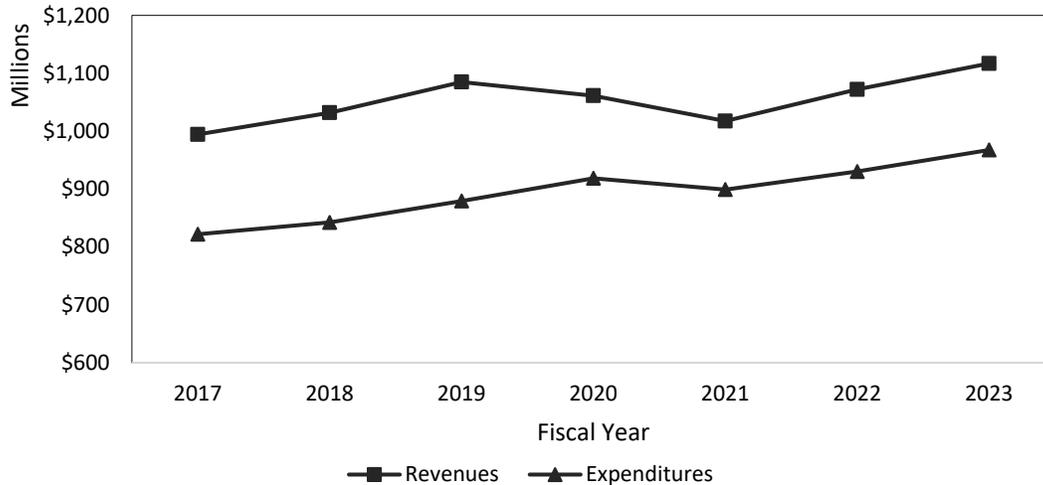


## Three Year Forecast Revenues and Expenditures General Fund



Note: Fiscal years 2020 through 2023 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 FY2021, prior to transfers to other funds, is \$1,017,513,641. This reflects a reduction of \$43,817,159, or 4.1 percent below FY2019-20 estimates primarily related to recessionary impacts from the COVID-19 public health emergency. 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.

	FY2018-19 Actual	FY2019-20 Original	FY2020-21 Approved	Increase (Decrease)
General Fund Revenue				
Local Tax Revenue	\$ 634,246,854	\$ 655,905,000	\$ 638,555,000	\$ (17,350,000)
Other Local Revenue	45,223,104	30,820,800	22,575,700	(8,245,100)
State and Federal Revenue	405,382,660	374,605,000	356,382,941	(18,222,059)
Total General Fund Revenue	<u>\$ 1,084,852,618</u>	<u>\$ 1,061,330,800</u>	<u>\$ 1,017,513,641</u>	<u>\$ (43,817,159)</u>

**Local Tax Revenue:**

	FY2019-20 Original	FY2020-21 Approved	Increase (Decrease)	Percent Change	Pct. Of Category
Local Tax Revenue					
Real Property Tax	\$ 354,200,000	\$ 370,500,000	\$ 16,300,000	4.6%	58.0%
Personal Property Tax	127,670,000	124,170,000	(3,500,000)	(2.7%)	19.4%
Other Property Tax	5,475,000	4,475,000	(1,000,000)	(18.3%)	0.7%
Local Sales Tax	70,000,000	55,000,000	(15,000,000)	(21.4%)	8.6%
Business License Tax	34,000,000	34,000,000	-	0.0%	5.3%
Motor Vehicle License Tax	7,000,000	7,000,000	-	0.0%	1.1%
Consumer Utility Tax	2,700,000	2,750,000	50,000	1.9%	0.4%
Hotel/Motel Tax	13,200,000	8,000,000	(5,200,000)	(39.4%)	1.3%
Bank Franchise Tax	7,500,000	7,500,000	-	0.0%	1.2%
Food & Beverage (Meals) Tax	28,000,000	19,000,000	(9,000,000)	(32.1%)	3.0%
Other Local Taxes	6,160,000	6,160,000	-	0.0%	1.0%
Total Local Tax Revenue	\$ 655,905,000	\$ 638,555,000	\$ (17,350,000)	(2.6%)	100.0%

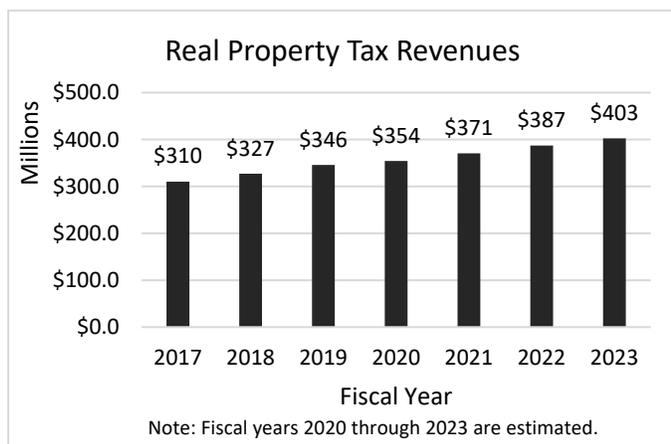
Local Tax Revenue represents Henrico County’s principal source of local revenue. County tax revenue is projected to total \$638.6 million or 58.0 percent of total General Fund revenue for FY2020-21. This represents a decrease of 2.6% percent, or \$17.4 million above the current fiscal year. Local Tax Revenue includes:

The majority, 77.4 percent, of the \$655.9 million in Local Tax revenues is derived from Real and Personal Property Tax, which are estimated to generate approximately \$494.7 million or 48.6 percent of total General Fund revenue. Projected Local Sales Tax revenue were decreased \$15 million or 21.4 percent in FY2020-21 and make up 8.6 percent of Local Tax revenue. Business & Professional License (BPOL) Tax revenue is projected to remain unchanged in FY2020-21, in part because of the increase in the BPOL Tax exemption from \$400,000 to \$500,000 of gross receipts.

The Motor Vehicle License Tax revenue is projected to remain flat in FY2020-21 at \$7 million. The Consumer Utility (electric only) Tax revenue estimate of \$2.75 million is a modest \$50,000 increase over the FY2019-20 estimate. Revenue from the 8.0 percent Hotel/Motel Tax, estimated to total only \$8.0 million, decreased 39.4%, or \$5.2 million, in FY2020-21. These collections will be paid to the Richmond Convention Center during FY2020-21. The Convention Center will return \$2.0 million (one fourth of the 8.0 percent levy) to the County at the end of FY2020-21. The assumptions used when preparing the FY2021-22 – FY2022-23 revenue estimates for each of these taxes are described in greater detail in the following pages.

**Real Property Taxes** are estimated to generate \$370.5 million or 36.4 percent of the County’s total General Fund revenue in FY2020-21. This revenue estimate increased by \$16.3 million in FY2020-21. Included within this total is revenue derived from current real estate taxes and real estate taxes paid by public service corporations. The FY2020-21 budget is balanced within the tax rate of \$0.87 per \$100 of assessed value for CY2020.

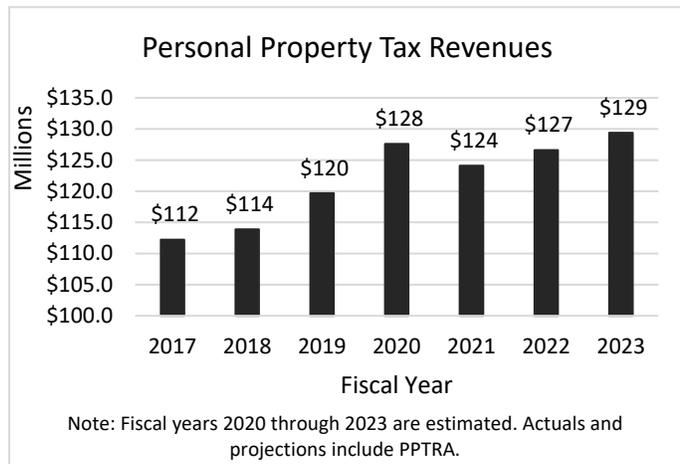
Assessment information for January 2020 indicates real estate assessments total \$42.9 billion, reflecting an increase of approximately \$2.5 billion, or 6.1 percent from the January 2019 assessed values. The increase was driven by reassessments with a residential growth of 4.9 percent and



commercial growth of 8.6 percent. The commercial percentage of the tax base equated to 32.4 percent in January 2020, an increase of 0.8 percent when compared to the ratio in January 2019.

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 FY2021-22 and FY2022-23 projections assume increases to the County’s real property tax collections of 4.5 percent and 4.0 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.



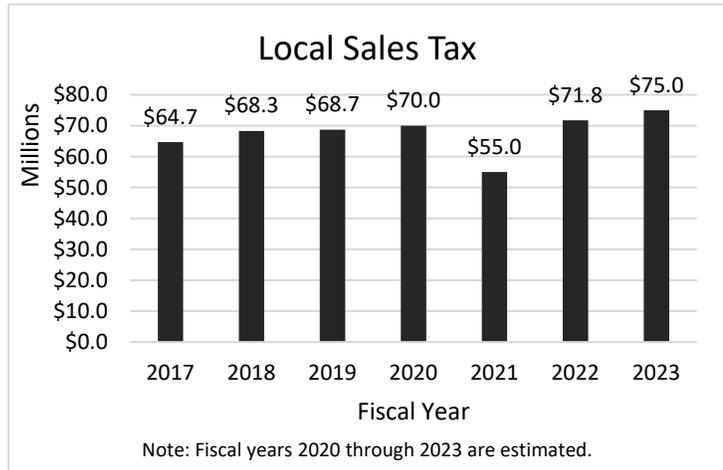
In an effort to enhance the County’s economic development efforts, several personal property tax rates have been reduced. The FY2015-16 budget reduced the machinery and tools tax rate from \$1.00 per \$100 to \$0.30 per \$100 of assessed value. The FY2016-17 Approved Budget reduced the tax rate on aircraft from \$1.60 per \$100 assessed value to \$0.50 per \$100. In the FY2017-18 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.

FY2020-21 marks the twenty-third 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 50.0 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 CY2020 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.

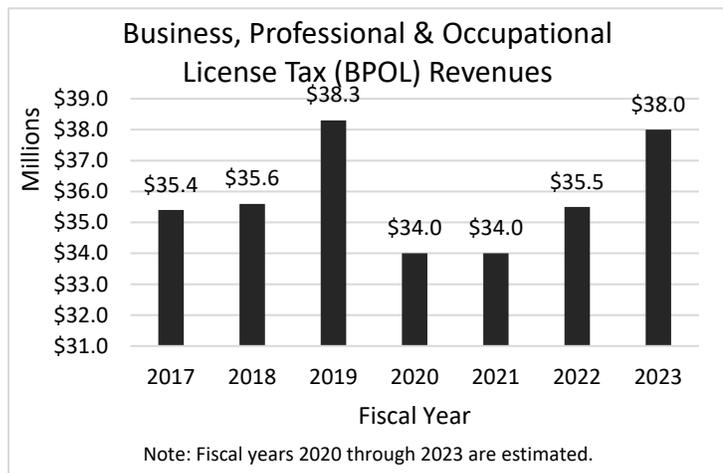
Personal Property Tax revenue is estimated at \$124.1 million for FY2020-21. This represents 12.2 percent of total General Fund revenue. This revenue includes taxes from current personal property, taxes on personal property owned by public service corporations, and PPTRA. It is projected that Personal Property Tax receipts will increase by 2.0 percent in FY2021-22 and 2.2 percent in FY2022-23.

**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 \$55.0 million in FY2020-21, a decrease of \$15.0 million, or 21.4 percent from the current fiscal year budget. Local Sales Tax revenues are projected to increase by 9.1 percent in FY2021-22 and 4.0 percent FY2022-23. Henrico County’s retailers continue to lead the Richmond Metropolitan Area in the generation of Local Sales Tax revenue. As of June 2020, Henrico County is recording 37.6 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 CY2020.



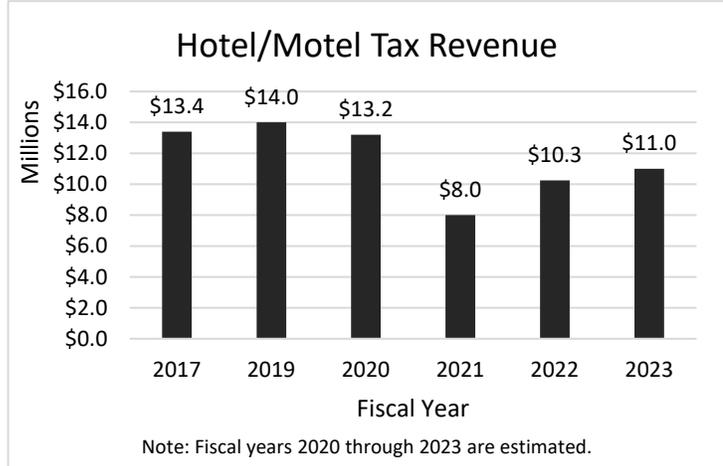
**Business & Professional License (BPOL) Taxes** are levied on businesses operating in the County. All County businesses must hold a valid business license, but that license may or may not be taxable. In January 1996, Henrico County embarked on the most ambitious BPOL tax reduction strategy in Virginia 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 FY2017-18, FY2018-19, FY2019-20, and FY2020-21 the county increased this exemption by \$100,000 each year, now exempting the first \$500,000 of gross receipts. This exemption is different from the “threshold” tax reduction in other Virginia localities. For Henrico County businesses, the first \$500,000 of gross receipts is exempt from the BPOL tax – regardless of total gross receipts. In a “threshold” locality, if a business exceeds \$500,000 in gross receipts, all gross receipts are taxable as the tax reduction only applies to businesses with total gross receipts below the \$500,000 threshold. In addition, the FY2020-21 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 FY2021-22 and FY2022-23 forecast estimates BPOL tax receipts will increase to a level of \$35.5 million and \$38.0 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 \$2.75 million in FY2020-21 and increase to \$2.8 million by and FY2022-23. 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. Due to unprecedented impacts of the pandemic impacting all forms of travel, FY2020-21 revenue estimates for the Hotel/Motel Tax



total \$8.0 million. It is anticipated that revenues will increase by 28.2 percent in FY2021-22 as visitors return to Henrico County and 7.3 percent in FY2022-23, both well below pre-pandemic collection levels.

**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 FY2021 forecast is \$19.0 million driven by impacts on local businesses of the response to the public health emergency declared in response to COVID-19, and it is projected that this revenue will improve to \$21.0 million in FY2021-22 and \$24.3 million in FY2022-23, which are still below pre-pandemic collections.

**Bank Franchise Taxes** are derived from the taxation of net capital on banks located in the County. In FY2020-21 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 FY2020-21, which indicates flat collections from the current fiscal year. It is projected that Other Local Taxes will increase to \$6.3 million in FY2021-22 and \$6.6 million in FY2022-23.

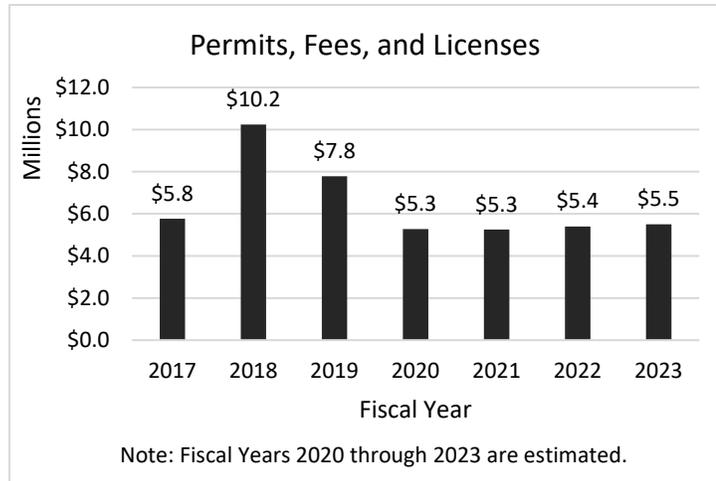
**Other Local Revenue:**

Other Local Revenue is estimated to generate nearly \$22.5 million in FY2020-21. This represents a \$8,245,100, or a 26.8 percent decrease from FY2019-20 due to impacts on local revenues by the public health emergency response to COVID-19. More detailed information on each of these categories of local revenue is included in the pages that follow.

	FY2019-20	FY2020-21	Increase	Percent
	Original	Approved	(Decrease)	Change
Other Local Revenue				
Permits, Fees, and Licenses	\$ 5,275,800	\$ 5,253,500	\$ (22,300)	(0.4%)
Fines and Forfeitures	2,085,000	2,085,000	-	0.0%
Use of Money and Property	8,207,700	3,284,700	(4,923,000)	(60.0%)
Charges for Services	4,077,800	3,845,500	(232,300)	(5.7%)
Miscellaneous	11,174,500	8,107,000	(3,067,500)	(27.5%)
Total Other Local Revenue	30,820,800	22,575,700	\$ (8,245,100)	(26.8%)

**Permits, Fees and Licenses** include 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 FY2020-21, which represents a 20,300, or 0.4 percent decrease when compared to FY2019-20.

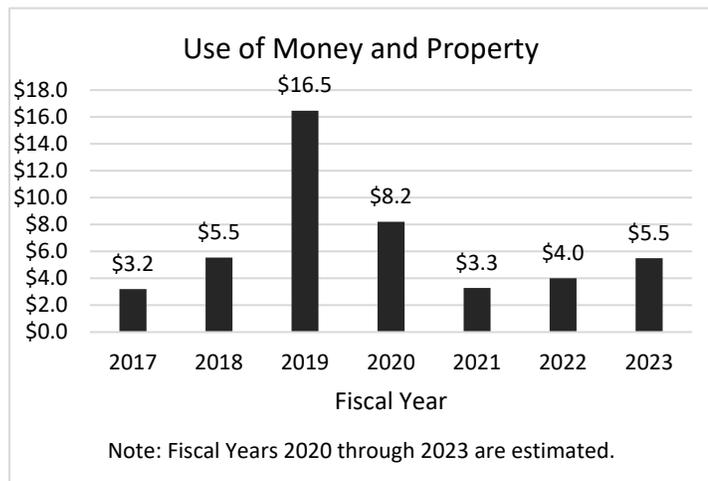
Building Permit Fees, which are an elastic revenue source, account for 67.8 percent of this revenue category in the current budget year. In FY2020-21, Building Permit Fees are estimated to essentially remain flat at \$5.2M.



Information through April 2020 indicates an increase of 7.0 percent in the number of permits issued and an increase in permit value of 0.04 percent or \$2,211,267 year-to-date in FY2019-20 as several large projects are reflected in the FY2018-19 actuals. The forecast for Permits, Fees and License revenues are projected to increase to \$5.4 million in FY2021-22 and \$5.5 million FY2022-23.

**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 FY2020-21 and is projected to remain flat for FY2021-22 and FY2022-23.

**Use of Money and Property** is estimated to generate \$3.3 million in FY2020-21, a reduction of \$4.9 million or 60.0 percent. 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 which may generate smaller returns due to impacts of the global pandemic on financial markets. 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 increase modestly to \$4.0 million in FY2021-22 and \$5.5 million in FY2022-23, well below prior returns.



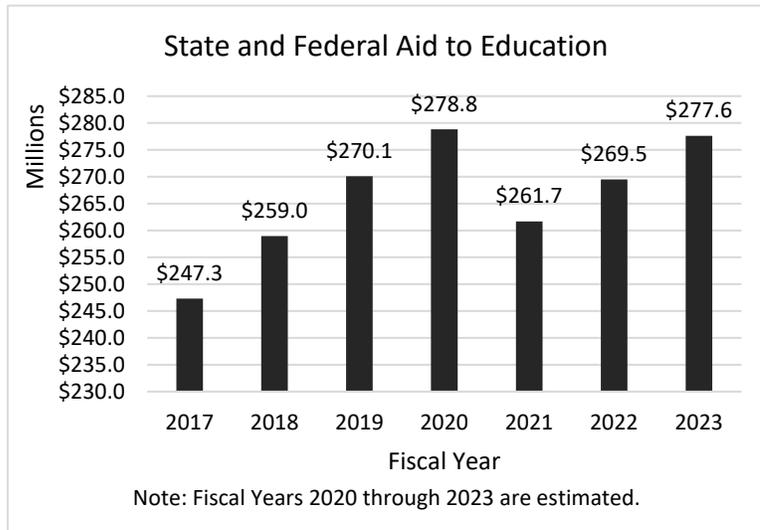
**Charges for Services** are revenues paid by users of various County services including participation fees for Recreation and Parks special interest classes and sports leagues, charges for overdue and lost books, cafeteria receipts, and charges for data processing services. Revenue from Charges for Services is estimated at \$3.8 million in FY2020-21 and is projected to increase about 4.0 percent in FY2021-22 and 7.5% in FY2022-23.

**State and Federal Revenue:**

State and Federal revenue is estimated at \$356.4 million in FY2020-21, which represents 35.0 percent of total General Fund revenue. This is a projected decrease of approximately 4.9 percent over the current fiscal year primarily due to stability concerns from prior experience with this funding source. This category is comprised of revenue for General Government programs totaling \$94.7 million and Education funding of \$261.7 million. The following is a look at the components.

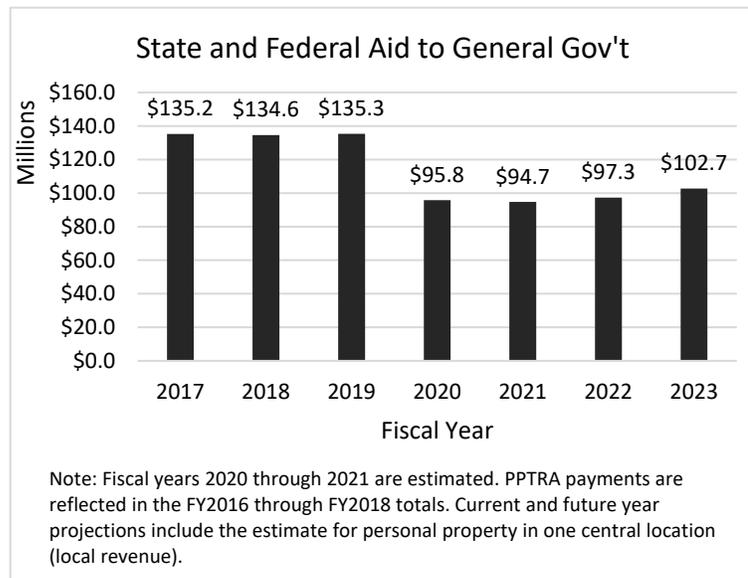
**State and Federal Aid to Education** is estimated to decrease from \$278.8 million projected in FY2019-20 to \$261.7 million in FY2020-21. This represents a decrease of \$17.1 million or 6.1 percent. The projection assumes an increase of 3.0 percent in FY2021-22 and FY2022-23.

Federal reimbursements for Education have a minimal impact on the level of total appropriations in the General Fund as all the Federal grants awarded to HCPS is recognized in the County's Special Revenue Fund. In FY2019-20, Federal funding in the General Fund for Education totals \$360,000 and is forecasted to remain constant in FY2020-21 and FY2021-22.



**State and Federal Aid to General Government** is estimated at \$94.7 million in FY2020-21. This represents a decrease of \$1.1 million or 1.1 percent when compared to the FY2019-20 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 2.7 percent in FY2021-22 and 5.5 percent in FY2022-23 but still remain below prior collections.

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 FY2020-21. 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 1.0 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 FY2005-06 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 FY2020-21 is \$10.0 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 FY2019-20 through FY2022-23, 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 FY2020-21 as all budgeted sources of Federal Aid are included in the Special Revenue Fund.

## **Expenditures**

### **Assumptions**

While developing the FY2020-21 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 CY2020. These decisions were reached after careful review and planning by the Board of Supervisors. This planning was revised for expected fiscal impacts stemming from the current pandemic, impacts that reach beyond FY2020-21, and is intended to establish a balance between the County's recurring revenues and expenditures in future years. The FY2020-21 General Fund Budget of \$899.1 million represents a decrease of \$19.6 million or 2.1 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 FY2020-21, the Education budget represents 57.0 percent of General Fund expenditures. General Fund Education expenditures total \$509.9 million in the Annual Fiscal Plan, which represents a decrease of \$4.5 million, or 0.9 percent. Of the total expenditures in Education, 48.7 percent are funded with locally generated revenues and 51.3 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 FY2020-21 Annual Fiscal Plan is \$389.2 million, which represents a decrease of \$15.0 million, or 3.7 percent. The focus continues to remain on Public Safety, which received a total increase of \$2.8 million of new resources. For the Police Division, the proposed budget maintains staffing in critical areas while sacrificing operational and capital needs to assist with the current fiscal challenges. For the Division of Fire, \$2.1 million was added for the addition of 22 positions supporting Firehouse 20 offset by many operational and capital reductions needed to assist the County's expected pandemic-related revenue shortfalls.

General Fund expenditures are forecasted to grow by 3.5 percent in FY2021-22 and 4.0 percent in FY2022-23. The proposed levels of operational funding allow for the continuation of existing service levels as well as a very limited level of new operating costs associated with select capital projects approved by the Board of Supervisors. In addition, funding has been dedicated for a reduced level of operating and capital projects for Schools, various road maintenance, and construction projects with primary support of completing ongoing projects while limiting new projects due to fiscal constraints necessitated by the pandemic.

The FY2020-21 Capital Budget, excluding Water & Sewer projects that are reflected in the Water & Sewer Fund Forecast, totals \$14.0 million. The five-year Capital Improvement Program for FY2021 through FY2025 includes requests of \$1.2 billion. The County of Henrico will continue to ensure necessary Capital Projects are funded in a manner that maintains the County's AAA/AAA/Aaa bond ratings (See "Financial Guidelines"). Of the \$14.0 million FY2020-21 Capital Budget, \$5.0 million supports improvements to the Richmond – Henrico Turnpike, \$4.0 million for improvements to Deep Run Park, and \$5.0 million for Taylor Park all 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, Henrico County typically includes a significant level of pay-as-you-go financing but in response to the unusual fiscal climate related to the Pandemic, no funds are included in the FY2020-21 Annual Fiscal Plan. The allocation of General Fund resources for capital projects will be reevaluated based on economic conditions. The FY2021-22 forecast transfer of \$25.8 million 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, outside of times of fiscal stress, has been included in the capital budget since 1998; and \$2.5 million for Countywide pedestrian improvements. Additionally, \$2.0 million of the General Fund balance

transfer is earmarked from Meals Tax Revenue for Education, \$2.4 million of dedicated General Fund Stormwater revenues, and \$1.5 million from Motor Vehicle License fees, and \$10.0 million in General Fund revenue for vehicle replacement. The FY2022-23 forecast of \$28.8 million includes 10.0 million from the Designated General Fund balance, \$5.0 million from Meals Tax revenues, \$2.4 million of General Fund Stormwater revenues, \$1.5 million in Motor Vehicle License Fees, and \$10.0 million in General fund revenues for vehicle replacements.

**To (From) Debt Service Fund** represents the forecast of General Fund support to the Debt Service Fund. The debt service levels through FY2022-23 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 not allocated for FY2020-21, as discussed above. Projections for anticipated capital projects in FY2021-22 and FY2022-23 include transfers of \$25.9 million and \$28.9 million 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 FY2020-21 estimate of these costs is \$1.9 million and the costs for FY2021-22 totaling \$1.9 million and FY2022-23 totaling \$2.2 million.

**To (From) Risk Management Fund** is the transfer of funds to support risk management operations. The fund was established in FY2004-05. The FY2020-21 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 \$10.5 million in FY2021-22 and \$11.5 million in FY2022-23 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 \$29.9 million in FY2020-21. The projections over the forecast period are \$30.8 million in FY2021-22 and \$31.7 million in FY2022-23 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 \$3.4 million for FY2020-21, 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 \$3.5 million in FY2021-22 and \$3.6 million in FY2022-23.

**(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. Due to sufficient reserves built over many years of diligent support, exclusively due to the fiscal impacts of the pandemic, the County will mindfully take a one-year hiatus from these OPEB allocations in FY2020-21. Projections for FY2021-22, and FY2022-23 total \$2.7 million each year, which is anticipated to fully fund the County's obligation in this area when they resume.

**(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 FY2020-21 were \$1.2 million, which will fund the County's obligation in this area. The transfer is projected to increase slightly to \$1.3 million in FY2021-22 and \$1.4 million in FY2022-23.

**(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 FY2020-21, FY2021-22, and FY2022-23 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 2020-21 figure incorporates 5 areas: Capital Projects, Capital Reserve, Meals Tax Reserve, Assigned, and Unassigned. Due to projected impacts resulting from the global pandemic, for FY2020-21 all these funding items have been removed.

**(To) From State Revenue Stabilization Fund** is used to offset reduced State revenues in the event of a future recession. Since recession has occurred, in FY2020-21 no funds will be added, but the total fund balance is \$4.5 million contained in County reserves.

**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 FY2020-21, no forecasted use is anticipated while \$5.3 million and \$65,000 is anticipated for FY2021-22 and FY2022-23, 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 FY2020-21, FY2021-22, and FY2022-23.

**General Fund Forecast**

	<b>FY18-19</b>	<b>FY19-20</b>	<b>FY20-21</b>	<b>FY21-22</b>	<b>FY22-23</b>
	<b>Actuals</b>	<b>Approved</b>	<b>Approved</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Revenues:</b>					
Current Real Estate Tax	\$ 335,323,741	\$ 345,200,000	\$ 361,500,000	\$ 377,800,000	\$ 392,900,000
P.S. Real Estate Tax	10,320,867	9,000,000	9,000,000	9,300,000	9,600,000
Current Personal Prop. Tax (1)	82,675,109	127,600,000	124,100,000	126,600,000	129,400,000
P.S. Personal Property Tax	69,785	70,000	70,000	70,000	70,000
Other General Property Tax	19,013,533	5,475,000	4,475,000	5,440,000	5,960,000
Local Sales Tax	68,774,566	70,000,000	55,000,000	71,750,000	75,000,000
Business License Tax	38,307,817	34,000,000	34,000,000	35,500,000	38,000,000
Motor Vehicle License Tax	7,387,991	7,000,000	7,000,000	7,250,000	7,500,000
Consumer Utility Tax	2,826,207	2,700,000	2,750,000	2,750,000	2,800,000
Bank Franchise Tax	18,241,405	7,500,000	7,500,000	7,500,000	7,500,000
Hotel/Motel Tax	14,044,855	13,200,000	8,000,000	10,250,000	11,000,000
Food & Beverage (Meals) Tax	30,243,193	28,000,000	19,000,000	21,000,000	24,250,000
Other Local Taxes	7,017,785	6,160,000	6,160,000	6,300,000	6,600,000
<b>Local Taxes Sub-Total</b>	<b>634,246,854</b>	<b>655,905,000</b>	<b>638,555,000</b>	<b>681,510,000</b>	<b>710,580,000</b>
Permits, Fees, & Licenses	7,781,388	5,275,800	5,253,500	5,400,000	5,500,000
Fines & Forfeitures	2,146,622	2,085,000	2,085,000	2,085,000	2,100,000
Use of Money & Property	16,472,008	8,207,700	3,284,700	4,000,000	5,500,000
Charges for Services	4,371,644	4,077,800	3,845,500	4,000,000	4,300,000
Miscellaneous Revenue	14,451,443	11,174,500	8,107,000	8,300,000	8,700,000
<b>Total Local Revenue</b>	<b>679,469,958</b>	<b>686,725,800</b>	<b>661,130,700</b>	<b>705,295,000</b>	<b>736,680,000</b>
State & Federal-Schools	270,075,928	278,820,000	261,664,941	\$ 269,500,000	277,600,000
State & Federal-General Government <sup>(1)</sup>	135,306,732	95,785,000	94,718,000	\$ 97,300,000	102,700,000
	<b>405,382,660</b>	<b>374,605,000</b>	<b>356,382,941</b>	<b>366,800,000</b>	<b>380,300,000</b>
<b>Total Revenue</b>	<b>\$ 1,084,852,618</b>	<b>\$ 1,061,330,800</b>	<b>\$ 1,017,513,641</b>	<b>\$ 1,072,095,000</b>	<b>\$ 1,116,980,000</b>
<b>Transfers:</b>					
(To) From Debt Service Fund	\$ (63,468,451)	\$ (71,570,276)	\$ (71,665,830)	\$ (77,526,561)	(74,355,805)
(To) From Capital Projects Fund	(80,735,668)	(78,160,048)	-	(25,848,000)	(28,848,000)
(To) From Enterprise Fund	(1,930,021)	(1,928,921)	(1,929,858)	(1,932,108)	(2,150,750)
(To) From Risk Management Fund	(12,899,799)	(9,983,299)	(9,983,299)	(10,519,617)	(11,539,617)
(To) From CAM	(99,500)	(454,800)	-	(200,000)	(200,000)
(To) From Technology Replacement	(2,500,000)	(2,750,000)	(2,750,000)	(3,000,000)	(3,000,000)
(To) From Special Revenue Fund	(32,058,208)	(32,629,985)	(29,897,172)	(30,790,267)	(31,710,155)
(To) From JRJDC Agency Fund	(3,158,722)	(3,253,484)	(3,351,088)	(3,451,621)	(3,555,169)
(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)
(To) From Line of Duty	(1,100,000)	(1,100,000)	(1,250,000)	(1,300,000)	(1,350,000)
(To) From Long Term Disability	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)
Use of Fund Balance - Unassigned	-	1,000,000	-	750,000	500,000
(To) From Fund Balance - Hotel/Motel Tax Reimburs	-	2,000,000	-	-	-
(To) From Fund Balance - Meals Tax Reserve	-	26,345,233	-	-	-
Use of Fund Balance - Capital Projects	-	7,500,000	-	7,500,000	7,500,000
Use of Fund Balance - Pedestrian Improvements	-	2,500,000	-	2,500,000	2,500,000
Use of Fund Balance - Capital Reserve	-	14,055,000	-	-	-
(To) From Revenue Stabilization Reserve	-	(1,000,000)	-	-	-
(To) From Fund Balance - Schools State Aid Reserve	-	3,800,000	-	-	-
(To) From State Revenue Stabilization Reserve	-	1,000,000	-	-	-
Use of Assigned Fund Balance	-	2,987,015	-	-	-
(To) From Fund Balance General Fund	(1,764,207)	-	3,014,759	-	-
From Sinking Fund - Bond Ops	-	2,243,892	-	5,320,500	65,000
<b>Total Transfers</b>	<b>\$ (205,989,576)</b>	<b>\$ (142,674,673)</b>	<b>\$ (118,412,488)</b>	<b>\$ (141,772,674)</b>	<b>\$ (149,419,496)</b>
<b>Total Resources</b>	<b>\$ 878,863,042</b>	<b>\$ 918,656,127</b>	<b>\$ 899,101,153</b>	<b>\$ 930,322,326</b>	<b>\$ 967,560,504</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. FY19 actual = \$37,001,783. Forecast period FY19 thru FY22 equal \$37,000,000.

	<b>FY18-19 Actuals</b>	<b>FY19-20 Approved</b>	<b>FY20-21 Approved</b>	<b>FY21-22 Forecast</b>	<b>FY22-23 Forecast</b>
<b>Expenditures:</b>					
General Government Administration	59,018,079	63,456,489	57,367,472	59,088,496	60,861,151
Judicial Administration	8,996,032	9,538,516	9,498,489	9,688,459	9,882,228
Public Safety	194,195,921	193,765,348	196,564,081	202,461,003	208,534,833
Public Works	52,945,476	54,608,439	52,233,984	53,278,663	54,344,236
Public Health	2,432,912	2,433,102	2,433,102	2,481,764	2,531,399
Education	486,489,886	514,448,820	509,905,768	529,435,552	555,441,045
Recreation & Culture	37,027,696	41,010,739	38,466,836	40,388,391	41,600,043
Community Development	25,949,039	26,196,813	19,909,973	20,507,272	21,122,490
Miscellaneous	12,387,131	13,197,861	12,721,449	12,992,725	13,243,078
<b>Total Expenditures</b>	<b>\$ 879,442,172</b>	<b>\$ 918,656,127</b>	<b>\$ 899,101,153</b>	<b>\$ 930,322,326</b>	<b>\$ 967,560,504</b>
<b>Fund Balance:</b>					
Restricted	1,691,688	3,000,000	3,000,000	5,000,000	5,000,000
Assigned (*)	144,566,117	102,134,977	99,120,218	113,049,718	127,484,718
Unassigned Fund Balance	135,638,462	137,798,419	134,865,173	139,548,349	145,134,076
<b>Total Fund Balance</b>	<b>\$ 281,896,267</b>	<b>242,933,396</b>	<b>236,985,391</b>	<b>\$ 257,598,067</b>	<b>\$ 277,618,794</b>

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