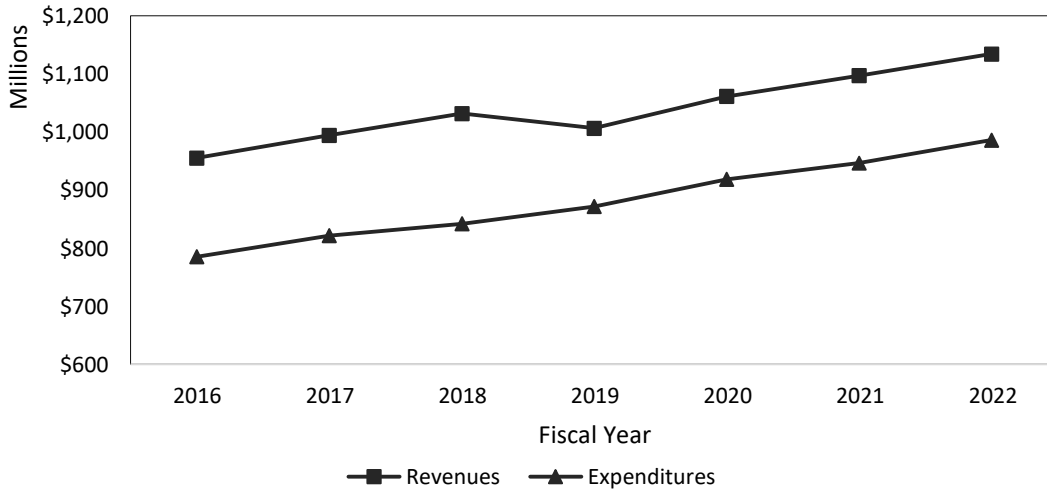


## Three Year Forecast Revenues and Expenditures General Fund



Note: Fiscal years 2019 through 2022 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 education, public safety, constitutional officers, and road maintenance. Revenues from the Federal Government are largely used for social services and education.

Major expenditures include the cost of general government services such as education, public safety, streets and roadways, public health, social services, recreation, 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 FY2020, prior to transfers to other funds, is \$1,061,330,800. This reflects an increase of \$54,534,495, or 5.4 percent above FY2019 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.

Description	FY18 Actual	FY19 Original	FY20 Approved	Increase (Decrease)
Local Tax Revenue	\$ 602,816,069	\$ 621,385,000	\$ 655,905,000	\$ 34,520,000
Other Local Revenue	35,601,712	27,524,305	30,820,800	3,296,495
State and Federal Revenue	393,519,280	357,887,000	374,605,000	16,718,000
Total General Fund Revenue	<u>\$ 1,031,937,061</u>	<u>\$ 1,006,796,305</u>	<u>\$ 1,061,330,800</u>	<u>\$ 54,534,495</u>

**Local Tax Revenue:**

Local Tax Revenue represents Henrico County’s principal source of local revenue. County tax revenue is projected to total \$655.9 million or 61.8 percent of total General Fund revenue for FY2020. This represents an increase of 5.6% percent, or \$34.5 million above the current fiscal year. Local Tax Revenue includes:

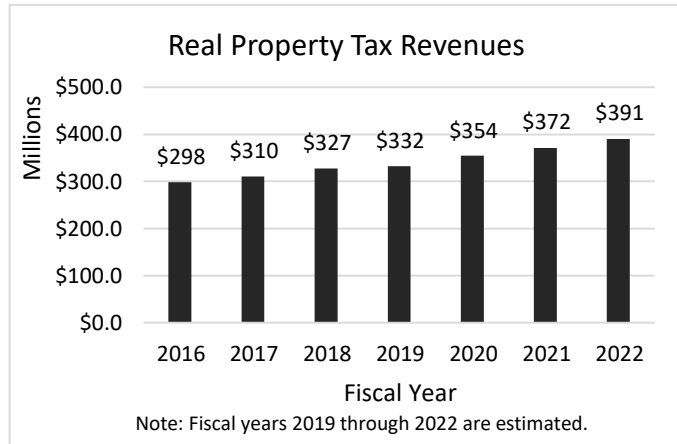
<b>Local Tax Revenue</b>	<b>FY19 Original</b>	<b>FY20 Approved</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>	<b>Pct. Of Category</b>
Real Property Tax	\$ 332,035,000	\$ 354,200,000	\$ 22,165,000	6.7%	54.0%
Personal Property Tax	124,115,000	127,670,000	3,555,000	2.9%	19.5%
Other Property Taxes	5,475,000	5,475,000	0	0.0%	0.8%
Local Sales Tax	67,000,000	70,000,000	3,000,000	4.5%	10.7%
Business License Tax	33,150,000	34,000,000	850,000	2.6%	5.2%
Motor Vehicle License Tax	6,500,000	7,000,000	500,000	7.7%	1.1%
Consumer Utility Tax	2,700,000	2,700,000	0	0.0%	0.4%
Hotel/Motel Tax	12,600,000	13,200,000	600,000	4.8%	2.0%
Bank Franchise Tax	5,000,000	7,500,000	2,500,000	50.0%	1.1%
Food & Beverage (Meals) Tax	27,000,000	28,000,000	1,000,000	3.7%	4.3%
Other Local Taxes	<u>5,810,000</u>	<u>6,160,000</u>	<u>350,000</u>	<u>6.0%</u>	<u>0.9%</u>
Total Local Tax Revenue	<u>\$ 621,385,000</u>	<u>\$ 655,905,000</u>	<u>\$ 34,520,000</u>	<u>5.6%</u>	<u>100.0%</u>

The majority, 73.5 percent, of the \$655.9 million in Local Tax revenues is derived from Real and Personal Property Tax, which are estimated to generate approximately \$481.9 million or 45.4 percent of total General Fund revenue. Projected Local Sales Tax revenue were increased \$3,000,000 or 4.5 percent in FY2020 and make up 10.7 percent of Local Tax revenue. Business & Professional License (BPOL) Tax revenue is projected to increase \$850,000 in FY2020, despite the new BPOL Tax exemption increase from \$300,000 to \$400,000 of gross receipts.

The Motor Vehicle License Tax revenue is projected to increase \$500,000 in FY2020 to \$7 million. The Consumer Utility (electric only) Tax revenue estimate of \$2.7 million is unchanged over the FY19 estimate. Revenue from the 8.0 percent Hotel/Motel Tax, estimated to total \$13.2 million, increased 4.8%, or \$600,000, in FY2020. These collections will be paid to the Richmond Convention Center during FY2020. The Convention Center will return \$3.3 million (one fourth of the 8.0 percent levy) to the County at the end of FY2020. The assumptions used when preparing the FY2021 – FY2022 revenue estimates for each of these taxes are described in greater detail in the following pages.

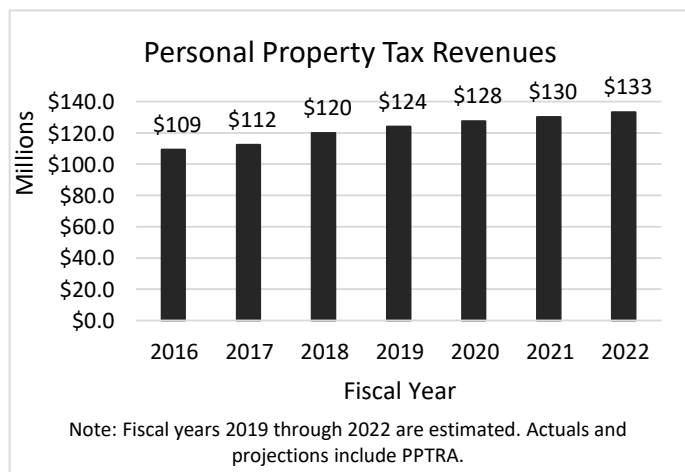
**Real Property Taxes** are estimated to generate \$354.2 million or 33.4 percent of the County’s total General Fund revenue in FY2020. This revenue estimate increased by \$22.2 million in FY2020. Included within this total is revenue derived from current real estate taxes and real estate taxes paid by public service corporations. The FY2020 budget is balanced within the tax rate of \$0.87 per \$100 of assessed value for CY2019.

Assessment information for January 2019 indicates real estate assessments total \$40.2 billion, reflecting an increase of approximately \$2.3 billion, or 6.1 percent from the January 2018 assessed values. The increase was driven by reassessments with a residential growth of 3.5 percent and commercial growth of 6.6 percent. The commercial percentage of the tax base equated to 31.8 percent in January 2019, an increase when compared to the ratio in January 2018.



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 FY2021 and FY2022 projections assume increases to the County’s real property tax collections of 5.0 percent and 5.3 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; \$1.00 per \$100 of assessed value for one vehicle for rescue squad volunteers and \$0.40 per \$100 of assessed value for computer and peripheral equipment used in Data Centers. 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.



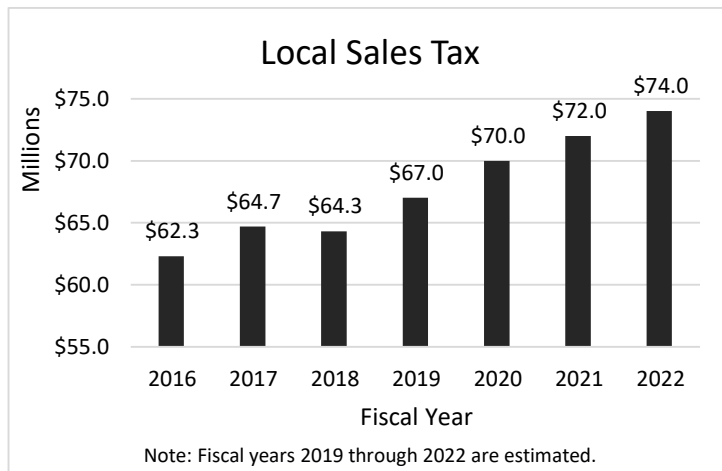
In an effort to enhance the County’s economic development efforts, several personal property tax rates have been reduced. The FY2016 budget reduced the machinery and tools tax rate from \$1.00 per \$100 to \$0.30 per \$100 of assessed value. The FY2017 Approved Budget reduced the tax rate on aircraft from \$1.60 per \$100 assessed value to \$0.50 per \$100. In the FY2018 Approved Budget the tax of \$0.40 per \$100 of assessed value was established for computer and peripheral equipment used in Data Centers at a rate lower than allowed by State code.

FY2020 marks the twenty-second 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 CY2019 tax levy. For qualifying individual vehicles assessed between \$1,001 and \$20,000, the State will pay Henrico County 51.0 percent of the CY2019 tax levy. With qualifying individual vehicles valued at \$20,001 or more, the State will pay Henrico County 51.0 percent of the CY2019 tax levy for the first \$20,000 of value only. The PPTRA payments from the State are included in the actual and projected revenues shown in the graph above. 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 as the share paid by taxpayers will increase.

Personal Property Tax revenue is estimated at \$127.6 million for FY2020. This represents 12.0 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 2.0 percent in FY2021 and 2.4 percent in FY2022.

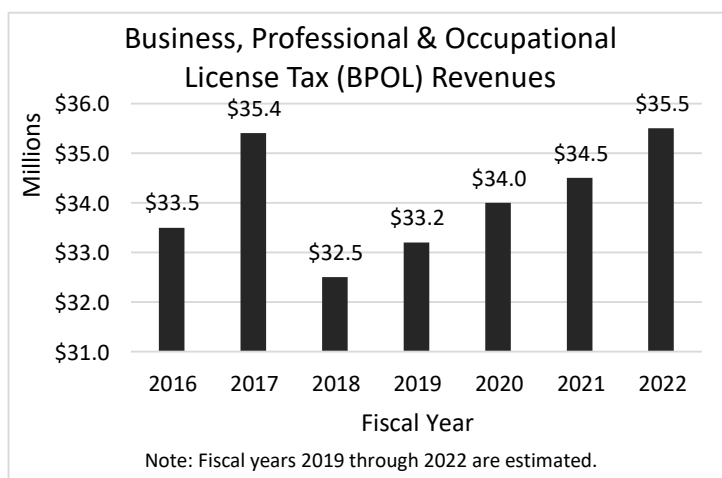
**Other General Property Tax** revenue includes delinquent real estate and personal property taxes, land redemptions and interest, and penalties on delinquent taxes.

**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 1.0 percent returned to the locality. Local Sales Tax revenue is projected to generate \$70.0 million in FY2020, an increase of \$3.0 million, or 4.5 percent from the current fiscal year budget. Local Sales Tax revenues are projected to increase by 2.9 percent in FY2021 and 2.8 percent FY2022. Henrico County’s retailers continue to lead the Richmond Metropolitan Area in the generation of Local Sales Tax



revenue. As of May 2019, Henrico County is recording 38.3 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 is that Henrico leads the largest localities in Virginia in per capita taxable sales for CY2018.

**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, FY2019, and FY2020 the county increased this exemption by \$100,000 each year, now exempting the first \$400,000 of gross receipts.

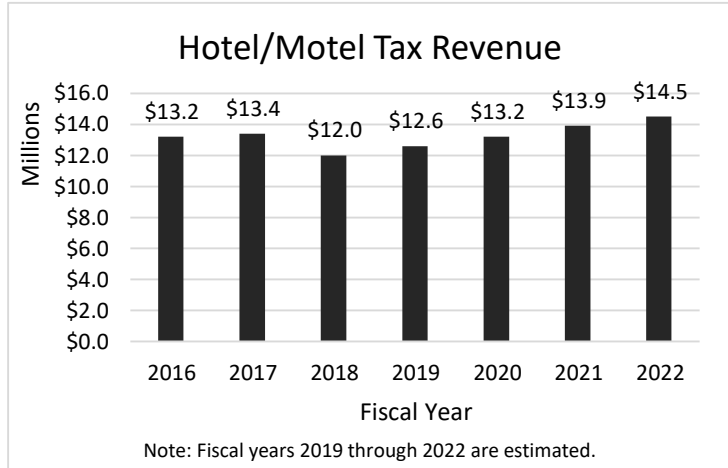


This exemption is different from the “threshold” tax reduction in other Virginia localities. For Henrico County businesses, the first \$400,000 of gross receipts is exempt from the BPOL tax – regardless of total gross receipts. In a “threshold” locality, if a business exceeds \$400,000 in gross receipts, all gross receipts are taxable as the tax reduction only applies to businesses with total gross receipts below the \$400,000 threshold. In addition, the FY2020 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 FY2021 and FY2022 forecast estimates BPOL tax receipts will increase to a level of \$34.5 million and \$35.5 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 \$7.5 million during the forecast period.

**Consumer Utility Taxes** are estimated to be \$2.7 million in FY2020 and increase to \$2.8 million in FY2021 and FY2022. 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 Greater Richmond Convention Center Authority (GRCCA.) At the end of the fiscal year, Henrico County’s local 2.0 percent component for tourism expenses will be returned from the GRCCA. FY2020 revenue estimates for the Hotel/Motel Tax total \$13.2 million. It is anticipated that revenues will increase by 5.3 percent in FY2021 and 4.3 percent in FY2022, respectively.



**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 revenue will be earmarked for School’s operating, capital, and debt service needs. The FY2020 forecast is \$28.0 million, and it is projected that this revenue will remain flat at \$28.0 million in FY2021 and FY2022.

**Bank Franchise Taxes** are derived from the taxation of net capital on banks located in the County. In FY2020 Bank Franchise Taxes are estimated at \$7.5 million and will remain flat during the projection period.

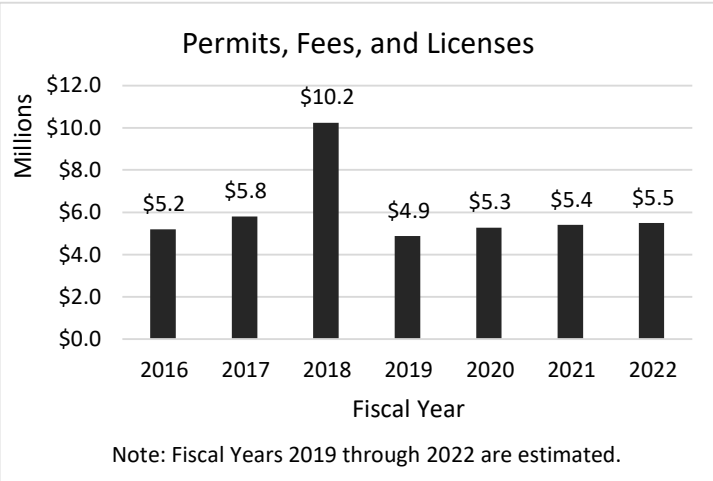
**Other Local Taxes** includes funds received for grantor’s taxes, recordation taxes, daily rental tax, and the consumption tax. In total \$6.1 million is budgeted in FY2020, which is an increase from the current fiscal year by \$350,000 or 6.0 percent. It is projected that Other Local Taxes will increase to \$6.5 million in FY2021 and \$6.8 million in FY2022.

**Other Local Revenue:**

Other Local Revenue is estimated to generate nearly \$30.8 million in FY2020. This represents a \$3,296,495, or a 12.0 percent increase from FY2019. More detailed information on each of these categories of local revenue is included in the pages that follow.

	FY19	FY20	Increase	Percent
<u>Other Local Revenue</u>	<u>Original</u>	<u>Approved</u>	<u>(Decrease)</u>	<u>Change</u>
Permits, Fees and Licenses	\$ 4,871,300	\$ 5,275,800	\$ 404,500	8.3%
Fines and Forfeitures	2,085,000	2,085,000	0	0.0%
Use of Money and Property	7,960,400	8,207,700	247,300	3.1%
Charges for Services	4,114,867	4,077,800	(37,067)	(0.9%)
Miscellaneous	8,492,738	11,174,500	2,681,762	31.6%
Total Other Local Revenue	<u>\$ 27,524,305</u>	<u>\$ 30,820,800</u>	<u>\$ 3,296,495</u>	<u>12.0%</u>

**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 \$5.3 million in FY2020, which represents a \$404,500, or 8.3 percent increase when compared to FY2019.

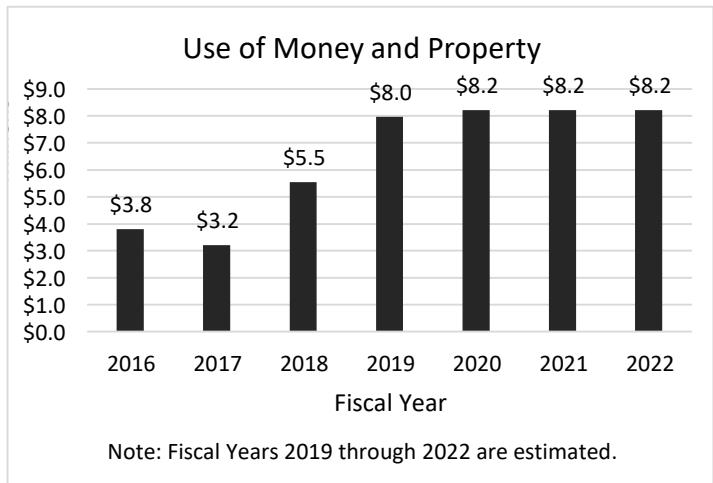


Building Permit Fees, which are an elastic revenue source, account for 68.2 percent of this revenue category in the current budget year. In FY2020, Building Permit Fees are estimated to increase by \$400,000 or 11.1%.

Information through April 2019 indicates an increase of 7.7 percent in the number of permits issued and a decrease in permit value of 21.1 percent or \$133,652,620 year-to-date in FY2019 as several large projects are reflected in the FY2018 actuals. The forecast for Permits, Fees and License revenues are projected to increase to \$5.4 million in FY2021 and \$5.5 million FY2022.

**Fines and Forfeitures** include revenue for traffic and parking violations, false alarm fees and courthouse maintenance fees. This category is estimated at \$2.1 million for FY2020 and is projected to remain flat for FY2021 and FY2022.

**Use of Money and Property** is estimated to generate \$8.2 million in FY2020. This revenue category 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 the use of money and property is projected to remain flat in FY2021 and FY2022.



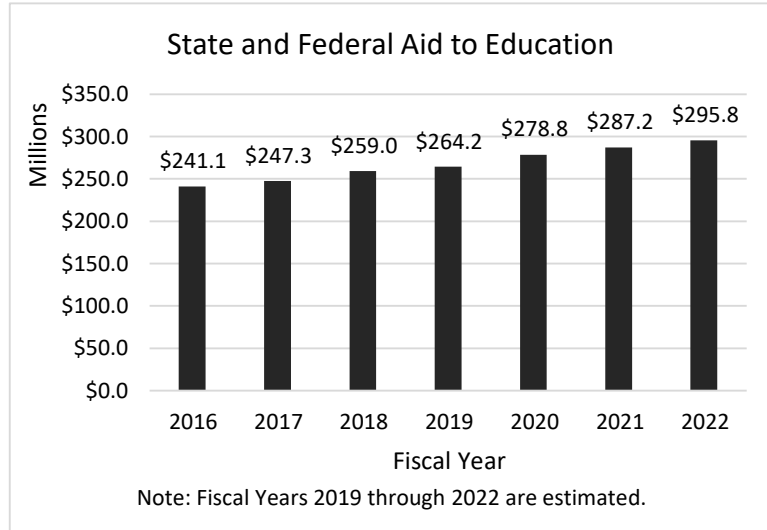
**Charges for Services** are revenues paid by users of various County services including participation fees for Recreation and Parks special interest classes and sports leagues, charges for overdue and lost books, cafeteria receipts, and charges for data processing services. Revenue from Charges for Services is estimated at \$4.1 million in FY2020 and is projected to increase about 1.0 percent in both FY2021 and FY2022.

**State and Federal Revenue:**

State and Federal revenue is estimated at \$374.6 million in FY2020, which represents 35.3 percent of total General Fund revenue. This is a projected increase of approximately 4.7 percent over the current fiscal year. This category is comprised of revenue for General Government programs totaling \$95.8 million and Education funding of \$278.8 million. The following is a look at the components.

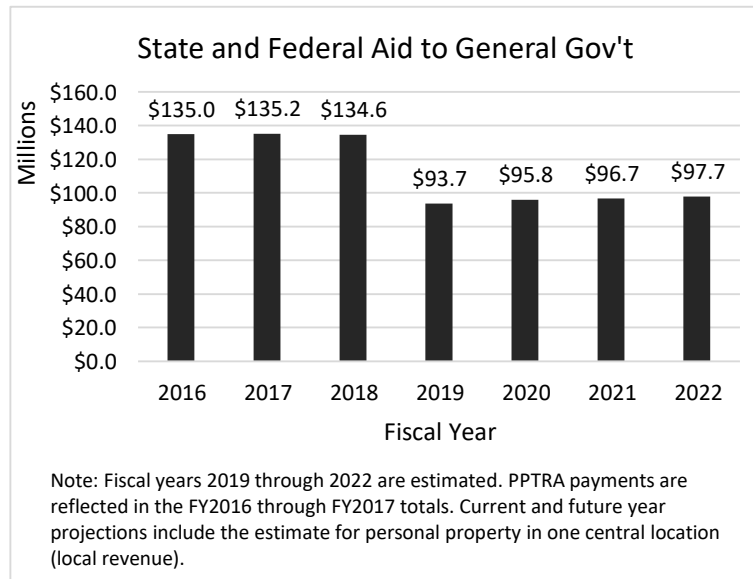
**State and Federal Aid to Education** is estimated to increase from \$264.2 million in FY2019 to \$278.8 million in FY2020. This represents an increase of \$14.6 million or 5.5 percent. The projection assumes an increase of 3.0 percent in FY2020 and FY2021.

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 FY2020, Federal funding in the General Fund for Education totals \$360,000 and is forecasted to remain constant in FY2021 and FY2022.



**State and Federal Aid to General Government** is estimated at \$95.8 million in FY2020. This represents an increase of \$1.5 million or 2.2 percent when compared to the FY2019 budget. General Government programs for which Henrico County receives State and Federal funding include street and highway maintenance, police, and partial payments for the salaries and benefits of constitutional officers and their employees are projected to increase a modest 1.0 percent in FY2021 and 1.3 percent in FY2022.

The largest component of State and Federal Aid to General Government is gas tax revenue. Henrico is projected to receive \$47.0 million for road maintenance in FY2020. 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 1.9 percent per year.



Another significant portion of State Aid to General Governments resulted from legislation approved by the General Assembly in 2006, which passed 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. 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. In FY2006 the County collected \$14.6 million in the four local revenues. While the Communications Sales and Use Tax was supposed to be 'revenue neutral', the projection for FY2020 is \$12.0 million.

Another example of the General Assembly's foray into local taxing authority is the PPTRA. The budget estimate for the car tax payment from the State, for FY2019 through FY2022, is included in the local Personal Property Tax projections to keep the budget for personal property tax in one central location. It must be noted that the budget adopted by the Virginia General Assembly in May 2004 froze the PPTRA reimbursements which at the time were

intended to be revenue neutral. Henrico's payment, still under the State cap, is \$37.0 million and is projected to remain flat while the local component (paid by the County taxpayers) has and will continue to increase.

This forecast projects no Federal Aid to General Government in FY2020 as all budgeted sources of Federal Aid are included in the Special Revenue Fund.

## **Expenditures**

### **Assumptions**

While developing the FY2020 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 CY2019. These decisions were reached after careful review and planning by the Board of Supervisors. This planning reaches beyond FY2020 and is intended to establish a balance between the County's recurring revenues and expenditures in future years. The FY2020 General Fund Budget of \$918.7 million represents an increase of \$46.8 million or 5.4 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 FY2020, the Education budget represents 56.0 percent of General Fund expenditures. General Fund Education expenditures total \$514.5 million in the Annual Fiscal Plan, which represents an increase of \$29.3 million, or 6.0 percent. Of the total expenditures in Education, 45.8 percent are funded with locally generated revenues and 54.2 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 FY2020 Annual Fiscal Plan is \$404.2 million, which represents an increase of \$17.5 million, or 4.5 percent. The focus continues to remain on Public Safety, which received a total increase of \$10.3 million of new resources. For the Police Division, the proposed budget enhances staffing in critical areas. For the Division of Fire, \$444,971 was added for the second year of a five-year EMS CARE program.

General Fund expenditures are forecasted to grow by 3.0 percent in FY2021 and 3.2 percent in FY2022. 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 FY2020 Capital Budget totals \$322.7 million. The five-year Capital Improvement Program for FY2020 through FY2024 includes requests that exceed \$1.5 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 \$322.7 million FY2020 Capital Budget, \$69.7 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 \$253.1 million within the FY2020 Capital Budget has been approved for Education and County General Fund supported departments. Of this total, \$134.2 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 FY2020 Annual Fiscal Plan includes \$78.2 million in pay-as-you-go funding from a variety of sources. The FY2020 transfer includes an allocation of \$56.4 million from General Fund balance. This allocation includes \$10.0 million for pay-as-you-go projects of which: \$5.0 million is 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. Additionally, \$1.0 million of the General Fund balance transfer is earmarked for replacement fire apparatus. The remaining \$45.4 million will be used for following projects: \$29.3 million for high school construction; \$2.0 million for the Henrico Aquatics Center construction; \$1.8 million for the Woodman Road extension; \$1.5 million for the Police Range Classroom Addition; \$1.1 million for Recreation and Parks Facility Rehabilitation and County Building Refresh; \$4.5 million for a Police Storage facility; and \$5.2 million for Oakley's Lane.



The FY2020 revenue transfer totals \$21.8 million, which includes; Motor Vehicle License Fee revenue of \$1.5 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 FY2020 also includes \$8.9 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 FY2022 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 \$78.2 million in FY2020, as discussed above. Projections for FY2021 and FY2022 include transfers of \$55.4 million and \$54.1 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 FY2020 estimate of these costs is \$1.9 million and the costs for FY2021 and FY2022 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 FY2020 transfer is for \$10.0 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), the cost to purchase insurance policies, and 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 \$11.0 million in FY2021 and \$12.0 million in FY2022 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 Children's 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 \$32.6 million in FY2020. The projections over the forecast period are \$33.6 million in FY2021 and \$34.6 million in FY2022 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 \$3.3 million for FY2020, 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 \$3.4 million in FY2021 and \$3.5 million in FY2022.

**(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 FY2020, FY2021, and FY2022 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 FY2020 were \$1.1 million, which will fund the County's obligation in this area. The transfer is projected to remain flat in FY2021 and FY2022.

**(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 FY2020, FY2021 and FY2022 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 specific capital projects. The 2020 figure incorporates 5 areas: Capital Projects, Capital Reserve, Meals Tax Reserve, Assigned, and Unassigned. **Capital Projects** funding of \$10.0 million 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 FY2020, \$14.1 million is being allocated for multiple projects. The FY2021 and FY2022 forecasted expenditures are budgeted at \$22.6 million and \$21.4 million, respectively, to cover future capital projects. **Meals Tax Reserve** totaling \$26.4 million in FY2020 is being allocated to high school construction projects. **Assigned Fund Balance** totals \$2.0 million reserved for costs associated with the Henrico Aquatics Center. **Unassigned Fund Balance** totals \$1.0 million for Fire Apparatus replacement.

**(To) From State Revenue Stabilization Fund** is used to offset reduced State revenues in the event of a future recession. In FY2020, an additional \$1.0 million will be added to this fund bringing the total fund to \$4.5 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 November 2016 referendum. The use of the designated fund balance is an allocation from the Sinking Fund reserve, which was first created by the Board of Supervisors in FY2002 to pay for Bond Referendum operating costs. In FY2020, a forecasted use of \$2.2 million is anticipated while \$0.7 million and \$12.2 million is anticipated for FY2021 and FY2022, 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 FY2020, FY2021, and FY2022.

**General Fund Forecast**

	<b>FY17-18</b>	<b>FY18-19</b>	<b>FY19-20</b>	<b>FY20-21</b>	<b>FY21-22</b>
	<b>Actuals</b>	<b>Approved</b>	<b>Approved</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Revenues:</b>					
Current Real Estate Tax	\$ 316,857,586	\$ 323,750,000	\$ 345,200,000	\$ 362,500,000	381,600,000
P.S. Real Estate Tax	10,321,919	8,285,000	9,000,000	9,000,000	9,000,000
Current Personal Prop. Tax <sup>(1)</sup>	76,891,285	124,000,000	127,600,000	\$ 130,200,000	133,300,000
P.S. Personal Property Tax	74,435	115,000	70,000	70,000	70,000
Other General Property Tax	16,639,217	5,475,000	5,475,000	5,500,000	5,500,000
Local Sales Tax	68,255,943	67,000,000	70,000,000	72,000,000	74,000,000
Business License Tax	35,618,257	33,150,000	34,000,000	34,500,000	35,500,000
Motor Vehicle License Tax	7,246,984	6,500,000	7,000,000	7,250,000	7,500,000
Consumer Utility Tax	2,809,328	2,700,000	2,700,000	2,750,000	2,800,000
Bank Franchise Tax	17,774,694	5,000,000	7,500,000	7,500,000	7,500,000
Hotel/Motel Tax	13,897,900	12,600,000	13,200,000	13,900,000	14,500,000
Food & Beverage (Meals) Tax	29,318,921	27,000,000	28,000,000	28,000,000	28,000,000
Other Local Taxes	7,109,602	5,810,000	6,160,000	6,500,000	6,800,000
<b>Local Taxes Sub-Total</b>	<b>602,816,071</b>	<b>621,385,000</b>	<b>655,905,000</b>	<b>679,670,000</b>	<b>706,070,000</b>
Permits, Fees, & Licenses	10,238,990	4,871,300	5,275,800	5,400,000	5,500,000
Fines & Forfeitures	2,160,593	2,085,000	2,085,000	2,085,000	2,085,000
Use of Money & Property	5,546,832	7,960,400	8,207,700	8,207,700	8,207,700
Charges for Services	4,359,885	4,114,867	4,077,800	4,100,000	4,150,000
Miscellaneous Revenue	13,295,417	8,492,738	11,174,500	13,844,500	14,419,500
<b>Total Local Revenue</b>	<b>638,417,788</b>	<b>648,909,305</b>	<b>686,725,800</b>	<b>713,307,200</b>	<b>740,432,200</b>
State & Federal-Schools	258,961,062	264,185,000	278,820,000	\$ 287,200,000	295,800,000
State & Federal-General Government <sup>(1)</sup>	134,558,216	93,702,000	95,785,000	\$ 96,700,000	98,000,000
	<b>393,519,278</b>	<b>357,887,000</b>	<b>374,605,000</b>	<b>383,900,000</b>	<b>393,800,000</b>
<b>Total Revenue</b>	<b>\$ 1,031,937,066</b>	<b>\$ 1,006,796,305</b>	<b>\$1,061,330,800</b>	<b>\$ 1,097,207,200</b>	<b>\$ 1,134,232,200</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. FY18 actual = \$37,001,783. Forecast period FY19 thru FY22 equal \$37,000,000.

**Transfers:**

(To) From Debt Service Fund	\$ (56,988,407)	\$ (63,468,451)	\$ (71,570,276)	\$ (71,674,517)	(78,293,482)
(To) From Capital Projects Fund	(48,401,850)	(61,564,800)	(78,160,048)	(55,378,000)	(54,138,000)
(To) From Enterprise Fund	(1,930,021)	(1,930,021)	(1,928,921)	(1,929,858)	(1,932,921)
(To) From Risk Management Fund	(12,636,013)	(8,965,327)	(9,983,299)	(11,003,299)	(12,023,299)
(To) From CAM	-	(99,500)	(454,800)	(200,000)	(200,000)
(To) From Technology Replacement	(2,250,000)	(2,500,000)	(2,750,000)	(3,000,000)	(3,000,000)
(To) From Special Revenue Fund	(29,961,300)	(30,394,745)	(32,629,985)	(33,605,065)	(34,609,397)
(To) From JRJDC Agency Fund	(3,069,011)	(3,158,722)	(3,253,484)	(3,351,089)	(3,451,621)
(To) Health Care	(3,000,000)	-	-	-	-
(To) From OPEB - GASB 45 Fiduciary Fund	(2,675,000)	(2,675,000)	(2,675,000)	(2,675,000)	(2,675,000)
(To) From Line of Duty	(930,282)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)
(To) From Long Term Disability	(634,135)	(600,000)	(600,000)	(600,000)	(600,000)
Use of Fund Balance - Public Works Revenues	-	3,678,910	-	-	-
Use of Fund Balance - Community Maintenance Re	-	2,000,000	-	-	-
(To) Fund Balance - Community Maintenance Rese	-	(2,000,000)	-	-	-
Use of Fund Balance - Unassigned	-	1,000,000	1,000,000	750,000	500,000
(To) From Fund Balance - Hotel/Motel Tax Reimb	-	9,251,000	2,000,000	-	-
(To) From Fund Balance General Fund	(44,169,602)	-	-	-	-
(To) From Fund Balance - Meals Tax Reserve	(2,000,000)	-	26,345,233	-	-
Use of Fund Balance - Capital Projects	5,000,000	7,500,000	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	2,500,000
Use of Fund Balance - Capital Reserve	6,826,777	17,662,090	14,055,000	22,605,200	21,365,200
Use of Fund Balance - MH/DS East Center Reserve	1,967,803	-	-	-	-
(To) From Revenue Stabilization Reserve	-	(1,000,000)	(1,000,000)	-	-
(To) From Fund Balance - Schools State Aid Reserv	-	-	3,800,000	-	-
(To) From State Revenue Stabilization Reserve	-	-	1,000,000	-	-
Use of Assigned Fund Balance	-	-	2,987,015	-	-
From Sinking Fund - Bond Ops	2,853,640	927,279	2,243,892	767,550	12,207,426
<b>Total Transfers</b>	<b>\$ (189,497,401)</b>	<b>\$ (134,937,287)</b>	<b>\$ (142,674,673)</b>	<b>\$ (150,394,078)</b>	<b>\$ (147,951,094)</b>
<b>Total Resources</b>	<b>\$ 842,439,665</b>	<b>\$ 871,859,018</b>	<b>\$ 918,656,127</b>	<b>\$ 946,813,122</b>	<b>\$ 986,281,106</b>

	<b>FY17-18 Actuals</b>	<b>FY18-19 Approved</b>	<b>FY19-20 Approved</b>	<b>FY20-21 Forecast</b>	<b>FY21-22 Forecast</b>
<b>Expenditures:</b>					
General Government Administration	56,552,426	60,491,164	63,456,489	65,360,184	67,320,989
Judicial Administration	8,587,700	8,851,985	9,538,516	9,729,286	9,923,872
Public Safety	183,055,082	185,422,465	193,765,348	199,578,308	207,365,658
Public Works	50,536,738	52,701,159	54,608,439	55,700,608	56,814,620
Public Health	2,286,988	2,287,051	2,433,102	2,481,764	2,531,399
Education	468,351,254	485,141,995	514,448,820	530,497,685	556,504,041
Recreation & Culture	36,183,817	39,116,632	41,010,739	43,008,611	44,298,870
Community Development	25,723,482	25,125,846	26,196,813	26,982,717	27,792,199
Miscellaneous	11,162,178	12,720,721	13,197,861	13,473,958	13,729,458
<b>Total Expenditures</b>	<b>\$ 842,439,665</b>	<b>\$ 871,859,018</b>	<b>\$ 918,656,127</b>	<b>\$ 946,813,122</b>	<b>\$ 986,281,106</b>
<b>Fund Balance:</b>					
Restricted	3,965,749	5,000,000	5,000,000	5,000,000	5,000,000
Assigned (*)	146,072,715	104,553,436	62,122,296	47,999,546	23,926,920
Unassigned Fund Balance	129,887,196	130,778,853	137,798,419	142,021,968	147,942,166
<b>Total Fund Balance</b>	<b>\$ 279,925,660</b>	<b>240,332,289</b>	<b>204,920,715</b>	<b>\$ 195,021,514</b>	<b>\$ 176,869,086</b>

\* Includes changes to the Revenue Stabilization Fund, Assigned Reserves, and assumed operational impacts.