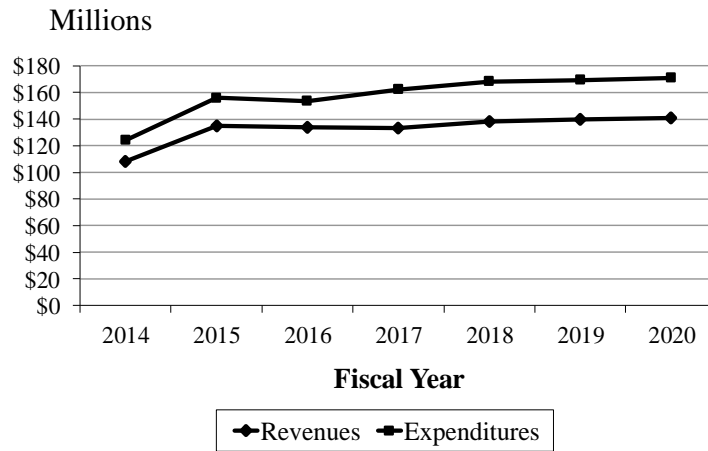


Three Year Forecast Revenues and Expenditures Special Revenue Fund



Fiscal Years 2017 through 2020 are estimated. Revenues exclude transfers from other funds.

SPECIAL REVENUE FUND

(Fund 11)

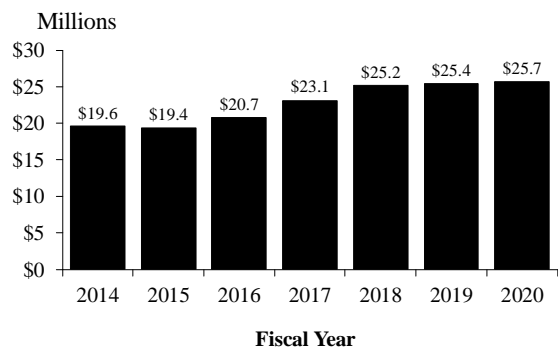
The Special Revenue Fund accounts for proceeds from revenue sources that legally restrict expenditures to specified purposes. Henrico County's Special Revenue Fund includes the Department of Public Utilities' Solid Waste and Street Lighting operations; Public Works' Watershed and Best Management Practices programs; Schools' Cafeteria Programs; Mental Health; Social Services; State and Federal grants for various educational and County programs; certain aspects of the Economic Development Authority; asset forfeitures; and the Police Metro Aviation Unit. The Special Revenue Fund budget for FY2018 is \$168,326,917, which represents an increase of \$6,105,384, or 3.8 percent, from the current fiscal year. A portion of this increase was in the budget for the School Cafeteria, which grew by \$2.1 million, or 9.0 percent, based on anticipated expenditures in this area. Another area that experienced significant growth was in Social Services, which increased by \$1.9 million or 6.0 percent due to rising demand for services under the Children's Services Act. Projected resources and requirements for FY2019 and FY2020 are included in the pages that follow.

Revenues

Assumptions

School Cafeteria revenues support the operations of all County public school cafeterias. Funding is received from specific State and Federal government grant programs as well as revenues generated by the school lunch program. Receipts for FY2018 are estimated at \$25,184,075, compared to \$23,142,474 in FY2017. FY2019 and FY2020 revenue estimates of \$25,435,916 and \$25,690,275, respectively, reflect projected increases of 1.0 percent based on anticipated growth in cafeteria operations.

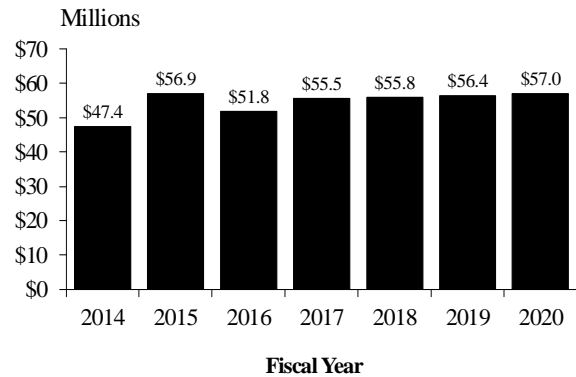
School Cafeteria Revenue



Fiscal Years 2017 through 2020 are estimated.

State, Federal and Other Grants revenue funds various programs, principally those related to Education, the Capital Region Workforce Partnership (CRWP), the Community Corrections Services Program (CCP), the Community Development Block Grant (CDBG), and the Virginia Juvenile Community Crime Control Act (VJCCCA). Grant funding for FY2018 totals \$55,842,032. In the event additional grant funding is received during the fiscal year, the County will recognize the revenue only after official notification has been received from the State or Federal government, and approval has been obtained in the form of a budget amendment from the Board of Supervisors. The forecasts for FY2019 and FY2020 each reflect annual increases in revenues of 1.0 percent.

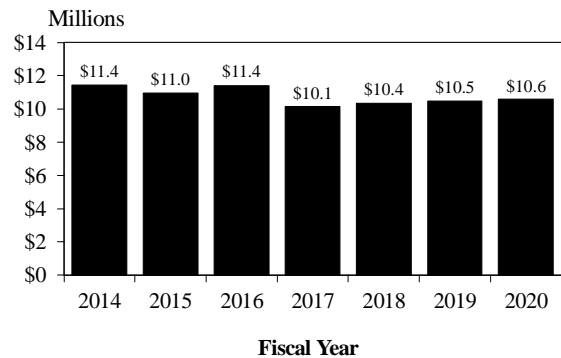
State, Federal, and Other Grant Revenue



Fiscal Years 2017 through 2020 are estimated. Revenues do not include transfers from other funds.

Solid Waste revenues support the operation and maintenance of the County's solid waste disposal services. A portion of the funding is user charges from customers who receive County refuse removal service. Revenue is also collected from landfill user fees paid by commercial trash hauling companies and County residents. The cost of providing curbside recycling, bagged leaf collection, neighborhood cleanup, and bulky waste services throughout the County will be funded by a General Fund subsidy to the Solid Waste Fund. The amount of the General Fund subsidy will be net of any user fee revenue generated by these services. Incremental increases in the General Fund subsidy are forecasted to support inflationary and population growth in existing subsidized programs. There are no additional program subsidies forecasted.

Solid Waste Revenue



Fiscal Years 2017 through 2020 are estimated. Revenues do not include transfers from other funds.

In FY2018, the revenue generated by fees related to the disposal of solid waste is forecasted to increase by \$239,340, or 2.4 percent. The forecasts for FY2019 and FY2020 each reflect annual increases in revenues of 1.0 percent.

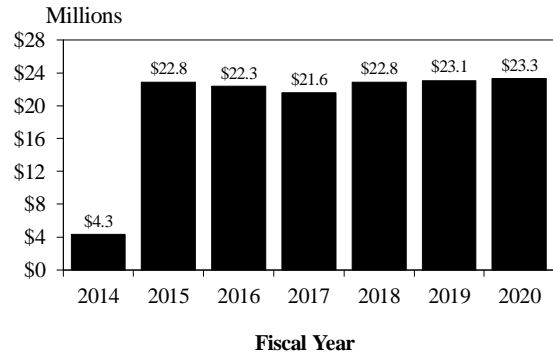
Street Lighting revenues fund the operation and maintenance of the street lighting districts throughout the County. Funding is provided by a specific annual surcharge levied on each property within a street light district. Street lighting revenue estimates throughout the forecast period support operating costs of existing streetlights.

Mental Health revenues are restricted to providing community based mental health, developmental, and substance abuse services to the residents of Henrico, Charles City, and New Kent counties. Budgeted revenues for Mental Health total \$22,758,903 for FY2018. State revenues are projected to be \$8,425,695, while federal revenues of \$1,721,164, fee revenues of \$11,448,200, Mental Health grant reserve funding of \$600,000, and \$320,000 of contract revenues from Sheltered Employment are also anticipated. Additionally, Henrico is budgeted to receive a total of \$243,844 of fee revenues from Charles City and New Kent counties. A 1.0 percent increase in Mental Health revenues is projected for both FY2019 and FY2020. The forecast is based on modest anticipated increases in State and Federal grant funding. MH/DS/SA receives funding through State and Federal Aid programs including the Reinvestment Program, Community Care Funds from the State, and the Part C Grant program. It is expected that these funding sources will continue in the future.

The Police Metro Aviation Unit is a regional multi-jurisdictional effort that includes the City of Richmond, along with Chesterfield and Henrico counties. It is projected that each locality will contribute \$127,334 in FY2018, FY2019, and FY2020. It is anticipated that the State Supreme Court will reimburse the Metro Aviation Unit \$80,000 for costs incurred to extradite prisoners in each year of the forecast period.

Social Services revenues support an array of community services. Among them are supplemental nutrition, assistance for needy families, medical assistance, protective services, and assistance with foster care and adoption. Additionally, the Comprehensive Services Act (CSA) is funded within this department. The Social Services revenues for FY2018 total \$22,840,225, of which \$7,274,922 is directed toward CSA and the remaining \$15,565,303 support all other Social Services efforts. Of the total revenues forecasted for these programs, State revenues are projected to total \$11,949,090 while federal revenues of \$10,840,890 and other local revenues of \$50,245 are also anticipated. A 1.0 percent increase in revenues is projected for both FY2019 and FY2020, based on anticipated increases in State and Federal funding.

Social Services Revenue



Fiscal Years 2017 through 2020 are estimated. Revenues do not include transfers from other funds.

Best Management Practice devices are basins for treating storm water to improve water quality. The Department of Public Works is responsible for the long-term maintenance of Best Management Practice (BMP) devices in single family residential subdivisions within Henrico County. The BMP maintenance fee of \$100 per lot is paid by developers at the time subdivisions are recorded. **The Watershed Management Program** provides alternatives to construction of BMPs in certain areas and will reduce the number of BMPs constructed in the future. The fee for the environmental fund is \$8,000 per pound of pollutant removal required and is paid by developers prior to POD approval and subdivision recordation.

(To) From General Fund represents local revenues, received by the General Fund and transferred to the Special Revenue Fund. Several State and Federal programs require a commitment of local funds before the locality is eligible to receive grant funds.

In FY2018, the transfer of \$29,189,507 includes the County's contribution of \$1,361,074 to fund the State Community Corrections Programs, the Capital Region Workforce Partnership (CRWP), the Special Drug Prosecutor, the Virginia Juvenile Community Crime Control Act (VJCCCA), and the State Victim/Witness Program; \$127,332 for Henrico County's portion of the regional Police Metro Aviation Unit; \$3,018,511 in support of Solid Waste programs; \$10,015,254 in local support of Social Services, which includes funding for the CSA; and \$14,667,336 for Mental Health. The total transfer from the General Fund is projected to increase to \$29,449,944 in FY2019 and \$29,712,985 in FY2020.

(To) Capital Projects Fund for Solid Waste represents a transfer of funding from the Special Revenue Fund to the Capital Projects Fund. In FY2018, a transfer of \$600,000 is projected.

(To) Capital Projects Fund for Mental Health represents a transfer of funding from the Special Revenue Fund to the Capital Projects Fund. In FY2018, a transfer of \$4,869,420 is projected.

(To) From Mental Health Fund Balance is a reserve, accumulated from the operation of Mental Health services. A budgeted use of fund balance totaling \$4,869,420 is forecasted for FY2018.

(To) From School Cafeteria Fund Balance is a reserve, accumulated from the operation of the school cafeterias. The School Board's practice has been to charge enough for cafeteria meals to cover the cost of providing the service to County students. Expenditure projections are based on prior experience and student enrollment. The budgeted use of fund balance for FY2018 totals \$575,947.

(To) From Solid Waste Fund Balance is a reserve, which has accumulated over time from the solid waste operations to fund expansion and closure projects related to County owned landfills. It is the County's practice to ensure solid waste charges are sufficient to cover operating expenditures. Occasionally, operational costs exceed revenues and a use of reserves is required. The budgeted use of fund balance for FY2018 totals \$859,145 however the forecast for FY2019 and FY2020 reflect a reduction in the use of Solid Waste Fund Balance as revenues have been forecasted to more accurately reflect future expenditures.

Expenditures

Assumptions

The development of the FY2018 Special Revenue Fund budget assumes recurring revenues will support recurring expenditures in future years. Special Revenue Fund resources and requirements for FY2019 and FY2020 are expected to grow at an average rate of 1.0 percent respectively. The modest growth rate in grant related revenue is predicated on the basis that ongoing Federal and State budgetary constraints will limit substantial increases in grant funding.

Ending Special Revenue Fund Balance is the sum of fund balances in all sub-funds, which are expected to remain on June 30th of each of the forecasted fiscal years, within the School Cafeteria Fund, Solid Waste Fund, and Street Light Fund. The State and Federal Grants fund balance and the Economic Development Authority fund balance are forecasted to be zero in FY2017 through FY2020 based on the assumption that all funding will be spent in the fiscal year it is budgeted. If a balance exists on June 30th, it is the County's policy to carry those funds forward to the next fiscal year.

Special Revenue Fund Forecast

	FY 15-16 Actual	FY 16-17 Original	FY 17-18 Forecast	FY18-19 Forecast	FY19-20 Forecast
Revenues:					
School Cafeteria	\$ 20,749,798	\$ 23,142,474	\$ 25,184,075	\$ 25,435,916	\$ 25,690,275
State, Federal & Other Grants	51,756,386	55,450,523	55,842,032	56,400,452	56,964,457
Asset Forfeitures	380,488	0	0	0	0
Donations	15,711	0	0	0	0
Revenue from Local Sources - CDA	3,844,000	0	0	0	0
Solid Waste	11,413,856	10,122,975	10,362,315	10,465,938	10,570,598
Street Lighting	3,603	83,100	83,100	83,100	83,100
Mental Health	21,985,093	21,682,796	22,758,903	22,986,492	23,216,357
Metro Aviation/Extradition	205,077	334,668	334,668	334,668	334,668
Social Services	22,328,384	21,550,087	22,840,225	23,068,627	23,299,314
Watershed/Best Management Practices	1,036,148	897,000	897,000	897,000	897,000
Subtotal Revenues	\$133,718,544	\$133,263,623	\$138,302,318	\$139,672,194	\$141,055,768
From General Fund:					
State, Federal & Other Grants	\$ 1,444,930	\$ 1,342,436	\$ 1,361,074	\$ 1,374,685	\$ 1,388,432
Mental Health	11,317,607	14,064,509	14,667,336	14,814,009	14,962,149
Metro Aviation	73,825	127,332	127,332	127,332	127,332
Social Services	8,173,510	9,432,431	10,015,254	10,115,407	10,216,561
Solid Waste	3,018,511	3,018,511	3,018,511	3,018,511	3,018,511
Subtotal From General Fund	\$ 24,028,383	\$ 27,985,219	\$ 29,189,507	\$ 29,449,944	\$ 29,712,985
(To) Capital Projects Fund for Solid Waste	0	(150,000)	(600,000)	0	0
(To) Capital Projects Fund for Mental Health	0	(1,018,500)	(4,869,420)	0	0
(To) Capital Projects Fund for Public Safety	(500,000)	0	0	0	0
(To) Special Revenue Fund Balance	500,000	0	0	0	0
(To) From Mental Health Fund Balance	0	1,018,500	4,869,420	0	0
(To) From School Cafeteria Fund Balance	(318,164)	499,894	575,947	0	0
(To) From Solid Waste Fund Balance	(3,829,890)	622,797	859,145	291,922	325,026
Total Resources	\$153,598,873	\$162,221,533	\$168,326,917	\$169,414,059	\$171,093,778
Expenditures:					
School Cafeteria	\$ 20,431,634	\$ 23,642,368	\$ 25,760,022	\$ 25,435,916	\$ 25,690,275
State, Federal & Other Grants	53,597,515	56,792,959	57,203,106	57,775,137	58,352,888
Economic Development Authority	3,844,000	0	0	0	0
Solid Waste	10,602,477	13,614,283	13,639,971	13,776,371	13,914,134
Street Lighting	3,603	83,100	83,100	83,100	83,100
Mental Health	33,302,700	35,747,305	37,426,239	37,800,501	38,178,506
Metro Aviation/Extradition	278,902	462,000	462,000	462,000	462,000
Social Services	30,501,894	30,982,518	32,855,479	33,184,034	33,515,874
Watershed/Best Management Practices	1,036,148	897,000	897,000	897,000	897,000
Total Expenditures	\$153,598,873	\$162,221,533	\$168,326,917	\$169,414,059	\$171,093,778
Ending Special Revenue Fund Balance:					
Schools	\$ 10,305,967	\$ 9,806,073	\$ 9,230,126	\$ 9,230,126	\$ 9,230,126
State, Federal & Other Grants, Forfeitures *	23,922,607	0	0	0	0
Economic Development Authority **	5,049,067	0	0	0	0
Solid Waste	21,167,323	20,544,526	19,685,381	19,393,459	19,068,434
Street Lighting	868,685	868,685	868,685	868,685	868,685
Total Fund Balance	\$ 61,313,649	\$ 31,219,284	\$ 29,784,192	\$ 29,492,270	\$ 29,167,245

* Forecast assumes miscellaneous grant appropriations will be spent by 6/30/17. Any unspent appropriations will be carried forward into FY2017-18.

** EDA balances will be appropriated annually, through a budget amendment, based on actual receipts.