159,433
Total General Fund Revenue	<u>\$ 994,424,188</u>	<u>\$ 964,163,087</u>	<u>\$ 1,006,796,305</u>	<u>\$ 42,633,218</u>

**Local Tax Revenue:**

Local Tax Revenue represents Henrico County’s principal source of local revenue. County tax revenue is projected to total \$621.4 million or 61.7 percent of total General Fund revenue for FY2019. This represents an increase of 5.2 percent, or \$30.8 million above the current fiscal year. Local Tax Revenue includes:

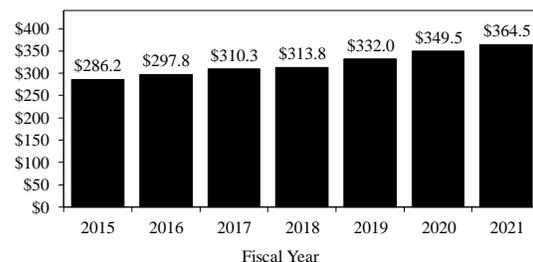
<b>Local Tax Revenue</b>	<b>FY18 Original</b>	<b>FY19 Approved</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>	<b>Pct. Of Category</b>
Real Property Tax	\$ 313,785,000	\$ 332,035,000	\$ 18,250,000	5.8%	53.4%
Personal Property Tax	120,115,000	124,115,000	4,000,000	3.3%	20.0%
Other Property Taxes	5,475,000	5,475,000	0	0.0%	0.9%
Local Sales Tax	64,275,000	67,000,000	2,725,000	4.2%	10.8%
Business License Tax	32,500,000	33,150,000	650,000	2.0%	5.3%
Motor Vehicle License Tax	6,325,000	6,500,000	175,000	2.8%	1.0%
Consumer Utility Tax	2,600,000	2,700,000	100,000	3.8%	0.4%
Hotel/Motel Tax	12,000,000	12,600,000	600,000	5.0%	2.0%
Bank Franchise Tax	5,000,000	5,000,000	0	0.0%	0.8%
Food & Beverage (Meals) Tax	22,988,000	27,000,000	4,012,000	17.5%	4.3%
Other Local Taxes	5,560,000	5,810,000	250,000	4.5%	0.9%
<b>Total Local Tax Revenue</b>	<b>\$ 590,623,000</b>	<b>\$ 621,385,000</b>	<b>\$ 30,762,000</b>	<b>5.2%</b>	<b>100.0%</b>

The majority, 73.4 percent, of the \$621.4 million in Local Tax revenues is derived from Real and Personal Property Tax, which are estimated to generate approximately \$456.2 million or 45.3 percent of total General Fund revenue. Projected Local Sales Tax revenue increased \$2,725,000 or 4.2 percent in FY2019 and makes up 10.8 percent of Local Tax revenue. Business & Professional License (BPOL) Tax revenue is projected to increase by \$650,000 in FY2019. This accounts for the 2019 increase in the BPOL Tax exemption from \$200,000 of gross receipts to \$300,000 of gross receipts.

The Motor Vehicle License Tax revenue is projected to increase \$175,000 in FY2019 to \$6.5 million. The Consumer Utility Tax revenue (electric only) estimate of \$2.7 million is \$100,000 over the FY18 estimate. Revenue from the 8.0 percent Hotel/Motel Tax, estimated to total \$12.6 million, increased 5.0%, or \$600,000, in FY2019. These funds will be paid to the Richmond Convention Center during FY2019. The Convention Center will return \$3.2 million (a fourth of the 8.0 percent levy) to the County at the end of FY2019. The assumptions used when preparing the FY2020 – FY2021 revenue estimates for each of these taxes are described in greater detail in the following pages.

**Real Property Tax Revenues**

Millions



Fiscal Years 2018 through 2021 are estimated.

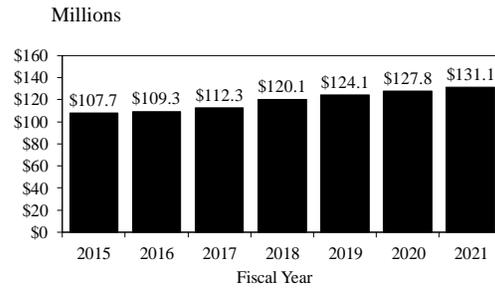
**Real Property Taxes** are estimated to generate \$332.0 million or 33.0 percent of the County’s total General Fund revenue in FY2019. This revenue estimate increased by \$18,250,000 in FY2019. Included within this total is revenue derived from current real estate taxes and real estate taxes paid by public service corporations. The FY2019 budget is balanced within the tax rate of \$0.87 per \$100 of assessed value for CY2018.

Assessment information for January 2018 indicates real estate assessments total \$37.9 billion, reflecting an increase of approximately \$2.2 billion, or 6.0 percent from the January 2017 assessed values. The increase was driven by increased residential reassessments of 4.7 percent. The commercial percentage of the tax base equated to 31.1 percent in January 2018, equal to the ratio in January 2017, as commercial real estate reassessments increased 4.3 percent.

Yearly projections for countywide assessments are based on a forecast model factoring in changes in both residential and commercial values as well as the addition of new residential and commercial construction. The FY2020 and FY2021 projections assume increases to the County’s real property tax collections of 5.3 percent and 4.4 percent, respectively.

**Personal Property Taxes** are levied on the tangible property of individuals and businesses. For individuals, this tax is primarily on automobiles and recreational vehicles. Business personal property includes motor vehicles, machines, furniture, computers, fixtures and tools. The approved budget maintains the following Personal Property Tax rates: \$3.50 per \$100 of assessed value for tangible personal property; \$0.30 per \$100 of assessed value for machinery and tools; \$0.50 per \$100 of assessed value on airplanes; and \$1.00 per \$100 of assessed value for one vehicle for rescue squad volunteers. Also included is the Personal Property Tax rate of \$0.01 per \$100 of assessed value for tangible personal property owned by disabled veterans and vehicles equipped for the physically handicapped. The FY2017 Approved Budget reduced the tax rate aircraft from \$1.60 per \$100 assessed value to \$0.50 per \$100. In FY2018 the tax rate for Data Centers was reduced to \$0.40 per \$100 assessed value. These tax reductions are reflective of an effort to enhance the County’s economic development efforts.

### Personal Property Tax Revenues



Fiscal Years 2018 through 2021 are estimated.  
Actuals and projections include PPTRA.

FY2019 marks the twenty-first year of the Personal Property Tax Relief Act (PPTRA) enacted by the General Assembly in 1998, although actual reimbursements to localities were capped by the State in the 2004 legislative session. Due to the State payment cap, the amount of tax relief will vary by year and locality. The amount of funding Henrico will receive on an annual basis is \$37.0 million. For Henrico residents owning qualifying individual vehicles assessed at or below \$1,000, the State’s reimbursement is intended to pay 100.0 percent of the CY2018 tax levy. For qualifying individual vehicles assessed between \$1,001 and \$20,000, the State will pay Henrico County 52.0 percent of the CY2018 tax levy. With qualifying individual vehicles valued at \$20,001 or more, the State will pay Henrico County 52.0 percent of the CY2018 tax levy for the first \$20,000 of value only. The PPTRA payments from the State are included in the actual and projected revenues. Henrico’s payment from the State will remain constant at \$37.0 million, so as personal property values increase over time, the actual percentage of State reimbursement will decrease.

Personal Property Tax revenue is estimated at \$124.1 million for FY2019. This represents 12.3 percent of total General Fund revenue. This revenue includes taxes from current personal property, taxes on personal property owned by public service corporations, and PPTRA. It is projected that Personal Property Tax receipts will increase by 3.3 percent in FY2020 and 3.0 percent in FY2021.

### Local Sales Tax



Fiscal Years 2018 through 2021 are estimated.

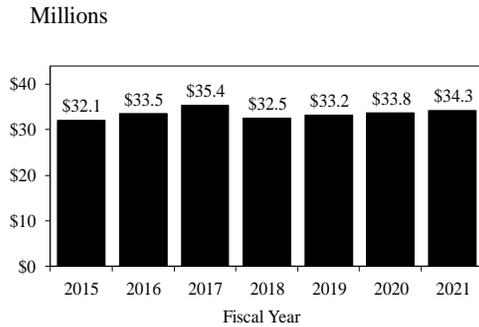
**Other General Property Tax** revenue includes delinquent real estate and personal property taxes, land redemptions and interest, and penalties on delinquent taxes.

**Local Sales Tax** revenue is considered an elastic revenue source because it is responsive to changes in the economy. Effective July 1, 2013, Virginia’s Sales Tax rate was increased from 5.0 percent to 5.3 percent with the State retaining 4.3 percent and the return to the locality will remain flat at 1.0 percent. Local Sales Tax revenue is projected to generate \$67.0 million in

FY2019, an increase of \$2.7 million, or 4.2 percent from the current fiscal year budget. Local Sales Tax revenues are projected to increase by 4.5 percent in FY2020 and 4.3 percent FY2021. Henrico County’s retailers continue to lead

the Richmond Metropolitan Area in the generation of Local Sales Tax revenue. As of May 2018, Henrico County is recording 39.0 percent of the Local Sales Tax dollars redistributed to localities in the Richmond Metropolitan Area by the State. Additionally, a sign of Henrico’s strength as a visitor destination that Henrico lead the largest localities in Virginia in per capita taxable sales for CY2017.

### Business, Professional & Occupational License Tax (BPOL) Revenues



Fiscal Years 2018 through 2021 are estimated.

**Business & Professional License (BPOL) Taxes** are levied on businesses operating in the County. All County businesses must hold a valid business license, but that license may or may not be taxable. In January 1996, Henrico County embarked on the most ambitious BPOL tax reduction strategy in Virginia in an effort to continue to attract economic development to the County. This strategy, completed with the FY2000 Annual Fiscal Plan, resulted in the exemption of the first \$100,000 of gross receipts for County businesses. In FY2018, the county increased this exemption to the first \$200,000 of gross receipts and again, in FY2019, to the first \$300,000. This exemption is different from the “threshold” tax reduction in other Virginia localities. For Henrico County businesses, the first \$300,000 of gross receipts is exempt from the BPOL tax – regardless of total gross receipts. In a “threshold” locality, if a business exceeds

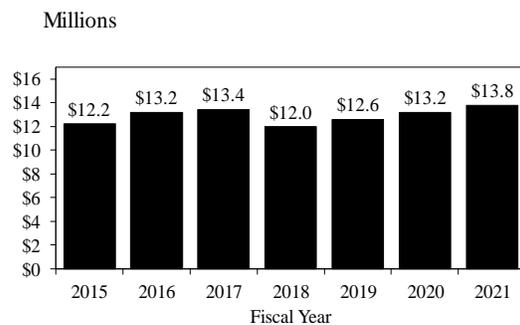
\$300,000 in gross receipts, all gross receipts are taxable as the tax reduction only applies to businesses with total gross receipts below the \$300,000 threshold. In addition, the FY2019 budget maintains a maximum uniform BPOL tax rate of \$0.20/\$100 of gross receipts for all business categories. Taking this increase to the BPOL tax exemption into consideration, the FY2020 and FY2021 forecast estimates BPOL tax receipts will increase to a level of \$33.8 million and \$34.2 million, respectively.

**Motor Vehicle License Taxes** are collected for every motor vehicle or trailer normally garaged, stored or parked in the County. This tax is projected to increase to \$6.7 million during the forecast period.

**Consumer Utility Taxes** are estimated to be \$2.7 million in FY2019 and increase to \$2.8 million in FY2020 and FY2021. The Code of Virginia authorizes localities to impose a tax on the consumers of public utilities (not the same as a tax on utility providers). Residential consumers of public utilities are taxed \$0.70 plus the rate of \$0.007537 per kilowatt hour not to exceed \$1.00 per month. Commercial consumers of public utilities are taxed \$1.15 plus the rate of \$0.007603 per kilowatt hour not to exceed \$10.00 per month.

**Hotel/Motel Taxes** under the Code of Virginia are defined as “transient occupancy taxes.” These taxes are similar to the Sales Tax in that they are based on the value of a purchase, which in this case is a motel or hotel room. The Hotel/Motel Tax rate in the Richmond Metropolitan Area is 8.0 percent, all of which is transferred to the Richmond Convention Center. At the end of the fiscal year, Henrico County’s local 2.0 percent component for tourism expenses will be returned from the Authority. FY2019 revenue estimates for the Hotel/Motel Tax total \$12.6 million. It is anticipated that revenues will increase by 4.8 percent in FY2020 and 4.6 percent in FY2021, respectively.

### Hotel/Motel Tax Revenue



Fiscal Years 2018 through 2021 are estimated.

**Food & Beverage (Meals) Tax** represents revenue forecasted to be generated by the passage of the Meals Tax in November 2013. As pledged to the voters in Henrico, the ordinance passed by the Board of Supervisors in February, 2014 states the Meals Tax will be earmarked for School’s operating and capital budget needs. The FY2019 forecast is \$27.0 million, and it is projected that this revenue will increase to \$28.0 million in FY2020 and FY2021.

**Bank Franchise Taxes** are derived from the taxation of net capital on banks located in the County. In FY2019 Bank Franchise Taxes are estimated at \$5.0 million and will remain flat during the projection period.

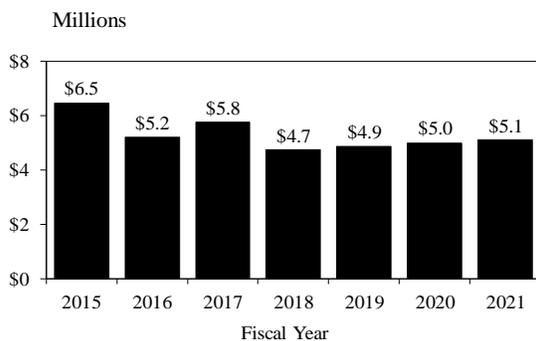
**Other Local Taxes** includes funds received for grantor’s taxes, recordation taxes, daily rental tax, and the consumption tax. In total \$5.8 million is budgeted in FY2019, which is an increase from the current fiscal year by \$250,000 or 4.5 percent. It is projected that Other Local Taxes will remain flat for FY2020 and FY2021.

**Other Local Revenue:**

Other Local Revenue is estimated to generate nearly \$27.5 million in FY2019. This represents a \$711,785, or a 2.7 percent decrease from FY2018. More detailed information on each of these categories of local revenue is included in the pages that follow.

<b>Other Local Revenue</b>	<b>FY18 Original</b>	<b>FY19 Approved</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
Permits, Fees and Licenses	\$ 4,741,100	\$ 4,871,300	\$ 130,200	2.7%
Fines and Forfeitures	2,090,000	2,085,000	(5,000)	(0.2%)
Use of Money and Property	7,925,600	7,960,400	34,800	0.4%
Charges for Services	3,832,850	4,114,867	282,017	7.4%
Miscellaneous	8,222,970	8,492,738	269,768	3.3%
<b>Total Other Local Revenue</b>	<b>\$ 26,812,520</b>	<b>\$ 27,524,305</b>	<b>\$ 711,785</b>	<b>2.7%</b>

**Permits, Fees, and Licenses**



Fiscal Years 2018 through 2021 are estimated.

\$1,382,996.55 year-to-date in FY2018. The forecast for Permits, Fees and License revenues are projected to increase to \$5.0 million in FY2020 and \$5.1 million FY2021.

**Fines and Forfeitures** include revenue for such items as traffic and parking violations, false alarm fees and courthouse maintenance fees. This category is estimated at \$2.1 million for FY2019 and is projected to remain flat for FY2020 and FY2021.

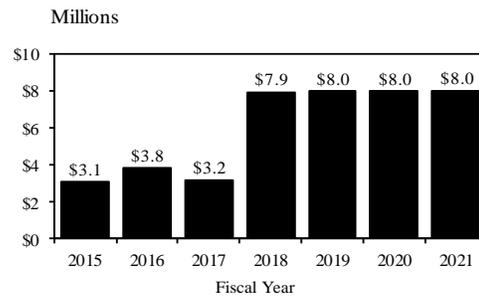
**Permits, Fees and Licenses** include such items as structure and equipment permits, municipal library fees, zoning application fees, fees for the rental of school facilities and dog licenses. This revenue category is estimated to generate \$4.9 million in FY2019, which represents a \$130,200, or 2.7 percent increase when compared to FY2018.

Building Permit Fees, which are an elastic revenue source, account for 71.7 percent of this revenue category in the current budget year. In FY2019 Building Permit Fees are estimated to increase by \$200,000 or 5.9%.

Information through May 2018 indicates an increase of 18.1 percent in the number of permits issued and an increase in permit value of 4.9 percent or

**Use of Money and Property** is estimated to generate \$8.0 million in FY2019. This category of revenue includes receipts from the sale of County property and interest on County investments. The County generates revenue from the prudent and timely investment of cash reserves. The County invests cash reserves in Banker's Acceptances, Certificates of Deposit, Commercial Paper and Treasury Notes. Adherence to stringent cash management principles requires investing public funds in instruments that are safe, liquid, and generate adequate yields (See "Financial Guidelines"). Revenue from use of money and property is projected to remain flat in FY2020 and in FY2021.

## Use of Money and Property



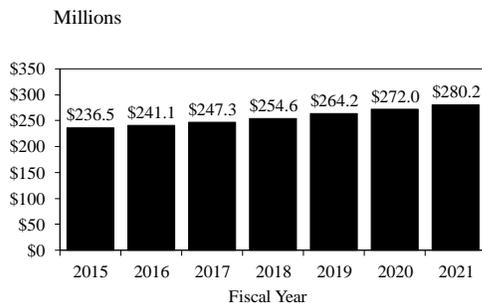
Fiscal Years 2018 through 2021 are estimated.

**Charges for Services** are revenues paid by users of various County services including participation fees for Recreation and Parks special interest classes and sports leagues; charges for overdue and lost books; cafeteria receipts; and charges for data processing services. Revenue from Charges for Services is estimated at \$4.1 million in FY2019 and is projected to increase to 1.0 percent in both FY2020 and FY2021.

### State and Federal Revenue:

State and Federal revenue is estimated at \$357.9 million in FY2019, which represents 35.5 percent of total General Fund revenue. This is a projected increase of approximately 3.2 percent over the current fiscal year. This category is comprised of revenue for General Government programs totaling \$93.7 million and Education funding of \$264.2 million. The following is a look at the components.

### State and Federal Aid to Education



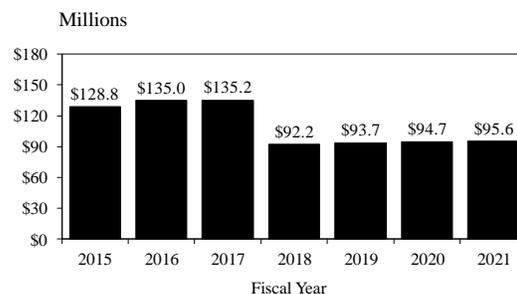
Fiscal Years 2018 through 2021 are estimated.

**State and Federal Aid to Education** is estimated to increase from \$254.5 million in FY2018 to \$264.2 million in FY2019. This represents an increase of \$9.6 million or 3.8 percent. The projection assumes an increase of 3.0 percent in FY2020 and FY2021.

Federal reimbursements for Education have a minimal impact on the level of total appropriations in the General Fund as all the Federal grants awarded to HCPS is recognized in the County's Special Revenue Fund. In FY2019, Federal funding in the General Fund for Education totals \$360,000 and is forecasted to remain constant in FY2020 and FY2021.

**State and Federal Aid to General Government** is estimated at \$93.7 million in FY2019. This represents an increase of \$1.5 million or 1.7 percent when compared to the FY2018 budget. General Government programs for which Henrico County receives State and Federal funding include police, street and highway maintenance, and partial payments for the salaries and benefits of constitutional officers and their employees. The budget estimate for the car tax payment from the State is included in the local Personal Property Tax projections for FY2018 through FY2021, due to the State not fully implementing the PPTRA (see Personal Property Taxes section). As such the budget for personal property tax is in one central location. It must be noted that the budget adopted by the Virginia General Assembly in May 2004 froze the PPTRA

### State and Federal Aid to General Gov't.



Fiscal Years 2018 through 2021 are estimated. PPTRA payments are reflected in the FY2015-FY2017 totals. Current and future year projections include the estimate for personal property in one central location (local revenue).

reimbursement to localities. The payments to localities have equaled the FY2005 payment. Henrico's payment under the State cap is \$37.0 million. As such, over time, the reimbursement from the State has and continues to remain flat, while the local component (paid by the County taxpayers) has and will continue to increase.

Henrico is projected to receive \$46.1 million for road maintenance in FY2019. This includes the recalibration of the lane mile rate for which Henrico's gasoline tax allocation is calculated. This recalibration was part of the 2013 Omnibus Transportation package passed by the General Assembly. This forecast projects these funds to grow at a rate of 2.1 percent per year, with the remainder of State and Federal Aid remaining flat.

This is a result of legislation approved by the General Assembly in the 2006 Legislative Session, which was the passage of the Virginia Communications Sales & Use Tax (HB568). This bill changed the way certain communication mediums are taxed in Virginia by removing the taxing authority from localities and placing a statewide tax on certain services. Included in the statewide 5.0 percent sales and use tax are landline telephones, cellular telephones, Voice Over Internet Protocol (VOIP), paging services, cable television services, satellite television services, and satellite radio. With the passage of HB568, localities no longer administer several local taxes and fees such as the Consumer Utility taxes on landline telephones, the mobile phone utility tax, local E-911, and cable franchise fees. This does not affect the Consumer Utility Tax as it applies to electric and gas companies, as well as Wireless E-911 fees received by the County from the State. The State distributes the revenues from the Virginia Communications Sales and Use Tax to localities based upon FY2006 actual receipts for the taxes and fees that were eliminated, after administrative costs for the tax are covered along with funding for the telephone relay service center for the deaf and payment of any local cable franchise fees that will now be collected by the State Department of Taxation. In total, the Communications Sales & Use Tax, which went into effect January 1, 2007, is projected to total \$12.3 million in FY2019.

This forecast projects no Federal Aid to General Government in FY2019 as all budgeted sources of Federal Aid are included in the Special Revenue Fund.

## **Expenditures**

### **Assumptions**

While developing the FY2019 Annual Fiscal Plan, difficult decisions were required to bring the budget into balance and maintain the real estate tax rate at \$0.87 per \$100 of assessed value in CY2018. These decisions were reached after careful review and planning by the Board of Supervisors. This planning reaches beyond FY2019 and is intended to establish a balance between the County's recurring revenues and expenditures in future years. The FY2019 General Fund Budget of \$871.9 million represents an increase of \$32.2 million or 3.8 percent, which is discussed below and in greater detail in the County Manager's Budget Message and respective department narratives.

Education is the top priority of the Board of Supervisors. In FY2019, the Education budget represents 55.6 percent of General Fund expenditures. General Fund Education expenditures total \$485.1 million in the Annual Fiscal Plan, which represents an increase of \$15.2 million, or 3.1 percent. Of the total expenditures in Education, 45.5 percent are funded with locally generated revenues and 54.5 percent are funded with State and Federal funding. It must be noted that the totals above do not include Debt Service costs for Education, which are entirely a local responsibility (see the Debt Service Fund forecast).

For General Government, the total for the FY2019 Annual Fiscal Plan is \$386.7 million, which represents an increase of \$16.9 million, or 4.6 percent. The focus continues to remain on Public Safety. For the Police Division, \$423,222 has been added for the Body-Worn Camera/Taser Officer Safety Program. For the Division of Fire, \$654,430 was added for the first year of a five-year EMS CARE program and three new Firefighter positions were included for the final year of a three-year plan to add a total of nine new Firefighters for the alleviation of staffing pressures.

General Fund expenditures are forecasted to grow by 3.3 percent in FY2020 and 3.1 percent in FY2021. The proposed levels of operational funding allow for the continuation of existing service levels as well as new operating costs associated with capital projects approved by the Board of Supervisors. In addition, funding has been dedicated for much need operating and capital projects for Schools, various road maintenance and construction projects.

The FY2019 Capital Budget totals \$177.0 million. The five-year Capital Improvement Program for FY2019 through FY2023 includes requests that exceed \$1.2 billion. The County of Henrico will continue to ensure necessary Capital Projects are funded in a manner that maintains the County's AAA/AAA/Aaa bond ratings (See "Financial Guidelines"). Of the \$177.0 million FY2019 Capital Budget, \$62.4 million is for Water and Sewer projects. Water

and Sewer projects are funded by revenues from water and sewer user and connection fees and revenue bonds. The remaining balance of \$114.6 million within the FY2019 Capital Budget has been approved for Education and County General Fund supported departments. Of this total, \$53.0 million is supported by bonds overwhelmingly approved by the voters in November 2016. The total for the G.O. Bond Referendum was \$419.6 million, which will be issued to support projects for Education, Recreation, Public Safety, Libraries, and Road projects, over a six-year period.

As a means of ensuring the County does not rely too heavily on debt financing for required infrastructure improvements, the FY2019 Annual Fiscal Plan includes \$61.6 million in pay-as-you-go funding from a variety of sources. The FY2019 transfer of includes an allocation of \$40.6 million from General Fund balance. This allocation includes \$10.0 million for pay-as-you-go projects of which: \$5.0 million allocated for maintenance of General Government building and technology infrastructure; \$2.5 million is used for school roofing and mechanical needs, which has been included in the capital budget since 1998; and \$2.5 million for Countywide pedestrian improvements. The remaining \$30.6 million will be used for following projects: \$9.3 million for high school field upgrades; \$8.5 million for the Circuit Court renovation; \$4.9 million for the Woodman Road extension; \$3.8 million for the Human Services building renovation; \$3.0 million for the Sheriff Orbit facility; \$0.6 million for a Police Storage facility; and \$0.5 million for Oakley's Lane.

The FY2019 revenue transfer totals \$21.0 million, which includes; Motor Vehicle License Fee revenue of \$1.0 million, which supports various Public Works' ongoing projects; dedicated General Fund resources of \$2.3 million are included for an ongoing stormwater project to meet the County's Chesapeake Bay Total Maximum Daily Load (TMDL) permit requirement. The General Fund revenues transfer for FY2019 also includes \$8.6 million and will fund the School Bus Replacement Program, the Fire Apparatus Replacement Program, and the Police Vehicle Replacement Program.

Finally, the projected revenues from the food and beverage tax, commonly referred to as the "Meals Tax", will once again be allocated to Schools as prescribed in the ordinance the Board of Supervisors passed. A total of \$9.0 million is allocated to various Education capital projects. This revenue source was approved by the voters in November 2013 to fund capital and operational needs of the County's school system.

**To (From) Debt Service Fund** represents the forecast of General Fund support to the Debt Service Fund. The debt service levels through FY2021 are calculated on new, existing and projected debt service requirements. The forecast period is based on projected debt service costs arising from all prior debt issues, including debt authorized in prior referenda in 2000, 2005, and 2016.

**To (From) Capital Projects** is projected at \$61.6 million in FY2019, as discussed above. Projections for FY2020 and FY2021 include transfers of \$50.2 million and \$40.5 million in each year, respectively, for anticipated capital projects.

**To (From) Water and Sewer Enterprise Fund** represents the annual transfer to pay for the debt service costs associated with \$32.0 million in debt for infrastructure improvements made at the Elko Industrial Tract for current and future economic development prospects. The FY2019 estimate of these costs is \$1.9 million and the costs for FY2020 and FY2021 are estimated to remain relatively flat.

**To (From) Risk Management Fund** is the transfer of funds to support risk management operations. The fund was established in FY2005. The FY2019 transfer is for \$9.0 million to support the County's Risk Management operations, which includes the cost of the County's self-insurance program (excluding healthcare, which is a separate Internal Service Fund) and the cost to purchase insurance policies as well as funding the administrative costs of the operation. The anticipated transfer to fund the cost of the County's Risk Management operation is estimated to increase to \$10.0 million in FY2020 and \$11.0 million in FY2021 in an effort to minimize mid-year budget amendments for this area.

**To (From) Special Revenue Fund** is the anticipated local requirement from the General Fund to support a variety of State and Federal grant programs including the Capital Region Workforce Partnership (CRWP – formerly CATC), the Community Corrections Services Program (CCP), the Department of Social Services including the Comprehensive Services Act (CSA) program, and the Virginia Juvenile Community Crime Control Act (VJCCCA). Also included in the transfer is the County's funding for the curbside-recycling program in the Solid Waste Division and the County's funding for the Department of Mental Health and Developmental Services. The transfer to the Special Revenue Fund is estimated at \$30.4 million in FY2019. The projections over the forecast period are \$31.3 million in FY2020 and \$32.2 million in FY2021 and were determined after analyzing all the individual components of the Special Revenue Fund.

**To (From) JRJDC Agency Fund** represents the transfer to pay for Henrico County's share of the operating costs and debt service requirements associated with the James River Juvenile Detention Center (JRJDC). The JRJDC Agency Fund accounts for the James River Juvenile Detention Center budget. Henrico County, as the majority partner serves as the fiscal agent for the James River Juvenile Detention Center Commission. The JRJDC Agency Fund accounts for the Commission's revenues from participating localities, operating and debt service expenditures. As the forecast indicates, the transfer to the JRJDC Agency Fund is anticipated at \$3.2 million for FY2019, as the debt associated with the construction of the facility has been paid. The transfer for the JRJDC Agency fund is projected to increase to \$3.2 million in FY2020 and \$3.3 million in FY2021.

**(To) From OPEB - GASB 45** represents the anticipated funding for the costs associated with the accounting requirement issued by the Government Accounting Standards Board (GASB) known as GASB 45. A new fiduciary fund was created in FY2006 with an allocation of \$6.7 million. The transfer will allow the County to budget for the annual cost of public employee non-pension benefits, all outstanding obligations and commitments related to Other Post-Employment Benefits (OPEB) in the same manner as reporting financial information for pensions. Projections for FY2019, FY2020, and FY2021 total \$2.7 million each year, which is anticipated to fully fund the County's obligation in this area.

**(To) From Line of Duty** represents the anticipated funding needed for expenses associated with the Line of Duty payments. The Line of Duty Fiduciary Fund was created in the FY2012-13 Annual Fiscal Plan because of a mandate from the Commonwealth of Virginia that requires localities to pay the cost of this State approved benefit. Projections for FY2019 were \$1.1 million, which will fund the County's obligation in this area. The transfer is projected to increase to remain flat in FY2020 and FY2021.

**(To) From Long Term Disability** represents the anticipated funding needed for expenses associated with the payments for County-provided long-term disability benefit for eligible General Government and Schools employees. In January 2017, the county contracted with Metropolitan Life Insurance Company to fully insure and administer a long-term disability program. Projections for FY2019, FY2020 and FY2021 remain flat at \$600,000 each year, which will fund the County's obligation in this area.

**(To) From Fund Balance – General** encompasses any money used to fund. The 2019 figure incorporates 4 areas: Capital Projects, Capital Reserve, Assigned and Unassigned. \$10.0 million in **Capital Projects** represents the allocation of funding for pay-as-you-go construction from the General Fund for Education and General Government to support various ongoing projects. **Capital Reserve** represents the allocation of designated funding for specific projects. In FY2019, \$17.7 million is being allocated for multiple projects. The FY2020 and FY2021 forecasted expenditures are budgeted at \$28.7 million and \$18.5 million, respectively, to cover future capital projects. **Assigned Fund Balance** totals \$9.3 million reserved for the renovation high school fields. **Unassigned Fund Balance** totals \$1.0 million for Fire Apparatus replacement.

**(To) From Community Revitalization Fund** is a new fund created to serve as a resource for improvement of older neighborhoods within Henrico with the flexibility to immediately address urgent problems. Current year revenues totaling \$2.0 million will be used to support this fund.

**(To) From State Revenue Stabilization Fund** is used to offset reduced State revenues in the event of a future recession. In FY19, an additional \$1.0 million will be added to this fund bringing the total fund to \$3.5 million. This is in addition to the significant improvement of the County's reserves over the past five years.

**From Sinking Fund – Bond Ops** are funds held in reserve to offset increases in future operating costs associated with schools, parks, fire facilities, and libraries that will be constructed with General Obligation Bond funds authorized by the voters in the March 2005 referendum. This funding source was first used in FY2003. The use of the designated fund balance is an allocation from the Sinking Fund reserve, which was created by the Board of Supervisors in FY2002 to pay for Bond Referendum operating costs. Once the large one-time incremental increases, which arise from these projects, dissipate, then the reserve will no longer be required. In FY2019, a forecasted use of \$0.9 million is anticipated while \$3.0 million and \$1.1 million is anticipated for FY2020 and FY2021, respectively.

**Ending General Fund Balance** represents reserves not appropriated for expenditure, including the assigned and unassigned balances. The unassigned portion of fund balance in FY2013 was reduced to 15.0 percent, from 18.0

percent of general fund expenditures to accommodate the funding of replacement Education and General Government vehicles. Unassigned fund balance is projected at 15.0 percent of general fund expenditures in FY2018, FY2019, FY2020, and FY2021.

## General Fund Forecast

	FY16-17 Actual	FY17-18 Approved	FY18-19 Approved	FY19-20 Forecast	FY20-21 Forecast
<b>Revenues:</b>					
Current Real Estate Tax	\$ 301,412,803	\$ 305,500,000	\$ 323,750,000	\$ 341,000,000	356,000,000
P.S. Real Estate Tax	8,894,578	8,285,000	8,285,000	8,500,000	8,500,000
Current Personal Prop. Tax <sup>(1)</sup>	75,233,396	120,000,000	124,000,000	127,700,000	131,000,000
P.S. Personal Property Tax	77,920	115,000	115,000	70,000	70,000
Other General Property Tax	16,406,539	5,475,000	5,475,000	5,200,000	5,200,000
Local Sales Tax	64,666,206	64,275,000	67,000,000	70,000,000	73,000,000
Business License Tax	35,432,437	32,500,000	33,150,000	33,750,000	34,250,000
Motor Vehicle License Tax	7,199,016	6,325,000	6,500,000	6,600,000	6,700,000
Consumer Utility Tax	2,813,090	2,600,000	2,700,000	2,800,000	2,825,000
Bank Franchise Tax	17,318,152	5,000,000	5,000,000	5,000,000	5,000,000
Hotel/Motel Tax	13,448,236	12,000,000	12,600,000	13,200,000	13,800,000
Food & Beverage (Meals) Tax	28,443,883	22,988,000	27,000,000	28,000,000	28,000,000
Other Local Taxes	6,833,213	5,560,000	5,810,000	5,810,000	5,810,000
<b>Local Taxes Sub-Total</b>	<b>578,179,469</b>	<b>590,623,000</b>	<b>621,385,000</b>	<b>647,630,000</b>	<b>670,155,000</b>
Permits, Fees, & Licenses	5,763,288	4,741,100	4,871,300	5,000,000	5,100,000
Fines & Forfeitures	2,110,351	2,090,000	2,085,000	2,085,000	2,085,000
Use of Money & Property	3,153,825	7,925,600	7,960,400	7,965,150	7,975,000
Charges for Services	6,365,485	3,832,850	4,114,867	4,160,000	4,200,000
Miscellaneous Revenue	15,873,276	8,222,970	8,492,738	8,578,419	8,586,530
<b>Total Local Revenue</b>	<b>611,445,694</b>	<b>617,435,520</b>	<b>648,909,305</b>	<b>675,418,569</b>	<b>698,101,530</b>
State & Federal-Schools	247,292,997	254,562,000	264,185,000	272,000,000	280,160,000
State & Federal-General Government <sup>(1)</sup>	135,685,497	92,165,567	93,702,000	94,675,000	95,600,000
<b>Total State &amp; Fed. Revenue</b>	<b>382,978,494</b>	<b>346,727,567</b>	<b>357,887,000</b>	<b>366,675,000</b>	<b>375,760,000</b>
<b>Total Revenue</b>	<b>\$ 994,424,188</b>	<b>\$ 964,163,087</b>	<b>\$ 1,006,796,305</b>	<b>\$ 1,042,093,569</b>	<b>\$ 1,073,861,530</b>
<b>Transfers:</b>					
(To) From Debt Service Fund	\$ (58,436,493)	\$ (57,762,829)	\$ (63,468,451)	\$ (69,934,408)	(69,870,149)
(To) From Capital Projects Fund	(47,473,678)	(35,067,380)	(61,564,800)	(50,172,800)	(40,472,800)
(To) From Enterprise Fund	(1,928,621)	(1,930,021)	(1,930,021)	(1,928,921)	(1,929,858)
(To) From Risk Management Fund	(16,814,470)	(8,392,479)	(8,965,327)	(9,985,327)	(11,005,327)
(To) From CAM	-	-	(99,500)	-	-
(To) From Technology Replacement	(2,000,000)	(2,250,000)	(2,500,000)	(2,750,000)	(3,000,000)
(To) From Special Revenue Fund	(28,642,053)	(29,189,507)	(30,394,745)	(31,306,587)	(32,245,785)
(To) From JRJDC Agency Fund	(2,979,622)	(3,069,011)	(3,158,722)	(3,221,896)	(3,286,334)
(To) From OPEB - GASB 45 Fiduciary Fund	(2,750,000)	(2,675,000)	(2,675,000)	(2,675,000)	(2,675,000)
(To) From Line of Duty	(569,869)	(700,000)	(1,100,000)	(1,100,000)	(1,100,000)
(To) From Long Term Disability	(522,540)	(600,000)	(600,000)	(600,000)	(600,000)
Use of Fund Balance - Public Works Revenues	-	-	3,678,910	-	-
Use of Fund Balance - Designated Permit Fee	1,000,000	-	-	-	-
Use of Fund Balance - Community Maintenance Reserve	-	-	2,000,000	-	-
(To) Fund Balance - Community Maintenance Reserve	-	-	(2,000,000)	-	-
Use of Fund Balance - Designated Fund Balance	3,100,000	-	-	-	-
Use of Fund Balance - Unassigned	350,000	-	1,000,000	750,000	500,000
(To) From Fund Balance - Hotel/Motel Tax Reimbursement	-	-	9,251,000	-	-
(To) From Fund Balance General Fund	(34,325,645)	-	-	-	-
(To) From Fund Balance - Meals Tax Reserve	(2,000,000)	(2,000,000)	-	-	-
(To) From Fund Balance - Meals Tax FY15	8,783,247	-	-	-	-
(To) From Fund Balance - Meals Tax FY16	2,000,000	-	-	-	-
Use of Fund Balance - Capital Projects	5,000,000	5,000,000	7,500,000	7,500,000	7,500,000
Use of Fund Balance - Pedestrian Improvements	-	2,500,000	2,500,000	2,500,000	2,500,000
Use of Fund Balance - Capital Reserve	4,899,400	6,826,777	17,662,090	18,700,000	8,500,000
Use of Fund Balance - MH/DS East Center Reserve	-	1,967,803	-	-	-
(To) From Revenue Stabilization Reserve	(1,000,000)	-	(1,000,000)	-	-
From Sinking Fund - Bond Ops	1,864,067	2,853,640	927,279	3,033,158	1,071,643
<b>Total Transfers</b>	<b>\$ (172,446,277)</b>	<b>\$ (124,488,007)</b>	<b>\$ (134,937,287)</b>	<b>\$ (141,191,781)</b>	<b>\$ (146,113,610)</b>
<b>Total Resources</b>	<b>\$ 821,977,911</b>	<b>\$ 839,675,080</b>	<b>\$ 871,859,018</b>	<b>\$ 900,901,788</b>	<b>\$ 927,747,920</b>

<sup>(1)</sup> Actual PPTRA Car Tax Reimbursements are reflected as State Aid, although budget estimates do not break out PPTRA Reimbursements from Current Personal Property Tax estimates. FY15 actual = \$37,001,783. Forecast period FY16 thru FY19 equal \$37,000,000.

	<b>FY16-17 Actual</b>	<b>FY17-18 Approved</b>	<b>FY18-19 Approved</b>	<b>FY19-20 Forecast</b>	<b>FY20-21 Forecast</b>
<b>Expenditures:</b>					
General Government Administration	\$ 55,774,969	57,871,707	60,491,164	62,305,899	64,175,076
Judicial Administration	8,265,448	8,500,620	8,851,985	9,029,025	9,209,605
Public Safety	180,804,070	177,239,282	185,422,465	190,985,139	196,714,693
Public Works	51,038,531	50,555,927	52,701,159	53,755,182	54,830,286
Health & Social Services	2,219,894	2,219,895	2,287,051	2,332,792	2,379,448
Education	452,437,492	469,907,245	485,141,995	501,215,706	515,952,176
Recreation & Culture	35,934,721	37,549,926	39,116,632	42,423,289	44,595,988
Community Development	24,795,454	24,121,923	25,125,846	25,879,621	26,656,010
Miscellaneous	10,707,332	11,708,555	12,720,721	12,975,135	13,234,638
<b>Total Expenditures</b>	<b>\$ 821,977,911</b>	<b>\$ 839,675,080</b>	<b>\$ 871,859,018</b>	<b>\$ 900,901,788</b>	<b>\$ 927,747,920</b>
<b>Fund Balance:</b>					
Restricted (*)	\$ 6,886,148	10,000,000	\$ 10,000,000	\$ 10,000,000	10,000,000
Assigned (**)	122,793,214	105,644,994	64,125,715	31,642,557	11,570,914
Unassigned Fund Balance	124,315,651	125,951,262	130,778,853	135,135,268	139,162,188
<b>Total Fund Balance</b>	<b>\$ 253,995,013</b>	<b>\$ 241,596,256</b>	<b>204,904,568</b>	<b>\$ 176,777,825</b>	<b>\$ 160,733,102</b>

\* Represents reserves (largely comprised of encumbrances).

\*\* Changes to designated fund balance are the results of the use of or addition to the Revenue Stabilization Fund and Designated State Revenues.