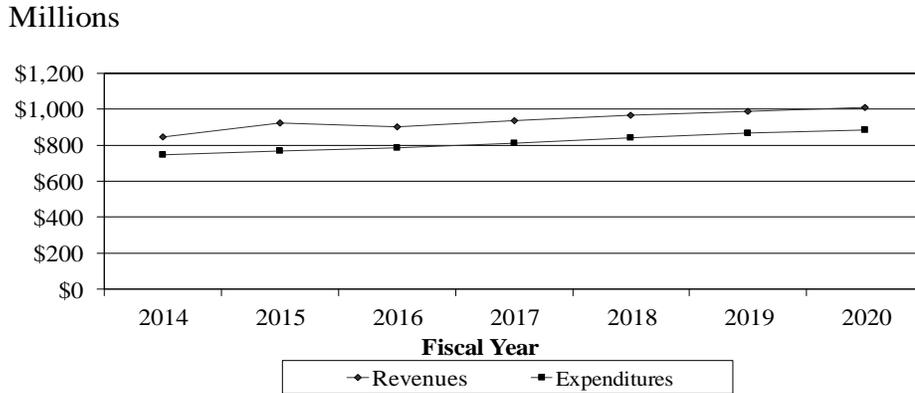


Three Year Forecast Revenues and Expenditures General Fund



Fiscal Years 2017 through 2020 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 FY2018, prior to transfers to other funds, is \$964,163,087. This, reflects an increase of \$30,009,592, or 3.2 percent above FY2017 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>FY2016</u> <u>Actual</u>	<u>FY2017</u> <u>Original</u>	<u>FY2018</u> <u>Approved</u>	<u>Increase</u> <u>(Decrease)</u>
Local Tax Revenue	\$ 552,237,148	\$ 565,245,000	\$ 590,623,000	\$ 25,378,000
Other Local Revenue	27,172,792	27,087,520	26,812,520	(275,000)
State and Federal Revenue	376,110,703	341,820,975	346,727,567	4,906,592
Total General Fund Revenue	\$ 955,520,643	\$ 934,153,495	\$ 964,163,087	\$ 30,009,592

Local Tax Revenue:

Local Tax Revenue represents Henrico County’s principal source of local revenue. County tax revenue is projected to total \$590.62 million or 61.25 percent of total General Fund revenue for FY2018. This represents an increase of 4.5% percent, or \$25.4 million above the current fiscal year. Local Tax Revenue includes:

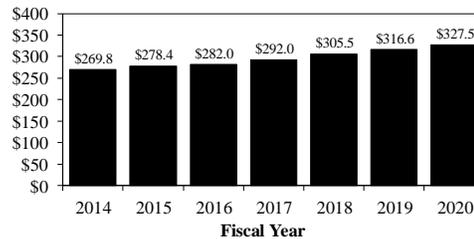
Local Tax Revenue	FY2017 Original	FY2018 Approved	Increase (Decrease)	Percent Change	Pct. Of Revenue
Real Property Tax	\$ 300,285,000	\$ 313,785,000	\$ 13,500,000	4.5%	53.1%
Personal Property Tax	116,000,000	120,115,000	4,115,000	3.5%	20.3%
Other Property Taxes	5,475,000	5,475,000	0	0.0%	0.9%
Local Sales Tax	61,000,000	64,275,000	3,275,000	5.4%	10.9%
Business License Tax	32,000,000	32,500,000	500,000	1.6%	5.5%
Motor Vehicle License Tax	6,325,000	6,325,000	0	0.0%	1.1%
Consumer Utility Tax	2,600,000	2,600,000	0	0.0%	0.4%
Hotel/Motel Tax	11,200,000	12,000,000	800,000	7.1%	2.0%
Bank Franchise Tax	5,000,000	5,000,000	0	0.0%	0.8%
Food & Beverage (Meals) Tax	20,000,000	22,988,000	2,988,000	14.9%	3.9%
Other Local Taxes	5,360,000	5,560,000	200,000	3.7%	0.9%
Total Local Tax Revenue	\$ 565,245,000	\$ 590,623,000	\$ 25,378,000	4.5%	100.0%

The majority, 73.4 percent, of the \$590.62 million in Local Tax revenues is derived from Real and Personal Property Tax (including delinquent collections), which are estimated to generate approximately \$433.9 million or 45.0 percent of total General Fund revenue. Local Sales Tax revenue increased \$3,275,000 or 5.4 percent in FY2018 and makes up 10.9 percent of Local Tax revenue. Business & Professional License (BPOL) Tax revenue is projected to increase by \$500,000 in FY2018. This accounts for the increase in the exemption from \$100,000 of gross receipts to \$200,000 of gross receipts.

The Motor Vehicle License Tax revenue is projected to remain steady at \$6.3 million in FY2018. The Consumer Utility Tax revenue (electric only) estimate of \$2.6 million remained flat for FY2018. Revenue from the 8.0 percent Hotel/Motel Tax, estimated to total \$12.0 million, increased 7.1% in FY2018. These funds will be paid to the Richmond Convention Center during FY2018. The Convention Center will return \$3.0 million (a fourth of the 8.0 percent levy) to the County at the end of FY2018. The assumptions used when preparing the FY2019 – FY2020 revenue estimates for each of these taxes are described in greater detail in the following pages.

Real Property Tax Revenues

Millions



Fiscal Years 2017 through 2020 are estimated.

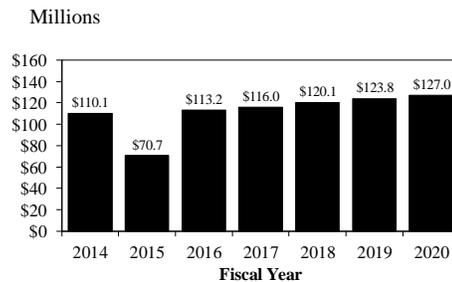
Real Property Taxes are estimated to generate \$313.8 million or 32.5 percent of the County’s total General Fund revenue in FY2018. This revenue estimate increased by \$13,500,000 in FY2018. Included within this total is revenue derived from current real estate taxes and real estate taxes paid by public service corporations. The FY2018 budget is balanced within the tax rate of \$0.87 per \$100 of assessed value for CY2017.

Assessment information for January 2017 indicates real estate assessments total \$35.7 billion, reflecting an increase of approximately \$1.5 billion, or 4.6 percent from the January 2016 assessed values. The increase was driven by increased residential reassessments of 3.5 percent – the third increase in seven years. The commercial percentage of the tax base equated to 31.1 percent in January 2017, equal to the ratio in January 2016, as commercial real estate reassessments increased 3.7 percent.

Year 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 FY2019 and FY2020 projections assume increases to the County's real property tax collections of 3.6 percent and 3.5 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 is reflective of an effort to enhance the County's economic development efforts.

Personal Property Tax Revenues



Fiscal Years 2017 through 2020 are estimated.
Actuals and projections include PPTRA.

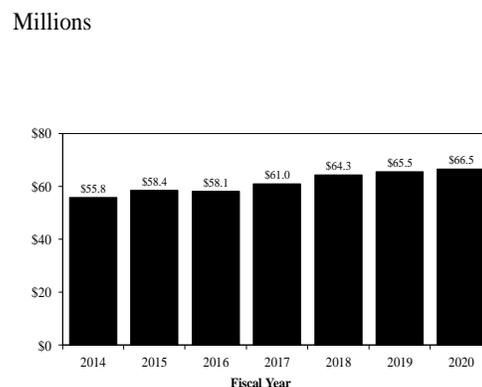
FY2018 marks the twentieth year of the Personal Property Tax Relief Act (PPTRA) enacted by the General Assembly in 1998, although actual reimbursements to localities were capped by the State in the 2004 legislative session. Due to the State payment cap the amount of tax relief will vary by year and locality. 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 CY2016 tax levy. For qualifying individual vehicles assessed between \$1,001 and \$20,000, the State will pay Henrico County 55.0 percent of the CY2015 tax levy. With qualifying individual vehicles valued at \$20,001 or more, the State will pay Henrico County 55.0 percent of the CY2016 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 \$120.1 million for FY2018. This represents 12.4 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 3.2 percent in FY2019 and 2.6 percent in FY2020.

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 \$64.3 million in FY2018, an increase of \$3.3 million, or 5.4 percent from the current fiscal year budget. Local Sales Tax revenues are projected to increase by 1.9 percent in FY2019 and 1.5 percent FY2020. Henrico County's retailers continue to lead the Richmond Metropolitan

Local Sales Tax

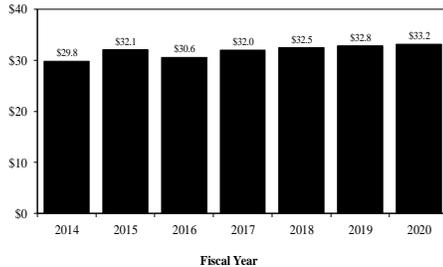


Fiscal Years 2017 through 2020 are estimated.

Area in the generation of Local Sales Tax revenue. As of May 2017, Henrico County is recording 38.7 percent of the Local Sales Tax dollars redistributed to localities in the Richmond Metropolitan Area by the State.

Business, Professional & Occupational License Tax (BPOL) Revenues

Millions



Fiscal Years 2017 through 2020 are estimated.

gross receipts are taxable as the tax reduction only applies to businesses with total gross receipts below the \$200,000 threshold. In addition, the FY2018 budget maintains a maximum uniform BPOL tax rate of \$0.20/\$100 of gross receipts for all business categories. The FY2019 forecast assumes BPOL tax receipts will increase to a level of \$32.8 million. It is projected that receipts will increase by 1.0 percent in both FY2019 and 1.4 percent in FY2020.

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 FY 2018 the county increased their exemption to the first \$200,000 of gross receipts. This exemption is different from the “threshold” tax reduction in other Virginia localities. For Henrico County businesses, the first \$200,000 of gross receipts is exempt from the BPOL tax – regardless of total gross receipts. In a “threshold” locality, if a business exceeds \$200,000 in gross receipts, all

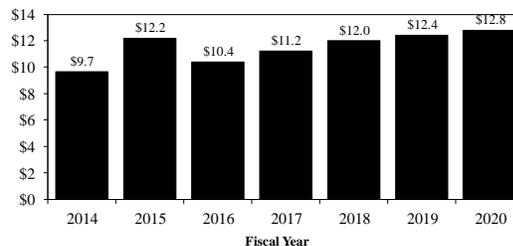
Motor Vehicle License Taxes are collected for every motor vehicle or trailer normally garaged, stored or parked in the County. The projection will increase to \$6.5 million during the forecast period.

Consumer Utility Taxes are estimated to be \$2.6 million for FY2018, and an increase to \$2.7 million in FY 2019 and FY 2020. 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 \$0.00713 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. FY2018 revenue estimates for the Hotel/Motel Tax total \$12.0 million. It is anticipated that revenues will increase by 3.3 percent in FY2019 and an increase 3.2 percent in FY2020, respectively.

Hotel/Motel Tax Revenue

Millions



Fiscal Years 2017 through 2020 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 FY2018 forecast is \$23.0 million, and it is projected this revenue will increase to \$27.0 million in FY2019 and FY2020 as part of the financing plan of the approved referendum.

Bank Franchise Taxes are derived from the taxation of net capital on banks located in the County. In FY2018 Bank Franchise Taxes are estimated at \$5.0 million and will remain flat during the projection period.

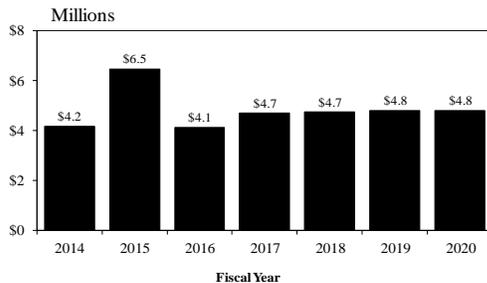
Other Local Taxes includes funds received for grantor’s taxes, recordation taxes, daily rental tax, and the consumption tax. In total \$5.56 million is budgeted in FY2018, which is an increase from the current fiscal year by \$200,000 or 3.7 percent. It is projected that revenues will remain at the FY2018 level for FY2019 and with an increase of 0.5 million in FY2020.

Other Local Revenue:

Other Local Revenue is estimated to generate nearly \$26.8 million in FY2018. This represents a \$275,000, or a 1.0 percent decrease from FY2017. More detailed information on each of these categories of local revenue is included in the pages that follow.

Other Local Revenue	FY2017 Original	FY2018 Approved	Increase (Decrease)	Percent Change
Permits, Fees and Licenses	\$ 4,701,100	\$ 4,741,100	\$ 40,000	0.9%
Fines and Forfeitures	2,590,000	2,090,000	(500,000)	(19.3%)
Use of Money and Property	7,925,600	7,925,600	0	0.0%
Charges for Services	3,700,450	3,832,850	132,400	3.6%
Miscellaneous	8,170,370	8,222,970	52,600	0.6%
Total Other Local Revenue	\$ 27,087,520	\$ 26,812,520	\$ (275,000)	(1.0%)

Permits, Fees, and Licenses



Fiscal Years 2017 through 2020 are estimated.

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 \$4.7 million in FY2018, which represents a \$40,000, or 0.9 percent increase when compared to FY2017.

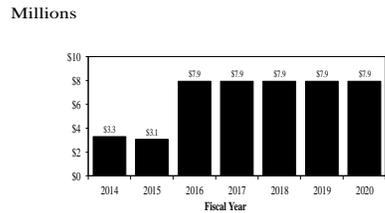
Building Permit Fees, which are an elastic revenue source, account for more than 71.7 percent of this revenue category in the current budget year. In FY2018 Building Permit Fees are estimated to increase by \$150,000 or 4.6%. The projection for this revenue is based on restructuring the fee structure.

Information through May 2017 indicates an increase of 4.8 percent in the number of permits issued and an increase in permit value of 4.2 percent or \$1,454,329 year-to-date in FY2017. The forecast for Permits, Fees and License revenues is projected to remain flat at \$4.7 million in FY2019 and FY2020.

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 \$2.0 million in FY2018 and is projected to remain flat at \$2.0 million for FY2019 and FY2020.

Use of Money and Property is estimated to generate \$7.9 million in FY2018. 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 constant in FY2019 and in FY2020.

Use of Money and Property



Fiscal Years 2017 through 2020 are estimated.

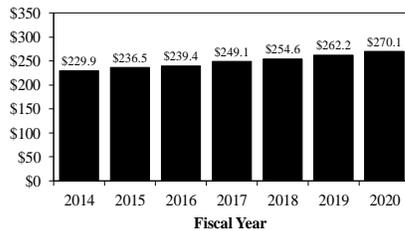
Charges for Services are revenues paid by users of various County services including participation fees for Recreation and Parks special interest classes and sports leagues; charges for overdue and lost books; cafeteria receipts; and charges for data processing services. Revenue from Charges for Services is estimated at \$3.8 million in FY2018 and is projected to remain constant in FY2019 and FY2020.

State and Federal Revenue:

State and Federal revenue is estimated at \$346.7 million in FY2018, which represents 36.0 percent of total General Fund revenue. This is a projected increase of approximately 1.4 percent over the current fiscal year. This category is comprised of revenue for General Government programs totaling \$92.1 million and Education funding of \$254.6 million. The following is a look at the components.

State and Federal Aid to Education

Millions



Fiscal Years 2017 through 2020 are estimated.

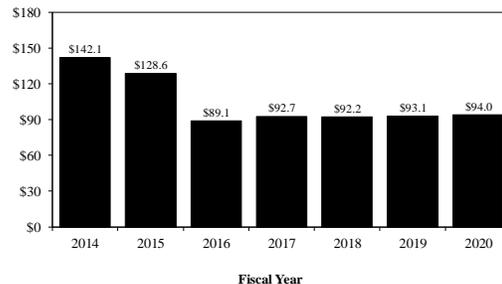
State and Federal Aid to Education is estimated to increase from \$250.1 million in FY2017 to \$254.5 million in FY2018. This represents an increase of \$3.7 million or 1.4 percent. The projection assumes an increase of 3.0 percent in FY2019 and FY2020.

Federal reimbursements for Education have a minimal impact on the level of total appropriations in the General Fund as all of the Federal grants awarded to HCPS is recognized in the County's Special Revenue Fund. In FY2018, Federal funding in the General Fund for Education totals \$360,000 and is forecasted to remain constant in FY2019 and FY2020.

State and Federal Aid to General Government is estimated at \$92.1 million in FY2018. This represents an increase of \$1,204,592 or 1.3 percent when compared to the FY2017 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 FY2017 through FY2020, 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

State and Federal Aid to General Gov't.

Millions



Fiscal Years 2017 through 2020 are estimated. PPTRA payments are reflected in the FY2012-FY2014 totals. Current and future year projections include the estimate for personal property in one central location (local revenue).

froze the PPTRA 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 \$45.1 million for road maintenance in FY2018. 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 2.0 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 \$12.0 million in FY2018.

Federal Aid to General Government is estimated at \$10,000 in FY2018. The majority of federal revenues are designated for education.

Expenditures **Assumptions**

In the course of developing the FY2018 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 CY2017. These decisions were reached after careful review and planning by the Board of Supervisors. This planning reaches beyond FY2018 and is intended to establish a balance between the County's recurring revenues and expenditures in future years. The FY2018 General Fund Budget of \$839.7 million represents an increase of \$28.8 million or 3.6 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 FY2018, the Education budget represents 56.0 percent of General Fund expenditures. General Fund Education expenditures total \$469.9 million in the Annual Fiscal Plan, which represents an increase of \$14.8 million, or 3.3 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 FY2018 Annual Fiscal Plan is \$369.7 million, which represents an increase of \$13.9 million, or 3.9 percent. The focus continues to remain on Public Safety as the budget includes the addition of ten new Police Officers as the final year of a five-year commitment to add a total of fifty Police Officers. In addition to the new Police Officers, twenty-four new Firefighters that will be assigned to the new Fire Station #19 and three new Firefighter positions for the second year of a three-year plan to add a total of nine new Firefighters to help alleviate some of the staffing pressures within the Division are included in the FY 2018 budget.

General Fund expenditures are forecasted to grow by 2.8 percent in FY2019 and 2.7 percent in FY2020. 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 FY2018 Capital Budget totals \$232.7 million. The five-year Capital Improvement Program for FY2018 through FY2022 includes requests that exceed \$1.0 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 \$232.6 million FY2018 Capital Budget, \$77.6 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 \$155.1 million within the FY2018 Capital Budget has been approved for Education and County General Fund supported departments. Of this total, \$114.6 million is supported bonds overwhelmingly approved by the voters in November 2016. The total for the G.O. 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 FY2018 Annual Fiscal Plan includes \$30.0 million in pay-as-you-go funding from a variety of sources. The FY2018 transfer of \$30,067,380 includes an allocation of \$16,294,580 from General Fund balance. This allocation includes \$7.50 million for pay-as-you-go construction and technology projects, which is to be divided equally between General Government and Education to support various ongoing projects. The remaining \$4,964,000 associated with the General Fund balance transfer will support the Fire Emergency Medical Dispatch System. Along with several renovation projects: Human Resource Building, Recreation facility, Belmont Golf Course improvements, Police Communication Training Room and Evidence Storage Facility, Data Center Upgrade, Police Communication Training Room and Evidence Storage Facility. Also included in these allocations is \$3,830,580 for the new Mental Health Building.

The forecast also includes a \$4,869,420 allocation from the Mental Health Fund Balance, which will provide the funding for the Mental Health East Center Replacement. The FY2018 revenue transfer totals \$18.7 million, which includes; Motor Vehicle License Fee revenue of \$850,000, which supports various Public Works' ongoing projects; dedicated General Fund resources of \$2,348,000 are included for an ongoing stormwater project which has been submitted to meet the County's Chesapeake Bay Total Maximum Daily Load (TMDL) permit requirement. The General Fund revenues transfer for FY2018 also includes \$6,574,800 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 \$9,000,000 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 FY2020 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 and 2005. This also includes the first issue of debt from the November 2016 G.O. Bond Referendum.

To (From) Capital Projects is projected at \$35.1 million in FY2018, of which, \$7.5 million is targeted for General Fund (pay-as-you-go) support for capital improvement projects – as mentioned above. Motor Vehicle License revenue totaling \$850,000 is designated for various road improvement projects. Also, with the approval of the Meals Tax in November 2013, \$2.0 million of the revenue generated will be placed in an Education Meals Tax Project Reserve. In addition, \$6.6 million is allocated for a vehicle replacement, comprised of \$1.8 million for the fire apparatus replacement program, \$2.3 million for police vehicles, and \$2.5 million for school bus replacement. Projections for FY2019 and FY2020 include transfers of \$31.8 million and \$32.3 million in each year, respectively.

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 FY2018 estimate of these costs is \$1.9 million and the estimated costs for FY2019 and FY2020 remain flat.

To (From) Risk Management Fund is the transfer of funds to support risk management operations. The fund was established in FY2005. The FY2018 transfer is for \$8.4 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 for FY2019 and FY2020 is estimated at \$8.6 million and \$8.7 million in each year, respectively.

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 \$29.2 million in FY2018. The projections over the forecast period are \$29.4 million in FY2019 and \$29.7 million in FY2020, and were determined after analyzing all of 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 \$3.1 million for FY2018, 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 \$3.1 million in FY2019 and \$3.2 million in FY2020.

(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 FY2018, FY2019, and FY2020 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 FY2018, FY2019, and FY2020 remain flat at \$700,000 each year, which will fund the County’s obligation in this area.

(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 FY2018, FY2019, and FY2020 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 decreased from 43,155,447 in FY17 to 35,067,380 for FY18 or 18.7%. The 2018 figure incorporates 3 areas: Capital Projects, Capital Reserve, and Assigned. **Capital Projects** represents the allocation of funding for pay-as-you-go construction from General Fund revenues for Education and General Government to support various ongoing projects. In FY2018, \$18.7 million is being allocated for General Government and Education projects. The pay-as-you-go consists of projects for Schools that is designated from the meals tax revenue. Funding of \$6.5 million for vehicle replacements for Police, Fire and Educations. Lastly, there are two Public Works projects, for general road repair and stormwater. In FY2018 and FY2019 forecasts project the pay-as-you-go projects to remain constant as \$18.7 million. **Capital Reserve** represents the allocation of designated funding for specific projects. In FY2018, \$16.2 million is being allocated for multiple projects. One allocations of funding is \$7.5 million for annual construction projects for mechanical repairs, pedestrian improvements and roof repairs projects for General Government and Education. \$1,862,777 for the new Mental Health Building; along with various other projects: renovations projects for human services, recreation facility rehab, data center upgrades, several feasibility studies, golf course improvements just to name a few. The FY2019 and FY2020 forecasted expenditures are budgeted at \$10.0 million per year to cover future capital projects. **Assigned Fund Balance** totals \$2.0 million reserved for the new Mental Health building.

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. The fund uses current revenues as a financing source and not one-time sources. Once the large one-time incremental increases, which arise from these projects, dissipate, then the reserve will no longer be required. In FY2018, a forecasted use of \$2.9 million is anticipated and \$1.0 million is anticipated for FY2019 and 3.3 million for FY2020.

Ending General Fund Balance represents reserves not appropriated for expenditure, including the designated and undesignated balances. The undesignated portion of fund balance in FY2013 was reduced to 15.0 percent, from 18.0 percent of general fund expenditures in order to accommodate the funding of replacement Education and General Government vehicles. Undesignated fund balance is projected at 15.0 percent of general fund expenditures in FY2017, FY2018, FY2019, and FY2020.

General Fund Forecast

	FY15-16	FY16-17	FY17-18	FY18-19	FY 19-20
	Actual	Approved	Approved	Forecast	Forecast
Revenues:					
Current Real Estate Tax	\$ 289,115,966	292,000,000	\$ 305,500,000	\$ 316,565,990	327,483,865
P.S. Real Estate Tax	8,704,105	8,285,000	8,285,000	8,285,000	8,285,000
Current Personal Prop. Tax ⁽¹⁾	72,210,923	115,885,000	120,000,000	123,800,000	127,000,000
P.S. Personal Property Tax	88,530	115,000	115,000	85,000	85,000
Other General Property Tax	16,922,427	5,475,000	5,475,000	5,475,000	5,475,000
Local Sales Tax	62,285,964	61,000,000	64,275,000	65,500,000	66,500,000
Business License Tax	33,520,678	32,000,000	32,500,000	32,825,000	33,200,000
Motor Vehicle License Tax	6,916,081	6,325,000	6,325,000	6,450,000	6,500,000
Consumer Utility Tax	2,739,305	2,600,000	2,600,000	2,700,000	2,700,000
Bank Franchise Tax	12,132,673	5,000,000	5,000,000	5,000,000	5,000,000
Hotel/Motel Tax	13,169,349	11,200,000	12,000,000	12,400,000	12,800,000
Food & Beverage (Meals) Tax	28,073,420	20,000,000	22,988,000	27,000,000	27,000,000
Other Local Taxes	6,357,725	5,360,000	5,560,000	5,610,000	5,735,000
Local Taxes Sub-Total	552,237,146	565,245,000	590,623,000	611,695,990	627,763,865
Permits, Fees, & Licenses	5,170,949	4,701,100	4,741,100	4,800,000	4,800,000
Fines & Forfeitures	1,944,848	2,590,000	2,090,000	2,000,000	2,000,000
Use of Money & Property	3,845,089	7,925,600	7,925,600	7,925,600	7,925,600
Charges for Services	4,299,755	3,700,450	3,832,850	3,832,850	3,832,850
Miscellaneous Revenue	11,912,155	8,170,370	8,222,970	8,422,970	9,322,970
Total Local Revenue	579,409,942	592,332,520	617,435,520	638,677,410	655,645,285
State & Federal-Schools	241,137,228	250,860,000	254,562,000	262,198,860	270,064,826
State & Federal-General Government ⁽¹⁾	134,973,474	90,960,975	92,165,567	93,087,223	94,018,095
Total State & Fed. Revenue	376,110,702	341,820,975	346,727,567	355,286,083	364,082,921
Total Revenue	\$ 955,520,644	\$ 934,153,495	\$ 964,163,087	\$ 993,963,493	\$ 1,019,728,205
Transfers:					
(To) From Debt Service Fund	\$ (54,086,435)	(57,507,646)	\$ (57,762,829)	\$ (63,171,352)	(66,913,860)
(To) From Capital Projects Fund	(56,467,362)	(43,155,447)	(35,067,380)	(31,772,800)	(32,272,800)
(To) From Enterprise Fund	(1,970,308)	(1,928,621)	(1,930,021)	(1,929,921)	(1,929,921)
(To) From Risk Management Fund	(10,396,549)	(8,393,421)	(8,392,479)	(8,560,329)	(8,731,535)
(To) From Technology Replacement	(1,000,000)	(2,000,000)	(2,250,000)	(2,500,000)	(2,500,000)
(To) From Special Revenue Fund	(24,448,907)	(27,985,219)	(29,189,507)	(29,449,944)	(29,712,985)
(To) From JRJDC Agency Fund	(3,426,586)	(2,979,622)	(3,069,011)	(3,130,391)	(3,192,999)
(To) From OPEB - GASB 45 Fiduciary Fund	(2,750,000)	(2,750,000)	(2,675,000)	(2,675,000)	(2,675,000)
(To) From Line of Duty	(514,153)	(575,000)	(700,000)	(700,000)	(700,000)
Oper. Transfer- LTD	(260,729)	-	(600,000)	(600,000)	(600,000)
Use of Fund Balance - Public Works Revenues	6,531,502	-	-	-	-
Use of Fund Balance - Designated Capital Reseve	10,430,000	4,899,400	6,826,777	5,000,000	5,000,000
Use of Fund Balance - Capital Projects	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Use of Fund Balance - designated FY16 - Sidewalks	-	-	2,500,000	2,500,000	2,500,000
Use of Fund Balance - MH/DS East Center Reserve	-	-	1,967,803	-	-
Use of Fund Balance - Capital Initiatives	1,000,000	-	-	-	-
Use of Fund Balance-Designated Permit Fee	500,000	1,000,000	-	-	-
Use of Fund Balance - Designated Fund Balance	-	3,100,000	-	-	-
Use of Fund Balance - Undesignated	-	350,000	-	-	-
(To) From Fund Balance - Meals Tax Reserve	(2,000,000)	(2,000,000)	(2,000,000)	-	-
(To) From Fund Balance - Meals Tax FY14	1,990,470	-	-	-	-
(To) From Fund Balance - Meals Tax FY15	-	8,783,247	-	-	-
(To) From Fund Balance - Meals Tax FY16, FY17, & FY18	-	2,000,000	-	-	-
(Addition to) Use of Fund Balance General Fund	(41,260,365)	-	-	-	-
(To) From Revenue Stabilization Reserve	1,000,000	(1,000,000)	-	-	-
From Sinking Fund - Bond Ops	2,074,331	1,864,067	2,853,640	843,185	3,271,643
Total Transfers	\$ (170,055,091)	\$ (123,278,262)	\$ (124,488,007)	\$ (131,146,552)	\$ (133,457,457)
Total Resources	\$ 785,465,553	\$ 810,875,233	\$ 839,675,080	\$ 862,816,941	\$ 886,270,748

⁽¹⁾ 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.

General Fund Forecast (cont'd)

	FY15-16 Actual	FY16-17 Approved	FY17-18 Approved	FY18-19 Forecast	FY 19-20 Forecast
Expenditures:					
General Government Administration	\$ 53,863,153	55,811,883	57,871,707	59,029,141	60,209,724
Judicial Administration	7,985,854	8,102,908	8,500,620	8,670,632	8,844,045
Public Safety	171,021,050	170,483,485	177,239,282	182,081,148	185,792,771
Public Works	46,587,435	48,965,254	50,555,927	51,567,046	52,598,386
Health & Social Services	1,950,496	1,950,729	2,219,895	2,264,293	2,309,579
Education	437,322,003	455,071,628	469,907,245	483,641,322	496,917,974
Recreation & Culture	32,351,572	36,116,814	37,549,926	38,856,272	42,005,040
Community Development	23,744,432	22,782,633	24,121,923	24,764,361	25,411,649
Miscellaneous	10,639,558	11,589,899	11,708,555	11,942,726	12,181,581
Total Expenditures	\$ 785,465,553	\$ 810,875,233	\$ 839,675,080	\$ 862,816,941	\$ 886,270,748
Fund Balance:					
Restricted (*)	\$ 5,276,628	10,000,000	\$ 10,000,000	\$ 10,000,000	10,000,000
Assigned (**)	95,738,982	71,742,268	54,594,048	41,250,863	25,479,220
Unassigned Fund Balance	119,346,150	121,631,285	125,951,262	129,422,541	132,940,612
Total Fund Balance	\$ 220,361,760	\$ 203,373,553	190,545,310	\$ 180,673,404	\$ 168,419,832

* 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.